Interim condensed consolidated financial statements and notes

June 30, 2012

Edenred

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CONSOLIDATED INCOME STATEMENT

(in € millions)	Notes	June 2011	June 2012
ISSUE VOLUME	3 / 4	**7 264**	**7 865**
Operating revenue	3 / 4	456	465
Financial revenue	3 / 4	44	46
TOTAL REVENUE	3 / 4	**501**	**511**
Operating expenses	5	(319)	(324)
Depreciation, amortization and provisions	6	(15)	(17)
EBIT	3 / 4	**167**	**170**
Net financial expense	7	(23)	(20)
OPERATING PROFIT BEFORE TAX AND NON-RECURRING ITEMS		**144**	**150**
Non-recurring income and expenses, net	8	2	(1)
PROFIT BEFORE TAX		**146**	**149**
Income tax expense	9	(44)	(40)
NET PROFIT		**102**	**109**
Net Profit, Group Share		**98**	**100**
Net Profit, Non-controlling interests		4	9

Weighted average number of shares outstanding (in thousands)	10	225 897	225 609
EARNINGS PER SHARE, GROUP SHARE (in €)	10	**0,43**	**0,44**
Diluted earnings per share (in €)	10	0,43	0,44

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in € millions)	June 2011	June 2012
NET PROFIT	**102**	**109**
Currency translation adjustement	(15)	(28)
Change in fair value of financial instruments	-	14
Actuarial gains and losses on defined benefit plans	-	(2)
Tax impact recognized in equity	-	(4)
Other comprehensive income, net of tax	**(15)**	**(20)**
TOTAL COMPREHENSIVE INCOME	**87**	89
Comprehensive income, Group share	**84**	80
Comprehensive income, Non-controlling interests	3	9

CONSOLIDATED BALANCE SHEET

1.1 Assets

(in € millions)	Notes	June 2011	Dec. 2011	June 2012
Goodwill	11	555	509	524
Intangible assets	12	97	101	97
Property, plant and equipment		41	55	57
Non-current financial assets		3	4	10
Deferred tax assets		33	39	40
TOTAL NON-CURRENT ASSETS		**729**	**708**	**728**
Trade receivables	20	942	990	976
Inventories and other receivables and accruals	20	268	301	355
Restricted cash	20	645	689	714
Current financial assets	14 / 18	7	11	34
Other marketable securities	15 / 18	748	1 085	830
Cash and cash equivalents	15 / 18	488	437	284
TOTAL CURRENT ASSETS		**3 098**	**3 513**	**3 193**
TOTAL ASSETS		**3 827**	**4 221**	**3 921**

1.2 Equity and liabilities

(in € millions)	Notes	June 2011	Dec. 2011	June 2012
Issued capital		452	452	452
Treasury shares		-	(6)	(5)
Consolidated retained earnings		(1 739)	(1 740)	(1 719)
Cumulative compensation costs - share-based payments		10	14	20
Cumulative fair value adjustments to financial instruments		1	(3)	6
Cumulative actuarial gains (losses) on defined benefit plans		-	(3)	(4)
Currency translation reserve		93	61	33
Net profit, Group share		98	194	100
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		**(1 085)**	**(1 031)**	**(1 117)**
Non-controlling interests		10	20	14
TOTAL EQUITY		**(1 075)**	**(1 011)**	**(1 103)**
Non-current debt	16 / 18	1 488	1 390	1 417
Other non-current financial liabilities	16 / 18	11	8	15
Non-current provisions	19	19	24	27
Deferred tax liabilities		75	86	84
TOTAL NON-CURRENT LIABILITIES		**1 593**	**1 508**	**1 543**
Current debt	18	12	3	2
Bank overdrafts	18	41	35	86
Other current financial liabilities	18	29	23	40
Current provisions	19	34	29	26
Vouchers in circulation	20	2 970	3 400	3 096
Trade payables	20	60	73	59
Other payables and income tax payable	20	163	161	172
TOTAL CURRENT LIABILITIES		**3 309**	**3 724**	**3 481**
TOTAL EQUITY AND LIABILITIES		**3 827**	**4 221**	**3 921**

CONSOLIDATED STATEMENT OF CASH FLOWS

(in € millions)	Notes	June 2011	June 2012
+ EBITDA		182	187
- Net financial expense (1)	7	(23)	(20)
- Income tax paid	9	(48)	(46)
- Elimination of non-cash revenue and expenses included in EBITDA		7	10
- Elimination of provision movements included in net financial expense, income tax expense		1	-
= Funds from operations before non recurring items (FFO)		**119**	**131**
+ Decrease (increase) in working capital	20	(238)	(364)
+ Recurring decrease (increase) in restricted cash	20	(17)	(23)
= Net cash from operating activities		**(136)**	**(256)**
+ Non-recurring gains (losses) (including restructuring costs) received/paid	20	(3)	(3)
= Net cash from (used in) operating activities including non-recurring transactions (A)		**(139)**	**(259)**
- Recurring expenditure		(14)	(17)
- Development expenditure		(13)	(30)
+ Proceeds from disposals of assets		8	1
= Net cash from (used in) investing activities (B)		**(19)**	**(46)**
+ Non-controlling interests in share issues by subsidiaries		1	-
- Dividends paid		(124)	(173)
+ (Purchases) sales of treasury shares		-	1
+ Increase (Decrease) in debt (2)		**426**	**275**
+ Acquisition of non-controlling interests		-	(15)
= Net cash from (used in) financing activities (C)		**303**	**88**
- Net foreign exchange difference and fair value adjustment (D)		**(36)**	**13**
= Net increase (decrease) in cash and cash equivalents (E) = (A) + (B) + (C) + (D)	18	**109**	**(204)**
+ Cash and cash equivalents at beginning of period		338	402
- Cash and cash equivalents at end of period		447	198
= Net change in cash and cash equivalents	18	**109**	**(204)**

(1) Including €20 million of cash financial interests. No dividend had been received from external companies.

(2) Net debt (Note 18), excluding net cash.

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

(in € millions)	Notes	June 2011	June 2012
+ Cash and cash equivalents		488	284
- Bank overdrafts		(41)	(86)
= Cash and cash equivalents at end of the period	18	**447**	**198**

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	Transactions with Accor (2)	External changes in consolidation scope (3)	Shareholders equity	Total non-controlling interests	Total equity
January 1, 2011	**107**	**-**	**-**	**6**		**738**	**(1 894)**	**(18)**	**(1 061)**	**17**	**(1 044)**
Issue of share capital											
- in cash	-	-	-	-		-	-	-	**-**	**1**	**1**
Dividends paid	-	-	-	-		(113)	-	-	**(113)**	**(11)**	**(124)**
Effect of changes in consolidation scope	-	0	1	-		-	-	-	**1**	**-**	**1**
Compensation costs for the period - share-based payments	-	-	-	4		-	-	-	**4**	**(0)**	**4**
(Acquisitions) / disposals of treasury shares	-	-	-	-	-	-	-	-	**-**	-	**-**
Other comprehensive income	(14)	-	-	-		-	-	-	**(14)**	**(1)**	**(15)**
Net profit for the period	-	-	-	-		98	-	-	**98**	**4**	**102**
Total comprehensive income	**(14)**	**-**	**-**	**-**		**98**	**-**	**-**	**84**	**3**	**87**
June 30, 2011	**93**	**0**	**1**	**10**	**-**	**723**	**(1 894)**	**(18)**	**(1 085)**	**10**	**(1 075)**
Issue of share capital					-						
- in cash	-	-	-	-	-	-	-	-	**-**	2	**2**
Dividends paid	-	-	-	-	-	-	-	-	**-**	-	**-**
Effect of changes in consolidation scope	-	-	(1)	-	-	(0)	-	(1)	**(2)**	(0)	**(2)**
Compensation costs for the period - share-based payments	-	-	-	4	-	-	-	-	**4**	-	**4**
(Acquisitions) / disposals of treasury shares	-	-	-	-	(6)	-	-	-	**(6)**	-	**(6)**
Other comprehensive income	(32)	(3)	(3)	-	-	-	-	-	**(38)**	1	**(37)**
Net profit for the period	-	-	-	-	-	96	-	-	**96**	7	**103**
Total comprehensive income	**(32)**	**(3)**	**(3)**	**-**	**-**	**96**	**-**	**-**	**58**	**8**	**66**
December 31, 2011	**61**	**(3)**	**(3)**	**14**	**(6)**	**819**	**(1 894)**	**(19)**	**(1 031)**	**20**	**(1 011)**
Issue of share capital					-						
- in cash	-	-	-	-	-	-	-	-	**-**	-	**-**
Dividends paid (4)	-	-	-	-	-	(158)	-	-	**(158)**	(15)	**(173)**
Effect of changes in consolidation scope	-	-	-	-	-	0	-	(15)	**(15)**	(0)	**(15)**
Compensation costs for the period - share-based payments	-	-	-	6	-	-	-	-	**6**	-	**6**
(Acquisitions) / disposals of treasury shares	-	-	-	-	1	-	-	-	**1**	-	**1**
Other comprehensive income	(28)	(1)	9	-	-	-	-	-	**(20)**	-	**(20)**
Net profit for the period	-	-	-	-	-	100	-	-	**100**	9	**109**
Total comprehensive income	**(28)**	**(1)**	**9**	**-**	**-**	**100**	**-**	**-**	**80**	**9**	**89**
June 30, 2012	**33**	**(4)**	**6**	**20**	**(5)**	**761**	**(1 894)**	**(34)**	**(1 117)**	**14**	**(1 103)**

(1) The €(28) million unfavorable net exchange difference on foreign operations between December 31, 2011 and June 30, 2012 is mainly due to the depreciation of the Brazilian Real (€33 million negative impact) against the euro.

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

	GBP	BRL	MXN	ARS	SEK	VEF	USD
June 2011	0,90	2,26	16,97	5,93	9,17	7,66	1,45
December 2011	0,84	2,42	18,05	5,57	8,91	6,86	1,29
June 2012	**0,81**	**2,58**	**16,88**	**5,70**	**8,77**	**6,67**	**1,26**
June 2012 vs Dec. 2011	+3,4%	(6,7)%	+6,5%	(2,3)%	+1,6%	+2,7%	+2,7%

(2) Transactions with Accor

These correspond mainly to the impact of acquiring Edenred entities previously owned by Accor.

(3) The acquisitions of additional non-controlling interests have been recognized directly in equity for an amount of €(15) million as of June 30, 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.

Notes to the consolidated financial statements

Note 1. Basis of preparation of financial statements

A. Approval of the financial statements

The group Edenred condensed consolidated financial statements for the six months ended June 30, 2012 were authorized for issue at the Board of Directors' meeting of August 29, 2012.

B. Accounting standards

B. 1. General framework

The consolidated financial statements for the period ended June 30, 2012 were prepared in accordance with IAS 34 – Interim Financial Reporting. These condensed financial statements do not contain all of the information to be provided for year-end financial statements prepared in accordance with International Financial Reporting Standards (IFRS). They should be read in conjunction with the consolidated financial statements at December 31, 2011.

The accounting policies retained for the preparation of the Group interim condensed consolidated financial statements are compliant with the IFRS as endorsed by the European Union as of June 30, 2012 and available on

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

The accounting policies used by the Group in the interim consolidated financial statements are identical to those applied in the consolidated financial statements at December 31, 2011 with the exception of the specific items relating to the preparation of the interim consolidated financial statements.

B. 2. Standards, amendments and interpretations

The accounting policies applied by the Group in the consolidated interim financial statements as of June 30, 2012 are the same as those used in the consolidated annual financial statements for the year ended December 31, 2011.

Edenred elected not to early adopt the standards, amendments and interpretations whose application is not compulsory for reporting periods beginning on or after January 1, 2012.

C. Specific items relating to preparation of the interim consolidated financial statements

C. 1. Income taxes

In the interim consolidated financial statements, current and deferred income tax expense is computed by applying the same principles as for the annual consolidated statements, company by company. The tax rates used are those applicable at June 30, 2012.

C. 2. Post-employment and other long-term employee benefits

Post-employment and other long-term employee benefits expense for the first half corresponds to half of the estimated net expense for the full year, as determined based on prior year data and actuarial assumptions. These valuations are adjusted to take account of any significant changes in market conditions compared to the previous period, or of any curtailments, settlements or other material non-recurring events.

D. Uses of estimates and judgment

The preparation of the financial statements implies that Edenred's management makes estimates as some items included in the financial statements cannot be measured with precision. The underlying assumptions used for the main estimates are similar to those described as of December 31, 2011. The management revises these estimates if the underlying circumstances evolve or in light of new information or experience. With the exception of the specific items relating to the preparation of the interim consolidated financial statements, estimates made at June 30, 2012 are similar to those made as of December 31, 2011.

Group management also uses its judgment to define appropriate accounting policies to apply certain transactions when the current IFRS standards and interpretations do not specifically deal with related accounting issues.

Note 2. 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 provisionally allocated to goodwill.

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 "contractual customer relationships" 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 "contractual customer relationships".

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.

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 €3 million.

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 events

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 3. Segment information

A. Income statements

A. 1. First-half 2012

(in € millions)	France	Rest of Europe	Latin America	Rest of the world	Worldwide Structures	Eliminations	TOTAL June 2012
Issue volume	**1 279**	**2 284**	**4 041**	**261**	**-**	**-**	**7 865**
Operating revenue generated by issue volume	56	121	212	12	-	-	**401**
Other operating revenue	10	27	16	11	-	-	**64**
Operating Revenue	**66**	**148**	**228**	**23**	**-**	**-**	**465**
Financial Revenue	**10**	**15**	**19**	**2**	**-**	**-**	**46**
Total external Revenue	**76**	**163**	**247**	**25**	**-**	**-**	**511**
Inter-segment revenue	-	*0*	-	-	-	*(0)*	-
Total Revenue from operating segments	**76**	**163**	**247**	**25**	**-**	**(0)**	**511**
EBIT from operating segments	**24**	**43**	**112**	**1**	**(10)**	**-**	**170**

A. 2. First-half 2011

(in € millions)	France	Rest of Europe	Latin America	Rest of the world	Worldwide Structures	Eliminations	TOTAL June 2011
Issue volume	**1 276**	**2 380**	**3 370**	**239**	**-**	**-**	**7 264**
Operating revenue generated by issue volume	56	127	180	11	-	-	**374**
Other operating revenue	14	33	13	22	-	-	**82**
Operating Revenue	**70**	**159**	**194**	**33**	**-**	**-**	**456**
Financial Revenue	**10**	**16**	**17**	**1**	**-**	**-**	**44**
Total external Revenue	**80**	**175**	**211**	**35**	**-**	**-**	**501**
Inter-segment revenue	-	-	-	-	-	-	-
Total Revenue from operating segments	**80**	**175**	**211**	**35**	**-**	**-**	**501**
EBIT from operating segments (a)	**23**	**54**	**96**	**2**	**(8)**	**-**	**167**

(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, €(6) million have been reclassified from Worldwide Structures to the other operating segments in the table above. These reclassifications have no effect on total EBIT.

B. Change in issue volume

(in € millions)	France	Rest of Europe	Latin America	Rest of the world	Worldwide Structures	TOTAL
First-half 2012 Issue volume	1 279	2 284	4 041	261	-	**7 865**
First-half 2011 Issue volume	1 276	2 380	3 370	239	-	**7 264**
Reported change	+3	(96)	+671	+22	-	+601
Reported change in %	+0,2%	(4,0)%	+19,9%	+9,3%	-	+8,3%
Like-for-like change (1)	**+26**	**(101)**	**+734**	**+28**	**-**	**+687**
Like-for-like change in % (1)	**+2,1%**	**(4,3)%**	**+21,8%**	**+11,7%**	**-**	**+9,5%**

C. Change in revenues

C. 1. Total external revenue

(in € millions)	France	Rest of Europe	Latin America	Rest of the world	Worldwide Structures	TOTAL
First-half 2012 Total external revenue	76	163	247	25	-	**511**
First-half 2011 Total external revenue	80	175	211	35	-	**501**
Reported change	(4)	(12)	+36	(10)	-	+10
Reported change in %	(4,7)%	(6,6)%	+16,8%	(30,0)%	-	+1,9%
Like-for-like change (1)	**+2**	**(9)**	**+42**	**+2**	**-**	**+37**
Like-for-like change in % (1)	**+3,0%**	**(4,9)%**	**+19,0%**	**+6,9%**	**-**	**+7,3%**

C. 2. Operating revenue

(in € millions)	France	Rest of Europe	Latin America	Rest of the world	Worldwide Structures	TOTAL
First-half 2012 Operating revenue	66	148	228	23	-	**465**
First-half 2011 Operating revenue	70	159	194	33	-	**456**
Reported change	(4)	(11)	+34	(10)	-	+9
Reported change in %	(5,3)%	(6,8)%	+17,7%	(32,9)%	-	+1,9%
Like-for-like change (1)	**+2**	**(9)**	**+39**	**+2**	**-**	**+34**
Like-for-like change in % (1)	**+2,9%**	**(5,7)%**	**+19,8%**	**+4,9%**	**-**	**+7,3%**

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

C. 3. Financial revenue

(in € millions)	France	Rest of Europe	Latin America	Rest of the world	Worldwide Structures	TOTAL
First-half 2012 Financial revenue	10	15	19	2	-	**46**
First-half 2011 Financial revenue	10	16	17	1	-	**44**
Reported change	(0)	(1)	+2	+1	-	+2
Reported change in %	(0,9)%	(4,0)%	+6,3%	+38,2%	-	+2,1%
Like-for-like change (1)	**+0**	**+0**	**+2**	**+1**	**-**	**+3**
Like-for-like change in % (1)	**+3,2%**	**+3,2%**	**+9,6%**	**+55,1%**	**-**	**+7,4%**

D. Change in EBIT

(in € millions)	France	Rest of Europe	Latin America	Rest of the world	Worldwide Structures	TOTAL
First-half 2012 EBIT	24	43	112	1	(10)	**170**
First-half 2011 EBIT (a)	23	54	96	2	(8)	**167**
Reported change	+1	(11)	+16	(1)	(2)	+3
Reported change in %	+5,4%	(19,8)%	+16,1%	(71,6)%	+19,3%	+1,6%
Like-for-like change (1)	**+3**	**(10)**	**+17**	**+2**	**+1**	**+13**
Like-for-like change in % (1)	**+14,2%**	**(17,7)%**	**+17,6%**	**+62,4%**	**(16,0)%**	**+8,1%**

(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, €(6) million have been reclassified from Worldwide Structures to the other operating segments in the table above. These reclassifications have no effect on total EBIT.

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

Note 4. Change in issue volume, revenue and EBIT

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

(in € millions)	June 2011	June 2012	Δ June 2012 / June 2011							
			Organic growth		Changes in consolidation scope		Currency effect		**Total change**	
			In €M	in %	In €M	in %	In €M	in %	**In €M**	**in %**
Issue volume	**7 264**	**7 865**	**+687**	**+9,5%**	**+15**	**+0,2%**	**(101)**	**(1,4)%**	**+601**	**+8,3%**
Operating revenue generated by issue volume	374	401	+36	+9,3%	(4)	(0,7)%	(5)	(1,4)%	+27	+7,2%
Other operating revenue	82	64	(2)	(2,1)%	(16)	(19,9)%	-	+0,0%	(18)	(22,0)%
Operating Revenue	**456**	**465**	**+34**	**+7,3%**	**(20)**	**(4,3)%**	**(5)**	**(1,1)%**	**+9**	**+1,9%**
Financial revenue - Unrestricted float	36	38	+3	+8,2%	(1)	(4,7)%	(1)	(1,6)%	+2	+1,9%
Financial revenue - Restricted cash	8	8	+0	+3,4%	+0	+0,2%	(0)	(0,6)%	+0	+3,0%
Financial Revenue	**44**	**46**	**+3**	**+7,4%**	**(1)**	**(3,9)%**	**(1)**	**(1,4)%**	**+2**	**+2,1%**
Total Revenue	**501**	**511**	**+37**	**+7,3%**	**(21)**	**(4,2)%**	**(6)**	**(1,2)%**	**+10**	**+1,9%**
EBIT	**167**	**170**	**+13**	**+8,1%**	**(8)**	**(4,9)%**	**(2)**	**(1,6)%**	**+3**	**+1,6%**

Note 5. Operating expenses

(in € millions)	June 2011	June 2012
Employee benefit expense	(142)	(145)
Other operating expenses (1)	(177)	(179)
Total operating expenses (2)	**(319)**	**(324)**

(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 €(9) million in June 2012.

(2) As June 30, 2012 the currency effect impact the operating expenses for €3 million.

Note 6. Depreciation, amortization, and provisions

Depreciation, amortization and provisions can be analyzed as follows:

(in € millions)	June 2011	June 2012
Amortization	(15)	(17)
Provisions and depreciation	0	0
Total	**(15)**	**(17)**

Note 7. Net financial expense

(in € millions)	June 2011	June 2012
Gross borrowing cost	(23)	(22)
Hedging instruments	(0)	(0)
Interests income from short term bank deposits and equivalent	3	2
Net borrowing cost	**(20)**	**(20)**
Net foreign exchange gains / (losses)	(0)	2
Other financial income and expenses, net	(3)	(2)
Net financial expense	**(23)**	**(20)**

Note 8. Non-recurring income and expenses

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

(in € millions)	June 2011	June 2012
Movements on restructuring provisions	2	1
Restructuring costs	(3)	(2)
Restructuring costs	**(1)**	**(1)**
Impairment of goodwill	-	-
Impairment of intangible assets	-	-
Total impairment losses	**-**	**-**
Other capital gains or losses	4	0
Provision movements	(1)	1
Non-recurring gains and losses, net	-	(1)
Other non-recurring income and expenses, net	**3**	**0**
Total non-recurring income and expenses, net	**2**	**(1)**

Note 9. Income tax

A. Effective tax rate

The effective tax rate on profit for first-half 2012 was 33.4%, versus 31.0% in the year-earlier period. This rate does not take into account the deferred tax benefit arising from the recognition during the period of tax loss carry-forwards.

Note 10. Earnings per share

A. Net earnings per share

At June 30, 2012, the Company's share capital was made up of 225,897,396 ordinary shares.

The average number of ordinary shares and the weighted average number of ordinary shares outstanding as of June 30, 2012 breaks down as follows:

(in number of shares)	June 2011	June 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	-	-
Treasury shares under the liquidity contract	-	79 556
Treasury shares	**-**	**79 556**
Outstanding shares at period-end	**225 897 396**	**225 665 489**
Effect of treasury shares on the weighted average number of shares	**-**	**(56 050)**
Weighted average number of ordinary shares outstanding during the period	**225 897 396**	**225 609 439**

In addition, stock options representing 5,057,500 ordinary shares and 2,528,519 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 233,251,508.

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 June 30, 2012 for Plan 1 and 2 (€21.08), and
- from February 27, 2012 to June 30, 2012 for Plan 3 (€22.01),

the diluted weighted average number of shares outstanding as of June 30, 2012 is 227,569,918.

	June 2011	June 2012
Net Profit - Group share *(in € millions)*	**98**	**100**
Weighted average number of ordinary shares *(in thousands)*	225 897	225 586
Weighted average number of treasury shares *(in thousands)*	-	23
Number of shares used to calculate basic earnings per share *(in thousands)*	**225 897**	**225 609**
Basic earnings per share *(in €)*	**0,43**	**0,44**
Number of shares resulting from the exercise of stock options *(in thousands)*	3 157	1 235
Number of shares resulting from performance shares grants *(in thousands)*	121	726
Number of shares used to calculate diluted earnings per share *(in thousands)*	**229 175**	**227 570**
Diluted earnings per share *(in €)*	**0,43**	**0,44**

B. Recurring profit after tax, Group share

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 non-controlling interests.

The recurring profit after tax breaks down as follows:

(in € millions)	June 2011	June 2012
Net profit (in € millions)	**102**	**109**
Non-recurring income and expenses adjustement, net (in € millions)	(2)	1
Net Profit, Non-controlling interests adjustment (in € millions)	(4)	(9)
Tax adjustment related to the non-recurring income and expenses (in € millions)	-	(0)
Recurring profit after tax, Group share (in € millions)	**96**	**101**
Number of shares used to calculate basic earnings per share *(in thousands)*	**225 897**	**225 609**
Diluted recurring profit after tax, Group share per share *(in €)*	**0,42**	**0,44**

Note 11. Goodwill

(in € millions)	June 2011	Dec. 2011	June 2012
Goodwill	682	658	674
Less accumulated impairment losses	(127)	(149)	(150)
Goodwill, net	**555**	**509**	**524**

(in € millions)	June 2011	Dec. 2011	June 2012
France	91	91	91
Rest of Europe	198	187	188
Latin America	226	214	228
Rest of the world	39	16	16
Worldwide Structures	1	1	1
Goodwill, net	**555**	**509**	**524**

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

(in € millions)	Notes	June 2011	Dec. 2011	June 2012
Net goodwill at beginning of period		**551**	**551**	**509**
Goodwill recognized on acquisitions for the period and other increases (1)		9	11	24
Goodwill written off on disposals for the period		-	(15)	-
Impairment losses	8	-	(20)	-
Currency translation adjustement		(5)	(16)	(10)
Put options on non-controlling interests recognized / remeasured during the period and other		-	(2)	-
Reclassification and other movements		-	-	1
Net goodwill at period-end		**555**	**509**	**524**

(1) As of June 2012, see Note 2.A. 1.

Note 12. Intangible assets

(in € millions)		June 2011	Dec. 2011	June 2012
Cost				
Kadéos brand	(1)	19	19	19
Other brands		19	20	20
Contractual customer relationships	(2)	66	71	70
Licenses and software		119	130	131
Other		41	40	43
Total cost		**264**	**280**	**283**
Accumulated amortization and impairment losses				
Brands		(5)	(8)	(8)
Contractual customer relationships		(42)	(46)	(48)
Licenses and software	(2)	(89)	(91)	(93)
Other		(31)	(34)	(37)
Total accumulated amortization and impairment losses		**(167)**	**(179)**	**(186)**
Intangible assets, net		**97**	**101**	**97**

(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)	June 2011	Dec. 2011	June 2012
Net intangible assets at beginning of period	**96**	**96**	**101**
Additions	1	5	0
Internally-generated assets	9	23	9
Intangible assets of newly-consolidated companies	5	3	-
Amortization for the period	(10)	(19)	(11)
Impairment losses for the period	-	(4)	-
Disposals	(2)	(3)	(0)
Currency translation adjustement	(1)	(1)	(0)
Reclassifications	(1)	1	(2)
Net intangible assets at end of period	**97**	**101**	**97**

Note 13. Share-based payments

Edenred's Board of Directors of February 27, 2012 has carried to:

- the attribution of 382,800 stock options, and
- the conditional attribution of 867,575 performance shares.

A. Stock option plan

The 382,800 stock option plan includes a five-year vesting period with no performance objectives.

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 3
Risk-free interest rate	1.72%
Duration of the plan	8 years
Expected volatility	26.50%
Expected dividend yield	2.81%
Share price	€20.36
Exercise price	€19.03
Option fair value	**€4.25**

Cost of share-based payments recognized in the accounts

The fair value of this plan amounts €1.6 million. It is recognized on a straight-line basis over the vesting period in employee benefit expense, with a corresponding adjustment to equity. The total cost amounts to €0.1 million at June 30, 2012.

B. Performance share plan

B. 1. Main characteristics

Edenred's Board Directors of February 27, 2012 carried to the conditional attribution of 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 non French tax residents are subject to five-year vesting period without any lock-up.

The 867,575 shares originally granted under the plan will vest on February 28, 2015 (for French tax residents) and February 28, 2017 (for non French tax residents) provided that the performance objectives specified in the plan for 2012, 2013 and 2014 are met.

Grantees will receive one third of the initial grant in each of the years in which the related performance objectives are met. If only one of the two performance objectives is met, they will receive one-sixth of the initial grant.

The proportion will be reduced or increased in each of the three years based on actual performance in relation to the objectives, with a limit of 1.5 times the initial grant for the year concerned.

As of February 28, 2015, once performance in relation to the three years objectives has been assessed, the shares received as explained above will vest, provided that the total number of vested shares will not exceed 100% of the initial grant.

The performance objectives, measured year-on-year over the three years, are based on like-for-like growth in issue volume and funds from operations in 2012, 2013 and 2014.

B. 2. Fair value of the performance shares plan

The fair value of the performance shares plan is recognized on a straight-line basis over the vesting period in employee benefit expense, with a corresponding adjustment to equity. It amounts to €15.6 million for an average unit fair value of €17.95 and €1.3 million has been recognized in the financial statements at June 30, 2012.

Note 14. Current financial assets

In € millions	June 2011			Dec. 2011			June 2012		
	Gross value	Depreciation	Net value	Gross value	Depreciation	Net value	Gross value	Dépréciation	Net value
Other current financial assets	1	(1)	0	1	(1)	0	2	(1)	1
Receivables on disposal of assets	3	-	3	1	-	1	-	-	-
Derivatives	4	-	4	10	-	10	33	-	33
Current financial assets	**8**	**(1)**	**7**	**12**	**(1)**	**11**	**35**	**(1)**	**34**

Note 15. Cash and cash equivalents and other marketable securities

In € millions	June 2011			Dec. 2011			June 2012		
	Gross value	Depreciation	Net value	Gross value	Depreciation	Net value	Gross value	Depreciation	Net value
Cash at bank and on hand	66	-	66	146	-	146	110	-	110
Term deposits in less than 3 months	372	-	372	215	-	215	121	-	121
Bonds and other negociable debt securities	-	-	-	-	-	-	-	-	-
Interest-bearing bank accounts	49	-	49	66	-	66	40	-	40
Mutual fund units in cash in less than 3 months	1	-	1	10	-	10	13	-	13
Cash and cash equivalents	**488**	**-**	**488**	**437**	**-**	**437**	**284**	**-**	**284**
Term deposits in more than 3 months	686	-	686	995	-	995	829	(0)	829
Bonds and other negociable debt securities	62	-	62	90	(0)	90	1	-	1
Interest-bearing bank accounts	-	-	-	-	-	-	-	-	-
Mutual fund units in cash in more than 3 months	-	-	-	-	-	-	-	-	-
Other marketable securities	**748**	**-**	**748**	**1 085**	**(0)**	**1 085**	**830**	**(0)**	**830**
Total cash and cash equivalents and other marketable securities	**1 236**	**-**	**1 236**	**1 522**	**(0)**	**1 522**	**1 114**	**(0)**	**1 114**

Note 16. Debt and other financial liabilities

(in € millions)	June 2011			Dec. 2011			June 2012		
	Non-current	Current	Total	Non-current	Current	Total	Non-current	Current	Total
Bonds	793	-	793	794	-	794	1 019	-	1 019
Bank borrowings	695	12	707	596	3	599	398	2	400
Debt	**1 488**	**12**	**1 500**	**1 390**	**3**	**1 393**	**1 417**	**2**	**1 419**
Bank overdrafts	**-**	**41**	**41**	**-**	**35**	**35**	**-**	**86**	**86**
Deposits	9	-	9	8	2	10	11	1	12
Purchase commitments	2	-	2	-	4	4	4	8	12
Derivatives	-	7	7	-	9	9	-	8	8
Other	0	22	22	0	8	8	-	23	23
Other financial liabilities	**11**	**29**	**40**	**8**	**23**	**31**	**15**	**40**	**55**
Total debt and other financial liabilities	**1 499**	**82**	**1 581**	**1 398**	**61**	**1 459**	**1 432**	**128**	**1 560**

The contractual documents for 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 2.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 May 2012, the Group paid down its bank debt by €200 million, which extended the average maturity of its debt. After taking into account previous repayments, the remaining €400 million outstanding at June 30, 2012 is repayable in installments in June 2014 (€100 million) and June 2015 (€300 million).

B. Maturities of debt analysis

B. 1. Book value

B. 1. 1. At June 30, 2012

(in € millions)	June 2013	June 2014	June 2015	June 2016	June 2017	Beyond June 2017 (1)	June 2012
Total debt and other financial liabilities	128	104	301	1	1	1 025	1 560
Total	**128**	**104**	**301**	**1**	**1**	**1 025**	**1 560**

(1) Including €6 million on "Deposits".

B. 1. 2. At December 31, 2011

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

B. 1. 3. At June 30, 2011

(in € millions)	June 2012	June 2013	June 2014	June 2015	June 2016	Beyond June 2016	June 2011
Total debt and other financial liabilities	82	108	298	298	-	795	1 581
Total	**82**	**108**	**298**	**298**	**-**	**795**	**1 581**

B. 2. Credit facilities

At June 30, 2012, Edenred has available €633 million of undrawn committed borrowings facilities including €528 million expiring mid-2014. These facilities are for general corporate purposes.

Note 17. 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:

(in € millions)	June 2011			Dec. 2011			June 2012		
	Amount	Rate	% of total debt	Amount	Rate	% of total debt	Amount	Rate	% of total debt
Fixed rate debt (1)	794	3,63%	53%	794	3,58%	57%	1 019	3,60%	72%
Variable rate debt	706	2,70%	47%	599	2,67%	43%	400	1,74%	28%
Total debt	**1 500**	**3,19%**	**100%**	**1 393**	**3,18%**	**100%**	**1 419**	**3,08%**	**100%**

(1) Rates for the fixed rate debt correspond to the contractual interest rates (i.e. 3.625% for the year 2011 and 3.625% et 3.75% for the first-half 2012) applied to the exact number of days divided by 360.

A. 1. 2. After hedging

Debt after interest rate hedging breaks down as follows:

(in € millions)	June 2011			Dec. 2011			June 2012		
	Amount	Rate	% of total debt	Amount	Rate	% of total debt	Amount	Rate	% of total debt
Fixed rate debt	1 042	3,49%	69%	1 142	3,41%	82%	870	3,23%	61%
Variable rate debt	458	2,68%	31%	251	2,50%	18%	549	2,72%	39%
Total debt	**1 500**	**3,24%**	**100%**	**1 393**	**3,24%**	**100%**	**1 419**	**3,04%**	**100%**

B. Foreign exchange risk

B. 1. Currency analysis

B. 1. 1. Before hedging

Debt without hedging breaks down as follows:

(in € millions)	June 2011			Dec. 2011			June 2012		
	Amount	Rate	% of total debt	Amount	Rate	% of total debt	Amount	Rate	% of total debt
EUR	1 491	3,16%	99%	1 390	3,18%	100%	1 418	3,07%	100%
Other currencies	9	7,50%	1%	3	3,88%	0%	1	7,61%	0%
Total debt	**1 500**	**3,19%**	**100%**	**1 393**	**3,18%**	**100%**	**1 419**	**3,08%**	**100%**

B. 1. 2. After hedging

Debt after currency hedging breaks down as follows:

(in € millions)	June 2011			Dec. 2011			June 2012		
	Amount	Rate	% of total debt	Amount	Rate	% of total debt	Amount	Rate	% of total debt
EUR	1 488	3,21%	99%	1 387	3,23%	100%	1 414	3,02%	100%
Other currencies	12	7,41%	1%	6	5,58%	0%	5	6,82%	0%
Total debt	**1 500**	**3,24%**	**100%**	**1 393**	**3,24%**	**100%**	**1 419**	**3,04%**	**100%**

Note 18. Net debt and net cash

(in € millions)	June 2011	Dec. 2011	June 2012
Non-current debt	1 488	1 390	1 417
Other non-current financial liabilities	11	8	15
Current debt	12	3	2
Bank overdrafts	41	35	86
Other current financial liabilities	29	23	40
Total debt and other financial liabilities	**1 581**	**1 459**	**1 560**
Current financial assets	(7)	(11)	(34)
Other marketable securities	(748)	(1 085)	(830)
Cash and cash equivalents	(488)	(437)	(284)
Total cash and cash equivalents and other current financial assets	**(1 243)**	**(1 533)**	**(1 148)**
Net debt	**338**	**(74)**	**412**

(in € millions)	June 2011	Dec. 2011	June 2012
Net debt at beginning of period	**25**	**25**	**(74)**
Increase (decrease) in non-current debt	1	(97)	27
Increase (decrease) in other non-current financial liabilities	(1)	(4)	7
Decrease (increase) in other marketable securities	400	63	255
Decrease (increase) in cash and cash equivalents, net of bank overdrafts	(109)	(64)	204
Increase (decrease) in other financial assets and liabilities	22	3	(7)
Increase (decrease) in net debt	**313**	**(99)**	**486**
Net debt at end of period	**338**	**(74)**	**412**

Note 19. Provisions

A. Provisions at June 30, 2012

Movements in non-current provisions between January 1, 2012 and June 30, 2012 can be analyzed as follows:

(in € millions)	December 31, 2011	Impact on equity	Additions	Utilizations	Reversals of unused amounts	Currency translation adjustment	Reclassifications and changes in scope	June 30, 2012
- Provisions for pensions and loyalty bonuses	24	2	2	(1)	(0)	(0)	0	27
- Provisions for claims and litigation and other contingencies	-	-	-	-	-	-	-	-
TOTAL NON-CURRENT PROVISIONS	**24**	**2**	**2**	**(1)**	**(0)**	**(0)**	**0**	**27**

At June 30, 2012, the discount rate used to calculate pension liabilities in the euro zone was reduced from 4.5% to 3.5% to reflect changes in market interest rates. This constituted a change in actuarial assumptions and the impact was therefore recognized in equity. The discount rate for the UK plans was unchanged compared with the year earlier period at 5.0%.

Movements in current provisions between January 1, 2012 and June 30, 2012 can be analyzed as follows:

(in € millions)	December 31, 2011	Impact on equity	Additions	Utilizations	Reversals of unused amounts	Currency translation adjustment	Reclassifications and changes in scope	June 30, 2012
- Tax provisions	6	-	1	(0)	-	(1)	1	7
- Restructuring provisions	5	-	0	(2)	(0)	0	(0)	3
- Provisions for claims and litigation and other contingencies	18	-	2	(2)	(1)	(0)	(1)	16
TOTAL CURRENT PROVISIONS	**29**	**-**	**3**	**(4)**	**(1)**	**(1)**	**(0)**	**26**

There were no developments concerning the main claims and litigation during first-half 2012.

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)	June 2011	June 2012
EBIT	2	(2)
Net financial expense	1	-
Restructuring costs and impairment losses	(2)	3
Income tax expense	-	-
TOTAL	**1**	**1**

Note 20. Working capital, service vouchers in circulation and restricted cash

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

(in € millions)	June 2011	Dec. 2011	June 2012	Change June 2012 / Dec. 2011
Inventories, net	10	10	10	0
Trade receivables, net	942	990	976	(14)
Other receivables and accruals, net	258	291	345	54
Working capital items - assets	**1 210**	**1 291**	**1 331**	**40**
Trade payables	60	73	59	(14)
Other payables	163	161	172	11
Vouchers in circulation	2 970	3 400	3 096	(304)
Working capital items - liabilities	**3 193**	**3 634**	**3 327**	**(307)**
Working capital	**1 983**	**2 343**	**1 996**	**(347)**

(in € millions)	June 2012
Working capital at beginning of period	**2 343**
Change in working capital (1)	(364)
Development Expenditure	-
Disposals	(0)
Non-recurring income and expenses	-
Provisions	3
Currency translation adjustment	13
Reclassification to other balance sheet items	1
Net change in working capital	**(347)**
Working capital at end of period	**1 996**

(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 (€599 million), United Kingdom (€75 million) and Romania (€27 million).

(in € millions)	June 2012
Restricted cash at beginning of period	**689**
Like-for-like change for the period (1)	23
Reclassification from cash and cash equivalents to restricted cash	-
Currency translation adjustment	2
Net change in restricted cash	**25**
Restricted cash at end of the period	**714**

(1) See statement of cash flows

Note 21. Subsequent events

On July 5th 2012, Edenred announced the acquisition of **Barclay Vouchers**, the only player in the Japanese market for meal voucher. With more than 600 clients, 130 000 beneficiaries and 31 500 affiliates, Barclay Vouchers was a wholly owned subsidiary of Baring Private Equity Asia (BPEA), generating 2011 issue volume of €91 million. This transaction was based on an enterprise value of €28 million.