Consolidated financial statements and notes

December 31, 2012

Edenred

AUDIT IN PROGRESS

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1.1. CONSOLIDATED INCOME STATEMENT

(in € millions)	Notes	December 2011	December 2012
ISSUE VOLUME	4/5	**15 188**	**16 657**
Operating revenue	4/5	940	976
Financial revenue	4/5	92	91
TOTAL REVENUE	4/5	**1 032**	**1 067**
Operating expenses	6	(648)	(666)
Depreciation, amortization and provisions	7	(29)	(34)
EBIT	4/5	**355**	**367**
Net financial expense	8	(40)	(36)
OPERATING PROFIT BEFORE TAX AND NON-RECURRING ITEMS		**315**	**331**
Non-recurring income and expenses, net	9	(7)	(25)
PROFIT BEFORE TAX		**308**	**306**
Income tax expense	10	(103)	(103)
NET PROFIT		**205**	**203**
Net Profit, Group Share		**194**	**183**
Net Profit, Non-controlling interests		11	20
Weighted average number of shares outstanding (in thousands)	11	225 828	225 625
EARNINGS PER SHARE, GROUP SHARE (in euros)	11	**0.86**	**0.81**
Diluted earnings per share (in euros)	11	0.85	0.80

1.2. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in € millions)	December 2011	December 2012
Net profit	**205**	**203**
Currency translation adjustement	(46)	(58)
Change in fair value of financial instruments	(4)	13
Actuarial gains and losses on defined benefit plans	(4)	(9)
Tax impact recognized in equity	**2**	(1)
Other comprehensive income, net of tax	**(52)**	**(55)**
TOTAL COMPREHENSIVE INCOME	**153**	148
Comprehensive income, Group share	**142**	128
Comprehensive income, Non-controlling interests	11	20

1.3. CONSOLIDATED BALANCE SHEET

Consolidated assets

(in € millions)	Notes	December 2011	December 2012
Goodwill	12	**509**	**528**
Intangible assets	13	**101**	**113**
Property, plant and equipment	14	**55**	**87**
Non-current financial assets		4	10
Deferred tax assets	10	39	37
TOTAL NON-CURRENT ASSETS		**708**	**775**
Trade receivables	16	990	1 092
Inventories, other receivables and accruals	16	301	315
Restricted cash	27	689	709
Current financial assets	20	11	39
Other marketable securities	21	1 085	998
Cash and cash equivalents	21	437	436
TOTAL CURRENT ASSETS		**3 513**	**3 589**
TOTAL ASSETS		**4 221**	**4 364**

Consolidated liabilities

(in € millions)	Notes	December 2011	December 2012
Issued capital	17	452	452
Treasury shares	17	(6)	(5)
Consolidated retained earnings		(1 740)	(1 719)
Cumulative compensation costs - share-based payments		14	32
Cumulative fair value adjustments of financial instruments		(3)	6
Cumulative actuarial gains (losses) on defined benefit plans		(3)	(9)
Currency translation reserve		61	3
Net profit, Group share		194	183
Equity attibutable to owners of the parent		**(1 031)**	**(1 057)**
Non-controlling interests	19	20	24
Total Equity		**(1 011)**	**(1 033)**
Non-current debt	22	1 390	1 301
Other non-current financial liabilities	22	8	16
Non-current provisions	25	24	34
Deferred tax liabilities	10	86	91
TOTAL NON-CURRENT LIABILITIES		**1 508**	**1 442**
Current debt	22	3	2
Bank overdrafts	22	35	43
Other current financial liabilities	22	23	26
Current provisions	25	29	21
Vouchers in circulation	27	3 400	3 608
Trade payables	16	73	62
Other payables and income tax payable	16	161	193
TOTAL CURRENT LIABILITIES		**3 724**	**3 955**
TOTAL EQUITY AND LIABILITIES		**4 221**	**4 364**

1.4. CONSOLIDATED STATEMENT OF CASH FLOWS

(in € millions)	Notes	December 2011	December 2012
+ EBITDA		384	401
- Net financial expense (1)	8	(40)	(36)
- Income tax	10	(97)	(102)
- Elimination of non-cash revenue and expenses included in EBITDA		9	18
- Elimination of provision movements included in net financial expense and income tax		1	1
= Funds from operations before non recurring items (FFO)		**257**	**282**
+ Decrease (increase) in w orking capital	27	140	107
+ Recurring decrease (increase) in restricted cash	27	(56)	(19)
= Net cash from operating activities		**341**	**370**
+ Non-recurring gains (losses) (including restructuring costs) received/paid		(22)	(20)
= Net cash from (used in) operating activities including non-recurring transactions (A)		**319**	**350**
- Recurring expenditure	28	(35)	(40)
- Development expenditure	28	(34)	(76)
+ Proceeds from disposals of assets		47	7
= Net cash from (used in) investing activities (B)		**(22)**	**(109)**
+ Non-controlling interests in share issues by subsidiaries		3	-
- Dividends paid		(124)	(174)
+ (Purchases) sales of treasury shares		(6)	1
+ Increase (Decrease) in debt (2)		**(33)**	**(72)**
+ Acquisition of non-controlling interests (3)		-	(15)
= Net cash from (used in) financing activities (C)		**(160)**	**(260)**
- Net foreign exchange difference and fair value adjustment (D)		**(73)**	**10**
= Net increase (decrease) in cash and cash equivalents (E) = (A) + (B) + (C) + (D)	24	**64**	**(9)**
+ Cash and cash equivalents at beginning of period		338	402
- Cash and cash equivalents at end of period		402	393
= NET CHANGE IN CASH AND CASH EQUIVALENTS	24	**64**	**(9)**

(1) Including €31 million of cash financial interests. No dividend had been received from external companies

(2) Net debt (Note 24), excluding net cash.

(3) The amount mainly includes the acquisition of 45% of non-controlling-interests in the Brazilian subsidiary Accentiv Mimetica, now 100% owned.

Cash and cash equivalents at end of the period can be analyzed as follows:

(in € millions)	Notes	December 2011	December 2012
+ Cash and cash equivalents		437	436
- Bank overdrafts		(35)	(43)
= CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		**402**	**393**

1.5. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(in € millions)	Currency translation reserve (1)	Cumulative actuarial gains (losses) on defined benefit plans	Cumulative fair value of financial instruments	Cumulative compensation costs - share based payments	Treasury Shares	Retained earnings and profit for the period (2)	External changes in consolidation scope (3)	Shareholders equity	Total non-controlling interests	Total equity
December 31, 2010 IFRS	**107**	**-**	**-**	**6**	**-**	**(1 156)**	**(18)**	**(1 061)**	**17**	**(1 044)**
Issue of share capital										
- in cash	-	-	-	-		-	-	**-**	3	**3**
Dividends paid	-	-	-	-		(113)	-	**(113)**	(11)	**(124)**
Effect of changes in consolidation scope	-	-	-	-		(0)	(1)	**(1)**	-	**(1)**
Compensation costs for the period - share-based payments	-	-	-	8		-	-	**8**	-	**8**
(Acquisitions) / disposals of treasury shares	-	-	-	-	(6)	-	-	**(6)**	-	**(6)**
Other comprehensive income	(46)	(3)	(3)	-		-	-	**(52)**	0	**(52)**
Net profit for the period	-	-	-	-		194	-	**194**	11	**205**
Total comprehensive income	**(46)**	**(3)**	**(3)**	**-**		**194**	**-**	**142**	**11**	**153**
December 31, 2011 IFRS	**61**	**(3)**	**(3)**	**14**	**(6)**	**(1 075)**	**(19)**	**(1 031)**	**20**	**(1 011)**
Issue of share capital										
- in cash	-	-	-	-	-	-	-	**-**	-	**-**
Dividends paid (4)	-	-	-	-	-	(158)	-	**(158)**	(16)	**(174)**
Effect of changes in consolidation scope	-	-	-	-	-	-	(15)	**(15)**	(0)	**(15)**
Compensation costs for the period - share-based payments	-	-	-	18	-	-	-	**18**	-	**18**
(Acquisitions) / disposals of treasury shares	-	-	-	-	1	-	-	**1**	-	**1**
Other comprehensive income	(58)	(6)	9	-	-	-	-	**(55)**	0	**(55)**
Net profit for the period	-	-	-	-	-	183	-	**183**	20	**203**
Total comprehensive income	**(58)**	**(6)**	**9**	**-**	**-**	**183**	**-**	**128**	**20**	**148**
December 31, 2012	**3**	**(9)**	**6**	**32**	**(5)**	**(1 050)**	**(34)**	**(1 057)**	**24**	**(1 033)**

(1) The € (58) million unfavorable net exchange difference on foreign operations between December 31, 2011 and December 31, 2012 is mainly due to the depreciation of the Brazilian Real (€55 million negative impact) against the euro.

(2) This amount includes the impact of acquiring Edenred entities owned by Accor that was deducted from equity for €1,894 million following the demerger in June 2010.

(3) The acquisitions of additional non-controlling interests have been recognized directly in equity for an amount of € (15) million as of December 31, 2012. These mainly include the acquisition of 45% of non-controlling-interests in the Brazilian subsidiary Accentiv Mimetica, now 100% owned.

(4) As decided by shareholders at the Annual Meeting on May 15, 2012, Edenred paid out dividends totaling €158 million (€0.70 per share) during first-half 2012.

Euro exchange rates used to translate foreign operations in the consolidated financial statements were as follows:

	GBP	BRL	MXN	ARS	SEK	VEF	USD
December 2010	0.86	2.22	16.55	5.31	8.97	7.08	1.34
December 2011	0.84	2.42	18.05	5.57	8.91	6.86	1.29
December 2012	**0.82**	**2.70**	**17.18**	**6.49**	**8.58**	**6.99**	**1.32**
Dec. 2012 vs Dec. 2011	(2.3)%	+11.9%	(4.8)%	+16.5%	(3.7)%	+2.0%	+2.0%

2. Key ratios and indicators

2.1 LIKE-FOR-LIKE GROWTH IN FUNDS FROM OPERATIONS

2.2 UNLEVERED FREE CASH FLOW

2.3 ADJUSTED FUNDS FROM OPERATIONS / ADJUSTED NET DEBT

2. KEY RATIOS AND INDICATORS

(in € millions)	Notes	December 2011	December 2012
Like-for-like growth in issue volume (1)		+9.7%	+10.1%
Total net margin (EBIT/Issue volume)		2.3%	2.2%
Net operating margin (EBIT- financial revenue)/Issue volume		1.7%	1.7%
Like-for-like growth in FFO (1)	2.1	+20.8%	+13.4%
Unlevered free cash flow (in € millions)	2.2	268	283
Adjusted FFO / Adjusted net debt	2.3	92.8%	109.6%

(1) Based on comparable scope of consolidation and constant exchange rates

2.1. Growth in funds from operations is calculated as follows:

(in € millions)	Notes	December 2011	December 2012
+ EBITDA		384	401
- Net financial expense	8	(40)	(36)
- Income tax	10	(97)	(102)
- Elimination of non-cash revenue and expenses included in EBITDA		9	18
- Elimination of provision movements included in net financial expense and income tax		1	1
Funds from operations before non recurring items (FFO)		**257**	**282**
FFO growth		20.8%	9.9%
Like-for-like FFO growth (1)		20.8%	13.4%

(1) Based on comparable scope of consolidation and constant exchange rates

2.2. Unlevered free cash-flow:

(in € millions)	Notes	December 2011	December 2012
EBIT	5	**355**	**367**
Elimination of financial revenue from unrestricted float	5	(76)	(75)
Adjusted EBIT		**279**	**292**
Standard tax rate	10	32.0%	31.2%
Tax on adjusted EBIT		**(89)**	**(91)**
Elimination of depreciation, amortization and provisions	7	**29**	**34**
Recurring expenditure	28	**(35)**	**(40)**
Decrease / (Increase) in working capital	27	**140**	**107**
Recurring decrease / (increase) in restricted cash	27	**(56)**	**(19)**
Unlevered free cash flow		**268**	**283**
Net debt at end of period	24	**(74)**	**(85)**

2.3. Adjusted Funds from Operations / Adjusted net debt

(in € millions)	Notes	December 2011	December 2012
Net Debt / (cash) at period end	24	**(74)**	**(85)**
Standard & Poor's adjustement : 20% of Treasury and current financial assets		304	287
Standard & Poor's adjustement : Capitalization of rents and pensions (estimated)		67	68
Net Debt / (cash) adjusted		**297**	**270**
FFO	26	257	282
Standard & Poors adjustement : capitalization of rents and pensions (estimated)		18	14
Adjusted FFO		**275**	**296**
Adjusted FFO / Adjusted Net debt (estimated)		**92.8%**	**109.6%**

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Note 1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

A. Introduction

A. 1. Business description

Edenred, which invented the Ticket Restaurant® meal voucher and is the world leader in prepaid corporate services, designs and delivers solutions that make employees' lives easier and improve the efficiency of organizations.

By ensuring that allocated funds are used as intended, these solutions enable companies to more effectively manage their:

- Employee benefits (Ticket Restaurant®, Ticket Alimentación, Ticket CESU, Childcare Vouchers, etc.)
- Expense management process (Ticket Car, Ticket Cleanway, etc.)
- Incentive and rewards programs (Ticket Compliments, Ticket Kadéos, etc.).

The Group also supports public institutions in managing their social programs.

A. 2. Management of the Group's capital structure

The Group's main capital management objective is to maintain a satisfactory credit rating and robust capital ratios in order to facilitate business operations and maximize shareholder value.

Its capital structure is optimized to keep pace with changes in economic conditions by adjusting dividends, returning capital to shareholders or issuing new shares. Capital management policies and procedures were unchanged for the two periods presented.

B. Accounting standards

B. 1. General framework

As required by European Commission regulation 1606/2002/EC dated July 19, 2002, the Edenred consolidated financial statements for the year ended December 31, 2012, have been prepared in accordance with the International Financial Reporting Standards (IFRSs) adopted by the European Union as of that date. They include comparative financial information for the year 2011, prepared in accordance with the same principles and conventions and the same standards.

IFRS are downloadable from the European Commission's website:

http://www.ec.europa.eu/internal_market/accounting/ias/index_en.htm

At December 31, 2012, the accounting standards and interpretations adopted by the European Union were the same as the International Financial Reporting Standards (including IFRSs, IASs and Interpretations) published by the International Accounting Standards Board ("IASB"), with the exception of IAS 39, which was only partially adopted.

The difference between the standard as published by the IASB and as adopted by the European Union does not have a material impact on the Edenred consolidated financial statements because the currently unadopted provisions of IAS 39 will have no impact on the Group's financial statements when they are adopted by the European Union and become applicable by the Group.

As a result, the Group's consolidated financial statements have been prepared in accordance with International Financing Reporting Standards as published by the IASB.

The financial statements of consolidated companies prepared in accordance with local accounting principles have been restated to conform to Group policies prior to consolidation. All consolidated companies have a December 31 year-end.

B. 2. Standards, amendments and interpretations applicable from January 1, 2012

Amendment to IFRS 7 "Financial Instruments: Disclosures – Transfers of Financial Assets" came into effect on January 1, 2012 and was adopted for use in the European Union as of that date. A financial asset has been transferred if, and only if, the entity:

- transfers the contractual rights to receive the cash flows of that financial asset; or
- retains the contractual rights to receive the cash flows of that financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients in an arrangement.

The purpose of the amendment is to:

- Help users of financial statements to have a better understanding of transactions involving the transfer of financial assets (e.g., securitizations), including the possible effects of any risks that may remain with the transferor; and
- Require entities to provide additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period.

Edenred does not carry out any transfers of financial assets and this amendment therefore has no impact on the Group's consolidated financial statements.

B. 3. Standards, amendments and interpretations adopted by the European Union that are applicable in future periods

Edenred has not chosen to early adopt the following standards, amendments and interpretations that had been adopted by the European Union as of December 31, 2012 and are applicable for annual periods beginning after January 1, 2012:

		Applicable for annual periods beginning on or after	Description	Potential impact on Edenred's consolidated financial statements in the first year of application
STANDARDS				
IFRS 13	Fair Value Measurement	January 1, 2013	IFRS 13 defines fair value, sets out a framework for measuring fair value and requires disclosures about fair value measurements.	Not expected to have a material impact
IFRS 10	Consolidated Financial Statements	January 1, 2014 *	IFRS 10 redefines the principle of control, with the result that its application may lead to changes in a group's scope of consolidation.	No changes have been identified
IFRS 11	Joint Arrangements	January 1, 2014 *	IFRS 11 redefines the different types of joint arrangement and the consolidation method to be applied in each case. It also bans the use of the proportionate consolidation method.	The impact of applying this standard will not be material, as the Group uses the proportionate method to consolidate just two companies, none of which is material.
IFRS 12	Disclosure of Interests in Other Entities	January 1, 2014 *	IFRS 12 presents in a single standard the disclosure requirements for subsidiaries, joint arrangements, associates and unconsolidated structured entities	The standard concerns disclosures and has no impact on reported amounts
IAS 27 revised	Separate Financial Statements	January 1, 2014 *	The revised version of IAS 27 sets out the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates in the separate financial statements	The revised standard has no impact on the consolidated financial statements
IAS 28 revised	Investments in Associates and Joint Ventures	January 1, 2014 *	The revisions have been made to align IAS 28 with the changes arising from the publication of IFRS 10, IFRS 11 and IFRS 12.	The revised standard has no impact on the consolidated financial statements

* Entities are required to adopt all of these standards at the same time.

		Applicable for annual periods beginning on or after	Description	Potential impact on Edenred's consolidated financial statements in the first year of application
AMENDMENTS				
IAS 1	Presentation of Other Comprehensive Income	July 1, 2012	This amendment requires items that will be reclassified (or 'recycled') to profit or loss at a future point in time to be presented separately from items that will never be reclassified.	The standard concerns the presentation of the financial statements and has no impact on reported amounts
IAS 12	Deferred taxes – Recovery of Underlying Assets	January 1, 2013	This amendment introduces a rebuttable presumption that the carrying amount of an asset will be recovered through sale. This presumption applies to: - investment property measured using the fair value model in IAS 40 "Investment Property", and - property, plant and equipment or intangible assets measured using the revaluation model in IAS 16 "Property, plant and equipment" or IAS 38 "Intangible assets".	This amendment has no impact on Edenred, as the Group does not have any investment property measured using the fair value model or any property, plant and equipment or intangible assets measured using the revaluation model.
IAS 19	Employee Benefits	January 1, 2013	The main changes introduced in the amendment are as follows: - changes in defined benefit obligations and plan assets must now be recognized when they occur, thus eliminating the corridor approach; - the expected return on plan assets must be measured using the same discount rate as that applied to measure the defined benefit liability; - past service costs are now recognized in full in profit or loss for the period of the plan change, including unvested past service costs that were previously recognized over the vesting period; - new disclosures are required for defined benefit plans.	These amendments are not expected to have a material impact as the Group does not currently apply the corridor approach.
IFRS 7	Disclosure of Offsetting Financial Assets and Financial Liabilities	January 1, 2013	The amendment requires entities to disclose additional information about certain financial instruments	The standard concerns disclosures and has no impact on reported amounts
IAS 32	Offsetting Financial Assets and Financial Liabilities	January 1, 2014	The amendment clarifies the requirements for offsetting financial assets and financial liabilities.	This amendment is not expected to have a material impact.
INTERPRETATIONS				
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine	January 1, 2013	The interpretation clarifies the accounting treatment of stripping costs in the production phase of a surface mine.	Edenred is not concerned by this interpretation.

B. 4. Standards, amendments and interpretations not yet adopted by the European Union

The following standards, amendments and interpretations were in the process of being adopted by the European Union as of December 31, 2012:

		Applicable for annual periods beginning on or after IASB date	Description	Potential impact on Edenred's consolidated financial statements in the first year of application
STANDARDS				
IFRS 9	Financial Instruments	January 1, 2015 *	IFRS 9 is the first in the three phases of the project to replace IAS 39 "Financial Instruments: Recognition and Measurement".	This standard is not expected to have a material impact.
AMENDMENTS				
Annual Improvements	2009-2011 cycle	January 1, 2013 *	The improvements make amendments to five standards: 1. IFRS 1 "First-time Adoption of International Financial Reporting Standards" a) Repeated application of IFRS 1 The amendment applies to entities that have applied IFRSs in a previous reporting period, but whose most recent previous annual financial statements did not contain an explicit and unreserved statement of compliance with IFRS. Entities in this situation have two options: - prepare financial statements in accordance with IFRS 1 (repeat application), or - apply IFRSs retrospectively in accordance with IAS 8. b) Borrowing costs related to qualifying assets that are capitalized before the date of transition to IFRS. After the date of transition to IFRS, borrowing costs to be included in the cost of qualifying assets are determined in accordance with IAS 23 "Borrowing Costs". Borrowing costs for periods prior to the date of transition to IFRS are not restated. 2. IAS 1 "Presentation of Financial Statements" The amendment clarifies the IAS 1 requirements for comparative information when an entity prepares financial statements that include more than the minimum comparative information requirements. It also clarifies the requirement for presentation of a third opening balance sheet at the beginning of the prior period as of result of: - a change in accounting policy, or - retrospective restatements; or - reclassifications that have a material impact on the prior period opening balance sheet. 3. IAS 16 "Property, Plant and Equipment" The amendment clarifies that items such as spare parts, stand-by or servicing equipment are required to be classified as property, plant and equipment (PPE) when they meet the definition of PPE, and are classified as inventory when the definition is not met. 4. IAS 32 "Financial Instruments: Presentation" The amendments clarifies that income tax relating to distributions to holders of an equity instrument and income tax relating to transaction costs of an equity transaction are required to be accounted for in accordance with IAS 12 "Income Taxes". 5. IAS 34 "Interim Financial Reporting" The amendment clarifies that total assets and liabilities for a particular reportable segment need to be disclosed if, and only if : - a measure of total assets or of total liabilities (or both) is regularly provided to the chief operating decision maker; and - there has been a material change from those measures disclosed in the last annual financial statements for that reportable segment.	Not expected to have a material impact

* These standards, amendments or interpretations are not applicable until they have been adopted by the European Union.

		Applicable for annual periods beginning on or after IASB date	Description	Potential impact on Edenred's consolidated financial statements in the first year of application
AMENDMENTS (cont'd)				
IFRS 10, IFRS 11 and IFRS 12	Transition guidance	January 1, 2013 *	These amendments clarify the transition guidance for IFRS 10 and reduce the disclosure requirements by requiring only one comparative period to be restated. In addition, comparatives for the disclosures relating to unconsolidated structured entities under IFRS 12 are not required.	This standard is not expected to have a material impact.
IFRS 10, IFRS 12 and IFRS 27	Investment entities	January 1, 2014 *	These amendments, which apply to a particular class of business that qualify as investment entities, provide an exception to the consolidation requirements in IFRS 10 and require investment entities to measure particular subsidiaries at fair value through profit or loss, rather than consolidate them.	Edenred is not concerned by this amendment.
INTERPRETATIONS				
None				

* These standards, amendments or interpretations are not applicable until they have been adopted by the European Union.

C. Use of estimates and judgment

The preparation of financial statements implies the use of estimates and assumptions that can affect the reported amount of certain assets and liabilities, income and expenses, as well as the information disclosed in the notes to the financial statements. Edenred's management reviews these estimates and assumptions on a regular basis to ensure that they are appropriate based on past experience and the current economic situation. Reported amounts in future financial statements may differ from current estimates as a result of changes in these assumptions.

The main estimates and judgments made by management in preparing the financial statements relate to the following items:

- the valuation of the goodwill and the acquired intangible assets (see Note 2.C, Note 12 and Note 13);
- the estimation of the recoverable amount of assets (see Note 2.E. 5, Note 12, Note 13, Note 14 and Note 15);
- the provisions and post-employment benefits (see Note 2.K, Note 2.L and Note 25);
- the deferred taxes (see Note 2.N and Note 10.D);
- the share-based payments (see Note 2.O and Note 18);
- the financial instruments (see Note 2.Q, Note 23).

When a specific transaction is not covered by any standards or interpretations, management uses its judgment in developing and applying an accounting policy that results in the production of relevant and reliable information. As a result, the financial statements provide a true and fair view of the Group's financial position, financial performance and cash flows and reflect the economic substance of transactions.

The main accounting policies and methods are presented hereafter.

A. Consolidation Methods

The companies over which the Group exercises exclusive de jure or de facto control, directly or indirectly, are fully consolidated.

Companies controlled and operated jointly by Edenred and a limited number of partners under a contractual agreement are proportionally consolidated.

Companies over which the Group exercises significant influence are accounted for by the equity method. Significant influence is considered as being exercised when the Group owns between 20% and 50% of the voting rights.

In accordance with IAS 27 – Consolidated and Separate Financial Statements, potential voting rights held by the Group that are currently exercisable or convertible (call options) are taken into account to determine the existence of control over the company concerned. However, no account is taken of potential rights that cannot be exercised until the occurrence of a future event.

B. Business combinations

Since January 1, 2010, following the adoption of IFRS 3 (revised) – Business Combinations and IAS 27 (revised) – Consolidated and Separate Financial Statements, the Group has accounted for business combinations and changes in percentage ownership in accordance with the new standards, in line with the accounting policies described above.

C. Goodwill

In the year following the acquisition of a consolidated company, fair value adjustments are made to the identifiable assets and liabilities acquired. For this purpose, fair values are determined in the new subsidiary's local currency.

In subsequent years, these fair value adjustments follow the same accounting treatment as the items to which they relate.

C. 1. Positive goodwill

Goodwill, representing the excess of the cost of a business combination over the Group's interest in the net fair value of the identifiable assets and liabilities acquired at the acquisition date, is recognized in assets under "Goodwill". Goodwill mainly results from the expected synergies and other benefits arising from the business combination.

In accordance with IFRS 3 (revised), which is applicable to business combinations carried out on or after January 1, 2010, each time it acquires a less than 100% interest in an entity, the Group must choose whether to measure the non-controlling interest at fair value or as the non-controlling interest's proportionate share of the acquiree's identifiable net assets (with no change possible later in the event of an additional interest being acquired that does not transfer control). If the business is measured at its total fair value including non-controlling interests, goodwill attributable to non-controlling interests is also recognized.

Goodwill arising on the acquisition of associates – corresponding to companies over which the Group exercises significant influence – is included in the carrying amount of the associate concerned.

Goodwill arising on the acquisition of subsidiaries and jointly controlled entities is reported separately.

In accordance with IFRS 3 – Business Combinations, goodwill is not amortized but is tested for impairment at least once a year and more frequently if there is any indication that it may be impaired. The methods used to test goodwill for impairment are described in E. 5. If the carrying amount of goodwill exceeds its recoverable amount, an irreversible impairment loss is recognized in profit.

C. 2. Negative goodwill

Negative goodwill, representing the excess of the Group's interest in the net fair value of the identifiable assets and liabilities acquired at the acquisition date over the cost of the business combination, is recognized immediately in profit.

D. Foreign currency translation

The presentation currency is the Euro.

The balance sheets of foreign subsidiaries are translated into euros at the exchange rate on the balance sheet date (closing exchange rate), and their income statements are translated at the average rate for the period. Differences arising from translation are recorded as a separate component of equity and recognized in profit on disposal of the business.

E. Non-current assets

E. 1. Intangible assets

Intangible assets are measured at cost less accumulated amortization and any accumulated impairment losses, in accordance with IAS 38 – Intangible Assets.

The Group's main brands are considered as having indefinite useful lives and are therefore not amortized. Their carrying amount is reviewed at least once a year and more frequently if there is any indication that they may be impaired. If their recoverable amount determined according to the criteria applied at the acquisition date is less than their carrying amount, an impairment loss is recognized (see Note 2.E. 5).

Other intangible assets (software, licenses and customer lists) are considered as having finite useful lives. They are amortized on a straight-line basis over their useful lives, as follows:

- Licenses: life of the license
- Customer list: 3 to 15 years
- Software: 2 to 7 years

Identifiable intangible assets recognized in a business combination are initially recognized at amounts determined by independent valuations, performed using relevant criteria for the business concerned that can be applied for the subsequent measurement of the assets. Identifiable brands are measured based on multiple criteria, taking into account both brand equity and their contribution to profit. Customer lists are measured based on the cost of acquiring new customers.

E. 2. Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses, in accordance with IAS 16 – Property, Plant and Equipment.

Assets under construction are measured at cost less any accumulated impairment losses. They are depreciated from the date when they are put in service.

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives, determined by the components method, from the date when they are put in service. The main depreciation periods applied are as follows:

- Building improvements, fixtures and fittings: 5 to 15 years
- Equipment and furniture: 4 to 7 years.

E. 3. Investment properties

Investment properties are those properties held to earn rentals and for capital appreciation.

Investment properties are measured at cost less accumulated depreciation and impairment losses if any.

Investment properties are depreciated on a straight-line basis over their estimated useful lives, determined by the components method. Buildings are depreciated over 40 years. Other components are depreciated over the same periods as other property, plant and equipment.

E. 4. Other non-current financial assets

Investments in non-consolidated companies are classified as “Available-for-sale financial assets” and are therefore measured at fair value. Gains and losses arising from re-measurement at fair value are recognized directly in equity (under "Cumulative fair value adjustments to financial instruments") and are reclassified to the income statement when the investment is sold. In the case of a significant or prolonged decline in value, an irreversible impairment loss is recognized in profit.

An impairment test is performed whenever there is objective evidence indicating that an investment’s recoverable amount may be less than its carrying amount. Possible indications of impairment include a fall in the share price if the investee is listed, evidence of serious financial difficulties, observable data indicating a measurable decline in estimated cash flows, or information about significant changes in the economic, financial or political environment with an adverse effect on the investee. Whenever there is an indication that an investment may be impaired, an impairment test is performed by comparing the investment’s recoverable amount to its carrying amount. Recoverable amount is estimated using the methods described in Note 2.E. 5.

E. 5. Recoverable amount of assets

In accordance with IAS 36 – Impairment of Assets, the carrying amounts of goodwill, intangible assets, property, plant and equipment, and investment properties are tested for impairment when there is any indication that they may be impaired. Assets with an indefinite useful life – corresponding solely to goodwill and brands – are tested at least once a year.

E. 5. 1.Indications of impairment

Indications of impairment are as follows:

- A 15% drop in like-for-like operating revenue, or
- A 20% drop in like-for-like EBITDA, or
- Any events or changes in the economic environment indicating a current risk of impairment.

E. 5. 2.Cash-Generating Units

Impairment tests are performed at the level of the Cash-Generating Unit (CGU).

CGUs are homogeneous groups of assets whose continuous use generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

All intangible assets, including goodwill, and all items of property, plant and equipment are allocated to CGUs.

CGUs are identified by country. For the main countries, they are identified by type of solution (Employee Benefits, Expense Management and Incentive & Rewards) if there are very different activities with separated commercial teams and customer portfolios.

METHODS USED TO DETERMINE RECOVERABLE AMOUNTS

Impairment tests consist of comparing the carrying amount of a CGU with its recoverable amount.

The recoverable amount of a CGU is the higher of

- its fair value less costs to sell, and
- its value in use.

The recoverable amount of a CGU is determined

- firstly, by the EBITDA multiples method (fair value approach),
- and then, by the discounted cash flows method (value in use approach) if the test on EBITDA multiples is unsatisfactory.

a) Valuation by the EBITDA multiples method

The EBITDA multiples method is considered to be the best method of calculating fair value less costs to sell, representing the best estimate of the price at which a CGU could be sold on the market on the valuation date.

The method consists of calculating the CGU's average EBITDA for the last two years and applying a multiple based on the CGU's geographic location and the specific country risk.

The multiples applied correspond to the average transaction multiples observed on the market.

If the recoverable amount is less than the carrying amount, it is recalculated using the discounted cash flows method.

b) Valuation by the discounted cash flows method

The projection period is limited to five years, unless the use of a longer period is justified such as at the bottom of the economic cycle. Cash flows are discounted at a rate corresponding to the year-end weighted average cost of capital. The perpetuity growth rate is aligned with the economic outlook in each of the countries concerned.

E. 5. 3. Measurement of impairment losses

If the recoverable amount is less than the carrying amount, an impairment loss is recognized in an amount corresponding to the lower of the impairments calculated by the EBITDA multiples and discounted cash flows methods. Impairment losses are recognized in the income statement under “Non-recurring income and expenses” (see Note 2.T. 9).

E. 5. 4. Reversal of impairment losses

In accordance with IAS 36 – Impairment of Assets, impairment losses on goodwill as well as on intangible assets with a finite useful life, such as licenses and software, are irreversible. Impairment losses on property, plant and equipment and on intangible assets with an indefinite useful life, such as brands, are reversible in the case of a change in estimates used to determine their recoverable amount.

F. Inventories

Inventories are measured at the lower of cost and net realizable value, in accordance with IAS 2 – Inventories. Cost is determined by the weighted average cost method.

G. Receivables

Trade and other receivables are initially recognized at fair value. They are subsequently measured at amortized cost, net of any impairment losses recorded in the income statement. An impairment loss is recognized when the total amount receivable is not recoverable in accordance with the originally agreed terms.

H. Restricted cash

Restricted cash corresponds to service voucher reserve funds. These funds, which are equal to the face value of service vouchers in circulation, are subject to specific regulations in some countries such as France for the products *Ticket Restaurant*® and *Ticket CESU*®, United Kingdom and Romania. In particular, use of the funds is restricted and they must be clearly segregated from the Group’s other cash. The funds remain Edenred’s property and are invested in interest-bearing financial instruments.

I. Prepaid expenses

Prepaid expenses correspond to expenses paid during the period that relate to subsequent periods. They are reported in the balance sheet under “Other receivables and accruals”.

J. Treasury stock

Edenred shares held by the Group are recorded as a deduction from consolidated equity at purchase cost. Capital gains/losses on disposal of Edenred shares are recognized directly in equity and do not affect profit for the financial year.

K. Provisions

In accordance with IAS 37 – Provisions, Contingent Liabilities and Contingent Assets, a provision is recognized when the Group has a present obligation (legal, contractual or implicit) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. Provisions are determined based on the best estimate of the expenditure required to settle the obligation.

Provisions for restructuring costs are recorded when the Group has a detailed formal plan for the restructuring and the plan's main features have been announced to those affected by it.

Provisions for losses due to voucher theft are calculated for reported thefts based on a percentage of the stolen vouchers' aggregate face value corresponding to the Group's best estimate of the proportion of those vouchers that will be cashed in.

L. Pensions and other post-employment benefits

The Group operates various supplementary pension, length-of-service award and other post-employment benefit plans in accordance with the laws and practices of the countries where it operates.

These plans are either defined contribution or defined benefit plans.

Under defined contribution plans, the Group pays fixed contributions into a separate fund and has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay benefits. Contributions to these plans are recognized immediately as an expense.

For defined benefit plans, the Group's obligation is determined in accordance with IAS 19 – Employee Benefits.

The Group's obligation is determined by the projected unit credit method based on actuarial assumptions related to future salary levels, retirement age, mortality, staff turnover and discount rates. These assumptions take into account the macroeconomic situation and other specific circumstances in each country.

Pension and other retirement benefit obligations recognized in the balance sheet correspond to the discounted present value of the defined benefit obligation less the fair value of plan assets. Any surpluses, corresponding to the excess of the fair value of plan assets over the projected benefit obligation, are recognized only when they represent the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. For post-employment benefits, actuarial gains and losses arising from changes in actuarial assumptions and experience adjustments are recognized immediately in equity.

The net defined benefit obligation is recognized in the balance sheet under "Long-term provisions".

M. Translation of foreign currency transactions

Foreign currency transactions are recognized and measured in accordance with IAS 21 – Effects of Changes in Foreign Exchange Rates. As prescribed by this standard, each Group entity translates foreign currency transactions into its functional currency at the exchange rate on the transaction date.

Foreign currency receivables and payables are translated into euros at the exchange rate on the balance sheet date (closing exchange rate). Foreign currency financial liabilities measured at fair value are translated at the exchange rate on the valuation date. Gains and losses arising from translation are recognized in "Other financial income and expenses, net", except for gains and losses on financial liabilities measured at fair value which are recognized in equity.

N. Taxes

The income tax is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

In accordance with IAS 12 – Income Taxes, deferred taxes are recognized for temporary differences between the carrying amount of assets and liabilities and their tax base using the liability method. This method consists of adjusting deferred taxes at each period-end, based on the tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The effects of changes in tax rates (and tax laws) are recognized in the income statement for the period in which the change is announced.

Deferred taxes are recognized for all temporary differences, except when the difference arises from the initial recognition of non-deductible goodwill or the initial recognition of an asset or liability in a transaction that is not a business combination and which, at the time of the transaction, affects neither accounting profit nor taxable profit.

A deferred tax liability is recognized for all taxable temporary differences associated with investments in subsidiaries, associates and joint ventures except when:

- The Group is able to control the timing of the reversal of the temporary difference, and
- It is probable that the temporary difference will not reverse in the foreseeable future.

A deferred tax asset is recognized for ordinary and evergreen tax loss carry forwards only when it is probable that the asset will be recovered in the foreseeable future.

Deferred taxes are normally recognized in the income statement. However, when the underlying transaction is recognized in equity, the related deferred tax is also recorded in equity.

Since January 1, 2010, adjustments to deferred tax assets acquired in a business combination are recognized in profit or loss without a corresponding adjustment to goodwill.

In accordance with IAS 12, deferred taxes are not discounted.

In France, the "taxe professionnelle" local business tax has been replaced in the 2010 Finance Act by the "Contribution Economique Territoriale" tax (CET). The CET comprises two separate taxes, as follows:

- A tax assessed on the rental value of real estate ("CFE"). Similar to the "taxe professionnelle", it fulfills the criteria for recognition as an operating expense.
- A tax assessed on the value added by the business ("CVAE"), which has some of the characteristics of a tax on income, as defined in IAS 12.

In a press release dated January 14, 2010, France's National Accounting Board, the Conseil National de la Comptabilité, stated that each business should exercise its own judgment to determine the accounting classification of the CVAE.

After analyzing the CVAE, Edenred decided that it had characteristics of an income tax. This change had no material impact on the consolidated financial statements.

O. Share-based payments

O. 1. Stock option plans

IFRS 2 "Share-based Payment" applies to the stock option plans set up by the Board of Directors on August 6, 2010, March 11, 2011 and February 27, 2012. These plans do not have any specific vesting conditions except for the requirement for grantees to continue to be employed by the Group at the end of the vesting period.

The fair value of services received as consideration for the stock options is measured by reference to the fair value of the options at the grant date. The fair value of the options is determined using the Black & Scholes option pricing model. The grant date is defined as the date when the plan's terms and conditions are communicated to Group employees: it corresponds to the date on which the Board of Directors approved the plan.

The fair value of the options is recognized on a straight-line basis over the vesting period for the relevant plan. The cost is included in employee benefit expense, with a corresponding adjustment to equity. When the option is exercised, the cash amount received by the Group in settlement of the exercise price is booked in cash and cash equivalents, with a corresponding adjustment to equity.

O. 2. Performance share plans

IFRS 2 “Share-based Payment” also applies to the performance share plans set up by the Board of Directors on August 6, 2010, March 11, 2011 and February 27, 2012.

The recognition principles are the same as those applied to stock option plans.

The number of performance shares is reviewed annually based on changes in the probability of the performance objectives being met.

P. Service vouchers in circulation

Service vouchers in circulation are recognized as short-term liabilities at face value.

Q. Financial instruments

Financial assets and liabilities are recognized and measured in accordance with IAS 39 – Financial Instruments, Recognition and Measurement, and its amendments.

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

Q. 1. Financial assets

Financial assets are classified between the three main categories defined in IAS 39, as follows:

- "Loans and receivables" mainly comprise time deposits and loans to non-consolidated companies. They are initially recognized at fair value and are subsequently measured at amortized cost at each balance-sheet date. If there is an objective indication of impairment, an impairment loss is recognized at the balance-sheet date. The impairment loss - corresponding to the difference between the carrying amount and the recoverable amount (i.e. the present value of expected cash flows discounted using the original effective interest rate) - is recognized in the income statement. It may be reversed if the recoverable amount increases in a subsequent period.
- "Held-to-maturity investments" mainly comprise bonds and other marketable securities intended to be held to maturity. They are initially recognized at fair value and are subsequently measured at amortized cost at each balance-sheet date. If there is an objective indication of impairment, an impairment loss is recognized at the balance-sheet date. The impairment loss - corresponding to the difference between the carrying amount and the recoverable amount (i.e. the present value of expected cash flows discounted using the original effective interest rate) - is recognized in the income statement. It may be reversed if the recoverable amount increases in a subsequent period.

For these two categories, initial fair value is equivalent to acquisition cost, because no material transaction costs are incurred.

- "Available-for-sale financial assets" mainly comprise investments in non-consolidated companies, mutual fund units and money market securities. These assets are measured at fair value, with changes in fair value recognized in equity. The fair value of listed securities corresponds to market price (level 1 valuation technique) and that of mutual funds corresponds to their published net asset value (level 2 valuation technique). For unlisted securities, fair value is estimated based on the most appropriate criteria applicable to each individual investment using valuation techniques that are not based on observable data (level 3 valuation technique). Securities that are not traded on an active market, for which fair value cannot be reliably estimated, are carried in the balance sheet at historical cost plus any transaction expenses. When there is objective evidence of a significant or prolonged decline in value, the cumulative unrealized loss recorded in equity is reclassified to the income statement.

Q. 2. Bank borrowings

Interest-bearing drawdowns on lines of credit and bank overdrafts are recognized for the amounts received, net of direct drawdown costs.

Q. 3. Other financial liabilities

Other financial liabilities are measured at amortized cost. Amortized cost is determined by the effective interest method, taking into account the costs of the issue and any issue or redemption premiums.

Q. 4. Other financial liabilities

The Group uses derivative financial instruments to hedge its exposure to risks arising in the course of its business. Hedged risks are currency and interest rate risks.

In accordance with IAS 39, derivatives are initially recognized at cost. They are subsequently measured at fair value at each period-end. The accounting treatment of changes in fair value of derivatives depends on their intended use and the resulting designation.

Most interest rate and foreign currency derivatives used by Edenred are designated as hedging instruments. In accordance with IAS 39, hedge accounting is applicable in particular if, and only if:

- at the time of setting up the hedge, there is a formal designation and documentation of the hedging relationship;
- the effectiveness of the hedging relationship can be demonstrated from the outset and at each balance sheet date, prospectively and retrospectively.

Financial instruments designated as hedging instruments

When derivatives are designated as hedging instruments, their accounting treatment varies depending on whether they are designated as:

- a fair value hedge of an asset or a liability or of an unrecognized firm commitment; or
- a cash flow hedge.

Fair value hedge

A fair value hedge is a hedge of the exposure to changes in the fair value of a financial asset, a financial liability or an unrecognised firm commitment.

The gain or loss from remeasurement at fair value of the hedging instrument is recognized in profit on a symmetrical basis with the loss or gain from remeasurement at fair value of the hedged item. These two remeasurements offset each other within the same line items in the income statement, except for the ineffective portion of the hedge.

Cash flow hedge

A cash flow hedge is a hedge of the exposure to variability in future cash flows associated with an existing asset or liability, or a highly probable forecast transaction.

The effective portion of the gain or loss from remeasurement at fair value of the hedging instrument is recognized in equity and the ineffective portion is recognized in the income statement for the period.

Cumulative gains or losses in equity are recycled to the income statement in the period when the hedged item affects profit.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss carried in equity at the time remains in equity and is recognized in the income statement when the forecast transaction is ultimately recognized in the income statement.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss carried in equity at the time remains in equity and is recognized in the income statement when the forecast transaction is ultimately recognized in the income statement.

When a forecast transaction is no longer expected to occur, the cumulative gain or loss carried in equity is immediately transferred to the income statement.

R. Cash and cash equivalents

Cash and cash equivalents include bank balances, and short-term investments in money market instruments. These instruments mainly correspond to bank time deposits risk free and interest-bearing demand deposits. They have initial maturities of three months or less, are readily convertible into known amounts of cash, and are subject to an insignificant risk of changes in value.

In accordance with IAS 39, marketable securities are measured at fair value, with changes in fair value recognized in profit under “Net financial expense”.

S. Other marketable securities

Instruments that have initial maturities of more than three months are reported under “Marketable securities”. These instruments are highly liquid and are subject to an insignificant risk of changes in value due to interest rate and foreign exchange rate changes. However, they are no longer classified as cash and cash equivalents in line with the guidance issued by France’s securities regulator (AMF recommendation no.2011-16 applicable for the 2011 year-end closing). This line item also includes restricted cash, corresponding to cash and cash equivalents subject to restrictions due to regulations such as exchange controls that are specific to a country.

Both cash and cash equivalents and Marketable securities are taken into account for the calculation of net debt. Net debt is presented in Note 24 “Net debt and net cash”.

T. Presentation of the income statement and the statement of cash flows

T. 1. Issue volume

Issue volume corresponds to the face value of prepaid vouchers issued during the period plus the amount loaded on prepaid cards.

It is tracked for all vouchers and cards in circulation that are managed by Edenred.

T. 2. Operating revenue

In accordance with IAS 18 – Revenue, operating revenue corresponds to the value of goods and services sold in the ordinary course of business by fully and proportionally consolidated companies.

It is measured at the fair value of the consideration received or receivable, net of all discounts and rebates, VAT and other sales taxes, in compliance with IAS 18.

Operating revenue is recognized when it is probable that future economic benefits will flow to the entity and these benefits can be measured reliably. If there is significant uncertainty about the collectability of revenue, it is not recognized until the uncertainty is removed.

There are two types of operating revenue:

T. 2. 1. Operating revenue generated by issue volume

Operating revenue generated by issue volume corresponds to operating revenue generated by prepaid vouchers managed by Edenred.

For all of these products, recognized revenue comprises:

- Commissions received from client companies on the sale of prepaid vouchers and cards and all related amounts billed to clients such as delivery costs, card sales and voucher customization costs. These amounts are recognized in revenue when the prepaid vouchers and cards are issued and delivered to clients.
- Affiliate contributions ("Network fees"), corresponding to the margin deducted from the amount reimbursed to the affiliate that provides the service, and any related billings such as up-front payments, monthly subscription fees and electronic payment terminal sales or rentals. These contributions and billings are recognized in revenue when the vouchers or cards are issued to the extent that the processing transaction cannot be dissociated from the issuance transaction, and an accrual is booked for the future processing costs.

- Profits on vouchers and cards that expire without being reimbursed. To take into account commercial practices in each country (refunds of expired service vouchers and other commercial gestures), these profits are recognized gradually once the vouchers have expired.

- Revenue from advertisements printed on vouchers and cards. This revenue is recognized on the billing date to the advertiser.

T. 2. 2. Other operating revenue

Other operating revenue corresponds essentially to revenue from value-added services such as incentive programs, human services and event-related services. The corresponding revenue is the amount billed to the client and is recognized on delivery of the solutions.

T. 3. Financial revenue

This is interest generated by investing cash over the period between

- the issue date and the reimbursement date for vouchers, and

- the loading date and the redeeming date for cards.

The interest represents a component of operating revenue and as such is included in the determination of revenue.

T. 4. EBITDA

EBITDA includes operating revenue and expenses and rental expense.

T. 5. Depreciations, amortization and provisions

Depreciation, amortization and provision expenses reflect the operating costs of holding assets.

T. 6. EBIT

EBIT corresponds to EBITDA after the operating costs of holding mainly non-tangible assets. It is used as the benchmark for determining senior management and other executive compensation, as it reflects the economic performance of the business.

It is also the basis for calculating operating margin (EBIT/Issue volume ratio).

T. 7. Net financial expense

This item includes:

- Interest expense or income on borrowings, other financial liabilities and loans and receivables.
- Exchange gains and losses on financial transactions.
- Movements on financial provisions.

T. 8. Operating profit before tax and non-recurring items

Operating profit before tax and non-recurring items corresponds to the results of operations of the Group's businesses less the related financing cost. Net financial expense represents an integral part of operating profit before tax and non-recurring items, as it contributes to the performance indicator used by Edenred in its investor communications.

T. 9. Non-recurring income and expenses

Non-recurring income and expenses include:

- Restructuring costs, corresponding to all the costs incurred in connection with restructuring operations.

- Impairment losses recorded in accordance with IAS 36 - Impairment of Assets.
- Gains and losses on disposals of fixed assets, non-operating provision movements and other non-operating gains and losses.

The transactions concerned are not directly related to the management of continuing operations.

T. 10.Operating profit before tax

Operating profit before tax corresponds to profit after income and expenses that are unusual in terms of their amount and frequency that do not relate directly to the Group's ordinary activities.

T. 11.Operating profit before non-recurring items

Operating profit before non-recurring items corresponds to operating profit before tax and non-recurring items less income tax on recurring income for the period. It is stated net of non-controlling interests.

T. 12.Statement of cash flows

The statement of cash flows is presented on the same basis as the management reporting schedules used internally to manage the business. It shows cash flows from operating, investing and financing activities.

Cash flows from operating activities include:

- Funds from ordinary activities, before non-recurring items;
- Cash received and paid on non-recurring transactions;
- Changes in working capital;
- Changes in restricted cash.

Cash flows from investing activities comprise:

- Recurring expenditure to maintain in a good state of repair operating assets held at January 1 of each year;
- Development expenditure, including the fixed assets and working capital of newly consolidated subsidiaries and additions to fixed assets of existing subsidiaries;
- Proceeds from disposals of assets.

Cash flows from financing activities include:

- Changes in equity;
- Changes in debt;
- Dividend payments;
- Purchases / sales of treasury shares;
- Acquisition of non-controlling interests.

U. Earnings per share

U. 1. Net earnings per share

Basic earnings per share are calculated by dividing net profit (Group share) by the weighted average number of shares outstanding during the year.

U. 2. Diluted earnings per share

Diluted earnings per share are calculated based on the average number of outstanding shares, as adjusted to include the weighted average number of shares that would result from the exercise, during the year, of existing stock options and any other dilutive instruments.

V. Other information

Current assets and liabilities are assets and liabilities that the Group expects to recover or settle:

- In the normal course of business; or
- Within twelve months of the period-end.

W. Information about Edenred S.A.

Registered name: Edenred S.A.

Registered office: Immeuble Colombus, 166-180 Boulevard Gabriel Péri, 92245 Malakoff - France

Société anonyme with a Board of Directors. Share capital: €451,794,792

Registered in Nanterre: R.C.S. 493 322 978

NAF code: 6420Z

The Board of Directors of Edenred approved these financial statements for publication on February 12, 2013.

Note 3. CHANGES IN CONSOLIDATION SCOPE AND SIGNIFICANT EVENTS

A. 2012 changes in consolidation scope

A. 1. Organic growth and acquisitions

In April 2012, Edenred announced the acquisition in Brazil of **Comprocard**, the leading food voucher issuer in the oil producing-state of Espirito Santo with an annual issue volume of around €100 million. The transaction was based on an enterprise value (acquisition price + assumed net debt) of €24 million, including estimated contingent consideration payable in two installments of €2 million each in 2013 and 2014. The total difference between the cost of the business combination and the estimated acquisition date fair value of the net assets acquired has been allocated to the customer lists for €10 million and goodwill for the residual difference (€16 million).

In July 2012, Edenred announced the acquisition of **Barclay Vouchers**, the only player in the Japanese market for meal voucher. With more than 600 customers, 130 000 beneficiaries and a network of 31 500 affiliated restaurants, Barclay Vouchers was a wholly owned subsidiary of Baring Private Equity Asia (BPEA), generating 2011 issue volume of €91 million. The transaction was based on an enterprise value of €28 million. The total difference between the cost of the business combination and the estimated acquisition date fair value of the net assets acquired has been allocated to the customer lists for €5 million and goodwill for the residual difference (€24 million).

B. 2011 changes in the consolidation scope

B. 1. Organic growth and acquisitions

In January, 2011, Edenred announced the acquisition of **RistoChef**, Italy's seventh-largest provider of meal vouchers. With more than 1,800 customers and a nearly 3% market share, RistoChef, a wholly-owned subsidiary of the Elior group, generated an estimated issue volume of around €70 million in 2010.

This transaction enables Edenred to consolidate its leadership position in Italy, with more than 40% market share.

The transaction was based on an enterprise value of €9 million. The total difference between the cost of the business combination and the estimated acquisition date fair value of the net assets acquired has been provisionally allocated (before deferred tax) under "customer lists" for €4 million. The remaining excess amount accounted for as goodwill amounted to €10 million.

In October 2011, Edenred acquired the petrol card business of **CGI**, Mexico's sixth largest petrol card seller. The value of acquired assets amounted to €4 million, including a contingent consideration of €2 million payable in 2012. Based on initial analysis and provisionally, the total cost has been mainly allocated to "customer lists".

B. 2. Disposal of assets

Based on the strategic review of its business portfolio, Edenred divested certain business assets relating to employee assistance programs that provide employees with advice and psychological support (Employee Assistance Program).

B. 2. 1. Divestment of the stake in EAP France and its interest in BEA

In April 2011, Edenred sold its entire stake in EAP France and its interest in corporate concierge provider BEA to Europ Assistance France (51%) and Malakoff Médéric (49%) for €4 million, giving rise to a capital gain of €3million.

The business, which does not have any issue volume, contributed €5 million to consolidated revenue in 2010.

B. 2. 2. Divestment of the stake in WorkPlace Benefits and its subsidiaries

In May 2011, Edenred sold its stake in the American company WorkPlace Benefits and its subsidiaries to the main shareholder (a private individual) for €3 million, giving rise to a capital gain of €1 million.

The business, which does not have any issue volume, contributed €9 million to consolidated revenue in 2010.

B. 2. 3. Divestment of the stake in Davidson Trahaire and its subsidiaries

In August 2011, Edenred sold its stake in the Australian company Davidson Trahaire, a human resources consultancy specialized in employee assistance programs and other corporate psychology services. The business, which does not have any issue volume, contributed respectively €18 million and €13 million to consolidated revenue in 2010 and in 2011.

Based on a total consideration of AUD 48.5 million, or around €35 million, this transaction gave rise to a capital gain of €16 million.

C. Significant event

C. 1. Private placement notes issue

During first half-year 2012, Edenred successfully placed a €225 million issue of 10-year fixed-rate bonds, maturing in May 23, 2022 and paying 3.75% interest.

The purpose of the issue is to strengthen the Group's liquidity, diversify its financial resources and extend the average maturity of its debt. The proceeds have been used to pay down bank debt.

Note 4. SEGMENT INFORMATION

Chief operating decision maker

Edenred's chief operating decision maker is executive management assisted by the Executive Committee. Executive management makes decisions about resources to be allocated to the operating segments and assesses their performance.

Executive management decisions are based on data produced by the Group's internal reporting system. The internal reporting system presents information at the country level.

Aggregation

In the Group's internal reporting system, country-level information is aggregated into four geographical areas:

- France;
- Rest of Europe;
- Latin America;
- Rest of the world.

Except France, the presented segments are thus an aggregation of operating segments performed in accordance with IFRS 8 principles.

In addition to the similarity of long-term economic characteristics, IFRS 8 lists five aggregation criteria:

a) the nature of the products and services;
b) the nature of the production processes;
c) the type or class of customer for their products and services;
d) the methods used to distribute their products or provide their services; and
e) if applicable, the nature of the regulatory environment, for example, banking, insurance or public utilities.

The "Rest of Europe" and "Latin America" aggregations meet all the criteria mentioned above.

The "Rest of the world" segment aggregates the countries that are not included in "France", "Rest of Europe" and "Latin America".

Finally, the "Worldwide structures" include the Edenred S.A. holding company, regional headquarters and companies with no operating activity.

Transactions between segments are not material.

A. 2012 information

A. 1. Income statement

(in € millions)	France	Rest of Europe	Latin America	Rest of the world	Worldwide Structures	Elimi-nations	TOTAL Dec. 2012
Issue volume	**2 620**	**4 646**	**8 804**	**587**	**-**	**-**	**16 657**
Operating revenue generated by issue volume	117	248	445	28	-	-	**838**
Other operating revenue	21	61	34	22	-	-	**138**
Operating Revenue	**138**	**309**	**479**	**50**	**-**	**-**	**976**
Financial Revenue	**20**	**28**	**39**	**4**	**-**	**-**	**91**
Total external Revenue	**158**	**337**	**518**	**54**	**-**	**-**	**1 067**
Inter-segment revenue	-	3	-	-	-	(3)	**-**
TOTAL REVENUE FROM OPERATING SEGMENTS	**158**	**340**	**518**	**54**	**-**	**(3)**	**1 067**
EBIT FROM OPERATING SEGMENTS	**45**	**95**	**243**	**3**	**(19)**	**-**	**367**

A. 2. Balance sheet

(in € millions)	France	Rest of Europe	Latin America	Rest of the world	Worldwide Structures	Elimi-nations	TOTAL Dec. 2012
Goodwill	91	182	215	40	-	-	**528**
Intangible assets	23	48	29	6	7	-	**113**
Property, plant and equipment	6	14	63	3	1	-	**87**
Non-current financial assets	-	1	1	3	5	-	**10**
Deferred tax assets	2	23	3	1	8	-	**37**
Non-current assets	**122**	**268**	**311**	**53**	**21**	**-**	**775**
Current assets	**747**	**756**	**1 587**	**164**	**335**	**-**	**3 589**
Total ASSETS	**869**	**1 024**	**1 898**	**217**	**356**	**-**	**4 364**
Equity and non-controlling interests	**179**	**615**	**556**	**51**	**(2 434)**	**-**	**(1 033)**
Non-current liabilities	**13**	**66**	**32**	**5**	**1 326**	**-**	**1 442**
Current liabilities	**677**	**343**	**1 310**	**161**	**1 464**	**-**	**3 955**
Total EQUITY AND LIABILITIES	**869**	**1 024**	**1 898**	**217**	**356**	**-**	**4 364**

B. 2011 information

B. 1. Income statement

(in € millions)	France	Rest of Europe	Latin America	Rest of the world	Worldwide Structures	Elimi-nations	TOTAL Dec. 2011
Issue volume	**2 598**	**4 770**	**7 337**	**484**	**-**	**-**	**15 188**
Operating revenue generated by issue volume	120	255	386	22	-	-	**782**
Other operating revenue	24	72	28	34	-	-	**158**
Operating Revenue	**144**	**327**	**414**	**56**	**-**	**-**	**940**
Financial Revenue	**20**	**32**	**36**	**3**	**-**	**-**	**92**
Total external Revenue	**164**	**359**	**450**	**59**	**-**	**-**	**1 032**
Inter-segment revenue	-	-	-	-	-	-	**-**
TOTAL REVENUE FROM OPERATING SEGMENTS	**164**	**359**	**450**	**59**	**-**	**-**	**1 032**
EBIT FROM OPERATING SEGMENTS (a)	**46**	**111**	**206**	**3**	**(11)**	**-**	**355**

(a) In 2011, the Group changed the management fee billing system between Edenred S.A. (classified in "Worldwide Structures") and its various subsidiaries. To reflect this change, €(11) million have been reclassified from Worldwide Structures to the operating segments in the table above. These classifications have no effect on total EBIT.

B. 2. Balance sheet

(in € millions)	France	Rest of Europe	Latin America	Rest of the world	Worldwide Structures	Elimi-nations	TOTAL Dec. 2011
Goodwill	91	187	215	16	-	-	**509**
Intangible assets	22	50	23	1	5	-	**101**
Property, plant and equipment	7	11	32	4	1	-	**55**
Non-current financial assets	1	1	1	1	-	-	**4**
Deferred tax assets	3	15	11	2	8	-	**39**
Non-current assets	**124**	**264**	**282**	**24**	**14**	**-**	**708**
Current assets	**764**	**734**	**1 391**	**142**	**482**	**-**	**3 513**
Total ASSETS	**888**	**998**	**1 673**	**166**	**496**	**-**	**4 221**
Equity and non-controlling interests (a)	**153**	**424**	**541**	**21**	**(2 150)**	**-**	**(1 011)**
Non-current liabilities	**12**	**63**	**26**	**1**	**1 406**	**-**	**1 508**
Current liabilities (a)	**723**	**511**	**1 106**	**144**	**1 240**	**-**	**3 724**
Total EQUITY AND LIABILITIES	**888**	**998**	**1 673**	**166**	**496**	**-**	**4 221**

(a) In 2011, the Group changed the management fee billing system between Edenred S.A. (classified in "Worldwide Structures") and its various subsidiaries. To reflect this change, €11 million in "Current Liabilities" and € (11) million in "Equity" have been reclassified from Worldwide Structures to the other operating segments in the table above. These reclassifications have no effect on total current liabilities or total equity.

C. Change in issue volume

(in € millions)	France	Rest of Europe	Latin America	Rest of the world	Worldwide Structures	TOTAL
2012 Issue volume	2 620	4 646	8 804	587	-	**16 657**
2011 Issue volume	2 598	4 770	7 337	484	-	**15 188**
Reported change	+22	(124)	+1 467	+104	-	**+1 469**
Reported change in %	+0.8%	(2.6)%	+20.0%	+21.2%	-	**+9.7%**
LIKE-FOR-LIKE CHANGE	**+82**	**(145)**	**+1 559**	**+45**	**-**	**+1 541**
LIKE-FOR-LIKE CHANGE in %	**+3.2%**	**(3.0)%**	**+21.3%**	**+9.2%**	**-**	**+10.1%**

D. Change in revenues

D. 1. Total revenue

(in € millions)	France	Rest of Europe	Latin America	Rest of the world	Worldwide Structures	TOTAL
2012 Total external revenue	158	337	518	54	-	**1 067**
2011 Total external revenue	164	359	450	59	-	**1 032**
Reported change	(6)	(22)	+68	(5)	-	**+35**
Reported change in %	(3.4)%	(6.1)%	+15.0%	(9.6)%	-	**+3.3%**
LIKE-FOR-LIKE CHANGE	**+9**	**(17)**	**+79**	**+4**	**-**	**+75**
LIKE-FOR-LIKE CHANGE in %	**+5.3%**	**(4.9)%**	**+17.5%**	**+8.7%**	**-**	**+7.3%**

D. 2. Operating revenue

(in € millions)	France	Rest of Europe	Latin America	Rest of the world	Worldwide Structures	TOTAL
2012 Operating revenue	138	309	479	50	-	**976**
2011 Operating revenue	144	327	414	56	-	**940**
Reported change	(6)	(17)	+65	(6)	-	**+36**
Reported change in %	(3.6)%	(5.3)%	+15.5%	(11.5)%	-	**+3.7%**
LIKE-FOR-LIKE CHANGE	**+8**	**(15)**	**+75**	**+4**	**-**	**+72**
LIKE-FOR-LIKE CHANGE in %	**+5.9%**	**(4.6)%**	**+18.0%**	**+7.3%**	**-**	**+7.7%**

D. 3. Financial revenue

(in € millions)	France	Rest of Europe	Latin America	Rest of the world	Worldwide Structures	TOTAL
2012 Financial revenue	20	28	39	4	-	**91**
2011 Financial revenue	20	32	36	3	-	**92**
Reported change	(0)	(5)	+3	+1	-	**(1)**
Reported change in %	(2.1)%	(13.4)%	+9.5%	+23.4%	-	**(0.7)%**
LIKE-FOR-LIKE CHANGE	**+0**	**(2)**	**+4**	**+1**	**-**	**+3**
LIKE-FOR-LIKE CHANGE in %	**+1.6%**	**(7.0)%**	**+10.8%**	**+33.4%**	**-**	**+3.2%**

E. Change in EBIT

(in € millions)	France	Rest of Europe	Latin America	Rest of the world	Worldwide Structures	TOTAL
2012 EBIT	45	95	243	3	(19)	**367**
2011 EBIT (a)	46	111	206	3	(11)	**355**
Reported change	(1)	(16)	+37	(0)	(8)	**+12**
Reported change in %	(2.4)%	(14.7)%	+18.1%	(8.5)%	+68.7%	**+3.3%**
LIKE-FOR-LIKE CHANGE	**+4**	**(14)**	**+41**	**+3**	**(3)**	**+31**
LIKE-FOR-LIKE CHANGE in %	**+8.9%**	**(13.1)%**	**+20.1%**	**+87.3%**	**+23.5%**	**+8.7%**

(a) In 2011, the Group changed the management fee billing system between Edenred S.A. (classified in “Worldwide Structures”) and its various subsidiaries. To reflect this change, € (11) million have been reclassified from Worldwide Structures to the operating segments in the table above. These classifications have no effect on total EBIT.

Note 5. CHANGE IN ISSUE VOLUME, REVENUE AND EBIT

Changes in issue volume, revenue and EBIT between 2011 and 2012 break down as follows:

			Δ December 2012 / December 2011							
			Organic growth		Changes in consolidation scope		Currency effect		Total change	
(in € millions)	Dec. 2011	Dec. 2012	In €M	in %	In €M	in %	In €M	in %	In €M	in %
Issue volume	**15 188**	**16 657**	**+1 541**	**+10.1%**	**+114**	**+0.8%**	**(186)**	**(1.2)%**	**+1469**	**+9.7%**
Operating revenue generated by issue	782	838	+70	+9.0%	(2)	(0.3)%	(12)	(1.6)%	+56	+7.1%
Other operating revenue	158	138	+2	+1.0%	(22)	(13.8)%	-	-	(20)	(12.8)%
Operating Revenue	**940**	**976**	**+72**	**+7.7%**	**(24)**	**(2.7)%**	**(12)**	**(1.3)%**	**+36**	**+3.7%**
Financial revenue - Unrestricted float	76	75	+3	+3.7%	(3)	(3.3)%	(1)	(1.4)%	(1)	(1.0)%
Financial revenue - Restricted cash	16	16	+0	+1.2%	+0	+0.3%	(0)	(0.5)%	+0	+1.0%
Financial Revenue	**92**	**91**	**+3**	**+3.2%**	**(3)**	**(2.7)%**	**(1)**	**(1.2)%**	**(1)**	**(0.7)%**
TOTAL REVENUE	**1 032**	**1 067**	**+75**	**+7.3%**	**(27)**	**(2.7)%**	**(13)**	**(1.3)%**	**+35**	**+3.3%**
EBIT	**355**	**367**	**+31**	**+8.7%**	**(12)**	**(3.4)%**	**(7)**	**(2.0)%**	**+12**	**+3.3%**

Note 6. OPERATING EXPENSES

(in € millions)	December 2011	December 2012
Employee benefit expense	(284)	(298)
Other operating expenses (1)	(364)	(368)
TOTAL OPERATNG EXPENSES (2)	**(648)**	**(666)**

(1) Other operating expenses consist mainly of production, supply chain, information systems, marketing, advertising and promotional costs as well as various fee payments. They also include rental expenses for € (18) million in December 2012.

(2) As December 31, 2012 the currency effect impact the operating expenses for € 6 million.

Note 7. DEPRECIATION, AMORTIZATION AND PROVISIONS

Depreciation, amortization and provisions can be analyzed as follows:

(in € millions)	December 2011	December 2012
Amortization	(31)	(34)
Provisions and depreciation	2	(0)
TOTAL	**(29)**	**(34)**

Note 8. NET FINANCIAL EXPENSE

(in € millions)	December 2011	December 2012
Gross borrowing cost	(47)	(43)
Hedging instruments	(0)	1
Interests income from short term bank deposits and equivalent	8	3
Net borrowing cost	(39)	(39)
Net foreign exchange gains / (losses)	4	4
Other financial income and expenses, net	(5)	(1)
NET FINANCIAL EXPENSE	**(40)**	**(36)**

Note 9. NON-RECURRING INCOME AND EXPENSE

Non-recurring income and expenses can be analyzed as follows:

(in € millions)	December 2011	December 2012
Movements on restructuring provisions	(1)	3
Restructuring costs	(4)	(4)
Restructuring costs	**(5)**	**(1)**
Impairment of goodwill	(20)	(6)
Impairment of intangible assets	(4)	(1)
Total impairment losses	**(24)**	**(7)**
Other capital gains or losses	25	(2)
Provision movements	1	6
Non-recurring gains and losses, net	(4)	(21)
Other non-recurring income and expenses, net	**22**	**(17)**
TOTAL NON-RECURRING INCOME AND EXPENSES, NET	**(7)**	**(25)**

A. Restructuring costs

Restructuring costs in 2011 correspond mainly to reorganization costs at the level of the Executive Committee and regional management.

B. Impairment losses

In 2012, the review of the goodwill and intangible assets has led to a complementary impairment of Edenred Incentives & Rewards Deutshland (Quasar) for €6 million.

In 2011, the review of the goodwill and intangible assets has led to a complementary impairment of Edenred Incentives & Rewards Deutshland (Quasar) for €6 million and €2 million, respectively as well as €9 million for Edenred Singapour (Surfgold) and €7 million for Tintelingen.

C. Other non-recurring income and expenses

Other non-recurring income and expenses were as follows:

- in 2012, mainly the €11 million VAT reassessment in Italy (see Note 29. C.2)
- in 2011, mainly gains on the disposal of Davidson Trahaire for €16 million, BEA/EAP for €3 million and Workplace Benefits in United States for €1 million (see. Note 3.B. 2).

Note 10. INCOME TAX

A. Income tax expense for the period

(in € millions)	December 2011	December 2012
Current taxes	(97)	(102)
SUB-TOTAL: CURRENT TAXES	**(97)**	**(102)**
Deferred taxes on temporary differences arising or reversing during the period	(6)	(1)
Deferred taxes arising from changes in tax rates or rules	-	(0)
SUB-TOTAL: DEFERRED TAXES	**(6)**	**(1)**
TOTAL INCOME TAX ENPENSE	**(103)**	**(103)**

B. Tax proof

(in € millions)	December 2011	December 2012
Operating profit before tax (a)	**308**	**306**
Non-deductible impairment losses	(11)	(12)
Elimination of intercompany capital gains	-	-
Other	17	14
TOTAL PERMANENT DIFFERENCES (NON-DEDUCTIBLES EXPENSES) (b)	**6**	**2**
Untaxed profit and profit taxed at a reduced rate (c)	**(25)**	**22**
Profit taxable at the standard rate (d) = (a) + (b) + (c)	**289**	**330**
Standard tax rate in France (e)	**34.43%**	**34.43%**
Theoretical tax at standard rate (f) = (d) x (e)	**(100)**	**(114)**
Adjustments for:		
. Differences in foreign tax rates	9	8
. Unrecognized tax losses for the period	(5)	(5)
. Utilisation of previously unrecognised tax losses	2	13
. Effect of changes in future tax rates	-	(0)
. Other items	(6)	(3)
TOTAL ADJUSTMENTS (g)	**(0)**	**13**
Actual tax at standard rate (h) = (f) + (g)	**(100)**	**(101)**
Tax at reduced rate (i)	**(3)**	**(2)**
INCOME TAX EXPENSE (j) = (h) + (i)	**(103)**	**(103)**

C. Normative tax rate

(in € millions)	December 2011	December 2012
Operating profit before tax	308	306
Adjustment related to non-recurring income and expenses, net	7	25
Operating profit before tax and non-recurring items	**315**	**331**
Income tax expense	(103)	(103)
Tax adjustement related to the non-recurring income and expenses	2	(0)
Standard Group Income tax expense	**(101)**	**(103)**
STANDARD INCOME TAX	**32.0%**	**31.2%**

D. Details of recognized deferred tax assets and liabilities

(in € millions)	December 2011	December 2012
Temporary differences between taxable and book profit of the individual entities	**21**	14
Temporary differences arising from consolidation adjustments	17	13
Recognized deferred tax assets on tax losses	1	10
SUB-TOTAL: DEFERRED TAX ASSETS	**39**	**37**
Temporary differences between taxable and book profit of the individual entities	15	17
Temporary differences arising from consolidation adjustments	71	74
SUB-TOTAL: DEFERRED TAX LIABILITIES	**86**	**91**
Net deferred tax asset (liability)	**(47)**	**(54)**

E. Unrecognized deferred tax assets

Unrecognized deferred tax assets at December 31, 2012 amounted to €39 million, in which €19 million in Worldwide Structures, €4 million in United Kingdom, €6 million in China, €2 million In Germany and €2 million in India.

Deferred tax assets recognized in 2012 in respect of historical tax loss carryforwards amounted to €7 million in the United Kingdom and €2 million in Brazil.

In December 31, 2011, unrecognized deferred tax assets amounted to €52 million.

In December 31, 2012, unrecognized deferred tax assets corresponded to tax losses in the amount of €39 million, including €2 million expiring between N+1 and N+4, € 8 million expiring N+5 and beyond and €29 million without temporal limit.

Note 11. EARNINGS PER SHARE

A. Net earnings per share

At December 31, 2012, the Company's share capital was made up of 225,897,396 ordinary shares.

At December 31, 2012, the average number of ordinary shares outstanding breaks down as follows:

	December 2011	December 2012
EDENRED'S SHARE CAPITAL AT CLOSING	**225 897 396**	**225 897 396**
Outstanding shares at beginning of period	**225 897 396**	**225 585 933**
Treasury shares not related to the liquidity contract	(231 907)	-
Treasury shares under the liquidity contract	(79 556)	54 556
Treasury shares	**(311 463)**	**54 556**
OUTSTANDING SHARES AT PERIOD-END	**225 585 933**	**225 640 489**
Effect of treasury shares on the weighted average number of shares	**241 869**	**(15 038)**
WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES OUTSTANDING DURING THE PERIOD	**225 827 802**	**225 625 451**

In addition, stock options representing 4,938,150 ordinary shares and 2,482,721 performance shares were granted to employees in 2010, 2011 and 2012. Conversion of all of these potential shares would have the effect of increasing the number of shares outstanding to 233,061,360.

Diluted earnings per share are based on the average number of outstanding shares that is adjusted with the effect of the potential ordinary shares.

Based on the above number of potential shares and the average Edenred share price calculated:

- from January 2, 2012 to December 31, 2012 for Plans 1 and 2 (€21.77), and
- from February 27, 2012 to December 31, 2012 for Plan 3 (€22.27),

The diluted weighted average number of shares outstanding in 2012 was 228,626,475.

	December 2011	December 2012
Net Profit - Group share *(in € millions)*	**194**	**183**
Weighted average number of ordinary shares *(in thousands)*	225 897	225 586
Weighted average number of treasury shares *(in thousands)*	(69)	39
Number of shares used to calculate basic earnings per share *(in thousands)*	**225 828**	**225 625**
BASIC EARNINGS PER SHARE *(IN €)*	**0.86**	**0.81**
Number of shares resulting from the exercise of stock options *(in thousands)*	3 091	1 953
Number of shares resulting from performance shares grants *(in thousands)*	343	1 048
Number of shares used to calculate diluted earnings per share *(in thousands)*	**229 262**	**228 626**
Diluted earnings per share *(IN €)*	**0.85**	**0.80**

B. Recurring profit after tax

Recurring profit after tax corresponds to:

- Operating profit before tax and non-recurring items, and

- Tax adjustment of the period related to the non-recurring income and expenses.

It is stated net of minority interests.

The recurring profit after tax and the recurring profit after tax per share break down as follows:

	December 2011	December 2012
Net profit (in € millions)	**205**	**203**
Non-recurring income and expenses adjustement, net *(in € millions)*	7	25
Net Profit, Non-controlling interests adjustment *(in € millions)*	(11)	(20)
Tax adjustment related to the non-recurring income and expenses *(in € millions)*	2	(0)
Recurring profit after tax, Group share *(in € millions)*	**203**	**208**
Number of shares used to calculate basic earnings per share *(in thousands)*	**225 828**	**225 625**
DILUTED RECURRING PROFIT AFTER TAX. GROUPE SHARE PER SHARE *(IN €)*	**0.90**	**0.92**

Note 12. GOODWILL

(in € millions)	December 2011	December 2012
Goodwill	658	684
Less accumulated impairment losses	(149)	(156)
GOODWILL, NET	**509**	**528**

(in € millions)	December 2011	December 2012
Brazil	165	168
France (Ticket Cadeaux)	91	91
United Kingdom	61	61
Italy	46	46
Romania	37	37
Mexico	32	35
Japan	-	24
Sweden	19	20
USA	13	12
Czech Republic	12	12
Other (individually representing less than €10 million)	33	22
GOODWILL, NET	**509**	**528**

Changes in the carrying amount of goodwill during the periods presented were as follows:

(in € millions)	Notes	December 2011	December 2012
NET GOODWILL AT BEGINNING OF PERIOD		**551**	**509**
Goodwill recognized on acquisitions for the period and other increases		11	42
. Italy (Ristochef acquisition)		10	-
. Japan (Barclay Vouchers acquisition)		-	24
. Brazil (Comprocard acquisition)		-	16
. Mexico (CGI final allocation)		-	2
. United Kingdom (Buy-out of non controling interests)		1	-
Goodwill written off on disposals for the period		(15)	-
Impairment losses	9	(20)	(6)
Currency translation adjustement		(16)	(17)
Put options on non-controlling interests recognized / remeasured during the period and other		(2)	-
Reclassification and other movements		-	-
NET GOODWILL AT PERIOD-END		**509**	**528**

Note 13. INTANGIBLE ASSETS

(in € millions)	December 2011	December 2012
COST		
Kadéos brand (1)	19	19
Other brands	20	21
Contractual customer relationships (2)	71	81
Licenses and software	130	139
Other	40	44
TOTAL COST	**280**	**304**
ACCUMULATED AMORTIZATION AND IMPAIRMENT LOSSES		
Brands	(8)	(8)
Contractual customer relationships	(46)	(50)
Licenses and software	(91)	(95)
Other	(34)	(38)
TOTAL ACCUMULATED AMORTIZATION AND IMPAIRMENT LOSSES	**(179)**	**(191)**
INTANGIBLE ASSETS, NET	**101**	**113**

(1) The Kadéos brand was recognized following the acquisition of this company in March 2007.

(2) Of which €19 million corresponding to Kadéos customer lists, totally depreciated at the end of 2010.

Changes in the carrying amount of intangible assets over the period were as follows:

(in € millions)	December 2011	December 2012
NET INTANGIBLE ASSETS AT BEGINNING OF PERIOD	**96**	**101**
Additions	5	16
Internally-generated assets	23	23
Intangible assets of newly-consolidated companies	3	0
Amortization for the period	(19)	(21)
Impairment losses for the period (*)	(4)	(1)
Disposals	(3)	(0)
Currency translation adjustement	(1)	(3)
Reclassifications	1	(2)
NET INTANGIBLE ASSETS AT END OF PERIOD	**101**	**113**

(*) In 2011 and 2012, see Note 9.

The following intangible assets are considered as having an indefinite useful life:

(in € millions)	December 2011	December 2012
Kadéos brand	19	19
Rikskuponger brand	7	8
Prepay brand	2	2
Other brands	3	3
INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIVES	**31**	**32**

Most brands have been qualified as having an indefinite useful life because the Group considers that there is no foreseeable limit to the period in which they can be used.

Note 14. PROPRETY, PLANT AND EQUIPMENT

(in € millions)	December 2011	December 2012
Land	0	0
Buildings	19	42
Fixtures	24	31
Equipment and furniture	89	97
Assets under construction	2	3
COST	**134**	**173**

(in € millions)	December 2011	December 2012
Buildings	(1)	(1)
Fixtures	(11)	(13)
Equipment and furniture	(67)	(72)
Assets under construction	-	-
ACCUMULATED DEPRECIATION	**(79)**	**(86)**
ACCUMULATED IMPAIRMENT LOSSES	**-**	**-**
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES	**(79)**	**(86)**

(in € millions)	December 2011	December 2012
Land	0	0
Buildings	18	41
Fixtures	13	18
Equipment and furniture	22	25
Assets under construction	2	3
PROPERTY, PLANT AND EQUIPMENT, NET	**55**	**87**

Changes in the carrying amount of property, plant and equipment during the period were as follows:

(in € millions)	December 2011	December 2012
NET PROPERTY, PLANT AND EQUIPMENT AT BEGINNING OF PERIOD	40	55
Property, plant and equipment of newly-consolidated companies	19	37
Additions	12	17
Disposals	(4)	(7)
Depreciation for the period	(12)	(13)
Impairment losses for the period	-	-
Currency translation adjustement	0	(2)
Reclassifications	-	(0)
NET PROPERTY, PLANT AND EQUIPMENT AT END OF PERIOD	**55**	**87**

Note 15. IMPAIRMENT TESTS

A. Impairment losses

Cumulated impairment losses on tangible and intangible assets amounted to €190 million at December 31, 2012 (€183 million at December 31, 2011). The net impairment expense of the period amounted to €7 million (€24 million in2011).

CGUs impacted by cumulated impairment losses are detailed as follows:

	December 2012											
	France - Kadéos				Other countries				Total			
(in € millions)	Gross value	Accumu-lated depre-ciation	Accumu-lated impair-ment losses	**Net value**	Gross value	Accumu-lated depre-ciation	Accumu-lated impair-ment losses	**Net value**	Gross value	Accumu-lated depre-ciation	Accumu-lated impair-ment losses	**Net value**
Goodwill	196	-	(105)	**91**	488	-	(51)	**437**	684	-	(156)	**528**
Brands	19	-	-	**19**	21	(5)	(3)	**13**	40	(5)	(3)	**32**
Customer lists	21	(8)	(13)	**-**	60	(21)	(8)	**31**	81	(29)	(21)	**31**
Other intangible assets	25	(17)	(8)	**-**	158	(106)	(2)	**50**	183	(123)	(10)	**50**
Tangible assets	3	(3)	-	**-**	170	(83)	-	**87**	173	(86)	-	**87**
TOTAL	**264**	**(28)**	**(126)**	**110**	**897**	**(215)**	**(64)**	**618**	**1 161**	**(243)**	**(190)**	**728**

	December 2011											
	France - Kadéos				Other countries				Total			
(in € millions)	Gross value	Accumu-lated depre-ciation	Accumu-lated impairment losses	**Net value**	Gross value	Accumu-lated depre-ciation	Accumu-lated impairment losses	**Net value**	Gross value	Accumu-lated depre-ciation	Accumu-lated impairment losses	**Net value**
Goodwill	196	-	(105)	91	462	-	(44)	418	658	-	(149)	509
Brands	19	-	-	19	20	(5)	(3)	12	39	(5)	(3)	31
Customer lists	21	(8)	(13)	-	50	(17)	(8)	25	71	(25)	(21)	25
Other intangible assets	25	(17)	(8)	-	145	(98)	(2)	45	170	(115)	(10)	45
Tangible assets	3	(3)	0	0	131	(76)	-	55	134	(79)	0	55
TOTAL	264	(28)	(126)	**110**	808	(196)	(57)	**555**	1 072	(224)	(183)	**665**

Assets with indefinite useful lives were tested for impairment as of December 31, 2012 using the method described in Note 2.E. 5 “Recoverable amount of assets”.

B. Key assumptions

In 2012, the discount rate applied is based on the Group weighted average cost of capital of 9, 5% (9, 0% en 2011).

As the Group has operations in a very large number of countries, discount rates are set by main geographical region taking into account specific risk factor:

	Discount rates		Perpetuity growth rates	
	2011	**2012**	**2011**	**2012**
France	7.0%	7.40%	2.00%	2.00%
Rest of Europe	7,0 % - 10,5 %	8,0% - 10,9%	2.00%	2.00%
Latin America	10,2 % - 11,0 %	9,4% - 11,3%	2.00%	2.00%
Rest of the w orld	10,2 % - 12,9 %	11,5% - 12,2%	2.00%	2.00%

C. Sensitivity analysis

C. 1. Rate sensitivity

	Discount rate sensitivity				Perpuity gross rate sensitivity			
(in € millions)	**+100 bp**	**+50 bp**	**-50 bp**	**-100 bp**	**-100 bp**	**-50 bp**	**+50 bp**	**+100 bp**
France	(8)	(1)	-	-	(6)	-	-	-
Rest of Europe	-	-	-	-	-	-	-	-
Latin America	-	-	-	-	-	-	-	-
Rest of the w orld	-	-	1	1	-	-	-	-

At December 31, 2012, a 100-basis point decrease in the perpetuity gross rate would have had the effect of increasing recognized impairment losses by €6 million. A 50-basis or a 100-basis point decrease in the discount rate would have had the effect of decreasing recognized impairment losses by €1 million. A 50-basis point increase in the discount rate would have had the effect of increasing recognized impairment losses by €1 million and a 100-basis point increase in the discount rate would have had the effect of increasing recognized impairment losses by €8 million.

C. 2. Flow sensitivity

	Business growth sensitivity		Margin rate sensitivity	
(in € millions)	**-10%**	**+10%**	**-100 bp**	**+100 bp**
France	-	-	-	-
Rest of Europe	-	-	-	-
Latin America	-	-	-	-
Rest of the w orld	-	-	-	1

At December 31, 2012, a 10% change in the rate of business growth would not have had any impact on the impairment losses accounted for in 2012. A 100-basis point increase in the margin rate would have had the effect of decreasing recognized impairment losses by €1 million.

Note 16. RECEIVABLES AND PAYABLES

A. Trade receivables and related provisions

(in € millions)	December 2011	December 2012
Gross	1 017	1 120
Provisions	(27)	(28)
TRADE RECEIVABLES, NET	**990**	**1 092**

Provisions for impairment in value of trade receivables correspond to numerous separate provisions, none of which are material. Past-due receivables are tracked individually and regular estimates are made of potential losses in order to increase the related provisions if and when required.

B. Details of inventories, other receivables and accruals

(in € millions)	December 2011	December 2012
Inventories	11	14
VAT recoverable	128	101
Employee advances and prepaid payroll taxes	3	3
Other prepaid and recoverable taxes	24	21
Other receivables	127	166
Other prepaid expenses	11	13
GROSS	**304**	**318**
Provisions	(3)	(3)
INVENTORIES AND OTHER RECEIVABLES AND ACCRUALS, NET	**301**	**315**

C. Details of other payables and accruals

(in € millions)	December 2011	December 2012
VAT payable	20	24
Wages and salaries and payroll taxes payable	52	56
Other taxes payable	(8)	16
Other payables	80	83
Deferred income	17	14
Other payables and accruals	**161**	**193**

D. Receivables and payables by maturity

(in € millions)	Due within 1 year	Due in 1 to 5 years	Beyond 5 years	December 2012
Inventories	14	-	-	14
Trade receivables, gross amount	1 120	-	-	1 120
VAT recoverable	99	2	-	101
Employee advances and prepaid payroll taxes	3	-	-	3
Other prepaid and recoverable taxes	21	-	-	21
Other receivables	166	-	-	166
CURRENT ASSETS	**1 423**	**2**	**-**	**1 425**
Trade payables	62	-	-	62
VAT payable	24	-	-	24
Wages and salaries and payroll taxes payable	56	-	-	56
Other taxes payable	16	-	-	16
Other payables	83	-	-	83
CURRENT LIABILITIES	**241**	**-**	**-**	**241**

Note 17. SHAREHOLDER'S EQUITY

A. Share capital

At December 31, 2012, the Company's capital was made up of 225,897,396 shares with a par value of €2 each, all fully paid.

The 225,897,396 shares are ordinary shares with rights to all distributions of interim and final dividends, reserves or equivalent amounts.

B. Treasury stock

Edenred shares held by the Company are measured at cost and recorded as a deduction from equity under "Treasury stock". At December 31, 2012, a total of 256,907 shares were held in treasury (311,463 at December 31, 2011), including 25,000 shares purchased under the liquidity contract.

No Edenred shares were bought back on the market in 2012.

The liquidity contract with Exane BNP Paribas signed in November 2011 remained in effect during 2012. The contract complies with the code of ethics published by the Association Française des Marchés Financiers (AMAFI) and is recognized by France's securities regulator, Autorité des Marchés Financiers. During 2012, 3,044,384 Edenred shares were purchased under the contract for €66 million and 3,098,940 shares were sold for €67 million.

The funds allocated to the liquidity contract but not invested in Edenred shares represent liquid assets and are classified as "Cash and cash equivalents".

C. Dividends

C. 1. 2012 dividends

At the Edenred Shareholders' Meeting called to approve the financial statements for the fiscal year ended December 31, 2012, the Board of Directors will recommend paying a dividend of €0.82 per share, representing a total payout of €185 million.

Subject to approval by the Shareholders' Meeting, this dividend will be paid during the second half of 2013. The dividend is not recognized under liabilities in the financial statements at December 31, 2012 as these financial statements are presented before appropriation of profit.

C. 2. 2011 dividends

The Shareholders' Meeting held on May 15, 2012 decided to pay a 2011 dividend of €0.70 per share. This dividend was paid on May 31, 2012 for a total amount of €158.1 million.

Note 18. POTENTIAL ORDINARY SHARES

A. Stock option plans

The main characteristics of the current stock option plan at December 31, 2012 are summarized in the table below:

	Plan 1	Plan 2	Plan 3
Date of shareholder authorization	May 10, 2010	May 10, 2010	May 10, 2010
Grant date by the Board of Directors	August 6, 2010	March 11, 2011	February 27, 2012
Duration of the plan	8 years	8 years	8 years
Starting date of the exercise period	August 7, 2014	March 12, 2015	February 28, 2016
Expiry date of the exercise period	August 6, 2018	March 11, 2019	February 27, 2020
Expected life of the options	5.7 years	6.3 years	7.3 years
Exercise price	€13.69	€18.81	19.03 €
Number of grantees at the grant date	455	58	18
Number of options at the grant date	4,235,500	611,700	382,800

The fair value of the options at the grant date has been determined using the Black & Scholes option-pricing model. The main data and assumptions used for the fair value calculations are as follows:

	Plan 1	Plan 2	Plan 3
Grant date by the Board of Directors	August 6, 2010	March 11, 2011	February 27, 2012
Data at the grant date			
Number of options	4,235,500	611,700	382,800
Edenred share price	€13.45	€20.04	€20.36
Exercise price	€13.69	€18.81	19.03 €
Duration of the plan	8 years	8 years	8 years
Expected volatility	27.20%	28.80%	26.50%
Risk-free interest rate	1.79%	2.73%	1.72%
Expected dividend yield	2.55%	2.43%	2.81%
OPTION FAIR VALUE	**€2.62**	**€5.07**	**€4.25**
PLAN FAIR VALUE	**€11.1m**	**€3.1m**	**€1.6m**

Maturity of stock options

The Group has decided to base the assumed exercise dates of stock options on observed exercise dates under previous plans in the Accor Group. The schedule that is applied is as follows:

35% of options exercised after 4 years
20% after 5 years
35% after 6 years
5% after 7 years
5% after 8 years

Maturities of stock options correspond to the options' expected lives.

Share price volatility

Edenred's volatility assumptions are based on the period covered by its liquidity contract, representing seven months up to May 23, 2012.

However, as the options have an eight-year life, the Group Edenred also calculated the historical volatility over eight years for three companies operating in the same business segment. Average volatility for these companies was consistent with the rate used for the Group Edenred.

Risk free interest rate

The risk-free interest rate is the implied yield available on zero-coupon issues by the French Government at the grant date.

Stock option subscription plans at December 31, 2012 are detailed below:

	December, 31 2011		December, 31 2012	
	Number of options	average exercise price	Number of options	average exercise price
Options outstanding at beginning of period	**4 208 500**	**13.69 €**	**4 674 700**	**14.36 €**
Options granted	611 700	18.81 €	382 800	19.03 €
Options cancelled or expired	(145 500)	13.69 €	(119 350)	14.45 €
Options exercised	-	-	-	-
Options outstanding at end of period	**4 674 700**	**14.36 €**	**4 938 150**	**14.72 €**
Options exercisable at end of period	**-**	**-**	**-**	**-**

Weighted average exercise price was €14.36 in 2011 and €14.72 in 2012.

The total cost of share-based payments granted to the Group employees amounted to €3.7 million at December 31, 2012, €3.3 million at December 31, 2011 and €2.8 million at December 31, 2010.

B. Performance share plans

Edenred's Boards Directors of August 6, 2010, March 11, 2011 and February 27, 2012 carried to the conditional attribution of respectively 912,875, 805,025 and 867,575 performance shares.
Performance shares granted to French tax residents are subject to a three-year vesting period followed by a two-year lock-up and shares granted to residents of other countries are subject to five-year vesting period without any lock-up.
During the two-year lock-up, shares cannot be disposed.

The performance objectives are as follows:

For the August 6, 2010 plan:

- For half of the shares granted, like-for-like growth in issue volume for the years 2010,2011 and 2012
- For 33% of the shares granted , like-for-like growth in funds from operations for the years 2011 and 2012
- For 17% of the shares granted, the 2010 consolidated EBIT target.

For the March 11, 2011 and February 27, 2012 plans:

- For half of the shares granted under the 2011 plan and half of the shares granted under the 2012 plan, like-for-like growth in issue volume for the years 2011, 2012 and 2013 under the 2011 plan and the years 2012, 2013 and 2014 under the 2012 plan.
- For half of the shares granted under the 2011 plan and half of the shares granted under the 2012 plan, like-for-like growth in funds from operations for the years 2011, 2012 and 2013 under the 2011 plan and the years 2012, 2013 and 2014 under the 2012 plan.

Performance objectives were met in 2011 and 2012.

The fair value of performance shares is recognized on a straight-line basis over the vesting period in employee benefit expense, with a corresponding adjustment to equity. It amounted to €18.65 and €18.69 under the 2011 and 2012 plans

respectively for French tax residents and to €17.78 and €17.61 under the 2011 and 2012 plans respectively for residents of other countries.

Costs related to performance share plans recognized in 2012 and 2011 amounted respectively to €9.1 million and €4.3 million.

Note 19. NON-CONTROLLING INTERESTS

(in € millions)	
At December 31, 2010	**17**
Non-controlling interests in profit for the period	11
Dividends paid to non-controlling interests	(11)
Issue of share capital	3
Currency translation adjustment	0
Changes in consolidation scope	(0)
At December 31, 2011	**20**
Non-controlling interests in profit for the period	20
Dividends paid to non-controlling interests	(16)
Issue of share capital	-
Currency translation adjustment	(0)
Changes in consolidation scope	(0)
AT DECEMBER 31, 2012	**24**

Note 20. CURRENT FINANCIAL ASSETS

	December 2011			December 2012		
In € millions	Gross value	Depre-ciation	Net value	Gross value	Depre-ciation	Net value
Other current financial assets	1	(1)	0	2	(1)	1
Receivables on disposal of assets	1	-	1	-	-	-
Derivatives	10	-	10	38	-	38
Current financial assets	**12**	**(1)**	**11**	**40**	**(1)**	**39**

Note 21. CASH AND CASH EQUIVALENT AND OTHER MARKETABLE SECURITIES

In € millions	December 2011			December 2012		
	Gross value	Depre-ciation	Net value	Gross value	Depre-ciation	Net value
Cash at bank and on hand	146	-	146	138	-	138
Term deposits in less than 3 months	215	-	215	287	-	287
Bonds and other negociable debt securities	-	-	-	-	-	-
Interest-bearing bank accounts	66	-	66	(0)	-	(0)
Mutual fund units in cash in less than 3 months	10	-	10	11	-	11
CASH AND CASH EQUIVALENTS	**437**	**-**	**437**	**436**	**-**	**436**
Term deposits in more than 3 months	995	-	995	908	-	908
Bonds and other negociable debt securities	90	(0)	90	91	(1)	90
Interest-bearing bank accounts	-	-	-	-	-	-
Mutual fund units in cash in more than 3 months	-	-	-	(0)	-	(0)
OTHER MARKETABLE SECURITIES	**1 085**	**(0)**	**1 085**	**999**	**(1)**	**998**
TOTAL CASH AND CASH EQUIVALENTS AND OTHER MARKETABLE SECURITIES	**1 522**	**(0)**	**1 522**	**1 435**	**(1)**	**1 434**

Note 22. DEBT AND OTHER FINANCIAL LIABILITIES

In € millions	December 2011			December 2012		
	Non-current	Current	Total	Non-current	Current	Total
Bonds	794	-	794	1 027	-	1 027
Bank borrow ings	596	3	599	274	2	276
Debt	**1 390**	**3**	**1 393**	**1 301**	**2**	**1 303**
Bank overdrafts	**-**	**35**	**35**	**-**	**43**	**43**
Deposits	8	2	10	11	1	12
Purchase commitments	-	4	4	5	4	9
Derivatives	-	9	9	-	9	9
Other	0	8	8	(0)	12	12
Other financial liabilities	**8**	**23**	**31**	**16**	**26**	**42**
Total debt and other financial liabilities	**1 398**	**61**	**1 459**	**1 317**	**71**	**1 388**

The contractual documents for financial debt and other financial liabilities do not include any particular covenants or clauses that could significantly change the terms.

A. Debt

Debt includes the following items:

A. 1. Bonds

In September, 2010, the Group placed €800 million worth of 3.625% 7-year bonds due October 6, 2017 with European institutional investors.

In May, 2012, the Group successfully placed a €225 million issue of 10-year fixed-rate bonds, maturing in May 23, 2022 and paying 3.75% interest (see Note 3.C.1).

A. 2. Bank borrowings

In June 2010, the Group set up a €900 million 5-year term loan in a club deal with a group of lenders. The loan is repayable in three annual installments, the first of which is due on June 30, 2013.

In 2010 and 2011, the Group repaid respectively €200 million and €100 million in advance.

In May and in September 2012, the Group paid down its bank debt by €200 million and by €125 million, which extended the average maturity of its debt. After taking into account previous repayments, the remaining €275 million outstanding at December 31, 2012 is repayable in installments in June 2015.

B. Maturities of debt analysis

B. 1. Book value

B. 1. 1. At December 31, 2012

(in € millions)	2013	2014	2015	2016	2017	2018 and beyond	Dec. 2012
Total debt and other financial liabilities	71	4	276	1	804	232	1 388
Total	**71**	**4**	**276**	**1**	**804**	**232**	**1 388**

B. 1. 2. At December 31, 2011

(in € millions)	2012	2013	2014	2015	2016	2017 and beyond	Dec. 2011
Total debt and other financial liabilities	61	3	301	300	0	794	1 459
Total	**61**	**3**	**301**	**300**	**0**	**794**	**1 459**

B. 2. Credit facilities

At December 31, 2012, Edenred had available €584 million of undrawn committed borrowings facilities including €528 million expiring in the middle of 2014. These facilities are for general corporate purposes.

Note 23. FINANCIAL INSTRUMENTS AND MARKET RISK MANAGEMENT

A. Rate risk

A. 1. Analysis by interest rate

A. 1. 1. Before hedging

Debt without hedging breaks down as follows:

	December 2011			December 2012		
In € millions	Amount	Rate	% of total debt	Amount	Rate	% of total debt
Fixed rate debt (1)	794	3.58%	57%	1 027	3.60%	79%
Variable rate debt	599	2.67%	43%	276	1.60%	21%
TOTAL DEBT	**1 393**	**3.18%**	**100%**	**1 303**	**3.18%**	**100%**

(1) The rates mentioned for the fixed rate debt correspond to the contractual rates (that is 3.625 % for year 2011 and 3.625% and 3,75 % for 2012) applied among exact days of the year divided by 360.

A. 1. 2. After hedging

Debt after interest rate hedging breaks down as follows:

	December 2011			December 2012		
In € millions	Amount	Rate	% of total debt	Amount	Rate	% of total debt
Fixed rate debt	1 142	3.41%	82%	555	3.33%	43%
Variable rate debt	251	2.50%	18%	748	2.23%	57%
TOTAL DEBT	**1 393**	**3.24%**	**100%**	**1 303**	**2.70%**	**100%**

A. 2. Interest rate hedges

At December 31, 2012, a €1,297 million notional amount in interest rate hedges is outstanding, including €725 million for fixed rate debt hedge, €350 million for variables rate debt hedge and €222 million for variable rate investment hedge. Both interest rate hedges were set up with swaps and options.

(in € millions)	Notional amount	Fair value	2013	2014	2015	2016	2017	2018 and beyond
BRL : Receiving fixed-rate swaps (1)	222	21	-	185	37	-	-	-
EUR : Paying fixed-rate swaps	250	(5)	100	-	150	-	-	-
EUR : Paying variable-rate swaps	300	8	-	-	-	-	250	50
EUR : Paying variable-rate swaps with options	425	6	-	-	-	-	250	175
EUR : collar	100	(1)	-	-	100	-	-	-
TOTAL	**1 297**	**29**	**100**	**185**	**287**	**-**	**500**	**225**

(1) 600 million of Brazilian real (BRL) equivalent of €222 million.

A. 3. Sensitivity analysis

Edenred is exposed to the risk of fluctuations in interest rates, given:

- the cash flows related to variable rate debt, and
- derivative financial instruments eligible for cash flow hedge accounting for the ineffective portion of the hedging relationships.

However, changes in the effective value portion of derivatives eligible for cash flow hedge accounting are recognized directly in equity and have no effect on profit or loss.

The analysis below has been prepared assuming that the amount of the debt and the notional amounts of derivative instruments at December 31, 2012 remains constant over one year.

A 100-basis point change in interest rates (mainly the 3-month Euribor) would have the following impacts on equity and pre-tax income at year-end:

(in € millions)	Result		Equity	
	decrease in interest rates of 100 bp	increase in interest rates of 100 bp	decrease in interest rates of 100 bp	increase in interest rates of 100 bp
Debt at variable rate after hedge accounting	1	(8)	-	-
Derivatives	22	(5)	(3)	1
TOTAL	**23**	**(13)**	**(3)**	**1**

B. Foreign exchange risk

B. 1. Currency analysis

B. 1. 1.Before hedging

Debt without hedging breaks down as follows:

	December 2011			December 2012		
In € millions	Amount	Rate	% of total debt	Amount	Rate	% of total debt
EUR	1 390	3.18%	100%	1 301	3.18%	100%
Other currencies	3	3.88%	0%	2	2.87%	0%
TOTAL DEBT	**1 393**	**3.18%**	**100%**	**1 303**	**3.18%**	**100%**

B. 1. 2.After hedging

Debt after interest rate hedging breaks down as follows:

	December 2011			December 2012		
In € millions	Amount	Rate	% of total debt	Amount	Rate	% of total debt
EUR	1 387	3.23%	100%	1 296	2.69%	99%
Other currencies	6	5.58%	0%	7	5.09%	1%
TOTAL DEBT	**1 393**	**3.24%**	**100%**	**1 303**	**2.70%**	**100%**

B. 2. Currency hedges

For each currency, the notional amount corresponds to the amount of currency sold or purchased forward. Fair value corresponds to the difference between the amount of the currency sold (purchased) and the amount of the currency purchased (sold), converted in both cases at the period-end forward exchange rate.

All currency transactions carried out by the Group, as listed below, are hedging transactions. They consist of designated hedges of intra-group loans and borrowings in foreign currencies and correspond to documented fair value hedging relationships.

At December 31, 2012, currency derivatives had an aggregate positive fair value of €0.1 million, as:

(in € millions)	Notional amount	Fair value	2013	2014	2015	2016	2017	2018 and beyond
GBP	149	(1)	149					
SEK	59	0	59					
CZK	34	(0)	34					
MXN	18	1	18					
HUF	9	(0)	9					
Other	7	(0)	7					
FORWARD PURCHASES AND CURRENCY SWAPS	**276**	**0**	**276**					
ZAR	3	(0)	3					
PLN	2	(0)	2					
FOWARD SALES AND CURRENCY SWAPS	**5**	**(0)**	**5**					
TOTAL	**281**	**0**	**281**					

B. 3. Sensitivity analysis

A change of 10% in currency exchange rates of the major currencies would have the following impact on the EBIT: Brazil (BRL) €14.5 million, Venezuela (VEF) €4.9 million and Mexico (MXN) €1.7 million.

C. Liquidity risk

The tables below show the repayment schedule of debt, interest included.

Future cash flows relating to interest are calculated using market interest rates at December 31, 2012. Variable rates are estimated by reference to forecast rates and fixed rates are known in advance. Future cash flows represented by debt repayments are estimated based on the assumption that the facilities will not be rolled over at maturity.

C. 1. At December 31, 2012

(in € millions)	Dec. 2012 Carrying amount	Contractual flows	2013	2014	2015	2016	2017	2018 and beyond
Bonds	1 027	1 027	-	-	-	-	803	224
Bank borrowings	276	276	2	-	274	-	-	-
Future interests	N/A	229	42	42	40	37	31	37
Debt	**1 303**	**1 532**	**44**	**42**	**314**	**37**	**834**	**261**
Bank overdrafts	43	43	43	-	-	-	-	-
Other financial liabilities	42	42	26	4	2	1	1	8
Future interests	N/A	(13)	(6)	(5)	(4)	(3)	(1)	6
Bank overdrafts and other financial liabilities	**85**	**72**	**63**	**(1)**	**(2)**	**(2)**	**-**	**14**
Total debt and other financial liabilities	**1 388**	**1 604**	**107**	**41**	**312**	**35**	**834**	**275**

C. 2. At December 31, 2011

(in € millions)	Dec. 2011 Carrying amount	Contractual flows	2012	2013	2014	2015	2016	2017 and beyond
Bonds	794	794	-	-	-	-	-	794
Bank borrowings	599	599	3	-	298	298	-	-
Future interests	N/A	212	44	43	41	33	29	22
Debt	**1 393**	**1 605**	**47**	**43**	**339**	**331**	**29**	**816**
Bank overdrafts	35	35	35	-	-	-	-	-
Other financial liabilities	31	31	23	3	3	2	-	-
Future interests	N/A	5	2	2	1	0	-	-
Bank overdrafts and other financial liabilities	**66**	**71**	**60**	**5**	**4**	**2**	**-**	**-**
Total debt and other financial liabilities	**1 459**	**1 676**	**107**	**48**	**343**	**333**	**29**	**816**

D. Credit and counterparty risk

In the normal course of business, the Group is exposed to the risk of counterparties being unable to honor their contractual obligations.

For example, the Group is exposed to credit risk in the event of default by its customers and to counterparty risk in respect of its investments of cash and its purchases of derivative instruments.

With several tens of thousands of corporate and public authority customers at December 31, 2012, the Group has a highly diversified customer base. Moreover, they include all types of entities, ranging from large and medium-sized corporates to national, regional and local public authorities.

As a result, default by a single customer would have a very limited impact on the Group.

The Group diversifies its exposure to financial counterparties by investing available cash with a variety of leading financial institutions. About 80% of investments are with institutions rated investment grade.

At December 31, 2012, its maximum exposure to a single financial counterparty represented less than 15% of the total funds invested at that date.

E. Financial instruments

E. 1. Fair value of financial instruments

(in € millions)	Carrying value Dec. 2012	Fair value	Financial assets at fair value through profit and loss	Available-for-sale financial assets	Financial assets carried	Financial liabilities at amortized cost	Loans and receivables	Derivative instruments
ASSETS								
Non-current financial assets	10	10					10	
Trade receivables, net	1 092	1 092					1 092	
Employee advances and prepaid payroll taxes	3	3					3	
Other receivables, net	164	164					164	
Other prepaid expenses	13	13					13	
Restricted cash	709	709			709			
Current financial assets	39	39					1	38
Other marketable securities	998	998			998			
Cash and cash equivalents	436	436	11		197		228	
TOTAL	**3 464**	**3 464**	**11**	**-**	**1 904**	**-**	**1 511**	**38**
LIABILITIES								
Non-current debt	1 301	1 453				1 453		
Other non-current financial liabilities	16	16				16		
Current debt	2	2				2		
Bank overdrafts	43	43				43		
Other current financial liabilities	26	26				17		9
Vouchers in circulation	3 608	3 608				3 608		
Trade payables	62	62				62		
Wages and salaries and payroll taxes payable	56	56				56		
Other payables	83	83				83		
Deferred income	14	14				14		
TOTAL	**5 211**	**5 363**	**-**	**-**	**-**	**5 354**	**-**	**9**

E. 2. Fair value analysis of financial assets and liabilities

(in € millions)	Fair value December 2012	Level 1*	Level 2*	Level 3*
ASSETS				
Current financial assets	38		38	
Other marketable securities	-			
Cash and cash equivalents	11	11		
TOTAL	**49**	**11**	**38**	**-**
LIABILITIES				
Non-current debt	-			
Other non-current financial liabilities	-			
Current debt	-			
Bank overdrafts	-			
Other current financial liabilities	9		9	
TOTAL	**9**	**-**	**9**	**-**

** The fair value hierarchy comprises the following levels:*

Level 1: fair value assessed by reference to quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2: fair value assessed by reference to quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
Level 3: fair value assessed by reference to inputs related to the asset or liability that is not based on market data (unobservable inputs).

E. 3. Derivative financial instruments

		December 2011			December 2012		
In € millions	IFRS classification	Fair value	Notional amount	Face value	Fair value	Notional amount	Face value
Derivative financial instruments - asset position							
Interest rate instruments	*Cash-Flow Hedge*				21	222	
Currency intruments	*Fair Value Hedge*				8	300	
Interest rate instruments	*Trading*	3	248		6	425	
Interest rate instruments	*Fair Value Hedge*	7		249	3		118
Derivative financial instruments - liability position							
Interest rate instruments	*Cash-Flow Hedge*	(4)	350		(6)	350	
Currency intruments	*Fair Value Hedge*	(5)		58	(3)		163
NET DERIVATIVE FINANCIAL INSTRUMENTS		**1**	**598**	**307**	**29**	**1 297**	**281**

F. Cumulative fair value of financial instruments

Changes in retained earnings related to fair value of financial instruments are detailed in the table below:

(in € millions)	Dec. 2011 IFRS	New operations	Change in Fair Value change	P&L recycling result	December 2012
Financial instruments in Cash-Flow Hedge (after tax)	(3)	10	(1)	-	**6**

Note 24. NET DEBT AND NET CASH

(in € millions)	December 2011	December 2012
Non-current debt	1 390	1 301
Other non-current financial liabilities	8	16
Current debt	3	2
Bank overdrafts	35	43
Other current financial liabilities	23	26
TOTAL DEBT AND OTHER FINANCIAL LIABILITIES	**1 459**	**1 388**
Current financial assets	(11)	(39)
Other marketable securities	(1 085)	(998)
Cash and cash equivalents	(437)	(436)
TOTAL CASH AND CASH EQUIVALENTS AND OTHER CURRENT FINANCIAL ASSETS	**(1 533)**	**(1 473)**
NET DEBT	**(74)**	**(85)**

(in € millions)	December 2011	December 2012
Net debt at beginning of period	**25**	**(74)**
Increase (decrease) in non-current debt	(97)	(89)
Increase (decrease) in other non-current financial liabilities	(4)	8
Decrease (increase) in other marketable securities	63	87
Decrease (increase) in cash and cash equivalents, net of bank overdrafts	(64)	9
Increase (decrease) in other financial assets and liabilities	3	(26)
Increase (decrease) in net debt	**(99)**	**(11)**
NET DEBT AT END OF PERIOD	**(74)**	**(85)**

Note 25. PROVISIONS

A. Provisions at December, 31, 2012

Movements in non-current provisions between January 1, 2012 and December 31, 2012 can be analyzed as follows:

(in € millions)	Dec. 31, 2011	Impact on equity	Additions	Utilizations	Reversals of unused amounts	Currency translation adjustment	Reclassifi-cations and changes in scope	Dec. 31, 2012
- Provisions for pensions and loyalty bonuses	24	9	3	(1)	0	(1)	(0)	34
- Provisions for claims and litigation and other contingencies	-	-	-	-	-	-	-	-
TOTAL NON-CURRENT PROVISIONS	**24**	**9**	**3**	**(1)**	**0**	**(1)**	**(0)**	**34**

Movements in current provisions between January 1, 2012 and December 31, 2012 can be analyzed as follows:

(in € millions)	Dec. 31, 2011	Impact on equity	Additions	Utilizations	Reversals of unused amounts	Currency translation adjustment	Reclassifi-cations and changes in scope	Dec. 31, 2012
- Tax provisions	6	-	1	(0)	(0)	(1)	1	7
- Restructuring provisions	5	-	1	(4)	(0)	0	(0)	2
- Provisions for claims and litigation and other contingencies	18	-	4	(3)	(6)	(0)	(1)	12
TOTAL CURRENT PROVISIONS	**29**	**-**	**6**	**(7)**	**(6)**	**(1)**	**0**	**21**

Taken individually, there are no litigations above €2 million, with the exception of those presented in the Note 29

Net provision expense - corresponding to increases in provisions less reversals of used and unused provisions set up in prior periods - is reported under the following income statement captions:

(in € millions)	December 2011	December 2012
EBIT	1	(4)
Net financial expense	(1)	-
Restructuring costs and impairment losses	2	9
Income tax expense	-	-
TOTAL	**2**	**5**

B. Provisions for pensions and other post-employment benefits

B. 1. Description of the plans

Group employees receive various short-term benefits (paid vacation, paid sick leave and profit-shares) and long-term benefits (long-service awards, long-term disability benefits, loyalty bonuses and seniority bonuses), as well as various post-employment benefits provided under defined contribution and defined benefit plans (length-of-service awards payable on retirement, pension benefits).

Short-term benefit obligations are recognized in the balance sheets of the Group entities concerned.

Post-employment benefits are provided under either defined contribution or defined benefit plans.

B. 1. 1. Defined contribution plans

Obligations under these plans are funded by periodic contributions to external organizations that are responsible for the administrative and financial management of the plans. The external organization is responsible for all benefit payments and the Group has no liability beyond the payment of contributions. Examples of defined contribution plans include the government-sponsored basic pension and supplementary pension (ARRCO/AGIRC) schemes in France and defined contribution pension schemes in other countries.

Contributions to these plans are recognized in the period to which they relate.

B. 1. 2. Defined benefit plans

Benefit obligations under the Group's defined benefit plans are generally funded by plan assets, with any unfunded portion recognized as a liability at the balance sheet date.

The defined benefit obligation (DBO) is determined by the projected unit credit method, based on actuarial assumptions concerning future salary levels, retirement age, mortality rates, staff turnover rates and the discount rate. These assumptions take into account the macro-economic situation and other specific circumstances in each host country.

Actuarial gains and losses arising from changes in actuarial assumptions and experience adjustments are recognized immediately in equity, in accordance with Group accounting policy.

At Edenred, the main post-employment defined benefit plans concern:

Length-of-service awards in France (22% of the obligation at December 31, 2012):

These are lump-sum payments made to employees on retirement. They are determined by reference to the employee's years of service and final salary.

The calculation is based on parameters defined by Corporate Finance and Human Resources in November of each year.

The related obligation is covered by a provision.

Length-of-service awards in Italy (6% of the obligation at December 31, 2012):

These are lump-sum payments made to employees when they retire, resign or are laid off. They are determined by reference to the employee's years of service and final salary.

The related obligation is covered by a provision.

Pensions: the main defined benefit pension plans are for employees in the United Kingdom (29% of the obligation at December 31, 2012), in the Worldwide Structures (29% of the obligation at December 31, 2012) and in Belgium (10% of the obligation at December 31, 2012). Pension benefit obligations are determined by reference to employees' years of service and final salary. They are funded by payments to external organizations that are legally separate from Edenred.

B. 2. Actuarial assumptions

Actuarial valuations are based on a certain number of long-term parameters supplied by the Group, which are reviewed each year.

2011	France	Rest of Europe – United Kingdom	Rest of Europe – Belgium	Rest of Europe – Italy	Worldwide Structures	Other countries
Rate of futur salary increase	3.0%	3.0%	3.0%	2.0%	3%-4%	2%-10%
Discount rate	4.50%	5.00%	4.50%	4.50%	4.50%	4% - 8,68%
Expected return on 2011 plan assets	N/A	5.75%	4.50%	N/A	N/A	N/A
Expected return on 2012 plan assets	N/A	5.75%	4.50%	N/A	N/A	N/A

2012	France	Rest of Europe – United Kingdom	Rest of Europe – Belgium	Rest of Europe – Italy	Worldwide Structures	Other countries
Rate of futur salary increase	3.0%	3.0%	3.0%	2.0%	3%-4%	2%-10%
Discount rate	3.00%	4.00%	3.00%	3.00%	3.00%	2% - 8,5%
Expected return on 2012 plan assets	N/A	5.75%	4.50%	N/A	N/A	N/A
Expected return on 2013 plan assets	N/A	5.50%	4.50%	N/A	N/A	N/A

The assumptions concerning the expected return on plan assets and the discount rate applied to calculate the present value of benefit obligations were determined based on the recommendations of independent experts. The discount rate was based on an analysis of investment grade corporate bond yields in each region. The calculation method was designed to obtain a discount rate that was appropriate in light of the timing of cash flows under the plan.

Edenred's pension obligations are funded under insured plans or by external funds. Plan assets therefore consist mainly of the classes of assets held in insurers' general portfolios managed according to conservative investment strategies. As a result, the expected long-term return on plan assets is estimated on the basis of the guaranteed yield offered by the insurance companies, ranging from 3.00% to 3.25% depending on the country, plus a spread of 100 to 125 basis points. This method takes into account the techniques used by insurance companies to smooth investment yields and ensures that yield assumptions are reasonable (i.e. below the rates of AA-rated corporate bonds).

B. 3. Funded status of post-employment defined benefit plans and long-term employee benefits

The method used by the Group is the Projected Unit Credit method.

At December 31, 2012

(in € millions)	**Pension plans**	**Other defined benefit plans (*)**	**Total**
Present value of funded obligation	17	-	17
Fair value of plan assets	(11)	-	(11)
Surplus / (Deficit)	**6**	**-**	**6**
Present value of unfunded obligation	-	27	27
Unrecognized past service cost	-	1	1
Amount paid in advance	-	-	-
LIABILITIES RECOGNIZED IN THE BALANCE SHEET	**6**	**28**	**34**

(*) Including lenght-of-service awards and loyalty bonuses

At December 31, 2011

(in € millions)	**Pension plans**	**Other defined benefit plans (*)**	**Total**
Present value of funded obligation	13	-	13
Fair value of plan assets	(10)	-	(10)
Surplus / (Deficit)	**3**	**-**	**3**
Present value of unfunded obligation	-	19	19
Unrecognized past service cost	-	1	1
Amount paid in advance	1	-	1
LIABILITIES RECOGNIZED IN THE BALANCE SHEET	**4**	**20**	**24**

(*) Including lenght-of-service awards and loyalty bonuses

Funded status of post-employment defined benefit plans by region

(in € millions)	Pension plans 2012								2012	2011
		Rest of Europe								
	France	United Kingdom	Belgium	Italy	Worldwide Structures	Other countries	Total	Other plans	Total	Total
Projected benefit obligation at beginning of period	**1**	**9**	**4**	**2**	**12**	**1**	**29**	**3**	**32**	**25**
Service costs	0	0	0	0	1	0	1	1	2	2
Interest costs	0	1	0	0	0	0	1	0	1	1
Employee contributions	-	-	0	-	-	-	0	-	0	0
Past service costs	-	-	-	-	-	-	-	-	-	-
Curtailments and settlements	(0)	-	-	-	0	-	0	(0)	0	(0)
Acquisitions/(Disposals)	-	-	-	-	-	0	0	-	0	0
Benefits paid	(0)	(0)	(0)	(0)	-	(0)	(0)	(0)	(1)	(1)
Acturial (gains) losses	0	2	0	0	6	0	9	0	9	4
Currency translation adjustment	-	0	-	-	-	0	0	(1)	(1)	(0)
Total other	-	-	-	-	-	-	-	0	0	2
PROJECTED BENEFIT OBLIGATION AT END OF PERIOD	**1**	**12**	**4**	**2**	**19**	**2**	**40**	**4**	**44**	**32**

(in € millions)	France	Rest of Europe: United Kingdom	Rest of Europe: Belgium	Rest of Europe: Italy	Worldwide Structures	Other countries	Total	Other plans	Total 2012	Total 2011
Fair value of plan assets at beginning of period	**-**	**6**	**3**	**-**	**-**	**1**	**10**	**-**	**10**	**8**
Actual return on plan assets	-	1	0	-	-	0	1	-	1	1
Employer contributions	-	0	0	-	-	-	0	-	0	1
Employee contributions	-	-	0	-	-	-	0	-	0	0
Benefits paid	-	(0)	(0)	-	-	-	(0)	-	(0)	(1)
Settlements	-	-	-	-	-	-	-	-	-	-
Acquisitions/(Disposals)	-	-	-	-	-	-	-	-	-	-
Currency translation adjustment	-	0	-	-	-	-	0	-	0	0
Total other	-	-	-	-	-	-	-	-	-	1
FAIR VALUE OF PLAN ASSETS AT END OF PERIOD	**-**	**7**	**3**	**-**	**-**	**1**	**11**	**-**	**11**	**10**

(in € millions)	France	Rest of Europe United Kingdom	Belgium	Italy	Worldwide Structures	Other countries	Total	Other plans	Total 2012	Total 2011
Plan deficit at beginning of period	**1**	**3**	**1**	**2**	**12**	**0**	**19**	**3**	**22**	**17**
Provision at end of period	2	5	1	2	19	1	30	4	34	24
Past service costs not recognized	(1)	-	-	-	-	-	(1)	-	(1)	(1)
Surplus booking in assets	-	(0)	-	-	-	(0)	(0)	-	(0)	(1)
PLAN DEFICIT AT END OF PERIOD	**1**	**5**	**1**	**2**	**19**	**1**	**29**	**4**	**33**	**22**

(in € millions)	France	Rest of Europe United Kingdom	Belgium	Italy	Worldwide Structures	Other countries	Total	Other plans	Total 2012	Total 2011
Service costs	**0**	**0**	**0**	**0**	**1**	**-**	**1**	**1**	**2**	**2**
Interest costs	0	1	0	0	1	-	1	0	1	1
Expected return on plan assets	-	(0)	(0)	-	-	-	(0)	-	(0)	(0)
Amortization of past service costs	(0)	-	-	-	-	-	(0)	-	(0)	(0)
(Gains) / losses related to curtailments and settlements	(0)	-	-	-	0	-	0	(0)	0	(0)
Amortization of actuarial gains and losses for post-employment defined	-	-	-	-	-	-	-	-	-	(0)
COST OF THE PERIOD	**0**	**0**	**0**	**0**	**1**	**-**	**2**	**1**	**3**	**2**
Actuarial gains and losses recognized in equity	**0**	**2**	**0**	**0**	**6**	**0**	9	**-**	**9**	**4**

Charges in pension liabilities between January 1, 2011 and December 31, 2012

(in € millions)	Amount
Liability at January 1, 2011	**18**
Cost for the year	2
Benefits paid	(1)
Actuarial gains and losses for the period recognized in equity	4
Effect of changes in consolidation scope	1
Currency translation adjustment	(0)
Liability at December 31, 2011	**24**
Cost for the year	3
Benefits paid	(1)
Actuarial gains and losses for the period recognized in equity	9
Effect of changes in consolidation scope	0
Currency translation adjustment	(1)
LIABILITY AT DECEMBER 31, 2012	**34**

Actuarial gains and losses arising from changes in assumptions and experience adjustments

(in € millions)	December 2011	December 2012
Projected benefit obligation		
Actuarial gains and losses - experience adjustments	2	2
Actuarial gains and losses - changes in assumptions	2	7
Fair value of plan assets		
Actuarial gains and losses - experience adjustments	-	-

Details of plan assets

Detail of plan assets	United Kingdom	Belgium
Equities	40%	≤ 20%
Bonds	36,3%	≥ 80%
Other	23,7%	≤ 5%

Sensitivity analysis

At December 31, 2012, a 0.5-point increase (decrease) in the discount rate would lead to a €3.7 million decrease (increase) in the projected benefit obligation. The impact on the cost for the year would not be material.

Note 26. RECONCILIATION OF FUNDS FROM OPERATIONS

(in € millions)	December 2011	December 2012
Net profit, Group Share	194	183
Non-controlling interests	11	20
Depreciation, amortization and provision expenses	30	39
Deferred taxes	6	1
Change in financial provisions	1	1
Expenses related to share-based payments	8	13
Non cash impact of the other non-recurring income and expenses	24	(2)
FUNDS FROM OPERATIONS INCLUDING NON-RECURRING ITEMS	**274**	**255**
(Gains) losses on disposals of assets, net	(25)	2
(Gains) losses on non-recurring transactions (including restructuring costs)	8	25
FUNDS FROM OPERATIONS	**257**	**282**

Note 27. WORKING CAPITAL, SERVICE VOUCHERS IN CIRCULATION AND RESTRICTED CASH

A. Net change in working capital and service vouchers in circulation

(in € millions)	December 2011	December 2012	Change Dec. 2011/ Dec. 2012
Inventories, net	10	13	3
Trade receivables, net	990	1 092	102
Other receivables and accruals, net	291	302	11
Working capital items - assets	**1 291**	**1 407**	**116**
Trade payables	73	62	(11)
Other payables	161	193	32
Vouchers in circulation	3 400	3 608	208
Working capital items - liabilities	**3 634**	**3 863**	**229**
FLOAT (WORKING CAPITAL)	**2 343**	**2 456**	**113**

(in € millions)	December 2012
Working capital at beginning of period	**2 343**
Change in w orking capital (1)	107
Development Expenditure	23
Disposals	(0)
Non-recurring income and expenses	-
Provisions	1
Currency translation adjustment	(19)
Reclassification to other balance sheet items	1
Net change in working capital	113
WORKING CAPITAL AT END OF PERIOD	**2 456**

(1) See statement of cash flows

B. Net change in restricted cash

Restricted cash corresponds mainly to service voucher reserve funds which use is regulated. The countries concerned are France (€581 million), United Kingdom (€74 million)and Romania (€40 million).

(in € millions)	December 2012
Restricted cash at beginning of period	**689**
Like-for-like change for the period (1)	19
Reclassification from cash and cash equivalents to restricted cash (1)	-
Currency translation adjustment	1
Net change in restricted cash	20
RESTRICTED CASH AT END OF PERIOD	**709**

(1) See statement of cash flows

Note 28. CAPITAL EXPENDITURE

Capital expenditure in the last two periods breaks down as follows:

(in € millions)	2011	2012
Recurring expenditure	35	40
Development expenditure	34	76
Total capital expenditure	**69**	**116**

Note 29. CLAIMS AND LITIGATION

A. Tax litigation in France

Following a tax audit of the 2003 and 2004 accounts of Edenred France (previously Accor Services France), the French tax authorities imposed various fines on the company concerning VAT payments and failure to produce a schedule tracking capital gains qualifying for rollover relief.

After the tax authorities issued a collection notice, the fines – which totaled €21.8 million – were paid by the company in April 2008 and recognized as an expense in the 2008 financial statements. The company subsequently contested the fines in September 2009, claiming that the tax authorities' position was without merit. The challenge was rejected by the tax authorities on October 14, 2009.

On December 10, 2009, the company applied to the Montreuil Administrative Tribunal for a ruling on the matter.

The application was rejected by the Tribunal on December 2, 2010.

On February 16, 2011, the company appealed the decision before the Versailles Administrative Tribunal.

The appeal is currently pending.

B. Dispute with Fnac and Conforama

Accentiv' Kadéos is involved in disputes with Fnac and Conforama, two members of its gift solution acceptance and distribution network, as a result of their alleged failure to fulfill certain contractual obligations, particularly the obligation to exclusively distribute the Kadéos card up until December 31, 2011. The dispute arose because Fnac and Conforama created their own single-brand cards that they distribute through their respective store networks, leading Edenred to apply for court orders requiring Fnac and Conforama to stop distributing their own cards immediately. The next stages consisted of legal proceedings based on the merits of the cases, and arbitration proceedings.

Accentiv' Kadéos requested and obtained a court order from the Paris Court of Appeals on December 1, 2010, and a subsequent ruling from the Supreme Court of Appeals (Cour de Cassation) on November 15, 2011, requiring Fnac to stop distributing its single-brand card immediately or suffer a penalty. A similar order was issued to Conforama on December 3, 2010.

The related procedures are still ongoing, pending a ruling on the merits of the cases. Consequently, the cash compensation received to date in relation to the cases has not yet been recognized in the income statement.

Concerning the merits of the cases, on January 28, 2011, Accentiv' Kadéos was summoned before the Paris Commercial Court following an application lodged by Fnac and Conforama to obtain retroactive removal of the exclusivity obligations as well as compensation for losses suffered as a result of the continued existence of those obligations, estimated by the two groups at around €6 million. On June 22, 2012, without commenting on the merits, the Paris Commercial Court ruled that it was not competent to hear the case. Referring to the arbitration clause contained in the Kadéos sale agreement, the Court stated that the parties should submit their disputes to arbitration. Accentiv' Kadéos refutes the Court's position and has appealed the decision. The appeal is scheduled to be heard on February 21, 2013.

Referring to the Paris Commercial Court's ruling of June 22, 2012, PPR (which has been substituted for Fnac in the procedure) and Conforama applied to the International Chamber of Commerce to initiate arbitration proceedings. Each party has appointed its own arbitrator. The International Court of Arbitration is due to rule on whether it is competent to conduct the arbitration proceedings in 2013.

Edenred believes that Fnac and Conforama's claims are without merit. Consequently, no related provision has been set aside in the 2012 financial statements.

C. Tax audit and tax litigation in Italy

C. 1. Tax litigation

In October 2011, the Italian tax authorities notified several Accor and Edenred subsidiaries of a €27.4 million tax reassessment concerning registration duties. The reassessment is based on the requalification of a number of transactions carried out as part of the reorganization of Accor's Services division in Italy between 2006 and 2010.

The Accor and Edenred companies concerned wrote to the Italian authorities on December 16, 2011 contesting the reassessments.

The reassessment notices required settlement of the tax deficiencies within 60 days and the companies concerned therefore paid the amounts claimed on December 16, 2011. The cost was shared equally between Accor and Edenred.

The companies believe that the tax reassessment is without merit and, after consulting with their legal and tax advisors, consider that their challenges have a reasonable chance of success.

As a result, no expense was recorded in Edenred's 2011 consolidated income statement. There were no developments in this matter in 2012.

C. 2. Tax audit

Following a tax audit, the Italian tax authorities contested Edenred Italy's recovery of VAT on invoices issued by affiliated merchants for reimbursement of vouchers accepted by the merchants. The reassessment concerned the period until the end of 2010 when the form of the product concerned was changed.

Edenred Italy accepted the reassessment and is currently waiting to receive an order to pay the VAT and related penalties and late interest for a total of €11.2 million based on estimates at December 31, 2012. This amount has been provided for in the 2012 financial statements.

D. Tax litigation in Brazil

C. 3. Municipal tax

In December 2011, the City of São Paulo notified Brazilian subsidiary Ticket Serviços of a municipal tax (*ISS Imposto Sobre Serviços*) reassessment in respect of the period April to December 2006. Ticket Serviços had already paid this tax to the City of Alphaville.

The reassessment amounts to BRL 7.7 million, and Ticket Serviços also faces claims for late interest, fines and inflation adjustments estimated at BRL 34.3 million at December 31, 2012.

In November 2012, Ticket Serviços was notified of the corresponding amounts for the period January 2007 to March 2009.

For this second period, the reassessment amounts to BRL 28.1 million, and the late interest, fines and inflation adjustments represent an estimated at BRL 114.7 million at December 31, 2012.

The company believes that the reassessment is without merit. Based on the opinion of its tax advisors, it believes that the probability of a favorable outcome is high. Consequently, no related provision has been set aside in the 2012 financial statements.

C. 4. Tax allowance for goodwill amortization

In January 2012, the Brazilian federal tax administration notified Ticket Serviços of a proposed reassessment of corporate income tax and the IRPJ and CSLL surtaxes for the years 2007 to 2010. The reassessment amounts to BRL 81.7 million, and Ticket Serviços also faces claims for late interest, fines and inflation adjustments estimated at BRL 190.7 million at December 31, 2012.

The reassessment is based on the tax administration's decision to disallow amortization of the goodwill recognized on the buyout of minority interests in Ticket Serviços. The company applied to the tax court to have the reassessment overturned. Its request was rejected in the first instance and this decision is now being appealed.

After consulting its tax advisors, Ticker Serviços believes that the probability of a favorable outcome is high. No income statement effect has been recorded in Edenred's 2012 financial statements in respect of this dispute.

The Group is also involved or may be involved in the future in various claims or legal proceedings in the normal course of business. As of the date of this report, to the best of the Company's knowledge, there are no claims or legal proceedings in progress, pending or threatened against the Company or its subsidiaries that could have a material effect on the Group's business, results or financial position.

Note 30. OFF-BALANCE SHEET COMMITMENTS

A. Off-balance sheet commitments given

Off-balance sheet commitments given amount to €140 million at December 31, 2012 and €100 million at December 31, 2011.

The December 31, 2012 amount breaks down as follows:

- voucher sale guarantees given to public sector entities in Italy for a total of €65 million, including €42 million expiring in less than one year, €6 million expiring in 1 to 5 years and €17 million expiring beyond 5 years (€81 million at December 31, 2011)

- purchase commitments in the amount of €14 million at December 31, 2012 corresponding to capital commitments given to the Partech VI investment fund that have been called;

- commitment to purchase 62% of Brazilian company Repom for €53 million (see Note 35).

- bank bonds issued in Brazil for €6 million (€1 millon at December 31, 2011);

- other off-balance sheet commitments given for €2 million.

To the best of the Group's knowledge and in accordance with generally accepted accounting principles, no commitments given have been omitted from the above list.

B. Off-balance sheet commitment received

There is no off-balance sheet commitment received at December 31, 2012.

Note 31. ADDITIONAL INFORMATION ABOUT JOINTLY-CONTROLLED ENTITIES

At December 31, 2012, Edenred held shares in two jointly-controlled entities for which the current and non-current assets and liabilities, income and expenses attributable to the Group are individually not material.

Note 32. RELATED PARTIES TRANSACTIONS

For the purpose of applying IAS 24, the Group has identified the following related parties:

- All fully or proportionally consolidated companies.
- All members of the Executive Committee and the members of their direct families.
- All companies in which a member of the Executive Committee holds material voting rights.
- Accor S.A.

All fully or proportionally consolidated companies.

Relations between the parent company and its subsidiaries and joint ventures are presented in Note 31. Transactions between the parent company and its subsidiaries constitute related party transactions that are eliminated in consolidation. Hence, they are not disclosed in these notes. However, transactions between the parent company and its joint ventures were not material in the periods presented.

Members of the Executive Committee

Transactions with members of the Executive Committee are disclosed in full in Note 33.

Companies in which a member of the Executive Committee of Edenred holds material voting rights

All transactions with companies in which a member of the Executive Committee holds material voting rights represent transactions carried out in the normal course of business on arm's length terms and are not material.

Accor S.A.

Transactions with Accor S.A. during each of the three periods presented were as follows:

		Transaction amount		Receivables		Payables		Off-balance sheet commitments	
(in € millions)	Type of transaction	Dec. 2011	Dec. 2012	Dec. 2011	Dec. 2012	Dec. 2011	Dec. 2012	Dec. 2011	Dec. 2012
ACCOR S.A.	Inter-entity billings	-	(1)	1	-	-	-	-	-
	Loans	-	-	-	-	-	-	-	-
	Dividends	-	-	-	-	-	-	-	-

Note 33. COMPENSATION PAID TO CORPORATE OFFICERS

	December 31, 2011	December 31, 2012
(in € millions)	Expense	Expense
Short-term benefits	10	11
Post-employment benefits	1	0
Other long-term benefits	-	-
Termination benefits	-	1
Share-based payments	3	5
TOTAL COMPENSATION	**14**	**17**

Note 34. AUDITOR'S FEES

The table below shows the total fees billed by the Auditors that were recognized in the income statement for the periods presented:

	Deloitte & Associés				Didier Kling & Associés			
	Amount without VAT		%		Amount without VAT		%	
(in € millions)	**2011**	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**	**2012**
Audit								
Statutory audit, certification, consolidated and individual statement audit								
- Issuer	(0.4)	(0.4)	16%	15%	(0.2)	(0.2)	96%	100%
- Fully consolidated subsidiaries	(1.9)	(2.0)	69%	66%				
Other work and services directly related to the statutory audit								
- Issuer	(0.2)	(0.2)	6%	6%	(0.0)	-	4%	-
- Fully consolidated subsidiaries	(0.1)	(0.2)	3%	6%				
SUB-TOTAL	(2.6)	(2.8)	94%	93%	(0.2)	(0.2)	100%	100%
Other services provided by the network to the fully consolidated subsidiaires								
- Legal, tax and social matters	(0.0)	(0.1)	1%	3%				
- Other	(0.1)	(0.1)	5%	4%				
SUB-TOTAL	(0.1)	(0.2)	6%	7%				
TOTAL	**(2.7)**	**(3.0)**	**100%**	**100%**	**(0.2)**	**(0.2)**	**100%**	**100%**

Note 35. SUBSEQUENT EVENTS

A. Organic growth and acquisitions

In December 2012, Edenred announced the acquisition of a 62% stake in Repom, the Brazilian market leader in expense management solutions for independent truckers. With a portfolio of more than 100 clients and a network of 900 service stations, Repom achieved a business volume of nearly €840 million in 2011. The cost of this transaction amounts to €53 million, recorded as an off-balance sheet commitment at December 31, 2012 (see Note 30. Off-balance sheet commitments) since the acquisition of Repom is subject to approval by Brazilian competition authorities.

Edenred also has an option to purchase the remaining Repom shares, exercisable as from January 2018.

In February 2013, Edenred announced the acquisition of Big Pass, the second largest provider of employee benefits solutions in Colombia. With 3,000 clients, 180,000 beneficiaries and 28,000 affiliated merchants, Big Pass reported issue volume of nearly €100 million in 2012. The transaction price was based on Big Pass's enterprise value and amounted to less than €10 million.

B. Devaluation of the Bolivar Fuerte

On February 8, 2013, the Venezuelan government announced its intention to devalue the Bolívar Fuerte (VEF). This measure is expected to be made official on February 13, 2013.

Currently trading at a fixed exchange rate of 4.3/USD, Venezuela's currency would trade at 6.3/USD, i.e. a devaluation of 46.5%.

The Venezuelan government also announced the withdrawal of the SITME rate which, at 5.3/USD, was the less favourable official rate.

For Edenred, which translated the contributions of its Venezuelan entities at the SITME rate, the implicit devaluation would therefore be 18.9%.

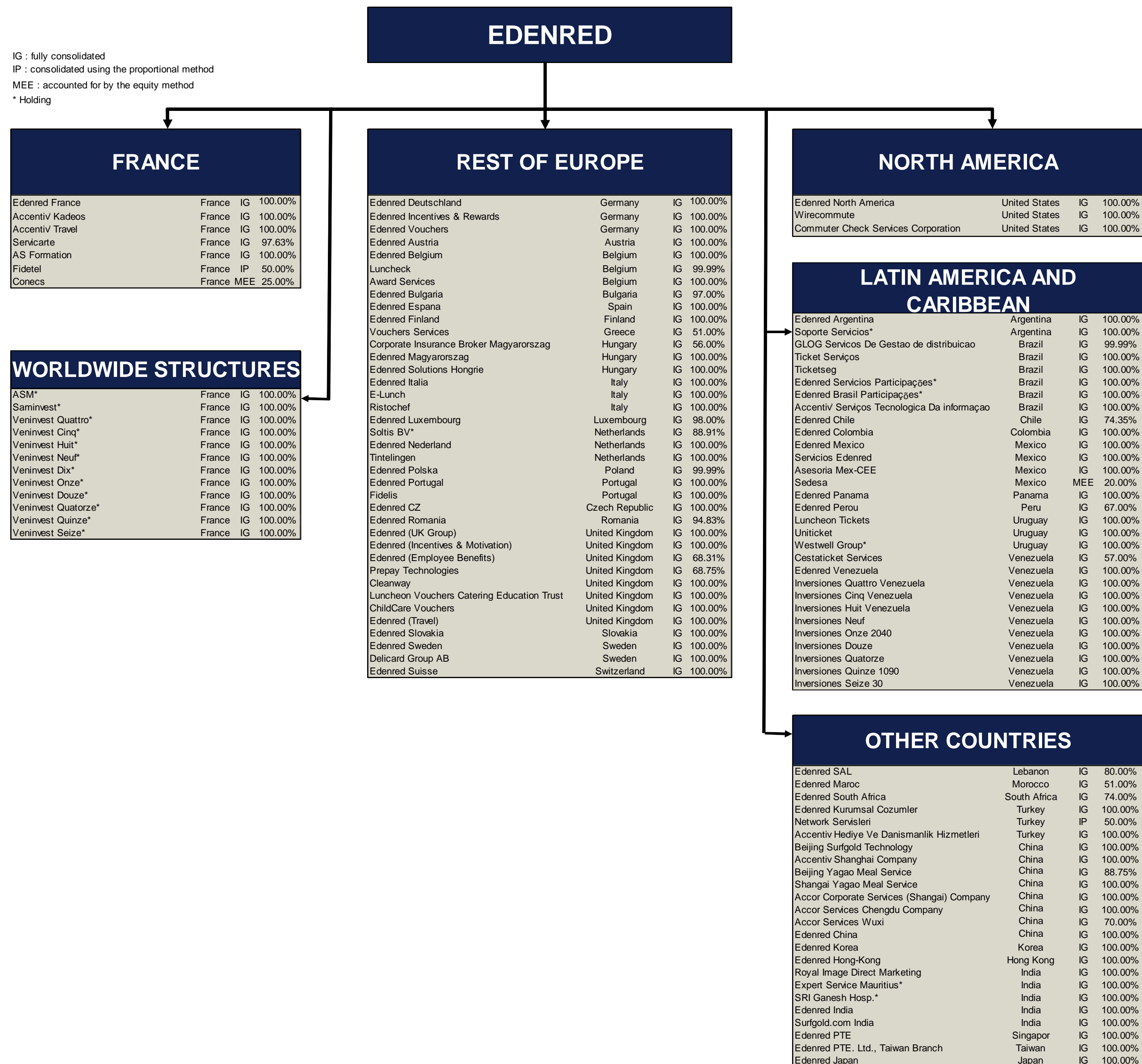
Edenred has a local partner (Banco Mercantil) that owns 43% of the capital.

If the devaluation is confirmed, full-year impacts for the Group will be as follows:

- Issue Volume: €(234) million, i.e. -1.4%,
- Total Revenue: €(14) million, i.e. -1.3%
- EBIT: €(9) million, i.e. -2.4%
- Net Profit: €(3) million, i.e. -1.5%
- Net Debt: about €(40) million

Note 36. MAIN CONSOLIDATED COMPANIES AT DECEMBER 31, 2012

The main consolidated companies are presented below:



EDENRED

IG : fully consolidated
IP : consolidated using the proportional method
MEE : accounted for by the equity method
* Holding

FRANCE			
Edenred France	France	IG	100.00%
Accentiv' Kadeos	France	IG	100.00%
Accentiv' Travel	France	IG	100.00%
Servicarte	France	IG	97.63%
AS Formation	France	IG	100.00%
Fidetel	France	IP	50.00%
Conecs	France	MEE	25.00%

WORLDWIDE STRUCTURES			
ASM*	France	IG	100.00%
Saminvest*	France	IG	100.00%
Veninvest Quattro*	France	IG	100.00%
Veninvest Cinq*	France	IG	100.00%
Veninvest Huit*	France	IG	100.00%
Veninvest Neuf*	France	IG	100.00%
Veninvest Dix*	France	IG	100.00%
Veninvest Onze*	France	IG	100.00%
Veninvest Douze*	France	IG	100.00%
Veninvest Quatorze*	France	IG	100.00%
Veninvest Quinze*	France	IG	100.00%
Veninvest Seize*	France	IG	100.00%

REST OF EUROPE			
Edenred Deutschland	Germany	IG	100.00%
Edenred Incentives & Rewards	Germany	IG	100.00%
Edenred Vouchers	Germany	IG	100.00%
Edenred Austria	Austria	IG	100.00%
Edenred Belgium	Belgium	IG	100.00%
Luncheck	Belgium	IG	99.99%
Award Services	Belgium	IG	100.00%
Edenred Bulgaria	Bulgaria	IG	97.00%
Edenred Espana	Spain	IG	100.00%
Edenred Finland	Finland	IG	100.00%
Vouchers Services	Greece	IG	51.00%
Corporate Insurance Broker Magyarorszag	Hungary	IG	56.00%
Edenred Magyarorszag	Hungary	IG	100.00%
Edenred Solutions Hongrie	Hungary	IG	100.00%
Edenred Italia	Italy	IG	100.00%
E-Lunch	Italy	IG	100.00%
Ristochef	Italy	IG	100.00%
Edenred Luxembourg	Luxembourg	IG	98.00%
Soltis BV*	Netherlands	IG	88.91%
Edenred Nederland	Netherlands	IG	100.00%
Tintelingen	Netherlands	IG	100.00%
Edenred Polska	Poland	IG	99.99%
Edenred Portugal	Portugal	IG	100.00%
Fidelis	Portugal	IG	100.00%
Edenred CZ	Czech Republic	IG	100.00%
Edenred Romania	Romania	IG	94.83%
Edenred (UK Group)	United Kingdom	IG	100.00%
Edenred (Incentives & Motivation)	United Kingdom	IG	100.00%
Edenred (Employee Benefits)	United Kingdom	IG	68.31%
Prepay Technologies	United Kingdom	IG	68.75%
Cleanway	United Kingdom	IG	100.00%
Luncheon Vouchers Catering Education Trust	United Kingdom	IG	100.00%
ChildCare Vouchers	United Kingdom	IG	100.00%
Edenred (Travel)	United Kingdom	IG	100.00%
Edenred Slovakia	Slovakia	IG	100.00%
Edenred Sweden	Sweden	IG	100.00%
Delicard Group AB	Sweden	IG	100.00%
Edenred Suisse	Switzerland	IG	100.00%

NORTH AMERICA			
Edenred North America	United States	IG	100.00%
Wirecommute	United States	IG	100.00%
Commuter Check Services Corporation	United States	IG	100.00%

LATIN AMERICA AND CARIBBEAN			
Edenred Argentina	Argentina	IG	100.00%
Soporte Servicios*	Argentina	IG	100.00%
GLOG Servicos De Gestao de distribuicao	Brazil	IG	99.99%
Ticket Serviços	Brazil	IG	100.00%
Ticketseg	Brazil	IG	100.00%
Edenred Servicios Participações*	Brazil	IG	100.00%
Edenred Brasil Participações*	Brazil	IG	100.00%
Accentiv' Serviços Tecnologica Da informaçao	Brazil	IG	100.00%
Edenred Chile	Chile	IG	74.35%
Edenred Colombia	Colombia	IG	100.00%
Edenred Mexico	Mexico	IG	100.00%
Servicios Edenred	Mexico	IG	100.00%
Asesoria Mex-CEE	Mexico	IG	100.00%
Sedesa	Mexico	MEE	20.00%
Edenred Panama	Panama	IG	100.00%
Edenred Perou	Peru	IG	67.00%
Luncheon Tickets	Uruguay	IG	100.00%
Uniticket	Uruguay	IG	100.00%
Westwell Group*	Uruguay	IG	100.00%
Cestaticket Services	Venezuela	IG	57.00%
Edenred Venezuela	Venezuela	IG	100.00%
Inversiones Quattro Venezuela	Venezuela	IG	100.00%
Inversiones Cinq Venezuela	Venezuela	IG	100.00%
Inversiones Huit Venezuela	Venezuela	IG	100.00%
Inversiones Neuf	Venezuela	IG	100.00%
Inversiones Onze 2040	Venezuela	IG	100.00%
Inversiones Douze	Venezuela	IG	100.00%
Inversiones Quatorze	Venezuela	IG	100.00%
Inversiones Quinze 1090	Venezuela	IG	100.00%
Inversiones Seize 30	Venezuela	IG	100.00%

OTHER COUNTRIES			
Edenred SAL	Lebanon	IG	80.00%
Edenred Maroc	Morocco	IG	51.00%
Edenred South Africa	South Africa	IG	74.00%
Edenred Kurumsal Cozumler	Turkey	IG	100.00%
Network Servisleri	Turkey	IP	50.00%
Accentiv Hediye Ve Danismanlik Hizmetleri	Turkey	IG	100.00%
Beijing Surfgold Technology	China	IG	100.00%
Accentiv Shanghai Company	China	IG	100.00%
Beijing Yagao Meal Service	China	IG	88.75%
Shangai Yagao Meal Service	China	IG	100.00%
Accor Corporate Services (Shangai) Company	China	IG	100.00%
Accor Services Chengdu Company	China	IG	100.00%
Accor Services Wuxi	China	IG	70.00%
Edenred China	China	IG	100.00%
Edenred Korea	Korea	IG	100.00%
Edenred Hong-Kong	Hong Kong	IG	100.00%
Royal Image Direct Marketing	India	IG	100.00%
Expert Service Mauritius*	India	IG	100.00%
SRI Ganesh Hosp.*	India	IG	100.00%
Edenred India	India	IG	100.00%
Surfgold.com India	India	IG	100.00%
Edenred PTE	Singapor	IG	100.00%
Edenred PTE. Ltd., Taiwan Branch	Taiwan	IG	100.00%
Edenred Japan	Japan	IG	100.00%