Interim financial report

2011

2011 INTERIM FINANCIAL REPORT

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2011 interim consolidated results

Income statement

(in € millions)	H1 2010	H1 2011	% change	Like-for-like change[1]
Revenue	2,849	2,973	+4.4%	+5.8%
EBITDAR[2]	**835**	**897**	**+7.4%**	**+9.7%**
EBITDAR margin	*29.3%*	*30.2%*	*+0.9 pts*	*+1.1 pt*
EBIT	**156**	**199**	**+27.5%**	**+44.0%**
Operating profit before tax and non-recurring items	93	144	+55.5%	+70.0%
Profit or loss from discontinued operations	52	1	N/A	N/A
Net profit/(loss), Group share	**(15)**	**41**	**N/A**	**N/A**
ROCE[3]	**9.5%**	**11.9%**	**+2.4 pts**	**N/A**

(1) At constant scope of consolidation and exchange rates

(2) Earnings before interest, taxes, depreciation, amortization and rental expense

(3) Corresponding to EBITDA expressed as a percentage of fixed assets at cost plus working capital.

Consolidated revenue for the six months of 2011 totaled €2,973 million, up 4.4% on a reported basis and 5.8% like-for-like compared with first-half 2010.

Energized by sustained demand in the main European markets and emerging countries, Accor delivered a robust revenue performance in first-half 2011 with an acceleration in the second quarter. Occupancy rates rose steadily while the improvement in average room rates gradually spread across all segments.

Revenue in the Upscale & Midscale and Economy segment excluding the United States rose respectively by 6.0% and 6.4% like-for-like, despite significantly higher comparatives than in 2010.

The increase in revenue compared to the year-earlier period can be explained as follows:

- Expansion added €50 million to revenue and 1.7% to reported growth, with 108 hotels representing 13,700 rooms opened during the first-half.

Accor plans to open 30,000 new rooms in 2011. In the first six months, nearly 13,700 rooms were opened, of which:

- 78%* under management contracts and franchise contracts.
- 29%* in the Midscale segment and 37% in the Economy Hotels excluding the United States.
- 41%* in Europe and 32% in Asia.

- Ongoing deployment of the asset-right strategy negatively impacted revenue by €101 million and reported growth by 3.6%.

- The currency effect added €11 million to revenue and 0.4% to reported growth, despite the unfavorable change in the US dollar rate in the second quarter. Changes in exchange rates for the Australian dollar, Swiss franc and Brazilian real during the period had a favorable effect.

*In number of rooms

- Like-for-like revenue growth came to 5.8%, lifted by a steady rise in occupancy rates and a gradual recovery in average room rates.

Solid performance in the Upscale & Midscale segment

In the Upscale & Midscale segment, revenue increased by 5.2% in first-half 2011 as reported and by **6.0%** like-for-like.

In Upscale & Midscale hotels, EBITDAR margin improved by **1.2** points like-for-like to **27.9%**, with Novotel and Pullman reporting the sharpest improvements. Moreover, margin increases in the segment were especially remarkable in France and Brazil.

The Upscale & Midscale segment's performance was fueled by an increase in average room rates for the period.

Strong improvement in Economy hotels excluding the United States

Revenue from Economy Hotels excluding the United States rose 5.8% as reported and **6.4%** like-for-like.

EBITDAR margin for the segment stood at **36.8%**, an increase of **0.2 points** like-for-like. The margin improvement was driven by the performance of the Ibis and Etap brands and by the recovery in business in the main markets.

The performance of Economy Hotels excluding the United States was driven mainly by occupancy rates, which rose to record highs during the semester.

Moderate upturn in Economy Hotels in the United States

Motel 6 revenue contracted by **5.0%** as reported. On a like-for-like basis, it **rose by 3.7%**, led by the improvement in occupancy rates, resulting in a slight **-0.1point** like-for-like contraction in EBITDAR margin to **27.9%**.

The brand continued to transform its network with the opening of 22 hotels under franchise contracts and nine sale-and-franchise-back agreements. In addition, the Group sold eight hotels during the period.

EBITDAR (earnings before interest, taxes, depreciation, amortization and rental expense) represents a key financial performance indicator.
Consolidated EBITDAR amounted to €897 million in the first half of 2011, up 9.7% like-for-like compared with the year-earlier period and 7.4% as reported. The €62 million increase breaks down as follows:

- Like-for-like growth: +€81 million
- Business development: +€2 million
- Currency effect: +€6 million
- Disposals: -€27 million

EBITDAR margin represented 30.2% of consolidated revenue, compared with 29.3% in first-half 2010. It was led mainly by the performance of the Upscale & Midscale and the Economy hotels excluding the US segments.

EBIT came in at €199 million, compared with €156 million in first-half 2010, an increase of 44% like-for-like that was attributable to the acceleration in the business recovery and the Group's vigilant efforts to contain costs.

Operating profit before tax and non-recurring items, corresponding to EBITDAR less rental expense, depreciation, amortization and provision expense and net financial expense plus the Group's share of the profits of associates, represents the result of operations after the cost of financing Group businesses and before tax. In first-half 2011, operating profit before tax and non-recurring items came to €144 million.

Rental expense rose to €491 million from €456 million in first-half 2010, reflecting an increase in the Group's variable rents. These rents, which are based on revenue or EBITDAR, rose with the improvement in the Hotels business and the increase in the number of hotels operated under variable-rent leases with no guaranteed minimum (to 626, from 573 at June 30, 2010).

Depreciation, amortization and provision expense stood at €207 million for the period.

Net financial expense amounted to €55 million, versus €73 million in first-half 2010. The share of profits and losses of associates is zero. This compares with a net profit of €10 million in the prior-year period, primarily as a result of the €7 million positive impact from the Sofitel Washington disposal.

Restructuring costs for first-half 2011 totaled €22 million and mainly concerned various reorganization measures.

Gains and losses on the management of hotel properties totaled a net €30 million, an increase of €10 million over first-half 2010. It resulted mainly from a €17 million gain on the sale of units under sale-and-franchise-back arrangements (41 hotels).

Asset impairment losses amounted to €19 million, of which €18 million concerned hotel property, plant and equipment mainly in Europe. This compared with the first-half 2010 figure of €35 million,

Income tax expense amounted to €71 million, compared with €84 million in first-half 2010. The effective tax rate (expressed as a percentage of operating profit before tax) was 25.4% versus 32.1%.

After deducting **minority interests** of €11 million and the €1 million **loss from discontinued operations** (Service à bord des trains), net profit, Group share amounted to €41 million. This compares with a €15 million loss in first-half 2010.

Based on the weighted average number of shares outstanding during the period (226,994,000), **earnings per share** came to €0.18 in first-half 2011, versus a loss per share of €0.28 in the prior-year period.

Cash flows

(in € millions)	**June 2010**	**June 2011**
Funds from operations before non-recurring items	**287**	**324**
Renovation and maintenance expenditure	(89)	(94)
Funds from operations	**198**	**230**
Expansion expenditure	(167)	(96)
Proceeds from disposals of assets	221	149
Dividends paid	(245)	(151)
Shares issued/(cancelled)	18	6
Decrease/(increase) in working capital	32	(142)
Change in % interest in subsidiaries	-	(44)
Other	106	(43)
Cash flow from discontinued operations	496	262
(Increase)/decrease in net debt	**660**	**171**

Funds from operations came to €324 million for the period, compared with €287 million in first-half 2010.

At €94 million, **maintenance and renovation expenditure** was stable for the period and represented 3.2% of revenue.

Expansion expenditure totaled €96 million, compared with €167 million in first-half 2010.

Proceeds from disposal of assets totaled €149 million, of which €140 million in disposals of hotel properties, versus €206 million in hotel property disposals in the prior-year period. The proceeds were mainly derived from sale-and-variable lease back transactions (€20 million), sale-and-management back transactions (€35 million), sale-and-franchise back transactions (€59 million) and outright disposals (€26 million).

Financial ratios

Net debt totaled €559 million at June 30, 2011 compared with €730 million at December 31, 2010, while gearing stood at 23,1% versus 20.1%.

As of June 30, 2011, Accor had **€1.8 billion in unused, confirmed lines of credit** and no major refinancing needs before 2013.

Return on capital employed (ROCE) amounted to **11.9%** at June 30, 2011, compared with 11.3% six months earlier. ROCE for the Economy hotels segment was **19.1%** at June 30, 2011, led by the Ibis and Etap brands.

P&L Performance

To support the shift in the business model which includes more and more management and franchise contracts, a new financial reporting system known as P&L Performance was introduced in 2010 to analyze our performance as a network manager and hotel operator.

P&L Performance tracks income statement data based on the following profit or cost centers:
1) franchise operations, through which all of the hotels – whether owned, leased, managed or franchised – can leverage our brands and their reputation in return for a management fee;
2) management operations, through which Accor transfers its hotel operating expertise and experience to the owned, leased or managed hotels in return for a management fee;
3) sales & marketing operations, through which we provide all of the owned, leased, managed, and franchised hotels with services relating to distribution systems, the loyalty program, sales programs and marketing campaigns in return for a sales & marketing fee;
4) hotelier operations for owned and leased hotels, all of whose revenue and earnings accrue to Accor;
5) unallocated operations, which primarily include the corporate departments.

The system analyses the following indicators:
(a) business volume;
(b) revenue;
(c) EBITDAR;
(d) EBIT.

Targets for margin, flow-through ratio and earnings have been set for some of these indicators.
Business volume in the hospitality operations corresponds to the aggregate of:
a) total revenue generated by owned and leased hotels;
b) total revenue generated by managed hotels;
c) total accommodation revenue generated by franchised hotels.

As Accor does not receive all of the above revenues, the business volume indicator can not be reconciled with the indicators presented in the consolidated financial statements.

However, business volume does provide a yardstick to measure growth in the Accor network, making it a key indicator for Management.

P&L Performance for first-half 2011 was as follows:

June 2011	Manager and franchisor [1]	Sales & Marketing Fund [1]	Owned & Leased	Unalloc., platform & intercos	Total
Gross revenue	5,031	N/A	2,648	111	5,142
o/w revenue	296	140	2,648	(112)	2,973
EBITDAR	152	(4)	736	12	897
Contrib. margin	*52%*	*(3%)*	*28%*	*N/A*	*30%*
EBIT	152	(4)	79	(29)	199
EBIT margin	*52%*	*(3%)*	*3%*	*N/A*	*7%*

(1) Including fees from subsidiaries

Ongoing deployment of the asset management program and completion of the refocusing process

In first-half 2011, 50 hotels (representing over 5,400 rooms) changed ownership structure and are now operated under variable leases, management or franchise contracts. In addition, 15 hotels (representing nearly 2,000 rooms) were sold. These transactions had the effect of reducing adjusted net debt by €191 million.

With the announced sale-and-management back agreements concerning the Pullman Bercy in Paris and the Sofitel Arc de Triomphe in July 2011, the impact of asset disposals on adjusted net debt amounts to €306 million.

In addition, Accor sold its 49% stake in Groupe Lucien Barrière to Fimalac and Groupe Lucien Barrière for €268 million. The transaction was completed in March 2011.

In August 2011, a contract was signed with Sodexo concerning the sale of Lenôtre for €75 million. This transaction is expected to be completed by the end of September, subject to approval by the competition authorities.

These transactions confirm Accor's ability to continue to actively manage its assets. Moreover, they complete the Group's strategic refocusing on its core business.

Outlook for 2011

- **Trends in July**

Ongoing positive trends in July despite higher comparatives than in the first half

In Upscale & Midscale Hotels in Europe, July 2011 RevPAR excluding tax* was up 7.5% like-for-like, compared with a 7.7% rise in the first half of the year.
In the Economy Hotels segment in Europe, July RevPAR excluding tax* was 7.7% higher like-for-like, compared with a 5.0% improvement in the first half.
In the US Economy Hotels segment, July RevPAR* was up 4.0% for the month, versus a 3.1% rise in the first half.

Second-half trends are supported by the **summer season's good performance.** To date, the Group has noted no indications of a loss of business momentum.

New corporate governance structure

Since the May 30, 2011 Annual Meeting, the Board of Directors has been comprised of the following members: Jean-Paul Bailly, Thomas J. Barrack, Sébastien Bazin, Philippe Citerne, Mercedes Erra, Sophie Gasperment, Denis Hennequin, Bertrand Meheut, Virginie Morgon, Franck Riboud and Patrick Sayer.

The Board determined which of its members qualified as independent directors.
It reached the conclusion that **Jean-Paul Bailly**, Chairman of the French Post Office (La Poste), **Philippe Citerne**, the former Chief Operating Officer of Société Générale, **Mercedes Erra**, Executive Co-Chairman of Euro RSCG Worldwide, **Sophie Gasperment**, Chief Executive Officer of The Body Shop International, **Bertrand Meheut**, Chairman of the Management Board of the Canal+ Group and **Franck Riboud**, Chairman and Chief Executive Officer of Danone met the independence criteria set out in the AFEP-MEDEF corporate governance code for listed companies. With six of the eleven directors qualified as independent, Accor complies with the AFEP and MEDEF recommendation that a majority of Board members should be independent.

First-half 2011 operating highlights

Accor announced the sale of its stake in Groupe Lucien Barrière for €268 million

Accor signed an agreement with Fimalac and Groupe Lucien Barrière for the sale of its 49% stake in Groupe Lucien Barrière for €268 million. In addition, Accor will receive the 2010 dividend on its Groupe Lucien Barrière shares, representing a total of €7.35 million.

After partnering Groupe Lucien Barrière through the various stages in its development since 1989, Accor confirmed that it intended to sell its stake following the cancellation of the proposed IPO in September 2010.

For Accor shareholders, the transaction price is equivalent to the price offered in the proposed IPO, net of related costs. Under the terms of the agreement, Accor will sell a 34% interest in Groupe Lucien Barrière to Fimalac for €186 million and a 15% interest to Groupe Lucien Barrière for €82 million. The shares sold back to Groupe Lucien Barrière will then be cancelled and its capital reduced. Following these transactions, the Desseigne-Barrière family and Fimalac will own 60% and 40% of Groupe Lucien Barrière respectively. The sale is expected to be completed during the first quarter of 2011, once the competition authorities' approval has been obtained.

A new executive committee for Accor

Denis Hennequin, Chairman and Chief Executive Officer, announced the creation of a new leaner Executive Committee focused on the Group's strategic objectives.

The members of the new Executive Committee are as follows:

- **Yann Caillère,** President and Chief Operating Officer, in charge of worldwide operations.
- **Grégoire Champetier**, Global Chief Marketing Officer, in charge of Brand Strategy, Design Strategy, Marketing and Distribution.
- **Anne-Marie Cambourieu**, Global Chief Human Resources Officer, who is also head of Group Organization, Transformation and Sustainable Development.

- **Dominique Esnault**, Global Chief Operations Support, in charge of Development, Franchising, Procurement, Technical Services & Design Management.

- **Pascal Quint**, Corporate Secretary in charge of Legal Affairs, Insurance, Risk Management and, now, the Audit Department. He is also Secretary of the Board of Directors.

- **Sophie Stabile**, Global Chief Financial Officer, who is now also in charge of Group Information Systems.

- **Marc Vieilledent**, Global Executive Vice President Asset Management, in charge of Asset Management & Strategy and Mergers - Acquisitions.

Accor announced the disposal of the Pullman Paris Bercy through a €105-million sale-and-management-back transaction

In line with its asset right strategy, Accor announced the sale of the 396-room Pullman Bercy in Paris for €105 million (€265,000 a room). The amount includes €9 million in renovation costs to be paid by the buyer.

Accor will continue to manage the hotel under a long-term management contract.

The buyer is the European joint venture of Host (Host Hotels & Resorts, Inc.) with APG (APG Strategic Real Estate Pool N.V.) and a subsidiary of GIC (GIC Real Estate Pte Ltd), the real estate arm of the Government of Singapore Investment Corporation. Already the owner of hotels managed by Accor in the Asia-Pacific region and a partner in the investment fund created by Accor in India in 2010, Host is confirming its standing among Accor's strategic partners.

Sale of Lenôtre Group

In August 2011, a contract was signed with Sodexo concerning the sale of Lenôtre for €75 million. This transaction is expected to be completed by the end of September, subject to approval by the competition authorities.

Sofitel Arc de Triomphe sold under a €69 million sale and management-back agreement

As part of its asset-right strategy, Accor announced the sale of its Paris hotel Sofitel Arc de Triomphe under a sale and management-back arrangement, based on an enterprise value of €69 million (€556,000 per room).

The hotel is being sold to a French consortium of private investors who have committed to financing renovation work for €25 million. The sale proceeds will therefore amount to €44 million. The hotel will remain open while the work is being carried out.

Accor will continue to manage the hotel through a long-term management contract.

This disposal confirms the Group's ability to pursue its current €1.2 billion[1] asset management program, which provides for 35 sale-and-management-back transactions to be carried out in the period 2011-2012, mainly concerning Sofitel and Pullman units.

Main risks and uncertainties

The main risks and uncertainties that may affect the Group in the last six months of the year are presented in the 2010 Registration Document under "Risk Factors".

[1] Impact on adjusted net debt

Main related-party transactions

The main related-party transactions are presented in detail in Note 44 to the interim consolidated financial statements.

Subsequent events

Post balance-sheet events are presented in Note 43 to the interim consolidated financial statements.

2011 Interim Consolidated Financial Statements

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Consolidated Income Statements

In € millions	Notes	2010	June 2010	June 2011
CONSOLIDATED REVENUE	3	**5 948**	**2 849**	**2 973**
Operating expense	4	(4 134)	(2 014)	(2 076)
EBITDAR	5	**1 814**	**835**	**897**
Rental expense	6	(934)	(456)	(491)
EBITDA	7	**880**	**379**	**406**
Depreciation, amortization and provision expense	8	(434)	(223)	(207)
EBIT	9	**446**	**156**	**199**
Net financial expense	10	(134)	(73)	(55)
Share of profit of associates after tax	11	22	10	0
OPERATING PROFIT BEFORE TAX AND NON RECURRING ITEMS		**334**	**93**	**144**
Restructuring costs	12	(31)	(11)	(22)
Impairment losses	13	(284)	(35)	(19)
Gains and losses on management of hotel properties	14	4	20	30
Gains and losses on management of other assets	15	(35)	(47)	(11)
OPERATING PROFIT BEFORE TAX		**(12)**	**20**	**122**
Income tax expense	16	(392)	(84)	(71)
Profit or loss from discontinued operations (*)	17	4 014	52	1
Net Profit from continuing operations		(404)	(64)	51
Net Profit from discontinued operations		4 014	52	1
NET PROFIT		**3 610**	**(12)**	**52**
Net Profit, Group Share from continuing operations		(411)	(64)	40
Net Profit, Group Share from discontinued operations		4 011	49	1
Net Profit, Group Share		**3 600**	**(15)**	**41**
Net Profit, Minority interests from continuing operations		7	(0)	11
Net Profit, Minority interests from discontinued operations		3	3	(0)
Net Profit, Minority interests		10	3	11
Weighted average number of shares outstanding (in thousands)	25	225 838	225 627	226 994
EARNINGS PER SHARE (in €)		**15,94**	**(0,07)**	**0,18**
Diluted earnings per share (in €)	25	15,87	(0,07)	0,18
Earnings per share from continuing operations (in €)		**(1,82)**	**(0,28)**	**0,18**
Diluted earnings per share from continuing operations (in €)		**(1,82)**	**(0,28)**	**0,18**
Earnings per share from discontinued operations (in €)		**17,76**	**0,23**	**0,00**
Diluted earnings per share from discontinued operations (in €)		**17,68**	**0,23**	**0,00**

(*) This item mainly concerns:

- At December 31, and June 30, 2010, Edenred, Groupe Lucien Barrière and Onboard Train Services' businesses.
- At June 30, 2011, Onboard Train Services' business.

Statements of Comprehensive Income

In € millions	Notes	2010	June 2010	June 2011
NET PROFIT		**3 610**	**(12)**	**52**
Currency translation adjustment		230	439	(143)
Effective portion of gains and losses on hedging instruments in a cash flow hedge		2	(1)	3
Actuarial gains and losses on defined benefits plans		(2)	-	(1)
Share of the other comprehensive income of associates and joint ventures accounted for using the equity method		-	-	-
Other comprehensive income, net of tax	28	**230**	**438**	**(141)**
TOTAL COMPREHENSIVE INCOME		**3 840**	**426**	**(89)**
Comprehensive income, Group share		**3 817**	**418**	**(97)**
Comprehensive income, Minority interests		23	8	8

Consolidated Balance Sheets

Assets

ASSETS In € millions	Notes	June 2010	2010	June 2011
GOODWILL	18	**890**	**743**	**706**
INTANGIBLE ASSETS	19	**406**	**409**	**381**
PROPERTY, PLANT AND EQUIPMENT	20	**3 921**	**3 682**	**3 292**
Long-term loans	21	132	136	128
Investments in associates	22	223	216	205
Other financial investments	23	132	128	114
TOTAL NON-CURRENT FINANCIAL ASSETS		**487**	**480**	**447**
Deferred tax assets	16	262	241	224
TOTAL NON-CURRENT ASSETS		**5 966**	**5 555**	**5 050**
Inventories	24	40	41	36
Trade receivables	24	419	374	388
Other receivables and accruals	24	886	637	625
Receivables on disposals of assets	29 & 30	40	95	48
Short-term loans	29 & 30	11	20	20
Cash and cash equivalents	29 & 30	1 286	1 143	1 255
TOTAL CURRENT ASSETS		**2 682**	**2 310**	**2 372**
Assets held for sale (*)	32	4 755	813	423
TOTAL ASSETS		**13 403**	**8 678**	**7 845**

(*) This item mainly concerns:

- At June 30, 2010, the assets related to Edenred, Groupe Lucien Barrière and Onboard Train Services.
- At December 31, 2010, the assets related to Groupe Lucien Barrière and Onboard Train Services.
- At June 30, 2011, the assets related to Lenôtre and Onboard Train Services.

Equity and Liabilities

EQUITY AND LIABILITIES In € millions	Notes	June 2010	2010	June 2011
Share capital	25	678	680	681
Additional paid-in capital and reserves		(80)	(630)	2 703
Net profit, Group share		(15)	3 600	41
SHAREHOLDERS' EQUITY, GROUP SHARE		**583**	**3 650**	**3 425**
Minority interests	27	302	299	251
TOTAL SHAREHOLDERS' EQUITY AND MINORITY INTERESTS		**885**	**3 949**	**3 676**
Other long-term financial debt	29 & 30	2 001	1 690	1 624
Long-term finance lease liabilities	29 & 30	143	93	81
Deferred tax liabilities	16	139	123	119
Non-current provisions	33	99	109	108
TOTAL NON-CURRENT LIABILITIES		**3 267**	**5 964**	**5 608**
Trade payables	24	572	634	577
Other payables and income tax payable	24	4 100	1 307	1 204
Current provisions	33	160	190	210
Short-term debt and finance lease liabilities	29 & 30	120	160	151
Bank overdrafts and liability derivatives	29 & 30	39	45	26
TOTAL CURRENT LIABILITIES		**4 991**	**2 336**	**2 168**
Liabilities of assets classified as held for sale (*)	32	5 145	378	69
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**13 403**	**8 678**	**7 845**

This item mainly concerns:

- At June 30, 2010, the liabilities related to Edenred, Groupe Lucien Barrière and Onboard Train Services.
- At December 31, 2010, the liabilities related to Groupe Lucien Barrière and Onboard Train Services.
- At June 30, 2011, the liabilities related to Lenôtre and Onboard Train Services.

Consolidated Cash Flow Statements

	In € millions	Notes	2010	June 2010	June 2011
+	EBITDA	7	880	379	406
+	Net financial expense	10	(134)	(73)	(55)
+	Income tax expense		(129)	(71)	(50)
-	Non cash revenue and expense included in EBITDA		15	11	8
-	Elimination of provision movements included in net financial expense, income tax expense and non-recurring taxes		59	41	7
+	Dividends received from associates		4	-	8
+	Impact of discontinued operations		169	131	(5)
=	**Funds from operations excluding non-recurring transactions**	34	**864**	**418**	**319**
+	Decrease (increase) in operating working capital	35	198	32	(142)
+	Impact of discontinued operations		(212)	(195)	7
=	**Net cash from operating activities**		**850**	**255**	**184**
+	Cash received (paid) on non-recurring transactions (included restructuring costs and non-recurring taxes)		(120)	(91)	(39)
+	Decrease (increase) in non-operating working capital		-	237	-
+	Impact of discontinued operations		(65)	(58)	(12)
=	**Net cash from operating activities including non-recurring transactions (A)**		**665**	**343**	**133**
-	Renovation and maintenance expenditure	36	(281)	(89)	(94)
-	Development expenditure	37	(340)	(167)	(96)
+	Proceeds from disposals of assets		556	221	149
+	Impact of discontinued operations		335	(42)	442
=	**Net cash used in investments/ divestments (B)**		**270**	**(77)**	**401**
+	Proceeds from issue of share capital		44	18	6
-	Dividends paid		(249)	(245)	(151)
-	Repayment of long-term debt		(304)	(226)	(56)
-	Payment of finance lease liabilities		(52)	(6)	(5)
+	New long term debt		75	24	13
=	**Increase (decrease) in long-term debt**		**(281)**	**(208)**	**(48)**
+	Increase (decrease) in short-term debt		(1 253)	(823)	15
+	Change in percentage ownership of subsidiaries		-	-	(44)
+	Impact of discontinued operations		837	2 267	(200)
=	**Net cash from financing activities (C)**		**(902)**	**1 009**	**(422)**
+	Effect of changes in exchange rates (D)		(20)	(20)	(19)
+	Effect of changes in exchange rates on discontinued operations (D)		47	158	(2)
=	**Net change in cash and cash equivalents (E)=(A)+(B)+(C)+(D)**		**60**	**1 413**	**91**

		Notes	2010	June 2010	June 2011
-	Cash and cash equivalents at beginning of period		1 076	1 076	1 098
-	Effect of changes in fair value of cash and cash equivalents		1	(4)	5
-	Cash and Cash equivalents reclassified at end of period in “Assets held for sale”		(39)	(1 238)	(1)
-	Net change in cash and cash equivalents for discontinued operations		-	-	36
+	Cash and cash equivalents at end of period	30	1 098	1 247	1 229
=	**Net change in cash and cash equivalents**		**60**	**1 413**	**91**

Changes in Consolidated Shareholders' Equity

In € millions	Number of shares outstanding	Share capital	Additional paid-in capital	Currency translation reserve (1)	Hedging Instruments reserve	Reserve for actuarial gains/losses	Reserve related to employee benefits	Retained earnings and profit for the period	Shareholders' equity	Minority interests	Consolidated shareholders' Equity	Recognition of debt towards Edenred shareholders (3)	Total Shareholders' Equity
At January 1, 2010	**225 458 199**	**676**	**2 379**	**(203)**	**(12)**	**(26)**	**102**	**81**	**2 997**	**257**	**3 254**	**-**	**3 556**
Issues of share capital													
- Stock dividends and performance share grants	**26 166**	0	-	-	-	-	-	(0)	**-**	**-**	**-**	-	**-**
- In cash	**429 169**	2	13	-	-	-	-	-	**15**	**4**	**19**	-	**19**
- On mergers	**(34 638)**	-	-	-	-	-	-	-	**-**	**-**	**-**	-	**-**
Dividends paid in cash (2)	**-**	-	-	-	-	-	-	(237)	**(237)**	**(8)**	**(245)**	-	**(245)**
Change in reserve for employee benefits	**-**	-	-	-	-	-	7	-	**7**	**-**	**7**	-	**7**
Effect of scope changes	**-**	-	-	-	-	-	-	(39)	**(39)**	**41**	**2**	(2 578)	**(2 576)**
Other Comprehensive Income	**-**	**-**	**-**	**434**	**(1)**	**-**	**-**	**-**	**433**	**5**	**438**	**-**	**438**
Net Profit	-	-	-	-	-	-	-	(15)	**(15)**	**3**	**(12)**	-	**(12)**
Total Comprehensive Income	**-**	**-**	**-**	**434**	**(1)**	**-**	**-**	**(15)**	**418**	**8**	**426**	**-**	**426**
At June 30, 2010	**225 878 896**	**678**	**2 392**	**231**	**(13)**	**(26)**	**109**	**(210)**	**3 161**	**302**	**3 463**	**(2 578)**	**885**
Issues of share capital													
- On exercise of stock options	**915 053**	2	18	-	-	-	-	-	**20**	**5**	**25**	-	**25**
Dividends paid													
- In cash		-	-	-	-	-	-	-	**-**	**(4)**	**(4)**	-	**(4)**
- In connection with the demerger (4)		-	(1 099)	-	-	-	-	(1 838)	**(2 937)**	**-**	**(2 937)**	-	**(2 937)**
Change in reserve for employee benefits	**-**	-	-	-	-	-	12	-	**12**	**-**	**12**	-	**12**
Effect of scope changes	**-**	-	-	-	-	2	-	(7)	**(5)**	**(19)**	**(24)**	2 578	**2 554**
Other Comprehensive Income	**-**	**-**	**-**	**(217)**	**3**	**(2)**	**-**	**-**	**(216)**	**8**	**(208)**	**-**	**(208)**
Net Profit	**-**	-	-	-	-	-	-	3 615	**3 615**	**7**	**3 622**	**-**	**3 622**
Total Comprehensive Income	**-**	**-**	**-**	**(217)**	**3**	**(2)**	**-**	**3 615**	**3 399**	**15**	**3 414**	**-**	**3 414**
At December 31, 2010	**226 793 949**	**680**	**1 311**	**14**	**(10)**	**(26)**	**121**	**1 560**	**3 650**	**299**	**3 949**	**-**	**3 949**
Issues of share capital													
- Performance share grants	**107 646**	0	0	-	-	-	-	-	**0**	**-**	**0**	-	**0**
- On exercise of stock options	**254 638**	1	5	-	-	-	-	-	**6**	**-**	**6**	-	**6**
Dividends paid in cash (2)	**-**	-	-	-	-	-	-	(141)	**(141)**	**(10)**	**(151)**	-	**(151)**
Change in reserve for employee benefits	**-**	-	-	-	-	-	7	-	**7**	**-**	**7**	-	**7**
Effect of scope changes	**-**	-	-	-	-	(2)	-	2	**-**	**(46)**	**(46)**	-	**(46)**
Other Comprehensive Income	**-**	**-**	**-**	**(140)**	**3**	**(1)**	**-**	**-**	**(138)**	**(3)**	**(141)**	**-**	**(141)**
Net Profit	-	-	-	-	-	-	-	41	**41**	**11**	**52**	-	**52**
Total Comprehensive Income	**-**	**-**	**-**	**(140)**	**3**	**(1)**	**-**	**41**	**(97)**	**8**	**(89)**	**-**	**(89)**
At June 30, 2011	**227 156 233**	**681**	**1 316**	**(126)**	**(7)**	**(29)**	**128**	**1 462**	**3 425**	**251**	**3 676**	**-**	**3 676**

(1) Exchange differences on translating foreign operations between December 31, 2010 and June 30, 2011, representing a negative impact of €140 million, mainly concern changes in exchange rates against the euro of the US dollar (€115 million negative impact), the British pound (€12 million negative impact) and the Chinese yuan (€10 million positive impact).
The period-end euro/local currency exchange rates applied to prepare the consolidated financial statements were as follows:

	USD	GBP	CNY
June 2010	1,2271	0,8175	8,3215
December 2010	1,3362	0,8608	8,8220
June 2011	1,4453	0,9026	9,3416

(2) The 2009 and 2010 dividends were as follows:

In €	**2009**	**2010**
Dividend per share	**1,05**	**0,62**

(3) This column presents the best estimate, as at June 30, 2010, of the fair value of the Edenred shares delivered to shareholders on July 2, 2010 as part of the Group's demerger.
(4) The value of the Edenred shares distributed as part of the company's initial public offering on July 2, 2010 stood at €2,937 million (see Note 2.E).

Number of Accor's shares is detailed as follows:

Details on shares	June 2010	Dec. 2010	June 2011
Total number of shares authorized	227 898 962	226 793 949	227 156 233
Number of fully paid shares issued and outstanding	227 898 962	226 793 949	227 156 233
Number of shares issued and outstdanding not fully paid	-	-	-
Par value per share (in €)	3	3	3
Treasury stock	-	-	-
Number of shares held for allocation on exercise of stock options and grants	-	-	-

Number of outstanding shares and number of potential shares that could be issued breaks down as follows:

Outstanding shares at January 1, 2011	**226 793 949**
Performance shares grant	107 646
Shares from conversion of stock option plans	254 638
Outstanding shares at June 30, 2011	**227 156 233**
Accor's share capital at June 30, 2011	**227 156 233**
Shares in treasury at June 30, 2011	-
Outstanding shares at June 30, 2011	**227 156 233**
Stock option plans (see Note 25.3)	13 277 698
Potential number of shares	**240 433 931**

Full conversion would have the effect of reducing debt at June 30, 2011 as follows:

	In € millions
Theoretical impact of exercising stock options (*)	399
Theoretical impact on net debt of exercising all equity instruments	**399**

(*) assuming exercise of all options outstanding at June 30, 2011.

Average number of ordinary shares before and after dilution is presented as follows:

Accor's share capital at June 30, 2011	**227 156 233**	
Outstanding shares at June 30, 2011	**227 156 233**	
Effect of share issues on the weighted average number of shares	(55 310)	
Adjustment from stock option plans exercised during the period	(106 607)	
Weighted average number of ordinary shares during the period	**226 994 316**	(See Note 25)
Impact of dilutive performance shares at June 30, 2011	1 107 057	
Weighted average number of shares used to calculate diluted earning per share	**228 101 373**	(See Note 25)

Key Management Ratios

	Note	June 2010 (*)	Dec. 2010 (**)	June 2011 (***)
Gearing	(a)	109%	18%	15%
Adjusted Funds from Ordinary Activities / Adjusted Net Debt	(b)	16,7%	20,1%	23,1%
Return On Capital Employed	(c)	9,5%	11,3%	11,9%
Economic Value Added (EVA ®) (in € millions)	(d)	64	75	122

(*) Based on continuing operations; i.e. excluding Edenred, Groupe Lucien Barrière and the Onboard Train Services business, which in accordance with IFRS 5 were reclassified as discontinued operations as of June 30, 2010.
(**) Based on continuing operations; i.e. excluding Edenred, which was deconsolidated during the period, and Groupe Lucien Barrière and the Onboard Train Services business, which in accordance with IFRS 5 were reclassified as discontinued operations as of December 31, 2010.
(***) Based on continuing operations; i.e. excluding Groupe Lucien Barrière, which was deconsolidated during the period, and the Onboard Train Services business, which in accordance with IFRS 5 was reclassified as discontinued operations as of June 30, 2011.

Note (a): Gearing corresponds to the ratio of net debt to equity (including minority interests).

At June 30, 2010, the gearing ratio takes into account the effect of applying IFRIC 17 in the financial statements at June 30, 2010 in connection with the demerger (See Note 2.E).
As of July 2, 2010, after payment of the dividend, i.e. elimination of the debt recognized following adoption of IFRIC 17 (see Note 2.E) and excluding Edenred's balance sheet at June 30, 2010, gearing would stand at 21%.

Note (b): Adjusted Funds from Ordinary Activities / Adjusted Net Debt is calculated as follows, corresponding to the method used by the main rating agencies:

	June 2010 (*)	Dec. 2010 (**)	June 2011 (***)
Net debt at end of the period (see Note 30)	**964**	**730**	**559**
Debt restatement prorated over the period	101	319	47
Average net debt	**1 065**	**1 049**	**606**
Rental commitments discounted at 8% (a)	3 778	3 742	3 650
Total Adjusted net debt	**4 843**	**4 791**	**4 256**
Funds from Ordinary Activities (12 months)	**574**	**695**	**725**
Rental amortization	235	266	260
Adjusted Funds from Ordinary Activities	**809**	**961**	**985**
Adjusted Funds from Ordinary Activities / Adjusted Net Debt	**16,7%**	**20,1%**	**23,1%**

(*) Based on continuing operations; i.e. excluding Edenred, Groupe Lucien Barrière and the Onboard Train Services business, which in accordance with IFRS 5 were reclassified as discontinued operations as of June 30, 2010.
(**) Based on continuing operations; i.e. excluding Edenred, which was deconsolidated during the period, and Groupe Lucien Barrière and the Onboard Train Services business, which in accordance with IFRS 5 were reclassified as discontinued operations as of December 31, 2010.

(***) Based on continuing operations; i.e. excluding Groupe Lucien Barrière, which was deconsolidated during the period, and the Onboard Train Services business, which in accordance with IFRS 5 was reclassified as discontinued operations as of June 30, 2011.

(a) Rental commitments correspond to the amounts presented in Note 6 C. They do not include any variable or contingent rentals. The 8% rate is the rate used by Standard & Poor's.

Adjusted net debt at June 30, 2010 is based on rental commitments discounted at 8% (€3,778 million).
Adjusted net debt at December 31, 2010 is based on rental commitments discounted at 8% (€3,742 million).
Adjusted net debt at June 30, 2011 is based on rental commitments discounted at 8% (€3,650 million).

Note (c): Return On Capital Employed (ROCE) is defined below.

Note (d): Economic Value Added (EVA ®).

2010 and 2011 Economic Value Added (EVA) have been calculated as follows:

		June 2010	**Dec. 2010**	**June 2011**
Weighted Average Cost of Capital (WACC)	(1)	**7,37%**	**8,67%**	**8,64%**
ROCE after tax	(2)	**8,15%**	**9,60%**	**10,20%**
Capital Employed (in € millions)		**8 211**	**8 123**	**7 862**
Economic Value Added (in € millions)	(3)	**64**	**75**	**122**

1) 2010 WACC has been recalculated based on the post-demerger structure of the Accor Group. To permit meaningful comparisons, WACC at June 30, 2010 has not been adjusted for these effects and has been applied to adjusted financial items for the period.

2) ROCE after tax is determined as follows:

$$\frac{\text{EBITDA} - [(\text{EBITDA} - \text{depreciation, amortization and provisions}) \times \text{tax rate}]}{\text{Capital employed}}$$

For example, at June 30, 2011 the data used in the formula were as follows:
EBITDA : €906 million (see ROCE hereafter)
Depreciation, amortization and provisions : €417 million
Effective tax rate : 25.4% (see Note 16.2)
Capital employed : €7,862 million (see ROCE hereafter)

3) EVA is determined as follows:
(ROCE after tax – WACC) x Capital employed

A 0.1 point increase or decrease in the Beta would have had a €37 million impact on 2010 EVA and a €35 million impact on 2011 EVA.

Return On Capital Employed (ROCE) by Business Segment

Return On Capital Employed (ROCE) is a key management indicator used internally to measure the performance of the Group's various businesses. It is also an indicator of the profitability of assets that are either not consolidated or accounted for by the equity method.
It is calculated on the basis of the following aggregates derived from the consolidated financial statements:

- Adjusted EBITDA: for each business, EBITDA plus revenue from financial assets and investments in associates (dividends and interests).
- Capital Employed: for each business, the average cost of 2010 and 2011 non-current assets, before depreciation, amortization and provisions, plus working capital.

ROCE corresponds to the ratio between EBITDA and average capital employed for the period. In June 2011, ROCE stood at 11.9% versus 11.3% in December 2010 and 9.5% in June 2010.

In € millions		June 2010 (12 months)	2010	June 2011 (12 months)
Capital employed		8 691	8 506	8 321
Adjustments on capital employed	(a)	(572)	(501)	(377)
Effect of exchange rate on capital employed	(b)	92	118	(82)
Average Capital Employed		**8 211**	**8 123**	**7 862**
EBITDA (see Note 7)		757	880	906
Interest income on external loans and dividends		10	12	12
Share of profit of associates before tax (see Note 11)		13	24	15
Published Adjusted EBITDA		**780**	**916**	**933**
ROCE (Adjusted EBITDA/Capital Employed)		**9,5%**	**11,3%**	**11,9%**

(a) For the purpose of calculating ROCE, capital employed is prorated over the period of EBITDA recognition in the income statement. For example, the capital employed of a business acquired on June 30 that did not generate any EBITDA during the period would not be included in the calculation.

(b) Capital employed is translated at the average exchange rate for the year, corresponding to the rate used to translate EBITDA.

Return on capital employed (ratio between EBITDA and average capital employed) for continuing operations over a 12-month rolling period is as follows, by business segment:

Business	June 2010		Dec. 2010		June 2011	
	Capital Employed In € millions	ROCE %	Capital Employed In € millions	ROCE %	Capital Employed In € millions	ROCE %
HOTELS	**7 968**	**9,5%**	**7 873**	**11,1%**	**7 622**	**11,7%**
Upscale and Midscale Hotels	4 322	8,3%	4 279	10,4%	4 209	10,9%
Economy Hotels	2 084	16,4%	2 008	18,2%	1 921	19,1%
Economy Hotels United States	1 562	3,6%	1 586	4,1%	1 492	4,4%
OTHER BUSINESSES	**243**	**9,5%**	**250**	**15,5%**	**240**	**17,0%**
GROUP TOTAL excluding discontinued operations	**8 211**	**9,5%**	**8 123**	**11,3%**	**7 862**	**11,9%**

Notes to the Consolidated Financial Statements

NOTE 1. Summary of Significant Accounting Policies

General framework

In accordance with European Commission regulation 1606/2002 dated July 19, 2002 on the application of international financial reporting standards, the Accor Group consolidated financial statements for the year ended June 30, 2011, have been prepared in accordance with the International Financial Reporting Standards (IFRSs) adopted by the European Union as of that date. They include comparative interim and annual 2010 financial information, prepared in accordance with the same standards.

At June 30, 2011, the accounting standards and interpretations adopted by the European Union were the same as 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 Accor Group's financial statements because application of IAS 39 will have no impact on the Group's financial statements when it is adopted by the European Union and becomes 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 following new standards and amendments to existing standards adopted by the European Union were applicable from January 1, 2011:

- Amendment to IAS 32 "Classification of Rights Issues": The purpose of this amendment is to clarify the accounting treatment of rights, options and warrants issued in a currency other than the entity's functional currency. If the rights, options or warrants are issued to existing shareholders on the basis of the number of shares they already own and in exchange for a fixed amount of cash, they are classified as equity instruments even if their exercise price is denominated in a currency other than the entity's functional currency. The amendment had no impact on the consolidated financial statements for the periods presented.

- Amendment to IFRIC 14 "Prepayments of a Minimum Funding Requirement": this amendment had no impact on the consolidated financial statements for the periods presented.

- Amendment to IFRS 1 "Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters": this standard concerns companies adopting IFRS for the first time and the revision therefore had no impact on the consolidated financial statements for the periods presented.

- Improvements to IFRS (May 2010): application of the amendments to standards had no effect on the consolidated financial statements for the periods presented.

- IFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments": this amendment clarifies the accounting treatment of equity instruments issued by an entity to extinguish all or part of a financial liability. The amendment had no impact on the consolidated financial statements for the periods presented.

- IAS 24 (revised) "Related Party Disclosures": this revised standard had no impact on the consolidated financial statements for the periods presented.

Assessment of the potential impact on the consolidated financial statements of future standards, amendments to existing standards and interpretations of existing standards.

The Group has elected not to early adopt the following standards, amendments and interpretations adopted or in the process of being adopted by the European Union at June 30, 2011 and applicable after that date:

Standard or Interpretation		**Application Date (period beginning on or after)**	**Measurement of the possible impact on the Accor Group consolidated financial statements in the period of initial application**
Amendment to IFRS 1	"Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters"	July 1, 2011	These standards, interpretations and amendments to existing standards are currently not expected to have a material impact on the consolidated financial statements.
Amendment to IAS 12	"Deferred Tax: Recovery of Underlying Assets"	January 1, 2012	
Amendment to IFRS 7	"Disclosures—Transfers of Financial Assets"	July 1, 2011	
IFRS 9	« Financial Instruments: Recognition and Measurement"	January 1, 2013	
Additions to IFRS 9	« Financial Instruments: Recognition and Measurement"	January 1, 2013	
IFRS 10	"Consolidated Financial Statements"	January 1, 2013	
IFRS 11	"Joint Arrangements"	January 1, 2013	Following adoption of IFRS 11, application of the proportionate consolidation method to jointly controlled entities will no longer be allowed. Consequently from January 1, 2013 these entities will be accounted for by the equity method if joint control is continuing or fully consolidated if exclusive control is demonstrated, with retrospective application of this method to 2012.
IFRS 12	"Disclosure of Interests in Other Entities"	January 1, 2013	These standards, interpretations and amendments to existing standards are currently not expected to have a material impact on the consolidated financial statements.
IFRS 13	"Fair Value Measurement"	January 1, 2013	
Amendment to IAS 27	"Separate Financial Statements"	January 1, 2013	
Amendment to IAS 28	"Investments in Associates and Joint Ventures"	January 1, 2013	
Amendment to IAS 1	"Presentation of Items of Other Comprehensive Income"	July 1, 2012	
IAS 19 (Revised)	"Employee Benefits"	January 1, 2013	The revised standard introduces fundamental changes to the recognition and presentation of defined benefit plans as well as to the required disclosures. The main change concerns the abolition of the option allowing actuarial gains and losses to be accounted for by the corridor method. The impact of the revised standard on the consolidated financial statements is not expected to be material as Accor does not apply the corridor method.

First-time adoption of IFRSs

The following options adopted by Accor in the opening IFRS balance sheet at the IFRS transition date (January 1, 2004) in accordance with IFRS 1, continue to have a material impact on the consolidated financial statements:

- Business combinations recorded prior to January 1, 2004 were not restated.
- Cumulative translation differences at the transition date were reclassified in retained earnings.
- Property, plant and equipment and intangible assets were not measured at fair value at the transition date.
- IFRS 2 – Share-based Payment was applied to equity instruments granted after November 7, 2002 that had not vested as of January 1, 2005.

Basis for preparation of the financial standards

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, except for Groupe Lucien Barrière SAS whose year-end is October 31. As a result, the later company's interim and annual financial statements consolidated in the Group's financial statements for the periods ended June 30, 2010 and December 31, 2010 correspond to the April 30 and October 30, 2010 closings.

The preparation of consolidated financial statements implies the consideration by Group management of estimates and assumptions that can affect the carrying amount of certain assets and liabilities, income and expenses, and the information disclosed in the notes to the financial statements. Group 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. Items 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 the preparation of financial statements concern the valuation and the useful life of intangible assets, property, plant and equipment and goodwill, the amount of provisions for contingencies and the assumptions underlying the calculation of pension obligations, claims and litigation and deferred tax balances.

The main assumptions made by the Group are presented in the relevant notes to the financial statements.

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.

Capital management

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 managed and adjusted to keep pace with changes in economic conditions, by adjusting dividends, returning capital to shareholders or issuing new shares. Capital management objectives, policies and procedures were unchanged in 2011.

The main indicator used for capital management purposes is the gearing or debt-to-equity ratio (corresponding to net debt divided by equity: see Note "Key Management Ratios" and Note 30). Group policy consists of keeping this ratio below 100%. For the purpose of calculating the ratio, net debt is defined as all short and long-term borrowings, including lease liabilities, derivative instruments with negative fair values and bank overdrafts less cash and cash equivalents, derivative instruments with positive fair values and disposal proceeds receivable in the short-term. Equity includes convertible preferred stock and unrealized gains and losses recognized directly in equity, but excludes minority interests.

Moreover, the Group has set a target at the end of June 2011 of maintaining the adjusted funds from ordinary activities/Adjusted net debt ratio at more than 25%.

The main accounting methods applied are as follows:

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 Accor 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", in assessing whether control exists only potential voting rights that are currently exercisable or convertible are taken into account. No account is taken of potential voting rights that cannot be exercised or converted until a future date or until the occurrence of a future event.

B. Business combinations and loss of control – changes in scope of consolidation

Applicable since January 1, 2010, IFRS 3 (revised) "Business Combinations" and IAS 27 (revised) "Consolidated and Separate Financial Statements" have led the Group to alter its accounting treatment of business combinations and transactions with non-controlling interests carried out on or after this date, as follows:

B.1. Business Combinations

Business combinations are accounted for applying the acquisition method:

- The acquisition cost is measured at the acquisition date at the fair value of the consideration transferred, including all contingent consideration. Subsequent changes in contingent consideration are accounted for either through profit or loss or through other comprehensive income.

- Identifiable assets and liabilities acquired are measured at fair value. Fair value measurements must be completed within one year or as soon as the necessary information to identify and value the assets and liabilities has been obtained. They are performed in the currency of the acquiree. In subsequent years, these fair value adjustments follow the same accounting treatment as the items to which they relate.

- Goodwill is the difference between the consideration transferred and the fair value of the identifiable assets and liabilities assumed at the acquisition date and is recognized as an asset in the balance sheet (see Note C. Goodwill).

Costs related to business combinations are recognized directly as expenses.

When a business combination is achieved in stages, the previously held equity interest is remeasured at fair value at the acquisition date through profit or loss. The attributable other comprehensive income, if any, is fully reclassified in operating income.

B.2. Loss of control with residual equity interest

The loss of control while retaining a residual equity interest may be analyzed as the disposal of a controlling interest followed by the acquisition of a non-controlling interest. This process involves, as of the date when control is lost:

- The recognition of a gain or loss on disposal, comprising:
    - A gain or loss resulting from the percentage ownership interest sold ;
    - A gain or loss resulting from the remeasurement at fair value of the ownership interest retained in the entity.
- The other comprehensive income items are reclassified in the profit or loss resulting from the ownership interest disposed.

B.3. Purchases or disposals of non-controlling interest

Transactions with non-controlling interests in fully consolidated companies that do not result in a loss of control, are now accounted for as equity transactions, with no effect on profit or loss or on other comprehensive income.

B.4. Loss of significant influence while retaining a residual interest

The loss of significant interest while retaining a residual interest may be analyzed as the disposal of shares accounted for by the equity method followed by the acquisition of a financial asset. This process involves, as of the date of disposal:

- The recognition of a gain or loss on disposal, comprising:

   - A gain or loss resulting from the percentage ownership interest sold, and;
   - A gain or loss resulting from the remeasurement at fair value of the retained percentage ownership interest.
- The reclassification in profit of all of the other comprehensive income items.

C. Goodwill

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". Residual 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 recognize goodwill:

- By the full goodwill method (i.e. on a 100% basis): in this case, non-controlling interests are measured at fair value and goodwill attributable to non-controlling interests is recognized in addition to the goodwill recognized on the acquired interest.
- By the partial goodwill method (i.e. based on the percentage interest acquired, with no change possible later in the event of an additional interest being acquired that does not transfer control): in this case, non-controlling interests are measured as the non-controlling interest's proportionate share of the acquiree's identifiable net assets and goodwill is only recognized for the share acquired.

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 (revised) "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 Note 1.E.6. 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 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.
For subsidiaries operating in hyperinflationary economies, non-monetary assets and liabilities are translated at the exchange rate at the transaction date (historical rate) and monetary assets and liabilities are translated at the closing rate.
In the income statement, income and expense related to non-monetary assets and liabilities are translated at the historical rate and other items are translated at the average rate for the month in which the transaction was recorded. Differences arising from the application of this method are recorded in the income statement under "Net financial expense".

E. Non-current assets

E.1. Intangible assets

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

Brands and lease premiums (droit au bail) in France are considered as having indefinite useful lives because the Group considers that there is no foreseeable limit to the period in which they can be used 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 fair value is less than their carrying amount, an impairment loss is recognized (see Note 1.E.6).

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

The clientele of hotels outside France is generally amortized over the life of the underlying lease.

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.

Software costs development incurred during the development phase are capitalized as internally-generated assets if the Group can demonstrate all of the following in accordance with IAS 38:

- Its intention to complete the intangible asset and the availability of adequate technical, financial and other resources for this purpose.
- How the intangible asset will generate probable future economic benefits.
- Its ability to measure reliably the expenditure attributable to the intangible asset during its development.

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:

	Upscale and Midscale Hotels	**Economy Hotels**
Buildings	50 years	35 years
Building improvements, fixtures and fittings	7 to 25 years	
Capitalized construction-related costs	50 years	35 years
Equipment	5 to 15 years	

E.3. Borrowing costs

Borrowing costs directly attributable to the construction or production of a qualifying asset are included in the cost of the asset. Other borrowing costs are recognized as an expense for the period in which they are incurred.

E.4. Leases and sale and leaseback transactions

Leases are analysed based on IAS 17 "Leases".

Leases that transfer substantially all the risks and rewards incidental to ownership of an asset to the lessee are qualified as finance leases and accounted for as follows:

- The leased item is recognized as an asset at an amount equal to its fair value or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease.
- A liability is recognized for the same amount, under "Finance lease liabilities".
- Minimum lease payments are allocated between interest expense and reduction of the lease liability.

- The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

The asset is depreciated over its useful life, in accordance with Group accounting policy, if there is reasonable certainty that the Group will obtain ownership of the asset by the end of the lease term; otherwise the asset is depreciated by the components method over the shorter of the lease term and its useful life.

Lease payments under operating leases are recognized as an expense on a straight-line basis over the lease term. Future minimum lease payments under non-cancelable operating leases are disclosed in Note 6.
Where sale and leaseback transactions result in an operating lease and it is clear that the transaction is established at fair value, any profit or loss is recognized immediately. Fair value for this purpose is generally determined based on independent valuations.

E.5. Other financial investments

Other financial investments, corresponding to investments in non-consolidated companies, are classified as "Available-for-sale financial assets" and are therefore measured at fair value. Unrealized gains and losses on an investment are recognized directly in equity (in the Fair value adjustments on Financial Instruments reserve) and are reclassified to profit when the investment is sold. A significant or prolonged decline in the value of the investment leads to the recognition of an irreversible impairment loss in profit.
Equity-accounted investments in associates are initially recognised at acquisition cost, including any goodwill. Their carrying amount is then increased or decreased to recognise the Group's share of the associate's profits or losses after the date of acquisition.

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 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 1.E.6.

E.6. Recoverable value of assets

In accordance with IAS 36 "Impairment of Assets", the carrying amounts of property, plant and equipment, intangible assets and goodwill are reviewed and tested for impairment when there is any indication that they may be impaired and at least once a year for the following:

- Assets with an indefinite useful life such as goodwill, brands and lease premiums
- Intangible assets not yet available for use.

CRITERIA USED FOR IMPAIRMENT TESTS

For impairment testing purposes, the criteria considered as indicators of a possible impairment in value are the same for all businesses:

- 15% drop in revenue, based on a comparable consolidation scope ; or
- 30% drop in EBITDA, based on a comparable consolidation scope.

CASH-GENERATING UNIT

Impairment tests are performed individually for each asset except when an asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. In this case, it is included in a cash-generating unit (CGU) and impairment tests are performed at the level of the cash-generating unit.
In the hotel business, each hotel is treated as a separate CGU comprising the hotel property and equipment.

Goodwill is tested for impairment at the level of the cash-generating unit (CGU) to which it belongs. CGUs correspond to specific businesses and countries; they include not only goodwill but also all the related property, plant and equipment and intangible assets.

Other assets, and in particular intangible assets, are tested individually.

METHODS USED TO DETERMINE RECOVERABLE VALUE

Impairment tests consist of comparing the carrying amount of the asset or the CGU with its recoverable value. The recoverable value of an asset or a CGU is the higher of its fair value less costs to sell and its value in use.

Property, plant and equipment and goodwill:

The recoverable value of all the assets or the CGUs is determined by comparing the results obtained by two methods, the EBITDA multiples method (fair value approach) and the after-tax discounted cash flows method (value in use approach).

1. Valuation by the EBITDA multiples method.

Accor operates in a capital-intensive industry (involving significant investment in real estate) and the EBITDA multiples method is therefore considered to be the best method of calculating the assets' fair value less costs to sell, representing the best estimate of the price at which the assets could be sold on the market on the valuation date.

For impairment tests performed by hotel, the multiples method consists of calculating each hotel's average EBITDA for the last two years and applying a multiple based on the hotel's location and category. The multiples applied by the Group correspond to the average prices observed on the market for transactions and are as follows:

Segment	**Coefficient**
Upscale and Midscale Hotels	7.5 < x < 10.5
Economy Hotels	6.5 < x < 8
Economy Hotels United States	6.5 < x < 8

For impairment tests performed by country, recoverable amount is determined by applying to the country's average EBITDA for the last two years a multiple based on its geographic location and a country coefficient.

If the recoverable amount is less than the carrying amount, the asset's recoverable amount will be recalculated according the discounted cash flows method.

2. Valuation by the discounted cash flows method (in particular for goodwill).

The projection period is limited to five years. Cash flows are discounted at a rate corresponding to the year-end weighted average cost of capital. Separation calculations are performed based on each country's specific characteristics. The projected long-term rate of revenue growth reflects each country's economic outlook. For 2011, long-term growth rates ranging from 2% to 2.6% were used depending on the countries.

Intangible assets except goodwill:

The recoverable value of an intangible asset is determined according the discounted cash flow method only (referred to above), due to the absence of an active market and comparable transactions.

IMPAIRMENT LOSS MEASUREMENT

If the recoverable amount is less than the carrying amount, an impairment loss is recognized in an amount corresponding to the lower of the losses calculated by the EBITDA multiples and discounted cash flows methods. Impairment losses are recognized in the income statement under "Impairment losses" (see Note 1.R.7).

REVERSAL OF AN IMPAIRMENT LOSS

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 patents and software, are irreversible. 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.

E.7. ASSETS OR DISPOSAL GROUPS HELD FOR SALE

In accordance with IFRS 5 "Non-Current Assets Held for Sale and Discontinued Operations", assets or group of assets held for sale are presented separately on the face of the balance sheet, at the lower of their carrying amount and fair value less costs to sell.

Assets are classified as "held for sale" when they are available for immediate sale in their present condition, their sale is highly probable, management is committed to a plan to sell the asset and an active program to locate a buyer and complete the plan has been initiated.

This item groups together:

- Non-current assets held for sale.
- Groups of assets held for sale.
- The total current and non-current assets related to a business or geographical segment (i.e. to a discontinued operation) itself held for sale.

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. Prepaid expense

Prepaid expenses correspond to expenses paid during the period that relate to subsequent periods. They also include the effect of recognizing rental expense on a straight-line basis over the life of the lease. Prepaid expenses are included in "Other receivables and accruals".

H. Employee benefits expense

Employee benefits expense includes all amounts paid or payable to employees, including profit-sharing and the cost of share-based payments.

I. 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, in application of certain assumptions. Provisions are discounted when the effect of the time value of money is material, using a discount rate that reflects current market assessments of the time value of money. The most commonly applied rates are the prime long-term corporate bond rate or the government bond rate.

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 as of the close of accounts.

J. Pensions and other post-employment benefits

The Group offers various complementary pensions, 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 under these plans are recognized immediately as an expense.

For defined benefit plans, including multi-employer plans when the manager is able to provide the necessary information, 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 the discount rate. These assumptions take into account the macro-economic environment and other specific conditions in the various host countries.

Pension and other retirement benefit obligations take into account the market value of plan assets. The amount recognized in the balance sheet corresponds 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 any 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 "Non-current Provisions".

K. 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 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 "Net financial expense", except for gains and losses on financial liabilities measured at fair value which are recognized in equity.

L. Income taxes

Income tax expense (or benefit) includes both current and deferred tax expense (or benefit).

Current taxes on taxable profits for the reporting period and previous periods are recognized as liabilities until they are paid.

In accordance with IAS 12 "Income Taxes", deferred taxes are recognized on temporary differences between the carrying amount of assets and liabilities and their tax base by 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 rate change is announced.

A deferred tax liability is recognized for all temporary differences, except when it arises from the initial recognition of non-deductible goodwill or the initial recognition of an asset or liability in a transaction which 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 interests in 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 carryforwards only when it is probable that the asset will be recovered in the foreseeable future based on the most recently updated projections.

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

Since January 1, 2010, deferred tax assets of acquired companies that are not recognized at the time of the business combination or during the measurement period are recognized in profit or loss without adjusting goodwill if they arise from a post-acquisition event.
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:

1) 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.
2) 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 stated that each business should exercise its own judgment to determine the accounting classification of the CVAE.

In its 2010 and 2011 financial statements, Accor decided therefore to classify CVAE as income tax.

M. Share-based payments

M.1. Share-based payments

Stock Option Plans

In accordance with the transitional provisions of IFRS 1 "First-time Adoption of International Financial Reporting Standards", employee benefits expense is recognized only for grants of shares, stock options or other equity instruments that were granted after November 7, 2002 and had not yet vested at January 1, 2005.
IFRS 2 applies to all stock option plans outstanding at June 30, 2011. Thirteen of 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 starting date of the exercised period. One plan is a performance option plan with vesting conditions other than market conditions. Two other plans are a performance option plan with vesting conditions based on performance in relation to the market. As for the other plans, grantees must still be employed by the Group at the starting date of the exercise period.

The service cost representing consideration for the stock options is recognized in expense over the vesting period by adjusting equity. The expense recognized in each period corresponds to the fair value of equity instruments granted at the grant date, as 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 corresponding to the dates on which the Board of Directors approved these plans.

Under IFRS 2, vesting conditions, other than market conditions, are not taken into account when estimating the fair value of the options but are taken into account by adjusting the number of equity instruments included in the measurement of the transaction amount, so that, ultimately, the amount recognized for goods and services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest.

Market conditions are taken into account when estimating the fair value of the equity instruments granted, leading to the options being valued at a discounted price. The value attributed to the discount cannot be adjusted, whatever the extent to which the performance conditions have been met at the end of the vesting period. It is determined using the Monte Carlo method, which consists of simulating the performance of Accor shares and the corresponding index according to a sufficiently large number of Brown scenarios. Assumptions concerning the probability of options being exercised are also factored into the Monte Carlo model.
When the options are exercised, the cash settlement is recorded in cash and cash equivalents and in equity. The amount recognized in equity is allocated between "Share capital" and "Additional paid-in capital".

Employee Stock Ownership Plan

IFRS 2 also applies to employee benefits granted through the Employee Stock Ownership Plan to the extent that shares are purchased at a discount by participating employees. Accordingly, when rights under the plan are exercisable at a price that is less than the fair value of the shares at the grant date, an expense is recognized immediately or over the vesting period, as appropriate.

The Group's employee stock ownership plans enable employees to invest in Accor stock at a discount price. The share purchase price before discount is based on the average of the prices quoted for Accor stock over the twenty trading days preceding the grant date. The shares are subject to a five-year lock-up.

The fair value of the employee benefit is measured by reference to:

- The discount reflected in the purchase price.
- The cost represented by the lock-up clause. This cost, which is calculated only for shares financed directly by employees and not for any shares financed by a bank loan, is measured by discounting the discount over 5 years at a rate corresponding to the risk-free interest rate.
- The grant date, defined as the date when the plan's terms and conditions are communicated to Group employees, corresponding to the first day of the subscription period.

The employee benefit is measured as the difference between the fair value of the acquired shares and the price paid by employees at the subscription date, multiplied by the number of shares subscribed.
The fair value, determined as described above, is recognized in full in "Employee benefits expense" at the end of the subscription period, by adjusting equity.

Accor Group Subsidiaries' Share-Based Payment Plans

Stock option plans have also been set up by certain Group companies, mainly in the United States and France. As the subsidiaries concerned are not listed on the stock exchange, Accor has given a commitment to buy back the shares issued on exercise of the options at their fair value, generally corresponding to a multiple of EBITDA less net debt. Most of these plans are governed by IFRS 2. Since they represent cash-settled plans, the related cost is accrued over the vesting period and the accrual is adjusted at each period-end based on updated valuation assumptions.

Performance shares plans

Performance shares plans are also recognized and measured in accordance with IFRS 2. The recognition and the measurement principles are those used to recognize and measure the stock option plans excepted for the measurement of the cost of the performance share plans corresponding to the Accor opening share price on the grant date less the present value of dividends unpaid multiplied by the number of shares issued.

M.2. Treasury stock

Accor shares held by the Company and/or subsidiaries are recognized as a deduction from equity.

Gains and losses on sales of treasury stock (and the related tax effect) are recognized directly in equity without affecting profit. No impairment losses are recognized on treasury stock.

N. 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.

N.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 corresponds to the difference between the carrying amount and the recoverable amount (i.e. the present value of the expected cash flows discounted using the original effective interest rate) and is recognized in profit or loss. This loss 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 corresponds to the difference between the carrying amount and the recoverable amount (i.e. the present value of the expected cash flows discounted using the original effective interest rate) and is recognized in profit or loss. This loss 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, equities, 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 the fair value of unlisted equities and mutual funds corresponds to their net asset value (level 1 valuation technique). For unlisted securities, fair value is estimated based on the most appropriate criteria applicable to each individual investment (using level 3 valuation techniques that are not based on observable data). 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 and can’t be reversed.

N.2. Derivative financial Instruments

Derivative financial instruments such as interest rate and currency swaps, caps and forward purchases of foreign currencies, are used solely to hedge exposures to changes in interest rates and exchange rates.

They are measured at fair value. Changes in fair value are recognized in profit, except for instruments qualified as cash flow hedges (hedges of variable rate debt) for which changes in fair value are recognized in equity.

The fair value of interest rate derivatives is equal to the present value of the instrument’s future cash flows, discounted at the interest rate for zero-coupon bonds.

The fair value of currency derivatives is determined based on the forward exchange rate at the period-end.

N.3. Financial liabilities hedged by derivative instruments

Financial liabilities hedged by derivative instruments qualify for hedge accounting. The derivative instruments are classified as either fair value hedges or cash flow hedges.

Financial liabilities hedged by fair value hedges are measured at fair value, taking into account the effect of changes in interest rates. Changes in fair value are recognized in profit and are offset by changes in the fair value of the hedging instrument.
Financial liabilities hedged by cash flow hedges are measured at amortized cost. Changes in the fair value of the hedging instrument are accumulated in equity and are reclassified into profit in the same period or periods during which the financial liability affects profit.

N.4. Bank borrowings

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

N.5. Convertible bonds

Convertible bonds are qualified as hybrid instruments comprising a host contract, recognized in debt, and an embedded derivative, recognized in equity.
The carrying amount of the host contract or debt component is equal to the present value of future principal and interest payments, discounted at the rate that would be applicable to ordinary bonds issued at the same time as the convertible bonds, less the value of the conversion option calculated at the date of issue.

The embedded derivative or equity component is recognized in equity for an amount corresponding to the difference between the nominal amount of the issue and the value attributed to the debt component.

Costs are allocated to the two components based on the proportion of the total nominal amount represented by each component. The difference between interest expense recognized in accordance with IAS 39 and the interest paid is added to the carrying amount of the debt component at each period-end, so that the carrying amount at maturity of unconverted bonds corresponds to the redemption price.

N.6. 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.

O. Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand, and short-term investments in money market instruments. These instruments have maturities of less than three months and are readily convertible into known amounts of cash; their exposure to changes in value is minimal.

P. Liabilities of assets classified as held for sale

In accordance with IFRS 5 “Non-Current Assets Held for Sale and Discontinued Operations”, this item includes all the liabilities (excluding equity) related to assets or a disposal group classified as held for sale (see Note 1.E.7).

Q. Put Options granted by Accor

IAS 32 “Financial Instruments: disclosures and presentation” requires that the value of the financial commitment represented by put options granted by Accor to minority interests in subsidiaries, be recognized as a debt. The difference between the debt and the related minority interests in the balance sheet, corresponding to the portion of the subsidiary’s net assets represented by the shares underlying the put, is recognized as goodwill. When the exercise price is equal to the fair value of the shares, the amount of the debt is determined based on a multiple of the EBITDA reflected in the 5-year business plan of the subsidiary concerned and is discounted.

For put options granted before January 1, 2010, changes in the debt arising from business plan adjustments are recognized in goodwill. Discounting ajustements are recognized in financial expense.

For put options granted on or after January 1, 2010, changes in the debt are treated as reclassifications in equity and therefore have no impact on profit, in accordance with IAS 27 (revised).

R. Income statement and cash flow statement presentation

R.1. REVENUE

In accordance with IAS 18 “Revenue”, revenue corresponds to the value of goods and services sold in the ordinary course of business by fully and proportionally consolidated companies. It includes:

- For directly owned and leased hotels, all revenue received from clients for accommodation, catering and other services, and
- For managed and franchised hotels, all management and franchise fees.

In accordance with IAS 18 “Revenue”, revenue is measured at the fair value of the consideration received or receivable, net of all discounts and rebates, VAT, other sales taxes and fair value of customer loyalty programs.

Revenue from product sales is recognized when the product is delivered and the significant risks and rewards of ownership are transferred to the buyer.
Revenue from sales of services is recognized when the service is rendered.

Revenue from sales of loyalty programs is recognised on a straight-line basis over the life of the cards in order to reflect the timing, nature and value of the benefits provided.

When sales of products or services are covered by a customer loyalty program, the revenue invoiced to the customer is allocated between the product or the service sold and the award credits given by the third party granting the loyalty points. The consideration allocated to the award credits, which is measured by reference to the fair value of the points granted, is deferred and recognized as revenue when the customer redeems the award credits – i.e. when an award is received in exchange for converting the loyalty points.

R.2. Other operating revenue

Other operating revenue consists of interest income on prepaid services voucher reserve funds related to Edenred activity. The interest corresponds to the prepaid services voucher business's operating revenue and is included in the determination of consolidated revenue (see Note 17).

R.3. EBITDAR

Earnings before interest, tax, depreciation, amortization and rental expense and share of profit of associates after tax (EBITDAR) correspond to revenue less operating expense.

EBITDAR is used as a key management indicator.

It is also used to calculate the flow-through ratio and the response ratio. The flow-through ratio, which is used when revenue goes up, corresponds to change in like-for-like EBITDAR/change in like-for-like revenue. The response ratio, used when revenue goes down, is defined as 1- (change in like-for-like EBITDAR/change in like-for-like revenue).

R.4. Rental expense and Depreciation, amortization and provision expense

Rental expense and depreciation, amortization and provision expense reflect the operating costs of holding leased and owned assets. For this reason, an additional sub-total has been included in the income statement. Under this presentation:

a) EBITDA corresponds to gross profit after the operating costs of holding leased assets.
b) EBIT corresponds to gross operating profit after the operating costs of holding both leased and owned assets.

These two indicators are used regularly by the Group to analyze the impact of the operating costs of holding assets on the consolidated financial statements.

R.5. 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 and the share of profit of associates after tax represent an integral part of consolidated operating profit before tax and non-recurring items to the extent that they contribute to the performance indicator used by the Group in its communications to investors. This indicator is also used as the benchmark for determining senior management and other executive compensation, as it reflects the economic performance of each business, including the cost of financing the hotel businesses.

R.6. Restructuring costs

Restructuring costs correspond to all the costs incurred in connection with restructuring operations.

R.7. Impairment losses

Impairment losses correspond to all the losses and provisions recorded in accordance with IAS 36 "Impairment of Assets".

R.8. Gains and losses on management of hotel properties

Gains and losses on management of hotel properties arise from the management of the hotel portfolio.

R.9. Gains and losses on management of other assets

This item corresponds to gains and losses on management of fixed assets other than hotels and movements in provisions, as well as other gains and losses on non-recurring transactions. The concerned transactions are not directly related to the management of continuing operations.

R.10. Operating profit before tax

Operating profit before tax corresponds to operating 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.

R.11. Profit or loss from discontinued operations

A discontinued operation is a component of Accor that has been disposed of or is classified as held for sale and:

a) Represents a separate major line of business or geographical area of operations;
b) Is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations or;
c) Is a subsidiary acquired exclusively with a view to resale.

Profit or loss from discontinued operations corresponds to:

- The profit or loss net of tax of the discontinued operations carried out until the date of transfer or until the closing date if the discontinued operation is not sold at this date.
- The gain or loss net of tax recognized on the disposal of the discontinued operations if the discontinued operation has been sold before the closing date.

R.12. Cash flow statement

The cash flow statement 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 operations, before non-recurring items and after changes in deferred taxes and gains and losses on disposals of assets.
- Cash received and paid on non-recurring transactions.
- Changes in working capital.

Cash flows from investing activities comprise:

- Renovation and maintenance 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.
- Development expenditure on non-current assets classified as held for sale.
- Proceeds from disposals of assets.

Cash flows from financing activities include:

- Changes in equity.
- Changes in debt.
- Dividends.

S. Earnings per share

The methods used to calculate basic and diluted earnings per share are in accordance with IAS 33 "Earnings Per Share".

T. 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.

The Board of Directors approved these financial statements for publication on August 23, 2011.

Note 2. Significant Events and Changes in Scope of Consolidation

A. Divestments and returns to shareholders

A.1. STRATEGIC REFOCUSING ON HOTELS

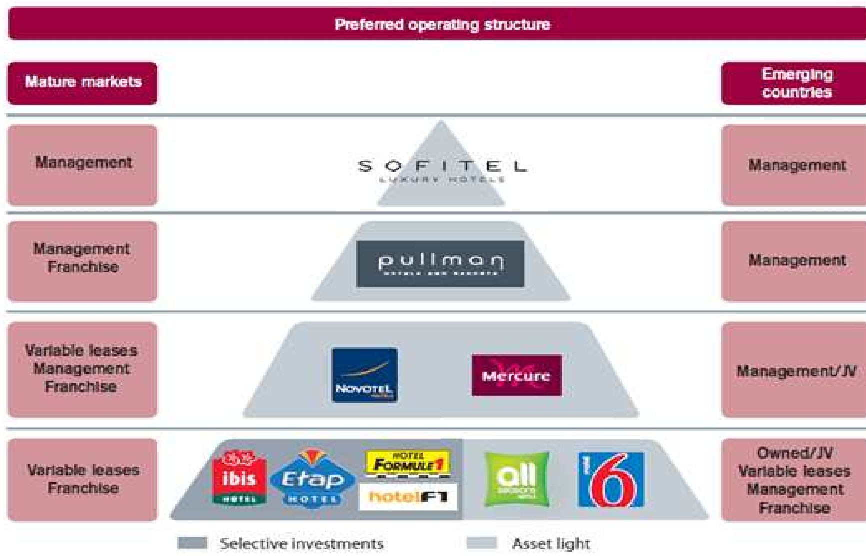
As part of the Group strategy announced to the financial markets in 2006 and regularly reaffirmed since 2009, various non-strategic assets have been sold. Details of the main divestments carried out in 2006, 2007, 2008, 2009, 2010 and 2011 are presented below.

Date	Company	% shares sold	Sale price	Capital gain/(loss) (*)	% interest at period-end
2006	COMPASS GROUPE	30,706,882 shares or 1.42%	€95 million	€(4) million	-
	CARLSON WAGONLIT TRAVEL	Accor's total 50% interest	€334 million ($465 million)	€90 million	-
	CLUB MEDITERRANEE	17.50%	€152 million	€(6) million	11,43%
2007	CLUB MEDITERRANEE	1,049,719 shares or 5.43%	€45 million	€4 million	6%
	GO VOYAGES	Accor's total 100% interest	€281 million	€204 million	-
	ITALIAN FOOD SERVICES BUSINESS	Accor's total 94.64% interest	€135 million	€16 million	-
2008	BRAZILIAN FOOD SERVICES BUSINESS	Accor's total 50% interest	€114 million	€32 million	-
2009	CLUB MEDITERRANEE	1,162,630 shares or approximately 4%	€12 million	€(3) million	-
2010	EDENRED (ex Services business)	(See Note 2.E)	€2,937 million**	€4,044 million	-
2011	Groupe Lucien Barrière	(See Note 2.B.2)	€268 million	€5 million	-

(*) The capital gain or loss is calculated based on the carrying amount of the shares, net of any impairment losses.
(**) Corresponding to the fair value of the contributed shares (Cf. Note 2.E)

A.2. PROPERTY STRATEGY

As part of the "Asset Right" and "Asset Light" strategies referred to in the Group's communications to the financial markets since 2005, the operating structures of the hotel units have been changed based on a detailed analysis of the risk and earnings profiles of each hotel segment. The aim of this strategy is to reduce the capital tied up in hotel assets and reduce cash flow volatility.


Preferred operating structure
Mature markets
Emerging countries
Management
SOFITEL
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Variable leases
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Franchise
Novotel
Mercure
Management/JV
Variable leases
Franchise
ibis
Etap HOTEL
HOTEL FORMULE 1
hotelF1
all seasons
6
Owned/JV
Variable leases
Management
Franchise
Selective investments
Asset light

REAL ESTATE POLICY SINCE JANUARY 1, 2005

Since January 1, 2005, the operating structures of 1,077 hotel units have been changed. The following table provides summary information about the various transactions, by type.

In € millions	Number of hotels	Portfolio value	Debt impact	Discounted Rental Commitments impact (*)	Adjusted Debt impact (**)
Sales & Variable Lease Back	588	3 841	1 693	1 550	3 243
Sales & Lease Back	1	3	3	(5)	(2)
Sales & Management Back	33	681	435	340	775
Sales & Franchise Back	287	386	359	199	558
Outright sales	168	597	538	152	690
Total	**1 077**	**5 508**	**3 028**	**2 236**	**5 264**

(*) Rental commitments discounted with an 8% rate
(**) Adjusted from the rental commitments discounted with an 8% rate

The various transactions carried out under this strategy since January 1, 2005, are as follows:

A.2.1. Sale and Variable Leaseback transactions

In the Midscale and Economy segments, the strategy consists of selling the hotel properties while continuing to manage the business, retaining variable-rent leases based on a percentage of revenue without any guaranteed minimum. One of the aims is to variabilize a proportion of fixed costs in order to reduce earnings volatility

The main sale and variable leaseback transactions carried out since 2005 are as follows:

	Company	Country	Number of units	Main contract terms	Rents
2005	Foncière des Murs	France	128	12-year contract per hotel, renewable four times per hotel at Accor's discretion.	Average rents equal to 15.5% of revenue, without any guaranteed minimum, reduced to 14.5% at the second renewal date
2006	Foncière des Murs	France & Belgium	67	12-year contract per hotel, renewable four times per hotel at Accor's discretion.	Rent equal to 14% of revenue, without any guaranteed minimum, reduced to 13% at the second renewal date
2007	Land Securities	United Kingdom	29	12-year contract per hotel, renewable six times per hotel at Accor's discretion.	Rents based on annual revenues of 21% on average, with no guaranteed minimum.
2007	Moor Park Real Estate	Germany and Netherlands	86	12-year contract per hotel, renewable six times per hotel at Accor's discretion.	Rents based on annual revenues of 18% on average, with no guaranteed minimum.
2008	Axa Reim and Caisse des Dépôts et Consignations	France and Switzerland	55	12-year contract per hotel, renewable six times per hotel at Accor's discretion.	Rents based on an average of 16% of annual revenue with no guaranteed minimum
2009	Consortium of leading French institutional investors through a property investment trust (OPCI)	France	157	12-year contract per hotel, renewable six times per hotel at Accor's discretion.	Rents based on an average of 20% of annual revenue with no guaranteed minimum
2010	Invesco Real Estate	France, Italy, Slovakia, Germany	4	15-year contract per hotel, renewable per hotel at Accor's discretion.	Rents based on annual revenues of 22% on average, with no guaranteed minimum except for the first 3 years for € 18 million.
2010 - 2011	A consortium of two investors: Predica and Foncière des Murs	France, Belgium, Germany	44	12-year contract per hotel, per hotel at Accor's discretion.	Rents based on annual revenues of 19% on average, with no guaranteed minimum except for the first 2 years 2011 and 2012 for € 23 million.
2005 - 2011	Other	Germany & Mexico & Various	18	NA	NA
Total 2005-2011			**588**		

These transactions impacted the consolidated financial statements as follows:

In € millions		Sale price	Capital gain/(loss)	Debt impact	Adjusted debt impact
2005	**Foncière des Murs**	1 025	107	146	831
2006	**Foncière des Murs**	494	143	327	332
2007	**Land Securities**	632	168	157	526
2007	**Moor Park Real Estate**	688	142	181	536
2008	**Axa Reim and Caisse des Dépôts et Consignations**	361	87	267	323
2009	**Consortium of French institutional investors**	203	39	153	214
2010	**Invesco Real Estate**	83	(5)	76	98
2010 - 2011	**A consortium of two investors: Predica and Foncière des Murs**	225	45	250	250
2005 - 2011	**Other**	130	NA	136	133
Total 2005 - 2011		**3 841**	**NA**	**1 693**	**3 243**

In each of these transactions, Accor and its partner undertook commitments to refurbish the divested assets. These commitments and the related expenditure incurred as of the balance sheet date are presented in Note 40.

The sale and variable leaseback transaction carried out in 2010 with Invesco Real Estate concerned four hotels representing a total of 937 rooms (the Novotel Roma la Rustica, the Mercure Corso Trieste in Roma, the Pullman la Défense in Paris, the Novotel Muënchen City in Germany) and the Mercure Bratislava in Slovakia which was sold on an off-plan basis. Sold for €83 million, the hotels continue to be operated by Accor under 15-year variable-rent leases (based on an average 22% of annual revenue) that are renewable at Accor's initiative. Insurance, property taxes and structural maintenance costs are payable by the owner. This transaction enabled Accor to reduce its adjusted net debt.

The sale and variable leaseback transaction carried out in 2010 with Predica and Foncière des Murs concerned 46 hotels in France, in Belgium and in Germany operated under the Novotel, Suite Novotel, Ibis and Etap Hotel brands. In 2010 and 2011, 44 of the properties were divested (28 hotels in France, 10 hotels in Belgium and 6 hotels in Germany), while the 2 remaining hotels will be sold in second-half 2011. The sale price amounted to €230 million of which €225 million carried out, accumulated, at the end of June 2011. Accor will continue to manage the hotels through a 12-year variable lease agreement renewable six times at Accor's option, with the rent averaging approximately 19% of the hotels' annual revenue without any guaranteed minimum except during 2011 and 2012 for €23 million. Under the terms of the lease, structural maintenance costs, insurance and property taxes will be payable by the new owner. The transaction includes a €46 million renovation program, of which €32 million to be financed by the buyer. It will enable Accor to reduce adjusted net debt by roughly €250 million accumulated at June 30, 2011.

A.2.2. Sale and Management back transactions

The objective of sale and management-back transactions is to reduce capital employed and earnings volatility, consistent with the Group's property strategy (see Note 2.A.2)

The strategy for Upscale hotels consists of selling the hotel properties while continuing to manage the business, retaining a minority interest depending on the circumstances.

In the Midscale and Economy segments, the strategy consists of selling the hotel properties while continuing to manage the business without any minority interest.

The main sale and management-back transactions carried out since 2005 are as follows:

	Company	Main countries	Number of units	Description of the transaction
2006	**Joint venture comprised of GEM Realty, Whitehall Street Global Real Estate Limited Partnership and Accor**	**United States** (Sofitel hotels in United States located in Chicago, Los Angeles, Miami, Minneapolis, San Francisco Bay and Washington)	6	- Accor remains a 25% partner in the joint venture which is accounted for by the equity method - Accor continues to manage the hotels under the Sofitel brand name under a 25-year management contract renewable three times for successive periods of ten years.
2007	**Joint venture comprised of GEM Realty Capital, Whitehall Street Global Real Estate Limited Partnership and Accor**	**United States** (Sofitel hotels located in New York and Philadelphia)	2	- Accor remains a 25% shareholder in the joint venture which is accounted for by the equity method - Accor continues to manage the hotels under the Sofitel brand name under a 25-year management contract
2007	**Société Stratom**	**French West Indies** (2 Sofitel hotels and 2 Novotel hotels)	4	Accor continues to manage the hotels under a management contract
2008	**Société Hotelière Paris Les Halles**	**The Netherlands** (Sofitel The Grand)	1	- Accor retain a 40% interest in the company that owns the property which is accounted for by the equity method . - Accor run the hotel under a 25-year management contract.
2008	**Esnee**	**France** (Mgallery Baltimore)	1	Accor continues to manage the hotel under a management contract
2011	**Host**	**New Zealand**	6	Accor continues to manage the hotel under a management contract
2005 - 2011	**Other**	**Australia / United States / France**	13	Accor continues to manage the hotels under a management contract
Total 2005 - 2011			**33**	

These transactions impacted the consolidated financial statements as follows:

	In € millions	Sale price	Capital gain/(loss)	Debt impact	Adjusted debt impact
2006	**6 Sofitel hotels in United States**	295	(15)	184	285
2007	**2 Sofitel hotels in United States**	219	14	85	207
2007	**2 Sofitel hotels and 2 Novotel**	13	(8)	6	6
2008	**Sofitel The Grand**	31	(1)	31	69
2008	**Mgallery Baltimore**	28	3	26	27
2011	**4 Novotel and 2 Ibis in New Zealand**	25	(0)	28	53
2005 - 2011	**Other**	70	NA	75	128
Total 2005 - 2011		**681**	**NA**	**435**	**775**

A.2.3. Sale and Franchise back Transactions and Outright sales

Since 2005, Accor has sold outright or sold and franchised back a total of 455 hotels.

	Sale & Franchise	Outright sales	Main countries	Sale price	Debt impact	Adjusted debt impact
	Number of hotels				In € millions	
2005	25	17	Germany	43	43	164
2006	27	25	France, United States and Denmark	195	109	188
2007	34	39	France, United States, Germany	256	254	302
2008	49	12	France, United States, Germany	117	104	121
2009	26	30	France, United States, Germany, the Netherlands	120	106	110
2010	85	30	France, United States, China, Germany, Brasil, Portugal, Sweden	163	195	252
2011	41	15	France, Germany, Poland, Belgium	89	86	111
TOTAL	**287**	**168**		**983**	**897**	**1 248**

A.3 RETURN TO SHAREHOLDERS OF PART OF THE CASH PROCEEDS FROM ASSET DISPOSALS

Accor has returned to shareholders part of the cash proceeds from disposals of investments and assets carried out since 2005.

Since May 10, 2006, Accor has announced several successive share buyback programs, as follows:

- **On May 10, 2006, Accor announced a first program to buy back Accor S.A shares for a total of €500 million**. This program was carried out pursuant to the authorization granted at the Shareholders Meeting held on January 9, 2006, which capped the buy-back price at €62 per share. During 2006, Accor bought back and cancelled 10,324,607 shares. These shares were acquired at a total cost of €481 million, representing an average price per share of €46.56. As of December 31, 2006, a further 332,581 shares had been bought back at a total cost of €19 million. These shares were cancelled at the beginning of January 2007.

- **On May 14, 2007, Accor announced a second program to buy back Accor S.A shares for a total of €700 million**. This program was carried out pursuant to the authorization granted at the Shareholders Meeting held on May 14, 2007, which capped the buy-back price at €100 per share. During 2007, Accor bought back and cancelled 10,623,802 shares. These shares were acquired at a total cost of €700 million, representing an average price per share of €65.89.

- **On August 28, 2007, Accor announced a third program to buy back Accor S.A shares for a total of €500 million**. This program was carried out pursuant to the authorization granted at the Shareholders Meeting held on May 14, 2007, which capped the buy-back price at €100 per share. During the second half of 2007, Accor bought back 8,507,150 shares at a total cost of €500 million, representing an average price per share of €58.78. As of December 31, 2007, 1,300,000 shares had been cancelled. The remaining 7,207,150 shares were cancelled during the second half of 2008.

- **On August 25, 2008, Accor announced a fourth program to buy back Accor S.A shares**. This program was carried out pursuant to the authorization granted at the Shareholders Meeting held on May 13, 2008, which capped the buy-back price at €100 per share. During the second half of 2008, Accor bought back and cancelled 1,837,699 shares at a total cost of €62 million, representing an average price per share of €33.70.

Moreover, in 2007, the Group paid a special dividend of €1.50 per share on the 224,058,558 shares outstanding, representing a total payout of €336 million and in 2008, the Group paid another special dividend of €1.50 per share on the 221,527,614 shares outstanding, representing a total payout of €332 million.

In all, nearly €2.4 billion has been returned to shareholders since 2006.

B. Organic growth and acqisitions

B.1. HOTEL DIVISION DEVELOPMENT STRATEGY

A total of 143,781 rooms were opened in the period 2006-2011 in line with the Group's stated intention to pursue its development program as set out in the strategic plan.

B.1.1 Investments in hotels (acquisitions and organic growth)

During the first semester of 2011, the Group added 108 hotels (13,683 rooms) to its portfolio through acquisitions and organic growth. In addition, 63 hotels (7,766 rooms) were closed during the period.

Hotel portfolio by brand and type of management at June 30, 2011

In number of hotels	Owned	Fixed Lease	Variable Lease	Managed	Franchised	Total
Sofitel	18	4	7	81	5	**115** (*)
Pullman	7	9	8	25	6	**55**
Novotel	49	54	125	105	57	**390**
Mercure	46	89	86	196	304	**721**
Adagio	2	7	1	22	1	**33**
Suitehotel	7	8	2	4	7	**28**
All Seasons	3	12	5	13	98	**131**
Ibis	120	122	238	105	334	**919**
Etap Hotel	33	61	104	7	226	**431**
Formule 1 / Hotels F1	75	13	167	10	72	**337**
Motel 6 / Studio 6	303	328	1	-	450	**1 082**
Other	11	2	-	15	4	**32**
Total	**674**	**709**	**744**	**583**	**1 564**	**4 274**
Total (in %)	*15,8%*	*16,6%*	*17,4%*	*13,6%*	*36,6%*	*100,0%*

(*) 120 hotels marketed through the TARS reservation system.

In number of rooms	Owned	Fixed Lease	Variable Lease	Managed	Franchised	Total
Sofitel	2 727	1 196	1 173	22 682	1 850	**29 628**
Pullman	2 018	2 540	2 497	7 586	1 385	**16 026**
Novotel	9 337	10 637	20 750	24 591	7 379	**72 694**
Mercure	5 834	14 386	12 679	28 954	26 708	**88 561**
Adagio	207	816	133	2 913	111	**4 180**
Suitehotel	985	1 239	190	488	592	**3 494**
All Seasons	330	935	911	2 059	7 519	**11 754**
Ibis	17 032	16 117	32 772	18 698	26 211	**110 830**
Etap Hotel	3 018	6 622	9 704	996	16 399	**36 739**
Formule 1 / Hotels F1	5 510	1 071	15 132	1 176	4 971	**27 860**
Motel 6 / Studio 6	34 671	37 293	72	-	34 373	**106 409**
Other	1 934	154	-	3 086	423	**5 597**
Total	**83 603**	**93 006**	**96 013**	**113 229**	**127 921**	**513 772**
Total (in %)	*16,3%*	*18,1%*	*18,7%*	*22,0%*	*24,9%*	*100,0%*

Hotel portfolio by region and type of management at June 30, 2011

In number of hotels	Owned	Fixed Lease	Variable Lease	Managed	Franchised	Total
France	123	49	426	47	784	**1 429**
Europe excluding France	147	280	249	86	195	**957**
North America	307	328	1	12	451	**1 099**
Latin America & Caribbean	23	6	46	83	30	**188**
Other Countries	74	46	22	355	104	**601**
Total	**674**	**709**	**744**	**583**	**1 564**	**4 274**
Total (in %)	*15,8%*	*16,6%*	*17,4%*	*13,6%*	*36,6%*	*100,0%*

In number of rooms	Owned	Fixed Lease	Variable Lease	Managed	Franchised	Total
France	12 674	5 852	47 920	6 154	57 827	**130 427**
Europe excluding France	20 975	42 070	35 077	12 822	20 000	**130 944**
North America	35 856	37 293	72	3 664	34 522	**111 407**
Latin America & Caribbean	3 263	936	8 859	12 264	3 794	**29 116**
Other Countries	10 835	6 855	4 085	78 325	11 778	**111 878**
Total	**83 603**	**93 006**	**96 013**	**113 229**	**127 921**	**513 772**
Total (in %)	*16,3%*	*18,1%*	*18,7%*	*22,0%*	*24,9%*	*100,0%*

Hotel portfolio by region and brand at June 30, 2011

In number of hotels	France	Europe (excl. France)	North America	Latin America & Caribbean	Other countries	Total	
Sofitel	12	20	9	8	66	**115**	(*)
Pullman	14	12	-	2	27	**55**	
Novotel	116	139	8	19	108	**390**	
Mercure	237	258	-	71	155	**721**	
Adagio	26	7	-	-	-	**33**	
Suitehotel	18	8	-	-	2	**28**	
All Seasons	71	19	-	-	41	**131**	
Ibis	380	326	-	76	137	**919**	
Etap Hotel	303	128	-	-	-	**431**	
Formule 1 / Hotels F1	251	27	-	11	48	**337**	
Motel 6 / Studio 6	-	-	1 082	-	-	**1 082**	
Other	1	13	-	1	17	**32**	
Total	**1 429**	**957**	**1 099**	**188**	**601**	**4 274**	
Total (in %)	*33,4%*	*22,4%*	*25,7%*	*4,4%*	*14,1%*	*100,0%*	

(*) 120 hotels marketed through the TARS reservation system.

In number of rooms	France	Europe (excl. France)	North America	Latin America & Caribbean	Other countries	Total
Sofitel	1 597	4 699	2 893	1 542	18 897	**29 628**
Pullman	4 336	3 011	-	538	8 141	**16 026**
Novotel	15 641	26 630	2 105	3 130	25 188	**72 694**
Mercure	22 463	34 092	-	9 119	22 887	**88 561**
Adagio	3 412	768	-	-	-	**4 180**
Suitehotel	2 071	1 131	-	-	292	**3 494**
All Seasons	5 264	1 646	-	-	4 844	**11 754**
Ibis	33 523	41 539	-	11 277	24 491	**110 830**
Etap Hotel	23 302	13 437	-	-	-	**36 739**
Formule 1 / Hotels F1	18 767	1 924	-	3 125	4 044	**27 860**
Motel 6 / Studio 6	-	-	106 409	-	-	**106 409**
Other	51	2 067	-	385	3 094	**5 597**
Total	**130 427**	**130 944**	**111 407**	**29 116**	**111 878**	**513 772**
Total (in %)	*25,4%*	*25,5%*	*21,7%*	*5,7%*	*21,8%*	*100,0%*

Hotel development projects in progress at June 30, 2011

The number of new rooms represented by hotel development projects in progress at June 30, 2011 is as follows:

In number of rooms	Owned	Fixed Lease	Variable Lease	Managed	Franchised	Total
2011	649	732	1 319	13 507	7 864	**24 071**
2012	2 297	1 221	1 987	22 188	4 739	**32 432**
2013	1 505	874	5 890	20 460	2 836	**31 565**
2014 and after	2 254	257	1 767	12 783	433	**17 494**
Total	**6 705**	**3 084**	**10 963**	**68 938**	**15 872**	**105 562**

B.1.2. Acquisition of control of Orbis

2007: Acquisition of a 4.9% stake in Orbis

On August 22, 2007, Accor acquired an additional 4.9% stake in Orbis, raising its interest in the Polish company from 40.58% to 45.48%. A total of 2,257,773 shares were acquired at a price of PLN72 per share, representing a total investment of PLN163 million (approximately €42 million). The transaction had no impact on Orbis's classification as an associate, and the company therefore continued to be accounted for by the equity method in 2007 and at the end of June 2008.

2008: Increase in Accor's stake in the Orbis Group to 50.01%

During the second half of 2008, Accor acquired an additional 4.53% stake in the Orbis group, raising its interest to 50.01%. The shares were acquired at a price of PLN55.4 per share, representing a total investment of approximately €35 million. Following the transaction, Orbis was fully consolidated in the Accor Group accounts.

This was recognized as fair value adjustments to 21 hotel properties. After purchase accounting adjustments, goodwill amounted to €12 million (see Note 18).

B.1.3. Restructuring of Dorint AG

Accor has owned an equity interest in German hotel group Dorint AG since 2002. The interest, which ranged from 40.19% to 26% between 2002 and 2006 following various share issues, was accounted for by the equity method from 2003 to 2006. A strategic partnership with Accor was set up based on franchise and marketing agreements and all the Dorint hotels were co-branded Dorint Sofitel or Dorint Novotel or converted to the Mercure brand. The Dorint sales and marketing teams were integrated in the Accor network.

In light of Dorint's continued substantial operating losses in 2006, the company's Supervisory Board decided to split up the business into two separate entities in first-quarter 2007:

- By underwriting a €52 million share issue, Accor acquired a controlling interest in one of the new companies, which operates 52 hotels. Of these hotels, nine were previously operated under the Dorint Sofitel brand, 17 under the Dorint Novotel brand and 26 under the Dorint Mercure brand. In the first half of 2007, they were rebranded as Sofitel, Novotel and Mercure units, respectively. The company was named The NewGen Hotels AG.

- Ebertz & Partner acquired all the shares of the other company, Neue Dorint Gmbh, which operates 41 Dorint hotels under the Dorint brand.

At the same time, Accor underwrote a second €70.4 million capital increase and bought out the minority interests for €94.2 million, raising its interest in The NewGen Hotels AG to 97.64%. At December 31, 2007, the new entity was fully consolidated. The difference between the cost of the business combination and the net assets acquired was €143 million. This amount was recognized in full under "goodwill" due to the expected synergies with Accor's existing operating company in Germany.

Financially, the transaction enabled Accor to gain control of 52 hotels representing, in 2007, €336 million in revenues, €13 million in EBITDA and €8 million in operating profit. At the same time, Accor recognized a loss of €7 million corresponding to its share in Dorint AG's losses as accounted for by the equity method.

During the second half of 2008, Accor acquired a further 2% interest in The NewGen Hotels for €10.2 million, leading to the recognition of additional goodwill of €10.3 million. Following this transaction, the Group owned 99.46% of the company.

Lastly, in late 2008, the Group launched a squeeze-out procedure to purchase the remaining 0.54% interest held by minority shareholders, at a price of €39 per share. Following completion of the procedure on January 7, 2009, Accor now owns 100% of The NewGen Hotels AG.

Total goodwill recognized on these various transactions amounted to €180 million.

In 2010, the historical German hotel management company, Accor Hotellerie Deutschland GmbH, was merged into The NewGen Hotels AG, which was subsequently renamed Accor Hospitality Germany AG.

B.2. GROUPE LUCIEN BARRIERE- SALE OF THE GROUP'S INTEREST

B.2.1. Events in 2004-2009

In December 2004, Accor, the Barrière Desseigne family and Colony Capital set up Groupe Lucien Barrière SAS to hold the casino and hotel assets of Société Hôtelière de la Chaîne Lucien Barrière (SHCLB), Société des Hôtels et Casino de Deauville (SHCD), Accor Casinos and their respective subsidiaries. Under the terms of the agreements, Colony Capital had an option to sell Accor its 15% stake in Groupe Lucien Barrière SAS, at a price determined by five independent banks.

In November 2008, Colony Capital announced its intention to start the valuation process.

The resulting valuation of €153 million is the average of the valuations made by five independent experts, excluding the highest and the lowest valuations, in accordance with the agreements signed in 2004.
Following this valuation process, Colony Capital decided at the end of March 2009 to exercise the put option at a price of €153 million.
The impact on Accor's net debt was €260 million based on the proportional consolidation of 49% of Groupe Lucien Barrière debt in the second half of 2009. The difference between the cost of the business combination and the net assets acquired amounted to €103 million and was added to goodwill. The transaction had no impact on the consolidation method applied to Groupe Lucien Barrière, which continued to be proportionally consolidated at December 31, 2009.

B.2.2. Events in 2010

As part of its strategic refocusing on hotels, in June 2010 Accor decided to sell all of its 49% stake in Groupe Lucien Barrière and in January 2011, an agreement was signed with Fimalac and Groupe Lucien Barrière whereby Accor will sell a 34% interest in Groupe Lucien Barrière to Fimalac for €186 million and a 15% interest to Groupe Lucien Barrière for €82 million, representing a total transaction price of €268 million. The sale was expected to be completed during the first quarter of 2011, once the competition authorities' approval has been obtained.

Presented as a separate business segment in Accor's segment reporting, Groupe Lucien Barrière represents a core business for Accor and, as such, has been classified as a discontinued operation and treated in the financial statements in accordance with the principles of IFRS 5 "Non-current assets held for sale and discontinued operations", as follows:

- **All of Groupe Lucien Barrière's current and non-current assets at December 31, 2010 have been reclassified as "Assets held for sale" (see Note 32).**
- **All of Groupe Lucien Barrière's liabilities (excluding equity) at December 31, 2010 have been reclassified as "Liabilities related to assets held for sale" (see Note 32).**
- **Income from Groupe Lucien Barrière for the periods presented has been reclassified as "Net income from discontinued operations" (see Note 17).**
- **The Group Lucien Barrière shares have been marked to market, leading to the recognition of a €79 million impairment loss (see Note 17).**

B.2.3. Events in 2011

The sale was completed on March 4, 2011 for an amount of €268 million plus €7.35 million in dividends. The company was entirely deconsolidated with effect from January 1, 2011. Accor no longer holds any interest in Groupe Lucien Barrière.

Details of the sold assets and liabilities are provided in Note 32.

B.3. SALE OF ACCOR'S STAKE IN ONBOARD TRAIN SERVICES

On July 7 , 2010, Accor sold Compagnie des Wagons Lits' onboard rail catering businesses in France, Austria and Portugal and part of the Italian business to Newrest through a joint venture that is 60% owned by Newrest and 40% by Accor, over which Accor does no more exercise any significant influence.
Newrest and Compagnie des Wagons-Lits have pooled their expertise to grow their businesses by leveraging their strategically related capabilities in onboard rail catering and facilities management.

For Newrest, which is present in inflight catering, retail dining solutions and remote site management, the joint venture represents an outstanding opportunity to expand in the onboard rail catering market and to enter new countries, including Austria and Italy.

As part of Newrest, Compagnie des Wagons-Lits' onboard rail catering business is better equipped to win new contracts and position itself as a leader in railway foodservices.

Accor's 40% stake in the joint venture and the Italian Onboard day Train Services business were marked to market and remained classified as « Assets held for sale » at that date.

B.4. SALE OF LENÔTRE

In April 2011, in line with Accor's strategic refocusing on its core Hotel business, and following expressions of interest from several potential buyers, Accor announced that it was considering the potential disposal of Lenôtre, ambassador of French gastronomy across the world, which operates 64 prestigious outlets across 13 countries.

In late July 2011, Accor entered into exclusive negotiations to sell the company to Sodexo, which led to the signature of a sales contract in early August (see Note 43).

As a result, all of Groupe Lenôtre's current and non-current assets and liabilities (excluding equity) at June 30, 2011 have been reclassified as "Assets held for sale" and "Liabilities related to assets held for sale" (see Note 32).

C. Colony Capital / Eurazeo

In March 2005, the Management Board and the Supervisory Board approved a proposal by Colony Capital to invest €1 billion in the Group, in order to expand the capital base and move up a gear in the development program.

This major investment by Colony Capital, which was approved at the Extraordinary Shareholders Meeting of May 3, 2005, was carried out in two simultaneous tranches:

- €500 million 3-year 4.5% equity note issue. The notes were issued at a price of €3,900 and were based on a redemption ratio of one note for 100 Accor shares at €39. Conversion of all of the outstanding equity notes would result in the issue of 12,820,500 new shares. In accordance with the accounting policy described in Note 1.N.5, the equity component of the notes was recognized in equity in the amount of €433 million and the balance of the issue was recognized in debt for €67 million.

- €500 million 5-year 3.25% convertible bond issue. The bonds were issued at a price of €4,300 and were based on a conversion ratio of one bond for 100 Accor shares at €43. Conversion of all of the outstanding bonds would result in the issue of 11,627,900 new shares. The entire €500 million face value of the convertible bonds was recognized in debt.

The equity notes were redeemed for Accor shares on April 2, 2007, at Colony Capital's request. In the consolidated financial statements, the equity component was written off from equity in the amount of €433 million (see Statement of Changes in Equity) and the debt component (originally €67 million), carried in the balance sheet at December 31, 2006 for €30 million, was reclassified in equity.

On July 3, 2007, Colony Capital converted its convertible bonds for an amount of €500 million. The initial debt (€500 million) was reclassified in equity. Following these conversions, Colony Capital held 10.64% of Accor's capital before dilution at the end of 2007.

On May 4, 2008, Colony Capital and investment group Eurazeo announced a five-year shareholders' agreement under which they will increase their combined stake in the Group's capital to 30%. The first phase of the agreement was completed on May 13, 2008 with the increase of Eurazeo's interest in Accor to 8.9%. This led to Eurazeo being given an additional seat on the Accor Board of Directors on August 27, 2008, raising from two to three the number of directors representing Colony and Eurazeo. During the second half of the year, Eurazeo and Colony further increased their respective interests, to 10.49% and 12.36% respectively on an undiluted basis at December 31, 2008. Their combined interest at that date represented 22.84% of the capital and 20.40% of the voting rights.

In 2009, the concert group purchased 18,971,023 Accor shares and sold 3,358,006 new Accor shares. In May 2009, Eurazeo has been given an additional seat on the Accor Board of Directors, raising from three to four the number of directors representing Colony and

Eurazeo. The concert group held 65,844,245 shares at December 31, 2009, representing 29.20% of the capital and 27.56% of the voting rights.

At June 30, 2010, the concert group held 62,344,245 shares, representing 27.36% of the capital and 31.99% of the voting rights.

At December 31, 2010, the concert group held 61,844,245 shares, representing 27.27% of the capital and 32.78% of the voting rights.

At June 30, 2011, the concert group held 61,844,245 shares, representing 27.23% of the capital and 32.69% of the voting rights.

In connection with the demerger (see Note 2.E), during first-half 2010 Colony Capital and Eurazeo both gave an undertaking to support the two entities until January 1, 2012.

D. Three Bond Issues

In 2009, Accor completed successfully three bonds issue in 2009:
- On February 4, 2009, Accor placed a fixed rate bond issue of €600 million, with a 5 year-maturity (February 4, 2014) and a coupon of 7.50%. The bond has been placed with more than 200 European institutional investors.
- On May 5, 2009, Accor placed a fixed rate bond issue of €600 million, with a 4 year-maturity (May 6, 2013) and a coupon of 6.50%. The bond has been placed with more than 350 European institutional investors.
- On August 24, 2009, Accor placed a fixed rate bond issue of €250 million, with a 8 year and 3 months-maturity (November 6, 2017) and a coupon of 6.039%. The bond has been placed with one investor. Consolidated Financial Statements and Notes June 30, 2010 41
These operations allowed strengthening the Group liquidity, diversifying financing sources, and extending the average length of its debt.

In November 2010, €150.5 million worth of bonds due 2013 and €132.3 million worth of bonds due 2014 were bought back, representing a total transaction price of €282.8 million.

E. Demerger of the Hospitality and Prepaid Services businesses

In 2009, Accor embarked on a major strategic project to demerge its two core businesses, Hotels and Services. The process involved various stages:

- **On August 26, 2009, the Board of Directors approved the recommendation made by Gilles Pelisson, Chairman and Chief Executive Officer, to conduct a review of the potential benefits of demerging the two businesses into two self-managing companies, each with their own strategy and resources for growth.**
- **Based on the reviews conducted by senior management, the Board of Directors approved the potential benefits of the demerger on December 15, 2009.**
- **On February 23, and May 11, 2010, the Board approved the process for demerging the businesses and creating two new listed companies, Accor Hospitality and "New Services Holding"(transitional name for Accor Services, renamed Edenred), without any capital ties between them. The transaction was carried out through a capital contribution and share distribution as follows:**
    1) NewCo was set up to acquire some of the shares of Edenred subsidiaries, financed by debt.
    2) The remaining shares in Edenred subsidiaries were then contributed to NewCo.
    3) Lastly, NewCo shares were distributed to Accor S.A. shareholders.

The transaction was approved by shareholders on June 29, 2010 and the demerger was carried out on July 2, when the shares were distributed through a capital contribution remunerated by a distribution of Edenred shares to Accor SA shareholders, whereby each shareholder received one Edenred share for each Accor SA share held.
The Edenred shares were derecognized on July 2, 2010, the date of their delivery to Accor SA shareholders. The difference between the cost of the derecognized asset (€1,181 million)and the fair value of the stock dividend (€2,937 million, i.e. 225,897,396 Edenred shares valued at €13) was a gain of €4,118 millionbefore deducting demerger costs of €74 million, which was recognized in 2010 profit in accordance with IFRIC 17.

Until the previous period-end, Edenred represented a core business for Accor and as such was presented as a separate business segment in Accor's segment reporting. Consequently, Edenred has been classified as a discontinued operation and income from Edenred for the 2010 periods and the demerger gain have been reclassified as "Net income from discontinued operations" (see Note 17) in accordance with the principles of IFRS 5 "Non-current assets held for sale and discontinued operations".

Excluding translation reserves, assets and liabilities transferred to Edenred are presented in the following table:

In € millions	**July 2, 2010**
Goodwill	593
Intangible assets	102
Property, Plant and equipment	40
Non-current financial assets	4
Deferred tax assets	(38)
Inventories	10
Trades receivables	933
Other receivables	248
Short-term loans	1
Current financial assets	1 807
Assets accruals	11
TOTAL ASSETS TRANSFERRED TO EDENRED	**3 710**
Long-term debt	903
Non-current provisions	17
Trade payables	71
Other payables	149
Current provisions	36
Financial debt	3 518
Bank overdrafts	17
Liabilities accruals	21
TOTAL LIABILITIES TRANSFERRED TO EDENRED	**4 732**

F. Signature of a syndicated line of credit

In Mai 2011, Accor closed a €1.5 billion syndicated line of credit that replaced the €2 billion syndicated credit facility signed in June 2007 and scheduled to expire in June 2012.
The new five-year facility will lengthen the average maturity of Accor's financing.

Note 3. Consolidated Revenue by Business and by Region

In € millions	France	Europe (excl. France)	North America	Latin America & Caribbean	Other Countries	Worldwide Structures (1)	June 2011	June 2010 (2)	2010 (3)
HOTELS	**964**	**1 128**	**285**	**165**	**314**	**6**	**2 862**	**2 743**	**5 735**
Upscale and Midscale Hotels	613	747	32	78	222	6	**1 698**	**1 615**	**3 374**
Economy Hotels	351	381	-	87	92	-	**911**	**861**	**1 806**
Economy Hotels US	-	-	253	-	-	-	**253**	**267**	**555**
OTHER BUSINESSES	**76**	**16**	**-**	**-**	**18**	**1**	**111**	**106**	**213**
Total June 2011	**1 040**	**1 144**	**285**	**165**	**332**	**7**	**2 973**		
Total June 2010	**1 000**	**1 094**	**297**	**137**	**310**	**11**		**2 849**	
Total 2010	**2 025**	**2 314**	**620**	**295**	**668**	**26**			**5 948**

(1) "Worldwide Structures" corresponds to revenue (royalties) that is not specific to a single geographic region.
(2) Reclassification of €20 million related to Asia-Pacific loyalty programs in "Upscale and Midscale Hotels" instead of "Other Businesses."
(3) Reclassification of €42 million related to Asia-Pacific loyalty programs in "Upscale and Midscale Hotels" instead of "Other Businesses."

Consolidated revenue for June 30, 2011 totalled €2,973 million, compared with €2,849 million for the same period of 2010.

The year-on-year increase of €124 million or (+4.4%) breaks down as follows:

• Like-for-like growth	+164	€ m	+5,8%
• Business expansion (owned and leased hotels only)	+50	€ m	+1,7%
• Currency effects	+11	€ m	+0,4%
• Disposals	(101)	€ m	(3,6)%
Increase in first-half 2011 Revenue	**+124**	**€ m**	**+4,4%**

Change in first-half 2011 consolidated revenue by business:

	Δ June 2011 / June 2010	Like-for-like change	
	€ m	**€ m**	**%**
HOTELS	**+119**	**+160**	**+5,9%**
Upscale and Midscale Hotels	+83	+95	+6,0%
Economy Hotels	+50	+55	+6,4%
Economy Hotels US	(14)	+10	+3,7%
OTHER BUSINESSES	**+5**	**+4**	**+4,3%**
Group Total	**+124**	**+164**	**+5,8%**

Change in first-half 2011 consolidated revenue by region:

	Δ June 2011 / June 2010	Like-for-like change	
	€ m	€ m	%
France	+40	+67	+6,7%
Europe (excl. France)	+50	+55	+5,0%
North America	(12)	+13	+4,5%
Latin America & Caribbean	+28	+20	+14,7%
Other Countries	+22	+13	+4,0%
Worldwide Structures	(4)	(4)	(25,0)%
Group Total	**+124**	**+164**	**+5,8%**

At June 30, 2011, **revenue from managed and franchised hotels**, included in the hotels' revenue presented above of €2,862 million, amounted to €126 million. This amount breaks down as follows:

In € millions	Management fees	Franchise fees	June 2011	June 2010	2010
HOTELS					
Upscale and Midscale Hotels	68	18	**86**	**79**	**175**
Economy Hotels	11	21	**32**	**27**	**57**
Economy Hotels United States	-	8	**8**	**7**	**16**
Total June 2011	**79**	**47**	**126**		
Total June 2010	**75**	**38**		**113**	
Total 2010	**164**	**84**			**248**

Note 4. Operating Expense

In € millions		2010	June 2010	June 2011
Cost of goods sold	(1)	(399)	(194)	(196)
Employee benefits expense	(2)	(2 230)	(1 086)	(1 136)
Energy, maintenance and repairs		(372)	(182)	(184)
Taxes, insurance and service charges (co-owned properties)		(222)	(118)	(117)
Other operating expense	(3)	(911)	(434)	(443)
TOTAL OPERATING EXPENSE		**(4 134)**	**(2 014)**	**(2 076)**

(1) The cost of goods sold includes food and beverage purchases, laundry costs and the cost of telephone calls billed to clients.

(2) The Ratio employee benefits expense / Full-time equivalent (FTE) is presented as follows:

Full-time equivalent	2010	June 2010	June 2011
Full-time equivalent (*)	65 170	63 931	63 521
Ratio employee benefits expense / FTE (€k)	(34)	(34)	(36)

(*) Full-time equivalent employees are based on the ratio between the number of hours worked during the period and the total working legal hours for the period. For firms which are consolidated using the proportional method, the employee number is calculated with the Group's interest. There is no employee number for associates.

Employee benefits expense includes €7.3 million related to stock option plans and to performance shares plan.

(3) Other operating expense consists mainly of selling, information systems, marketing, advertising and promotional costs. The total also includes various fee payments.

Note 5. EBITDAR by Business and Region

In € millions	France	Europe (excl. France)	North America	Latin America & Caribbean	Other Countries	Worldwide Structures (1)	June 2011	June 2010 (2)	2010 (3)
HOTELS	**282**	**366**	**77**	**51**	**77**	**27**	**880**	**825**	**1 793**
Upscale and Midscale Hotels	164	220	6	17	42	25	**474**	**441**	**960**
Economy Hotels	118	146	-	34	35	2	**335**	**311**	**668**
Economy Hotels US	-	-	71	-	-	-	**71**	**73**	**165**
OTHER BUSINESSES	**7**	**11**	**-**	**-**	**4**	**(5)**	**17**	**10**	**21**
Total June 2011	**289**	**377**	**77**	**51**	**81**	**22**	**897**		
Total June 2010	**274**	**355**	**77**	**39**	**79**	**11**		**835**	
Total 2010	**593**	**750**	**176**	**86**	**180**	**29**			**1 814**

(1) "Worldwide Structures" corresponds to revenue (royalties) and costs that are not specific to a single geographic region.
(2) Reclassification of €4 million related to Asia-Pacific loyalty programs in "Upscale and Midscale Hotels" instead of "Other Businesses."
(3) Reclassification of €11 million related to Asia-Pacific loyalty programs in "Upscale and Midscale Hotels" instead of "Other Businesses."

Consolidated EBITDAR for June 30, 2011 totalled €897 million compared with €835 million for the same period of 2010.

The year-on-year increase breaks down as follows:

• Like-for-like growth	+81	€ m	+9,7%
• Business expansion (owned and leased hotels only)	+2	€ m	+0,2%
• Currency effects	+6	€ m	+0,7%
• Disposals	(27)	€ m	(3,2)%
Increase in first-half 2011 EBITDAR	**+62**	**€ m**	**+7,4%**

Change in first-half 2011 EBITDAR by business:

	Δ June 2011 / June 2010	**Like-for-like change**	
	€ m	**€ m**	**%**
HOTELS	**+55**	**+72**	**+8,7%**
Upscale and Midscale Hotels	+33	+47	+10,7%
Economy	+24	+22	+7,1%
Economy US	(2)	+3	+3,3%
OTHER BUSINESSES	**+7**	**+9**	**+100,2%**
Group total	**+62**	**+81**	**+9,7%**

Change in first-half 2011 EBITDAR by region:

	Δ June 2011 / June 2010	Like-for-like change	
	€ m	€ m	%
France	+15	+28	+10,4%
Europe (excl. France)	+22	+25	+7,0%
North America	(0)	+5	+6,1%
Latin America & Caribbean	+12	+9	+22,1%
Other Countries	+2	(2)	(2,6)%
Worldwide Structures	+11	+16	+149,1%
Group total	**+62**	**+81**	**+9,7%**

Note 6. Rental Expense

Rental expense amounted to €491 in June 30, 2011 compared with €456 million in June 30, 2010 and €934 millions in December 31, 2010.

In accordance with the policy described in Note 1.E.4, the expense reported on this line only concern operating leases. Finance leases are recognized in the balance sheet as an asset and a liability. The amount of the liability at June 30, 2011 was €91 million (see Note 29.A).

Rental expense is recognized on a straight-line basis over the lease term, even if payments are not made on that basis. Most leases have been signed for periods exceeding the traditional nine-year term of commercial leases in France, primarily to protect Accor against the absence of commercial property rights in certain countries.

None of the leases contains any clauses requiring advance payment of rentals in the case of a ratings downgrade or other adverse events affecting Accor, and there are no cross-default clauses or covenants.

The €491 million in rental expense corresponds to 1,453 hotel leases, including 23% with a purchase option. Where applicable, the option price corresponds to either a pre-agreed percentage of the owner's original investment or the property's market value when the option is exercised. The options are generally exercisable after 10 or 12 years. Certain contracts allow for the purchase of the property at the appraised value at the end of the lease.

A. Rental expense by business

Rental expense can be analyzed as follows by business:

In € millions	2010	June 2010	June 2011
HOTELS	**(939)**	**(457)**	**(492)**
Upscale and Midscale Hotels	(531)	(260)	(278)
Economy	(307)	(147)	(167)
Economy US	(101)	(50)	(47)
OTHER BUSINESSES	**5**	**1**	**1**
Total	**(934)**	**(456)**	**(491)**

B. Rental expense by type of contract

Rental expense breaks down as follows by type of contract:

In € millions		Number of hotels (1)	2011 rental expense (6 months)	Fixed rental expense (6 months)	Variable rental expense
Fixed rent with purchase option		330	(51)	(51)	-
Fixed rent without purchase option		311	(131)	(131)	-
Fixed rent with a variable portion	(2)	68	(42)	(32)	(10)
Land rent		-	(7)	(6)	(1)
Office rental expenses (Hotels business)		-	(15)	(14)	(1)
Fees on intragroup rent guarantees on Hotels business		-	(8)	(7)	(1)
Total hotel fixed rental expense		**709**	**(254)**	**(241)**	**(13)**
Variable rent with a minimum	(3)	109	(44)	(37)	(7)
Variable rent with a minimum and cap	(4)	9	(8)	(5)	(3)
Variable rent without a minimum	(5)	626	(186)	-	(186)
Total hotel variable rental expense		**744**	**(238)**	**(42)**	**(196)**
Total hotel rental expense		**1 453**	**(492)**	**(283)**	**(209)**
Rental expense not related to hotels		-	(7)	(7)	(0)
Internal lease guarantee fees		-	8	7	1
Total rental expense		**1 453**	**(491)**	**(283)**	**(208)**

(1) Detail by brand and type of contract at June 30, 2011 is presented as follows:

Leased hotels at June 30, 2011	Fixed rent with purchase option	Fixed rent without purchase option	Fixed rent with a variable portion	Variable rent with a minimum	Variable rent with a minimum and cap	Variable rent without a minimum	**Total**
Sofitel	1	3	-	2	-	5	**11**
Pullman	-	6	3	4	-	4	**17**
Novotel	1	45	8	23	3	99	**179**
Mercure	6	61	22	10	3	73	**175**
Adagio	-	7	-	-	1	-	**8**
Suitehotel	2	6	-	1	-	1	**10**
All Seasons	-	4	8	1	-	4	**17**
Ibis	9	100	13	60	1	177	**360**
Etap Hotel	1	59	1	7	1	96	**165**
Formule 1 / Hotels F1	-	1	12	-	-	167	**180**
Motel 6 / Studio 6	309	18	1	1	-	-	**329**
Other	1	1	-	-	-	-	**2**
Total	**330**	**311**	**68**	**109**	**9**	**626**	**1 453**

(2) Fixed rent expense with a variable portion includes a fixed portion and a variable portion. The variable portion is generally a percentage of revenue or a percentage of EBITDAR.

(3) This rent expense depends on a percentage of revenue or a percentage of EBITDAR with a fixed contract guaranteed minimum.

(4) This rent expense depends on a percentage of revenue with a fixed contract guaranteed minimum which is also caped.

(5) Variable rent without a minimum is generally based on a percentage of revenue (593 hotels), or a percentage of EBITDAR (33 hotels). None of the leases contains any minimum rent clauses. Variable rents without a minimum based on a percentage of EBIDTAR amount to €24 million at June 30, 2011.

C. Minimum rental commitments (cash basis)

Minimum future rentals in the following tables only correspond to long-term rental commitments in the Hotels Division for hotels opened or closed for repairs.

Undiscounted minimum lease payments in foreign currencies converted at the average exchange rate based on latest known rates, are as follows:

Years	In € millions
2011 (6 months)	(283)
2012	(552)
2013	(516)
2014	(497)
2015	(486)
2016	(470)
2017	(445)
2018	(406)
2019	(371)

Years	In € millions
2020	(332)
2021	(275)
2022	(250)
2023	(225)
2024	(188)
2025	(162)
2026	(142)
2027	(88)
> 2027	(433)
Total	**(6 121)**

At June 30, 2011, the present value of future minimum lease payments, considered as representing 8% of the minimum lease payments used to calculate the “Adjusted funds from ordinary activities/adjusted net debt” ratio, amounted to (€3,650) million.

Interest expense related to adjusted net debt, estimated at 8%, amounted to €292 million. The difference between the 2011 minimum rent (€552 million) and interest expense (€292 million) amounted to €260 million, corresponding to the implicit repayment of adjusted debt (“Standards & Poor’s method”).

Note 7. EBITDA by Business and Region

In € millions	France	Europe (excl. France)	North America	Latin America & Caribbean	Other Countries	Worldwide Structures (1)	June 2011	June 2010 (2)	2010 (3)
HOTELS	**152**	**128**	**29**	**19**	**34**	**25**	**387**	**367**	**852**
Upscale and Midscale Hotel	87	59	5	7	14	23	**195**	**181**	**427**
Economy Hotels	65	69	-	12	20	2	**168**	**163**	**361**
Economy Hotels US	-	-	24	-	-	-	**24**	**23**	**64**
OTHER BUSINESSES	**5**	**11**	**-**	**-**	**4**	**(1)**	**19**	**12**	**28**
Total June 2011	**157**	**139**	**29**	**19**	**38**	**24**	**406**		
Total June 2010	**158**	**127**	**26**	**15**	**40**	**13**		**379**	
Total 2010	**352**	**290**	**74**	**33**	**97**	**34**			**880**

(1) "Worldwide Structures" corresponds to revenue (royalties) and costs that are not specific to a single geographic region.
(2) Reclassification of €4 million related to Asia-Pacific loyalty programs in "Upscale and Midscale Hotels" instead of "Other Businesses."
(3) Reclassification of €9 million related to Asia-Pacific loyalty programs in "Upscale and Midscale Hotels" instead of "Other Businesses."

Consolidated EBITDA for June 30, 2011 totalled €406 million compared with €379 million for the same period of 2010. The year-on-year increase breaks down as follows:

• Like-for-like growth	+61	€ m	+16,0%
• Business expansion (owned and leased hotels only)	(6)	€ m	(1,6)%
• Currency effects	+4	€ m	+1,1%
• Disposals	(32)	€ m	(8,4)%
Increase in first-half 2011 EBITDA	**+27**	**€ m**	**+7,1%**

Change in first-half 2011 EBITDA by business:

	Δ June 2011 / June 2010	Like-for-like change	
	€ m	€ m	%
HOTELS	**+20**	**+52**	**+14,0%**
Upscale and Midscale Hotels	+14	+36	+19,9%
Economy	+5	+14	+8,0%
Economy US	+1	+2	+10,4%
OTHER BUSINESSES	**+7**	**+9**	**+77,9%**
Group total	**+27**	**+61**	**+16,0%**

Change in first-half 2011 EBITDA by region:

	Δ June 2011 / June 2010	Like-for-like change	
	€ m	€ m	%
France	(1)	+21	+13,4%
Europe (excl. France)	+12	+19	+15,1%
North America	+3	+5	+17,9%
Latin America & Caribbean	+4	+3	+20,5%
Other Countries	(2)	(4)	(8,9)%
Worldwide Structures	+11	+16	+127,9%
Group total	**+27**	**+61**	**+16,0%**

Note 8. Depreciation, Amortization and Provision Expense

Depreciation, amortization and provision expense can be analyzed as follows:

En € millions	2010	June 2010	June 2011
Depreciation and amortization	(429)	(214)	(199)
Provision	(5)	(9)	(8)
Total	**(434)**	**(223)**	**(207)**

Note 9. EBIT by Business and Region

In € millions	France	Europe (excl. France)	North America	Latin America & Caribbean	Other Countries	Worldwide Structures (1)	June 2011	June 2010 (2)	2010 (3)
HOTELS	**100**	**54**	**(3)**	**13**	**12**	**21**	**197**	**160**	**438**
Upscale and Midscale Hotels	51	10	2	3	2	19	**87**	**61**	**192**
Economy Hotels	49	44	-	10	10	2	**115**	**111**	**250**
Economy Hotels US	-	-	(5)	-	-	-	**(5)**	**(12)**	**(4)**
OTHER BUSINESSES	**2**	**(1)**	**-**	**-**	**3**	**(2)**	**2**	**(4)**	**8**
Total June 2011	**102**	**53**	**(3)**	**13**	**15**	**19**	**199**		
Total June 2010	**96**	**39**	**(12)**	**9**	**17**	**7**		**156**	
Total 2010	**230**	**123**	**(0)**	**20**	**49**	**24**			**446**

(1) "Worldwide Structures" corresponds to revenue (royalties) and costs that are not specific to a single geographic region.
(2) Reclassification of €4 million related to Asia-Pacific loyalty programs in "Upscale and Midscale Hotels" instead of "Other Businesses."
(3) Reclassification of €9 million related to Asia-Pacific loyalty programs in "Upscale and Midscale Hotels" instead of "Other Businesses."

Consolidated EBIT for June 30, 2011 totalled €199 million compared with €156 million for June 30, 2010.
The year-on-year increase breaks down as follows:

• Like-for-like growth	+69	€ m	+44,0%
• Business expansion (owned and leased hotels only)	(12)	€ m	(7,7)%
• Currency effects	+4	€ m	+2,6%
• Disposals	(18)	€ m	(11,5)%
Increase in first-half 2011 EBIT	**+43**	**€ m**	**+27,5%**

Change in first-half 2011 EBIT by business:

	Δ June 2011 / June 2010	Like-for-like change	
	€ m	€ m	%
HOTELS	**+37**	**+61**	**+38,2%**
Upscale and Midscale Hotels	+26	+44	+71,2%
Economy	+4	+11	+10,1%
Economy US	+7	+6	+51,7%
OTHER BUSINESSES	**+6**	**+8**	**+300,8%**
Group total	**+43**	**+69**	**+44,0%**

Change in first-half 2011 EBIT by region:

	Δ June 2011 / June 2010	Like-for-like change	
	€ m	€ m	%
France	+6	+21	+22,0%
Europe (excl. France)	+14	+19	+47,7%
North America	+9	+9	+70,6%
Latin America & Caribbean	+4	+4	+41,4%
Other Countries	(2)	-	+2,1%
Worldwide Structures	+12	+16	+227,5%
Group total	**+43**	**+69**	**+44,0%**

Note 10. Net Financial Expense

In € millions		2010	June 2010	June 2011
Net financial expense	(1)	(140)	(76)	(52)
Other financial income and expense	(2)	6	3	(3)
Net financial expense		**(134)**	**(73)**	**(55)**

(1) Net financial expense can be analyzed as follows between cash and non-cash items:

In € millions	2010	June 2010	June 2011
- Net financial expense - cash	(141)	(77)	(54)
- Net financial expense - non-cash	1	1	2
Total Net financial expense	**(140)**	**(76)**	**(52)**

Net financial expense includes interest received or paid on loans, receivables and debt measured at amortized cost.

(2) Other financial income and expense include the following items:

In € millions	2010	June 2010	June 2011
- Dividend income from non-consolidated companies (*Available for sale financial assets*)	2	1	1
- Exchange gains and losses (excl. financial instruments at fair value)	5	2	(3)
- Movements in provisions	(1)	-	(1)
Total Other financial income and expense	**6**	**3**	**(3)**

Note 11. Share of Profit (Loss) of Associates after Tax

In € millions	2010	June 2010	June 2011
Share of profit of associates before tax	24	11	2
Share of tax of associates	(2)	(1)	(2)
Share of profit of associates after tax	**22**	**10**	**0**

The main contributions are as follows:

In € millions		2010	June 2010	June 2011
Sofitel Hotels US	(1)	11	5	(1)
Asia/Australia Hotels		8	4	2
Egyptian investment funds (Macor)		1	0	0
Tunisian and Moroccan investment funds (STI and RISMA)		1	(1)	(1)
The Grand Real Estate		(3)	(1)	(1)
Other		4	3	1
Share of profit of associates after tax		**22**	**10**	**0**

(1) In 2010, the profit of the Hotels business in the United States was boosted by the €7 million gain on the sale of the Washington Sofitel in March 2010 and by the €6 million gain on the sale of thePhiladelphia Sofitel in July 2010.

Note 12. Restructuring Costs

Restructuring costs can be analyzed as follows:

In € millions	2010	June 2010	June 2011
Movements in Restructuring provisions	18	19	(4)
Restructuring costs	(49)	(30)	(18)
Total Restructuring costs	**(31)**	**(11)**	**(22)**

Restructuring costs in 2010 and 2011 correspond mainly to the costs linked to the reorganization of the Group.

Note 13. Impairment Losses

Note 13.1. Definition of cash-generating units and assumptions applied

At June 30, 2011, the main values (before any impairment losses recognized during the year) of goodwill and intangible assets with indefinite useful lives included in the carrying amounts of the CGUs tested for impairment at that date were as follows:

In € millions	Goodwill	Intangible assets with indefinite useful life
HOTELS		
Australia	178	-
Germany	180	-
France (excluding Adagio)	174	-
Motel 6	-	140
Asia	45	-
Portugal	8	-
Net Goodwill and intangible assets with indefinite useful life included in cash-generating units	**585 (*)**	**140**

(*) This amount represents 82.9 % of goodwill recognized on June 30, 2011

The methods used to calculate recoverable amounts are described in Note 1.E.6. The average Group discount rate based on market values was 8.64% at June 30, 2011.

The main other assumptions used to estimate recoverable amounts were as follows:

	Hotels				
	Germany / Portugal	France (excluding Adagio)	Asia	Australia	Economy US
Basis on which the recoverable amount has been determined	Discounted cash flow method	EBITDA multiples method	Discounted cash flow method	Discounted cash flow method	Discounted cash flow method
Multiple used	N/A	8,5	N/A	N/A	N/A
Period of projections (years)	5	N/A	5	5	7
Growth rate	2,00%	N/A	2,00%	2,60%	2,00%

Note 13.2. Impairment losses recognized during the period, net of reversals

Impairment losses recognized in 2010 and 2011 can be analyzed as follows:

In € millions	2010	June 2010	June 2011
Goodwill	(141)	(0)	(1)
Intangible assets	(3)	(3)	(0)
Property, plant and equipment	(139)	(32)	(18)
Financial assets	(1)	-	(0)
Impairment Losses	**(284)**	**(35)**	**(19)**

The main assets and cash generating units for which impairment losses were recognized in 2010 and 2011 were as follows:

A. Impairment of goodwill

In € millions	2010	June 2010	June 2011
HOTELS	**(139)**	**(0)**	**(1)**
Upscale and Midscale Hotels	(36)	(0)	(1)
Economy Hotels	(3)	(0)	-
Economy Hotels US	(100)	-	-
OTHER BUSINESSES	**(2)**	**(0)**	**-**
TOTAL	**(141)**	**(0)**	**(1)**

At December 31, 2010, impairment losses resulted mainly from reviews of the recoverable amount of goodwill related to the American economy hotel business – Motel 6 (€100 million impairment loss) and the Australian hotel business (€31 million impairment loss).

Sensitivity analysis:

At June 30, 2010, a 25-basis point increase in the discount rate would have no impact on impairment losses recognized at that date. A 50-basis point increase in the discount rate would have the effect of increasing impairment losses recognized by approximately €44 million. A 100-basis point increase would have a €114 million impact, mainly on hotel assets in the United-States.

At December 31, 2010, a 25-basis point increase in the discount rate would have the effect of increasing impairment losses recognized in 2010 by €9 million. A 50-basis point increase in the discount rate would have the effect of increasing impairment losses recognized by approximately €17 million. A 100-basis point increase would have a €34 million impact.

At June 30, 2011, a 25-basis point increase in the discount rate would have no impact on impairment losses recognized at that date. A 50-basis point increase in the discount rate would have the effect of increasing impairment losses recognized by approximately €3 million. A 100-basis point increase would have a €23 million impact.

B. Impairment of intangible assets

Following the periodic review of the recoverable amount of intangible assets, a €3 million impairment loss was recognized in first-half 2010.

Following the periodic review of the recoverable amount of intangible assets, a €3 million impairment loss was recognized in 2010.

Following the periodic review of the recoverable amount of intangible assets, a €0 million impairment loss was recognized in first-half 2011.

C. Impairment of property, plant and equipment

In € millions	2010	June 2010	June 2011
HOTELS	**(138)**	**(32)**	**(18)**
Upscale and Midscale Hotels	(85)	(19)	(7)
Economy Hotels	(26)	(6)	(10)
Economy Hotels US	(27)	(7)	(1)
OTHER BUSINESSES	**(1)**	**(0)**	**(0)**
TOTAL	**(139)**	**(32)**	**(18)**

At June 30, 2010, impairment losses on property, plant and equipment amounted to €32 million, of which €12 million on tangible assets held for sale. Impairment losses recognized during the year concerned 62 hotels for €32 million.

At December 31, 2010, impairment losses on property, plant and equipment amounted to €139 million, of which €21 million on tangible assets held for sale. Impairment losses recognized during the year concerned 172 hotels for €140 million and impairment losses reversed during the year concerned 4 hotels for €1 million.

At June 30, 2011, impairment losses on property, plant and equipment amounted to €18 million, of which €2 million on tangible assets held for sale. Impairment losses recognized during the year concerned 58 hotels for €21 million and impairment losses reversed during the year concerned 2 hotels for €3 million.

Note 14. Gains and Losses on Management of Hotel Properties

In € millions	2010	June 2010	June 2011
Disposal gains and losses	47	32	37
Provisions for losses on hotel properties	(43)	(12)	(7)
Total	**4**	**20**	**30**

In first-half 2010, the total included:

- ✓ A €26 million gain on the sale of units in France under sale and franchise-back arrangements (21 hotels).
- ✓ A €4 million gain on the sale of a hotel in France under a sale and franchise-back arrangement.
- ✓ A €1 million loss on disposal of Motel 6 units, including sale and franchise-back arrangements (10 hotels).

In 2010, the total included:

- ✓ €36 million gains and losses on the sale of units under sale and variable lease-back arrangements in France, Belgium, Germany, Italy and Slovakia (53 hotels), including €37 million under Predica sale and variable lease-back arrangements (see Note 2.A.2.1).
- ✓ A €28 million gain on the sale of a hotel in France under a sale and franchise-back arrangement (35 hotels).
- ✓ A €3 million loss on disposal of Motel 6 units under sale and franchise-back arrangements (17 hotels).

In first-half 2011, the total includes:

- ✓ A €11 million gain on the sale of units in France under sale and franchise-back arrangements (26 hotels).
- ✓ A €13 million gain on the sale of units in Poland, Belgium, Spain and France under outright sale (7 hotels).

Note 15. Gains and Losses on Management of Other Assets

In € millions	2010	June 2010	June 2011
Disposal gains and losses	(5)	(6)	(1)
Provision movements	(5)	(1)	(0)
Gains and losses on non-recurring transactions	(25)	(40)	(10)
Total	**(35)**	**(47)**	**(11)**

In first-half 2010, the total mainly included:

- ✓ A €6 million loss on the sale of Orbis Travel in Poland.
- ✓ A €27 million in fees related to the demerger. Following the demerger, these costs were reclassified in the profit or loss from discontinued operations in the second half of 2010.

In 2010, the total mainly included:

- ✓ An €8 million loss on the sale of Orbis Travel in Poland.
- ✓ €5 million in fees paid in connection with the disposal of non-strategic assets.

In first-half 2011, the total mainly included a €9 million loss from the costs of exercising call options in France and in the United States.

Note 16. Income Tax Expense

Note 16.1 Income tax expense for the period

In € millions	2010	June 2010	June 2011
Current tax (excluding CIWLT claim)	(123)	(66)	(71)
CIWLT claim (See Note 39)	(263)	-	-
Sub-total, current tax	**(386)**	**(66)**	**(71)**
Deferred taxes (expense) income on new temporary differences and reversals of temporary differences arising in prior periods	(6)	(18)	(1)
Deferred taxes arising from changes in tax rates or tax laws	0	(0)	1
Sub-total, deferred tax	**(6)**	**(18)**	**(0)**
Income tax expense (excluding tax on the profits of associates and discontinued operations)	**(392)**	**(84)**	**(71)**
Tax on profits of associates	(3)	(1)	(2)
Tax on profits of discontinued operations	(68)	(51)	(1)
Tax of the period	**(463)**	**(136)**	**(74)**

Note 16.2. Effective tax rate

In € millions		2010	June 2010	June 2011
Operating profit before tax	**(a)**	**(12)**	**20**	**122**
Non deductible impairment losses		155	(10)	1
Elimination of intercompany capital gains		1 255	1 273	52
Tax on share of profit (loss) of associates		3	1	2
Other		31	14	53
Total permanent differences (non-deductible expenses)	**(b)**	**1 444**	**1 278**	**108**
Untaxed profit and profit taxed at a reduced rate	**(c)**	**(1 231)**	**(1 065)**	**(83)**
Profit taxed at standard rate	**(d) = (a) + (b) + (c)**	**201**	**233**	**147**
Standard tax rate in France	**(e)**	**34,43%**	**34,43%**	**34,43%**
Tax at standard French tax rate	**(f) = (d) x (e)**	**(69)**	**(80)**	**(51)**
Effects on tax at standard French tax rate of:				
. Differences in foreign tax rates		12	5	14
. Unrecognized tax losses for the period		(46)	(13)	(24)
. Utilization of tax loss carryforwards		14	5	9
. Share of profit (loss) of associates		3	1	2
. CIWLT Claim (See Note 39)		(263)	-	-
. Net charges to/reversals of provisions for tax risks		2	5	(9)
. Effect of new CET business tax in France in 2010 (replacing taxe professionnelle)(cf. Note 1.M)		(15)	(4)	(12)
. Loss arising from application of group relief rules		-	(3)	-
. Other items		(19)	0	(0)
Total effects on tax at standard French tax rate	**(g)**	**(312)**	**(4)**	**(20)**
Tax at standard rate	**(h) = (f) + (g)**	**(381)**	**(84)**	**(71)**
Tax at reduced rate (*)	**(i)**	**(11)**	**-**	**-**
Income tax expense	**(j) = (h) + (i)**	**(392)**	**(84)**	**(71)**

	2010	June 2010	June 2011
Pre-tax operating profit taxed at standard rate	201	233	147
Income tax expense	(57)	(75)	(37)
Group effective tax rate	**28,2%**	**32,1%**	**25,4%**

(*) In 2010, related mainly to the sale of 28 hotel properties in France to Predica and Foncière des Murs (see. Note 2.A.2.1).
Operating profit before tax for 2010 includes a €57 million capital gain which was taxed at the reduced rate of 19% under the tax rules applicable to SIICs (the French equivalent of real-estate investment trusts). The corresponding tax amounted to €11 million.

Note 16.3 Details of deferred tax (Balance Sheet)

In € millions	June 2010	2010	June 2011
Timing differences between company profit and taxable profit	171	145	131
Timing differences between consolidated profit and company profit	45	31	30
Recognized tax losses	46	65	63
Sub-total, deferred tax assets	**262**	**241**	**224**
Timing differences between company profit and taxable profit	39	35	35
Timing differences between consolidated profit and company profit	100	88	84
Sub-total, deferred tax liabilities	**139**	**123**	**119**
Deferred tax assets, net (liabilities)	**123**	**118**	**105**

Note 16.4 Unrecognized deferred tax assets

Unrecognized deferred tax assets at June 30, 2011 amounted to €205 million (December 31, 2010: €203 million of which €0.8 million for Lenôtre and June 30, 2010: €171 million of which €0.8 million for Lenôtre).

Unrecognized deferred tax assets at June 30, 2011 will expire in the following periods if not utilized:

In € millions	Deductible temporary differences	Tax loss carryforwards (1)	Tax credits	Total
Y+1	-	16	-	**16**
Y+2	-	4	-	**4**
Y+3	-	5	-	**5**
Y+4	13	22	-	**35**
Y+5 and beyond	-	35	-	**35**
Evergreen	39	71	-	**110**
Deferred tax, net	**52**	**153**	**-**	**205**

(1) Unrecognized deferred tax assets corresponding to tax loss carryforwards at June 30, 2011 include €21million for NewGen France and Germany (see Note 2.B.1.3).

In accordance with IAS 12, deferred tax assets recognized for ordinary and evergreen tax loss carryforwards are recognized only to the extent that it is probable that future taxable payable profits will be available which the assets can be utilized. The Group generally estimates those future benefits over a five-year period, and each year reviews the projections and assumptions on which its estimates are based.

Note 17. Profit or Loss from Discontinued Operations

In accordance with IFRS 5, profit or loss from discontinued operations includes:

- In 2010, the profit or loss of the period of discontinued operations in 2010:
  - Edenred (see Note 2.E).
  - Groupe Lucien Barrière (see Note 2.B.2).
  - Onboard Train Services business (see Note 2.B.3).

- In 2011, the profit or loss from Onboard Train Services business, which has been maintained in discontinued operations.

- In 2010 and 2011, the profit or loss (or mark-to-market adjustments) recognized on the disposal or demerger of the assets constituting the discontinued operations:
  - In 2010:
    - The profit recognized on the demerger of Edenred and Accor (see Note 2.E).
    - The loss recognized on the disposal of Onboard Train Services business.
    - The €79 million loss arising from the mark-to-market of Groupe Lucien Barrière goodwill.
  - In 2011:
    - The €5 million gain recognized on the disposal of Groupe Lucien Barrière.

Details of profit or loss from discontinued operations are as follows:

In € millions	**2010**	**June 2010**	**June 2011**
Profit or loss from discontinued operations before tax	135	112	(3)
Tax on profit or loss from discontinued operations	(68)	(60)	(1)
Profit or loss from discontinued operations during the period	**67**	**52**	**(4)**
Profit or loss recognized on disposal of the assets constituting the discontinued operations	3 947	-	5
Tax on profit or loss from discontinued operations	-	-	-
Impact of realized gains or losses and mark-to-market adjustments	**3 947**	**-**	**5**
PROFIT OR LOSS FROM DISCONTINUED OPERATIONS	**4 014**	**52**	**1**

Detail of discontinued operations' consolidated income statements (including the profit or loss recognized on the demerger or the disposal) classified in 2010 and 2011 in profit or loss from discontinued operations in Accor's consolidated financial statements is as follows:

A. At June 30, 2011

In € millions	Groupe Lucien Barrière	Onboard Train Services	Total June 2011
Revenue	-	26	26
Other operating revenue	-	-	-
CONSOLIDATED REVENUE	**-**	**26**	**26**
Operating expense	-	(30)	(30)
EBITDAR	**-**	**(4)**	**(4)**
Rental expense	-	(0)	(0)
EBITDA	**-**	**(4)**	**(4)**
Depreciation, amortization and provision expense	-	(1)	(1)
EBIT	**-**	**(5)**	**(5)**
Net financial expense	-	1	1
Share of profit of associates after tax	-	-	-
OPERATING PROFIT BEFORE TAX AND NON RECURRING ITEMS	**-**	**(4)**	**(4)**
Restructuring costs	-	-	-
Impairment losses	-	-	-
Gains and losses on management of hotel properties	-	-	-
Gains and losses on management of other assets	-	1	1
OPERATING PROFIT BEFORE TAX	**-**	**(3)**	**(3)**
Income tax expense	-	(1)	(1)
NET PROFIT	**-**	**(4)**	**(4)**
Impact of realized gains or losses and mark-to-market adjustments	**5**	**-**	**5**
NET PROFIT FROM DISCONTINUED OPERATIONS	**5**	**(4)**	**1**

B. At June 30, 2010

In € millions	Edenred	Groupe Lucien Barrière	Onboard Train Services	Total June 2010
Revenue	422	247	66	735
Other operating revenue	39	-	-	39
CONSOLIDATED REVENUE	**461**	**247**	**66**	**774**
Operating expense	(282)	(218)	(71)	(571)
EBITDAR	**179**	**29**	**(5)**	**203**
Rental expense	(9)	(6)	(1)	(16)
EBITDA	**170**	**23**	**(6)**	**187**
Depreciation, amortization and provision expense	(12)	(17)	(1)	(30)
EBIT	**158**	**6**	**(7)**	**157**
Net financial expense	1	(4)	1	(2)
Share of profit of associates after tax	-	-	-	-
OPERATING PROFIT BEFORE TAX AND NON RECURRING ITEMS	**159**	**2**	**(6)**	**155**
Restructuring costs	(2)	-	(2)	(4)
Impairment losses	(1)	-	-	(1)
Gains and losses on management of hotel properties	-	-	-	-
Gains and losses on management of other assets	(38)	5	(5)	(38)
OPERATING PROFIT BEFORE TAX	**118**	**7**	**(13)**	**112**
Income tax expense	(55)	(5)	-	(60)
NET PROFIT FROM DISCONTINUED OPERATIONS	**63**	**2**	**(13)**	**52**

C. At December 31, 2010

In € millions	Edenred	Groupe Lucien Barrière	Onboard Train Services	Total 2010
Revenue	422	518	90	1 030
Other operating revenue	39	-	-	39
CONSOLIDATED REVENUE	**461**	**518**	**90**	**1 069**
Operating expense	(282)	(438)	(90)	(810)
EBITDAR	**179**	**80**	**-**	**259**
Rental expense	(9)	(13)	(0)	(22)
EBITDA	**170**	**67**	**(0)**	**237**
Depreciation, amortization and provision expense	(12)	(34)	(1)	(47)
EBIT	**158**	**33**	**(1)**	**190**
Net financial expense	1	(9)	1	(7)
Share of profit of associates after tax	-	(2)	(1)	(3)
OPERATING PROFIT BEFORE TAX AND NON RECURRING ITEMS	**159**	**22**	**(1)**	**180**
Restructuring costs	(2)	(1)	(6)	(9)
Impairment losses	(1)	(0)	-	(1)
Gains and losses on management of hotel properties	-	-	-	-
Gains and losses on management of other assets	(38)	7	(4)	(35)
OPERATING PROFIT BEFORE TAX	**118**	**28**	**(11)**	**135**
Income tax expense	(55)	(12)	(1)	(68)
PROFIT OR LOSS FROM DISCONTINUED OPERATIONS IN 2010	**63**	**16**	**(12)**	**67**

Impact of realized gains or losses and mark-to-market adjustments	**4 044**	**(79)**	**(18)**	**3 947**

NET PROFIT FROM DISCONTINUED OPERATIONS	**4 107**	**(63)**	**(30)**	**4 014**

Note 18. Goodwill

In € millions	June 2010	Dec. 2010	June 2011
Goodwill (gross value)	1 074	1 046	984
Less impairment losses	(184)	(303)	(278)
Goodwill, net	**890**	**743**	**706**

In € millions	Notes	June 2010	Dec. 2010	June 2011
HOTELS				
Australia		201	186	182
Upscale and Midscale France		176	158	154
Germany	2.B.1.3	180	180	180
Motel 6		109	-	-
Economy (excluding Motel 6)		87	86	81
Asia		48	44	41
Egypt		24	24	24
Poland	2.B.1.2	12	12	12
Switzerland		11	11	11
Portugal		9	8	8
The Netherlands		8	8	8
Other hotels (< €6 million)		3	5	5
Sub-total Hotels		***868***	***722***	***706***
OTHER BUSINESSES				
Sub-total Other businesses		***22***	***21***	***-***
Goodwill, net		**890**	**743**	**706**

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

In € millions	Notes	June 2010	Dec. 2010	June 2011
Carrying amount at beginning of period		**1 777**	**1 777**	**743**
Goodwill recognized on acquisitions for the period and other increases		**10**	**10**	**-**
HOTELS				
. Hotels, South America		1	1	-
PREPAID SERVICES				
. Other acquisitions of Prepaid Services		6	6	-
. Prepaid Services, Czech Republic		1	1	-
. Prepaid Services, Brazil		1	1	-
. Prepaid Services, Hungary		1	1	-
Disposals	(*)	**(2)**	**(607)**	**(2)**
Impairment losses	13 (**)	**(1)**	**(221)**	**(1)**
Translation adjustment		**74**	**79**	**(8)**
Reclassifications to Property, Plant and Equipment		**(4)**	**(4)**	**-**
Reclassifications to Assets held for sale	32	**(960)**	**(287)**	**(21)**
Other reclassifications and movements		**(4)**	**(4)**	**(5)**
Carrying amount at end of period		**890**	**743**	**706**

(*) In 2010, disposals mainly correspond to the write-off of Edenred goodwill for €593 million following the demerger of the Group's two core businesses.

(**) In 2010, impairment losses on goodwill correspond for €79 million to the loss arising from the mark-to-market of Groupe Lucien Barrière goodwill, reclassified on loss from discontinued operations (see Note 17).

Note 19. Intangible Assets

In € millions		June 2010	Dec. 2010	June 2011
Gross value				
Motel 6 brand	(1)	164	151	140
Other brands and networks	(2)	76	78	77
Licenses, software		141	151	144
Other intangible assets	(3)	220	227	219
Total intangible assets at cost		**601**	**607**	**580**
Accumulated amortization and impairment losses				
Licenses, software		(116)	(120)	(119)
Other intangible assets		(79)	(78)	(80)
Total accumulated amortization and impairment losses		**(195)**	**(198)**	**(199)**
Intangible assets, net		**406**	**409**	**381**

(1) The decrease in value of the Motel 6 brand at June 30, 2011 was due to the change in the dollar/euro exchange rate (1.336 at December 31, 2010 versus 1.445 at June 30, 2011).

(2) Including €52 million corresponding to land use rights for Ibis and Novotel hotels in China.

(3) Including

i) €154 million in lease premiums of which €39 million concerning IBL SA and corresponding to the value attributed to hotel leases at the time of the Motel 6 acquisition and €101 million value attributed to land use rights at the time of the Orbis acquisition in 2008.

ii) €45 million corresponding to the value attributed to management contracts (of which, in Australia, €12 million for All Seasons contracts and €12 million for Sofitel contracts).

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

In € millions		June 2010	Dec. 2010	June 2011
Carrying amount at beginning of period		**488**	**488**	**409**
Acquisitions		4	14	2
Internally-generated assets	(1)	11	22	6
Intangible assets of newly consolidated companies		-	0	-
Amortization for the period		(21)	(33)	(11)
Impairment losses for the period		(3)	(3)	(0)
Disposals	(2)	(8)	(113)	(4)
Translation adjustment	(3)	43	30	(17)
Reclassification of Lenôtre to Assets held for sale		-	-	(1)
Reclassifications of Edenred to Assets held for sale		(102)	-	-
Reclassification of Groupe Lucien Barrière to Assets held for sale		(11)	(11)	-
Reclassification of Onboard Train Services to Assets held for sale		(0)	(0)	-
Reclassifications of Assets held for sale (See Note 32)		**(113)**	**(11)**	**(1)**
Other reclassifications		5	15	(3)
Carrying amount at end of period		**406**	**409**	**381**

(1) In 2011, acquisitions of licenses and software for €6 million (including €3 million in Worldwide Structure and €2 million in France).

(2) In 2010, disposals mainly correspond to the derecognition of Edenred intangible assets following the demerger of the Group's two core businesses.

(3) In 2011, €12 million concerning the United States due to the change in the dollar/euro exchange rate.

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

In € millions	June 2010	Dec. 2010	June 2011
Motel 6 brand	164	151	140
Other brands and Networks	76	78	77
Carrying amount at end of period	**240**	**229**	**217**

At June 30, 2011, there were no material contractual commitments related to the acquisition of intangible assets not reported in the balance sheet.

Note 20. Property, Plant and Equipment

Note 20.1 Property, plant and equipment by nature

In € millions	June 2010	Dec. 2010	June 2011
Land	467	427	345
Buildings	2 420	2 343	2 150
Fixtures	1 964	1 916	1 782
Equipment and furniture	1 561	1 577	1 519
Constructions in progress	239	244	214
Property, plant and equipment, at cost	**6 651**	**6 507**	**6 010**

In € millions	June 2010	Dec. 2010	June 2011
Buildings	(701)	(704)	(650)
Fixtures	(920)	(928)	(889)
Equipment and furniture	(951)	(963)	(955)
Constructions in progress	(3)	(3)	(3)
Total of amortization	**(2 575)**	**(2 598)**	**(2 497)**
Land	(5)	(6)	(9)
Buildings	(91)	(126)	(114)
Fixtures	(40)	(58)	(59)
Equipment and furniture	(17)	(30)	(32)
Constructions in progress	(2)	(7)	(7)
Total of impairment losses	**(155)**	**(227)**	**(221)**
Accumulated amortization and impairment losses	**(2 730)**	**(2 825)**	**(2 718)**

In € millions	June 2010	Dec. 2010	June 2011
Land	462	421	336
Buildings	1 628	1 513	1 386
Fixtures	1 004	930	834
Equipment and furniture	593	584	532
Constructions in progress	234	234	204
Property, plant and equipment, net	**3 921**	**3 682**	**3 292**

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

In € millions	June 2010	Dec. 2010	June 2011
Net carrying amount at beginning of period	**4 306**	**4 306**	**3 682**
Property, plant and equipment of newly acquired companies	-	15	0
Capital expenditure	236	582	174
Disposals	(63)	(429)	(40)
Amortization for the period	(227)	(446)	(187)
Impairment losses for the period	(20)	(118)	(16)
Translation adjustment	231	164	(84)
Reclassifications of Lenôtre in "Assets held for sale"	-	-	(25)
Reclassifications of Edenred in "Assets held for sale"	(40)	-	-
Reclassifications of Groupe Lucien Barrière in "Assets held for sale"	(223)	(224)	-
Reclassifications of "Onboard Train Services" in "Assets held for sale"	(10)	(3)	-
Reclassification of assets held for sale (see Note 32)	**(273)**	**(227)**	**(25)**
Other reclassifications of assets held for sale	(278)	(150)	(209)
Other reclassifications	9	(15)	(3)
Net carrying amount at end of period	**3 921**	**3 682**	**3 292**

At June 30, 2011, contracts totalling €114 million have been signed for the purchase of property, plant and equipment. They are not recognized in the balance sheet. At December 31, 2010, contracts totalized €176 million (including €51 million of Groupe Lucien Barrière).

In addition, under the 2005 and 2006 Foncière des Murs transactions (see Note 2.A.2.1 and Note 40), Accor is committed to carrying out €106 million worth of work over the period 2005-2010 and Foncière des Murs is committed to carrying out €197 million worth of work over the same period. At June 30, 2011, €105 million worth of work was carried out by the Group. Moreover, the Group is required to pay the cost of maintaining the hotels over the period from January 1, 2009 to the first possible lease termination date (July 1, 2017). The costs to be paid by the Group may not represent less than a certain percentage of the hotels' revenues (4% for Ibis & Etap Hotel, 3.5% for Novotel & Sofitel, and 3% or 3.5% for Mercure).

In addition, under the 2008 Axa Reim transactions (see Note 2.A.2.1), Accor is committed to carry out €28 million worth of work in France and Switzerland. At June 30, 2011, €25 million worth of work was carried out by the Group.

In addition, under the Predica and Foncière des Murs transactions in 2010 (see Note 2.A.2.1), Accor is committed to carry out €14 million worth of work in France and Belgium. At June 30, 2011, €3 million worth of work was carried out by the Group.

Note 20.2 Finance leases

At June 30, 2011, the carrying amount of finance leases recognized in the balance sheet in net value is €32 million (December 31, 2010: €44 million and June 30, 2010: €54 million), as follows:

In € millions	June 2010	Dec. 2010	June 2011
Land	11	10	7
Buildings	82	70	62
Fixtures	34	26	20
Equipment and furniture	7	9	9
Property, plant and equipment, at cost	**134**	**115**	**98**
Buildings	(51)	(46)	(43)
Fixtures	(26)	(22)	(20)
Equipment and furniture	(3)	(3)	(3)
Cumulated amortization and impairment losses	**(80)**	**(71)**	**(66)**
Property, plant and equipment, net	**54**	**44**	**32**

Finance lease liabilities can be analyzed as follows by maturity:

	Debt in € millions Non Discounted
2011	91
2012	81
2013	68
2014	62
2015	51
2016	50
2017	48
2018	42
2019	36
2020	35
2021	34
2022	33
2023	32
2024	31
> 2024	59

Note 21. Long-Term Loans

In € millions	June 2010	Dec. 2010	June 2011
Gross value	154	159	149
Cumulated impairment losses	(22)	(23)	(21)
Long-term loans, net	**132**	**136**	**128**

In € millions		June 2010	Dec. 2010	June 2011
Hotels, Asia-Pacific	(1)	66	90	80
Other		66	46	48
Total		**132**	**136**	**128**

(1) Loans to hotels mainly include loans to Tahl (an Australian property company) for €67 million at June 30, 2011.

Note 22. Investments in Associates

In € millions			June 2010	Dec. 2010	June 2011
Accor Asia-Pacific subsidiaries (*)			148	136	137
Moroccan investment fund (RISMA)		(1)	30	31	31
Société Hôtelière Paris Les Halles		(2)	12	12	11
Egyptian investment fund			14	10	8
The Grand Real Estate (Sofitel The Grand, Hotels, Netherlands)	(Note 2.A.2.2)	(3)	6	8	7
Sofitel London St James (Hotels, United Kingdom)			6	5	5
Sofitel Hotels, USA (25%)	(Note 2.A.2.2)	(4)	(16)	(9)	(15)
Other			23	23	21
Total			**223**	**216**	**205**

(*)The Asia-Pacific investments primarily include Interglobe Hotels Entreprises Limited for €35 million, Caddie Hotels (Novotel and Pullman Delhi) for €17 million, Blue Ridge Hotels (Sofitel and Novotel Mumbai) for €20 million, a joint-venture for development partnerships in India (Triguna) for €12 million, other companies for development partnerships in India for €10 million and Ambassador Inc, Ambasstel and Ambatel Inc (South Korea) for €22 million.

(1) Key figures for the hotel investment fund in Morocco (Risma) are as follows:

Risma (Moroccan investment fund) (In € millions)	June 2010	Dec. 2010	June 2011
Revenue	50	102	57
Net profit (loss)	(3)	1	(1)
Net cash/(Net debt)	(183)	(216)	(221)
Equity	80	85	82
Market capitalization	181	151	123
Total assets	360	349	371
% interest held	34,92%	34,92%	35,32%

(2) Key figures for Société Hôtelière Paris les Halles are as follows:

Société Hôtelière Paris Les Halles (In € millions)	June 2010	Dec. 2010	June 2011
Revenue	34	111	42
Net profit (loss)	-	-	(2)
Net cash/(Net debt)	(117)	(108)	(106)
Equity	32	35	30
Market capitalization	N/A	N/A	N/A
Total assets	170	168	163
% interest held	31,19%	31,19%	31,19%

(3) Key figures for Sofitel The Grand (Netherlands) are as follows:

The Grand Real Estate (Hotels, Netherlands) Sofitel The Grand (In € millions)	June 2010	Dec. 2010	Juin 2011	
Revenue	6	16	11	
Net profit (loss)	(3)	(7)	(3)	
Net cash/(Net debt)	(32)	(27)	(29)	
Equity	8	15	12	
Market capitalization	N/A	N/A	N/A	
Total assets	48	49	48	
% interest held	58,71%	58,71%	58,71%	(*)

(*) The percentage of control is 40 %

(4) Key figures for Sofitel Hotels, USA are as follows:

Sofitel Hotels USA (In € millions)	**June 2010**	**Dec. 2010**	**June 2011**
Revenue	69	142	60
Net profit (loss) (a)	21	45	(4)
Net cash/(Net debt)	(474)	(366)	(355)
Equity	(62)	(36)	(58)
Market capitalization	N/A	N/A	N/A
Total assets	471	409	359
% interest held	25,00%	25,00%	25,00%

(a) In 2010, the Sofitel Washington disposal had a positive impact of €29 million on 2010 profit and the Sofitel Philadelphia disposal had a positive impact of €23 million on 2010 profit.

Note 23. Other Financial Investments

In € millions	June 2010	Dec. 2010	June 2011
Investments in non-consolidated companies (*Available for sale financial assets*)	125	128	117
Deposits (*Loans and Receivables*)	71	66	63
Other financial investments, at cost	**196**	**194**	**180**
Accumulated impairment losses	(64)	(66)	(66)
Other financial investments, net	**132**	**128**	**114**

Accumulated impairment losses relate almost entirely to investments in non-consolidated companies.

Other financial investments break down as follows:

In € millions	June 2010	Dec. 2010	June 2011
Tahl (Australian property company)	22	25	24
Stone (French property company)	12	11	11
Deposit for phases 6 to 10 of the Motel 6 project in the United States	24	22	20
Deposit for hotels in France sold in 2008	10	10	10
Other investments and deposits	64	60	49
Other financial investments, net	**132**	**128**	**114**

Note 24. Receivables and Payables

Note 24.1. Trade receivables and related provision

In € millions	June 2010	Dec. 2010	June 2011
Gross value	466	416	432
Provisions	(47)	(42)	(44)
Net	**419**	**374**	**388**

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. Past-due receivables not covered by provisions are not material.

Note 24.2. Details of other receivables and accruals

In € millions	June 2010	Dec. 2010	June 2011
Recoverable VAT	127	166	126
Prepaid wages and salaries and payroll taxes	11	5	8
Other prepaid and recoverable taxes (*)	270	277	262
Other receivables	291	287	300
Other prepaid expenses	207	171	196
Other receivables and accruals, at cost	**906**	**906**	**892**
Provisions (*)	**(20)**	**(269)**	**(267)**
Other receivables and accruals, net	**886**	**637**	**625**

(*) Including €242 million paid by CIWLT in February 2009 in settlement of a tax reassessment. The asset was written down in full at December 31, 2010 following new developments in the dispute with the tax authorities (see Note 39).

Note 24.3. Details of other payables

In € millions	June 2010	Dec. 2010	June 2011
VAT payable	87	96	62
Wages and salaries and payroll taxes payable	352	410	340
Other taxes payable (1)	313	302	278
Other payables (2)	3 216	376	399
Deferred income	132	123	125
Other payables	**4 100**	**1 307**	**1 204**

(1) Including €156 million of "précompte" (see Note 39).

(2) Including at June 30, 2010 :

a. €36 million of "precompte" (see Note 39).

b. €237 million of dividend to distribute to shareholders.

c. €2,578 million in debt, representing the fair value of the Edenred shares distributed to shareholders on July 2, 2010 (see Note 2.E)

Note 24.4. Analysis of other receivables / payables' periods

In € millions at June 30, 2011	Due within 1 year	Due in 1 to 5 years	Due beyond 5 years	June 2011	Dec. 2010	June 2010
Inventories	36	-	-	36	41	40
Trade receivables	388	-	-	388	374	419
Recoverable VAT	123	3	-	126	166	127
Prepaid payroll taxes	8	-	-	8	5	11
Other prepaid and recoverable taxes	19	1	-	20	35	270
Other receivables	272	3	-	275	260	271
CURRENT ASSETS	**846**	**7**	**-**	**853**	**881**	**1 138**
Trade payables	577	-	-	577	634	572
VAT payable	62	-	-	62	96	87
Wages and salaries and payroll taxes payable	323	16	1	340	410	352
Other taxes payable	278	-	-	278	302	313
Other payables (*)	399	-	-	399	376	3 216
CURRENT LIABILITIES	**1 639**	**16**	**1**	**1 656**	**1 818**	**4 540**

(*) Including at June 30, 2010, €2,578 million in debt, representing the fair value of the Edenred shares distributed to shareholders on July 2, 2010 (see Note 2.E).

Note 25. Potential Ordinary Shares

Following the demerger on July 2, 2010, the exercise price of outstanding stock options and performance shares was adjusted along with the number of shares to be received by grantees (see Note 3.4.1 in the update to the 2009 Registration Document filed with the Autorité des Marchés Financiers on May 18, 2010 under number D.10-0201-A01). The figures presented in this note are therefore adjusted figures.

Note 25.1. Number of potential shares

At June 30, 2011, the Company's share capital was made up of 227,156,233 ordinary shares. The average number of ordinary shares outstanding during the period was 226,994,316. **The number of outstanding shares at June 30, 2011 was 227,156,233.**

In addition, employee stock options exercisable for 13,277,698 ordinary shares, representing 5.85% of the capital, were outstanding at June 30, 2011 (see Note 25.3).

Conversion of all of the potential shares presented above would have the effect of increasing the number of shares outstanding to 240,433,931.

Note 25.2. Diluted earnings per share

Based on the above number of potential shares and the average Accor share price for first-half 2011 of €31.75, the diluted weighted average number of shares outstanding in first-half 2011 was 228,101,373. Diluted earnings per share were therefore calculated as follows:

In € millions	Dec. 2010	June 2010	June 2011
Net profit, Group share (continuing operations and discontinued operations)	**3 600**	**(15)**	**41**
Weighted average number of ordinary shares (in thousands)	225 838	225 627	226 994
Number of shares resulting from the exercise of stock options (in thousands)	853	507	1 107
Number of shares resulting from performance shares grants (in thousands)	132	-	-
Fully diluted weighted average number of shares (in thousands)	226 822	226 133	228 101
Diluted earnings per share (in €)	**15,87**	**(0,07)**	**0,18**

The instruments that may have a dilutive impact on basic earnings per share in the future but that have not been included in the calculation of diluted earnings per share because they did not have a dilutive effect on first-half 2011 are all of the stock options outstanding under the plans 13, 14, 15, 16, 17, 20, 21, 22, 23 and 24 in force at June 30, 2011.

Note 25.3. Share-based payments

STOCK OPTION PLANS

Description of the main plans

The following table summarizes the characteristics of stock options outstanding at June 30, 2011, as well as of options that were cancelled or expired during the period.

	Grant date	Life of plan	Number of options granted	Option exercise date	Number of grantees	Exercise price	Cash-settled or equity settled
Plan 8	January 3, 2003	8 years	176 549	from 01/04/06 until 01/03/11	67	21,11 €	Equity
Plan 9	January 7, 2004	8 years	1 990 332	from 01/08/07 until 01/07/12	1 517	23,66 €	Equity
Plan 10 (*)	July 9, 2004	8 years	131 619	from 07/09/07 until 07/09/12	3 390	22,51 €	Equity
Plan 11	January 12, 2005	7 years	1 750 020	from 01/13/09 until 01/12/12	903	21,50 €	Equity
Plan 12	January 9, 2006	7 years	1 840 601	from 01/10/10 until 01/09/13	191	30,60 €	Equity
Plan 13	March 24, 2006	7 years	963 293	from 03/25/10 until 03/24/13	818	32,56 €	Equity
Plan 14	March 22, 2007	7 years	2 183 901	from 03/23/11 until 03/22/14	958	45,52 €	Equity
Plan 15	May 14, 2007	7 years	129 694	from 05/15/11 until 05/14/14	11	47,56 €	Equity
Plan 16 (*)	September 13, 2007	8 years	2 139	from 09/13/10 until 09/13/15	40	40,08 €	Equity
Plan 17	March 28, 2008	7 years	2 080 442	from 03/29/12 until 03/28/15	1 022	30,81 €	Equity
Plan 18	September 30, 2008	7 years	110 052	from 10/01/12 until 09/30/15	6	28,32 €	Equity
Plan 19	March 31, 2009	8 years	1 429 456	from 04/01/13 until 03/31/17	1 138	18,20 €	Equity
Plan 20	April 2, 2010	8 years	2 618 770	from 04/03/14 until 04/02/18	1 020	26,66 €	Equity
Plan 21	April 2, 2010	8 years	153 478	from 04/03/14 until 04/02/18	10	26,66 €	Equity
Plan 22	November 22, 2010	8 years	92 448	from 11/23/14 until 11/22/18	5	30,49 €	Equity
Plan 23	April 4, 2011	8 years	621 754	from 04/05/15 until 04/04/19	783	31,72 €	Equity
Plan 24	April 4, 2011	8 years	53 125	from 04/05/15 until 04/04/19	8	31,72 €	Equity

(*) Plans 10 and 16 are stock savings warrants

Stock options granted under Plan 15 are performance options. The stock options vest in four equal tranches in each of the years 2007 to 2010 based on the attainment of performance targets expressed in terms of growth in the Accor Group's return on capital employed (ROCE) and profit after tax and before non-recurring items.
If the performance targets are met at the end of each year, grantees will receive one quarter of the stock options included in the initial grant. If only one of the two targets is met, they will receive one eighth of the options.
For all of the stock options to vest, ROCE and profit after tax and before non-recurring items will have to increase by around 10% or more per year. If ROCE and profit after tax and before non-recurring items increase by less than 10% (but more than 0%), the number of vested options will be reduced based on the ratio between the actual increase and 10%.
The performance criteria were met in 2007. The performance criteria were only partially met in 2008, 2009 and 2010 leading to the cancellation of 62,517 options.

Stock options granted under Plan 21 are performance options based on market conditions. The vesting criterion, which concerned the relative performance of the Accor SA share compared to the CAC 40 index in 2010, 2011, 2012 and 2013, has been adjusted after the Hotels and Services businesses are demerged. The options vest after four years, depending on the annual performance of the Accor SA share versus the CAC 40 index. The number of options that could be exercised after the four-year vesting period may not exceed 100% of the initial amount. The performance criteria were met in 2010.

Stock options granted under Plan 24 are subject to an external performance measure. During each year of the vesting period (from 2011 to 2014) options representing one quarter of the original grant are subject to an external performance measure based on Accor's Total Shareholder Return (TSR) relative to that of eight international hotel groups. The objectives have been set for four years, with intermediate rankings. A fixed percentage of options vest each year for each level in the ranking achieved.

Changes in outstanding stock options during 2010 and 2011 are as follows:

	June 30, 2010	
	Number of options	**Weighted average exercise price**
Options outstanding at beginning of period	**9 485 318**	**43,72 €**
Options granted durnig first-half 2010	1 935 100	40,20 €
Options cancelled or expired durnig first-half 2010	(1 520 056)	39,21 €
Options exercised durnig first-half 2010	(429 169)	33,39 €
Options outstanding at end of June 2010 before the demerger	**9 471 193**	**44,19 €**
Options exercisable at end of June 2010 before the demerger	**3 806 868**	**40,18 €**

	December 31, 2010	
	Number of options	**Weighted average exercise price**
Options outstanding at July 2, 2010 after the demerger	**13 839 320**	**29,38 €**
Options granted during second-half 2010	92 448	30,49 €
Options cancelled or expired during second-half 2010	(67 022)	33,64 €
Options exercised during second-half 2010	(915 053)	22,76 €
Options outstanding at the end of December 2010	**12 949 693**	**29,84 €**
Options exercisable at the end of December 2010	**4 816 791**	**27,39 €**

	June 30, 2011	
	Number of options	**Weighted average exercise price**
Options outstanding at beginning of period	**12 949 693**	**29,84 €**
Options granted during first-half 2011	674 879	31,72 €
Options cancelled or expired during first-half 2011	(92 236)	33,43 €
Options exercised during first-half 2011	(254 638)	22,70 €
Options outstanding at end of June 2011	**13 277 698**	**30,05 €**
Options exercisable at end of June 2011	**6 642 181**	**33,31 €**

Outstanding options at June 30, 2011 are as follows:

	Exercise price	Number of outstanding options	Remaining life of the options
Plan 9	23,66 €	869 711	6 months
Plan 10	22,51 €	105 928	1 year
Plan 11	21,50 €	904 223	6 months
Plan 12	30,60 €	1 799 500	1.5 years
Plan 13	32,56 €	866 623	1.8 years
Plan 14	45,52 €	2 026 880	2.8 years
Plan 15	47,56 €	67 177	3 years
Plan 16	40,08 €	2 139	4.3 years
Plan 17	30,81 €	1 966 531	3.8 years
Plan 18	28,32 €	102 544	4.3 years
Plan 19	18,20 €	1 335 757	5.8 years
Plan 20	26,66 €	2 326 130	6.9 years
Plan 21	26,66 €	137 228	6.9 years
Plan 22	30,49 €	92 448	7.5 years
Plan 23	31,72 €	621 754	7.9 years
Plan 24	31,72 €	53 125	7.9 years

Fair value of options

The fair value of these options at the grant date has been determined using the Black & Scholes or Monte Carlo option-pricing models, based on data and assumptions that were valid at that date. The information presented in this table for plans 9 to 21 (particularly the exercise price, the share price at the grant date and the fair value) has not therefore been adjusted for the effects of the July 2, 2010 demerger.

The main data and assumptions used for the fair value calculations are as follows:

	Plan 9	Plan 10	Plan 11	Plan 12	Plan 13	Plan 14	Plan 15	Plan 16
Accor share price at the option grant date	35,18 €	33,71 €	31,64 €	49,80 €	48,30 €	70,95 €	70,45 €	62,35 €
Option exercise price	35,68 €	33,94 €	32,42 €	46,15 €	49,10 €	68,65 €	71,72 €	60,44 €
Expected volatility (*)	39,68%	39,18%	37,64%	35,36%	34,60%	31,73%	31,60%	27,57%
Contractual life of the options	8 years	8 years	7 years	7 years	7 years	7 years	7 years	8 years
Expected share yield (**)	3,44%	3,55%	2,94%	3,13%	3,74%	3,94%	4,25%	4,15%
Fair value of options (***)	10,52 €	10,07 €	8,48 €	14,11 €	12,57 €	20,38 €	19,36 €	16,66 €

	Plan 17	Plan 18	Plan 19	Plan 20	Plan 21	Plan 22	Plan 23	Plan 24
Accor share price at the option grant date	47,10 €	37,12 €	25,49 €	41,47 €	41,47 €	32,19 €	31,96 €	31,96 €
Option exercise price	46,46 €	42,70 €	27,45 €	40,20 €	40,20 €	30,49 €	31,72 €	31,72 €
Expected volatility (*)	27,87%	26,72%	31,91%	33,96%	33,96%	34,99%	35,74%	35,74%
Contractual life of the options	7 years	7 years	8 years	8 years	8 years	8 years	8 years	8 years
Expected share yield (**)	3,84%	4,03%	2,63%	2,29%	2,29%	1,98%	2,90%	2,60%
Fair value of options (***)	11,55 €	7,00 €	5,78 €	10,28 €	9,44 €	9,25 €	9,40 €	8,89 €

(*) Weighted volatility based on exercise periods
(**) Expected share yield based on exercise periods
(***) Fair value of options based on exercise periods

The dividend rate used to measure the fair value of options is:

- 3.03% for plans 9 and 10,
- 3.22% for plans 11, 12 and 13,
- 2.29% for plans 14, 15 and 16,
- 2.53% for plans 17, 18 and 19,
- 3.24% for plans 20 and 21,
- 2.22% for plan 22 and
- 2.19% for plan 23 and 24.

For the major part of the plans, these rates correspond to the average payout rate for the previous two, three or four years.

Maturities of stock options

The Group has decided to base the exercise dates of stock options under these plans on observed exercise dates under previous plans. The same principle has been applied to all plans, as follows:

- 35% of options exercised after 4 years
- 20% of options exercised after 5 years
- 35% of options exercised after 6 years
- 5% of options exercised after 7 years – 10% for plans 11, 12, 13, 14, 15, 17 and 18
- 5% of options exercised after 8 years

Maturities stock options correspond to the options' expected lives.

Share price volatility

The Group has chosen to apply a volatility rate calculated by reference to historical data for the eight years preceding the grant date. Different volatility rates have been applied, calculated from granted date, to each maturity as presented above.

Cost of share-based payments recognized in the accounts

The total cost recognized in profit or loss by adjusting equity in respect of share-based payments amounted to €7.3 million at June 30, 2011 (June 30, 2010: €7.2 million, December 31, 2010: €18.9 million).

In 2010, part of this cost was recognized in restructuring costs (for €1.7 million) and in net profit (loss) from discontinued operations for €3.9 million. This was due to the post-demerger application of IFRS 2, which required the Group to:

1) Recognize at the demerger date the unrecognized cost relating to employees who left Accor to join Edenred, transferring with them the entitlement to future payment based on service conditions.
2) Measure the fair value of the plans immediately before and immediately after the demerger. The resulting increases in fair value were recognized:
    a. In full in the 2010 accounts for the portion corresponding to the rights of employees for left Accor to join Edenred.
    b. In full in the 2010 accounts for rights that had vested as of the demerger date.
    c. On a straight-line basis over the remaining vesting period for rights that had not yet vested at the demerger date.

Employee Stock Ownership Plan

In April 2007, an employee rights issue was carried out under the Employee Stock Ownership Plan.

The issue was leveraged, meaning that for each share purchased between June 11 and 18, 2007 the bank that partnered Accor in the issue financed an additional nine shares on behalf of the employee. At the end of the 5-year lock-up period, employees will receive a cash payment equal to the average increase in value of the Accor shares purchased with their own funds and with the financing provided by the bank.
In addition, the employees' initial investment in the shares is guaranteed by the bank.

The plan's characteristics are as follows:

- Reference share price: €68.61 before demerger-related adjustment (€42.65 after demerger-related adjustment);
- Employee discount: 18.9%
- Discounted subscription price: €55.64 (except in Germany where employees were not entitled to the discount but were awarded stock warrants)

At the close of the subscription period, the Group issued 770,529 new shares purchased by employees under the plan, including 769,126 shares acquired through corporate mutual funds and 1,403 purchased directly.

The fair value of the employee benefit, totalling €9.7 million, was recognized in full in "Employee benefits expense" by adjusting equity, in first-half 2007. The cost represented by the lock-up clause, determined only for shares purchased by employees (not for any shares financed by a bank loan) was calculated by discounting the discount over 5 years at a 5.5% discount rate and amounted to €0.2 million. For 2007, the cost of the lock-up was measured at 5.5% of the discounted subscription price.

PERFORMANCE SHARE PLANS

2008 Plan

On March 28, 2008, Accor granted 107,034 performance shares to senior executives and certain employees.

The performance shares are subject to vesting conditions based on growth in Accor's return on capital employed (ROCE) and profit after tax and before non-recurring items for each of the years 2008 and 2009. Half of the shares will vest in each year if both performance targets are met. If only one of the performance targets is met, a quarter of the shares will vest.
For all of the shares to vest, ROCE and profit after tax and before non-recurring items will have to increase by around 10% or more per year. If ROCE and profit after tax and before non-recurring items increase by less than 10% (but more than 0%), the number of vested shares will be reduced based on the ratio between the actual increase and 10%.

The shares are subject to a two-year lock-up.

The cost of the performance share plan – corresponding to the fair value of the share grants – amounted to €5 million. The fair value of the share grants was measured as the average of the Accor share prices for the twenty trading days preceding the grant date multiplied by the number of shares granted under the plan.

At December 31, 2008

In 2008, only one of the two performance criteria was met, leading to a reduction in the fair value of the share grants to €1.2 million, reflecting the expectation that performance criteria would not be met in 2009.

At December 31, 2009

In 2009, the performance criteria were not met. As the related performance targets had been partially met, 26,166 shares were awarded to the grantees who were still part of the Group at that date.

The fair value of the share grants was unchanged at €1.2 million, of which €0.6 million was recognized in the 2009 financial statements.

2009 Plan

On March 31, 2009, Accor granted 300,383 performance shares to senior executives and certain employees. Of these:

- 249,084 have a two-year vesting period followed by a two-year lock-up period.
- 51,299 have a four-year vesting period with no subsequent lock-up period.

The performance shares are subject to vesting conditions based on growth in Accor's return on capital employed (ROCE) and profit after tax and before non-recurring items for each of the years 2009 and 2010. Half of the shares will vest in each year if both performance targets are met. If only two of the performance targets are met, around a third of the shares will vest. If only one of the performance targets is met, around a sixth of the shares will vest.

For all of the shares to vest, ROCE, revenue and profit after tax and before non-recurring items will have to increase by around 10% or more per year. If ROCE, revenue and profit after tax and before non-recurring items increase by less than 10% (but more than 0%), the number of vested shares will be reduced based on the ratio between the actual increase and 10%.

The fair value of these share-based payments – representing €5.8 million on March 31, 2009 – is recognized on a straight-line basis over the vesting period of the performance shares in employee benefits expense, with a corresponding adjustment to equity. This fair value is based on Accor's opening share price on the grant date less the present value of unpaid dividends multiplied by the number of shares issued.

At December 31, 2009

In 2009, the performance criteria were not met. This led to a reduction in the fair value of the share granted to €2.9 million. Plan costs recognized in 2009 amounted to €1 million.

<u>At December 31, 2010</u>

In 2010, only some of the performance criteria were met. This led to a reduction in the fair value of the share granted to Accor employees to €1.4 million. Plan costs recognized in 2010 amounted to €0.2 million.

<u>In 2011</u>

107,646 shares were awarded to the grantees who were still part of the Group at that date. The fair value of the share grants was finally €1.6 million, of which €0.6 million was recognized in the interim 2011 financial statements.

2011 Plan

On April 4, 2011, Accor granted 249,107 performance shares to senior executives and certain employees. Of these:

- 20,450 have a three-year vesting period followed by a two-year lock-up period.
- 190,331 have a two-year vesting period followed by a two-year lock-up period.
- 38,326 have a four-year vesting period with no subsequent lock-up period.

The performance shares are subject to vesting conditions based on business revenue, EBIT and operating cash flow for each of the years 2011 and 2012. Targets have been set for annual growth in relation to the budget over the next two years, with interim milestones, and a certain percentage of the shares vest each year as each milestone is met.

The cost of the performance share plan – corresponding to the fair value of the share grants – amounted to €7.6 million at April 4, 2011 and was being recognized on a straight-line basis over the vesting period under “Employee benefits expense” with a corresponding adjustment to equity. The fair value of the share grants was measured as the average of the Accor share prices for the twenty trading days preceding the grant date multiplied by the number of shares granted under the plan.

Note 26. Cumulative Unrealized Gains and Losses on Financial instruments

In € millions	June 2010	Dec. 2010	June 2011
Convertible bonds	-	-	-
Equity notes	-	-	-
Mutual fund units	-	-	-
Interest rate and currency swaps	(13)	(10)	(7)
Fair value adjustments to non-consolidated investments	-	-	-
Fair value adjustments to available-for-sale investments	-	-	-
Impact on equity	**(13)**	**(10)**	**(7)**

Fair value adjustments to financial instruments recognized in equity

In € millions	June 2010	Dec. 2010	June 2011
Available for sale Financial Assets	**-**	**-**	**-**
Gains (losses) recognised in Equity during the period	-	-	-
Gains (losses) reclassified to profit or loss	-	-	-
Cash flow hedges	**(1)**	**2**	**3**
Gains (losses) recognised in Equity during the period	(1)	2	3
Gains (losses) reclassified to profit or loss	-	-	-
Changes in Reserve	**(1)**	**2**	**3**

Note 27. Minority interests

Changes in minority interests break down as follows:

In € millions	
At December 31, 2009	**257**
Minority interests in net profit for the period	10
Dividends paid to minority interests	(12)
Translation adjustment	13
Changes in scope of consolidation	31
At December 31, 2010	**299**
Minority interests in net profit for the period	11
Dividends paid to minority interests	(10)
Translation adjustment	(3)
Changes in scope of consolidation	(46)
At June 30, 2011	**251**

Note 28. Comprehensive Income

The tax impact of other components of comprehensive income can be analyzed as follows:

In € millions	Dec. 2010			June 2010			June 2011		
	Before tax	Income tax expense	Net of tax	Before tax	Income tax expense	Net of tax	Before tax	Income tax expense	Net of tax
Currency translation adjustment	230	-	230	439	-	439	(143)	-	(143)
Change in fair value resulting from "Available-for-sale financial assets"	-	-	-	-	-	-	-	-	-
Effective portion of gains and losses on hedging instruments in a cash flow hedge	2	-	2	(1)	-	(1)	3	-	3
Actuarial gains and losses on defined benefits plans	(3)	1	(2)	(0)	-	(0)	(1)	-	(1)
Share of the other comprehensive income of associates and joint ventures accounted for using the equity method	-	-	-	-	-	-	-	-	-
Total Other Comprehensive income	**229**	**1**	**230**	**438**	**-**	**438**	**(141)**	**-**	**(141)**

Note 29. Debt by Currency and Maturity

Note 29.A Long and short-term debt

Long and short-term debt at June 30, 2011 breaks down as follows by currency and interest rate after hedging transactions:

In € millions	June 2010	Effective rate June 2010 %	Dec. 2010	Effective rate Dec. 2010 %	June 2011	Effective rate June 2011 %
EUR	1 668	6,95	1 399	6,87	1 360	6,83
CNY	104	4,72	91	4,87	93	5,75
PLN	80	5,25	59	5,25	62	5,97
AUD	30	5,56	5	7,38	4	8,01
USD	16	0,87	10	1,18	8	0,57
Other currencies (1)	169	3,91	214	4,53	202	4,42
Long and short-term borrowings	**2 067**	**6,45**	**1 778**	**6,40**	**1 729**	**6,43**
Long and short-term finance lease liabilities	150		100		91	
Purchase commitments	2		4		4	
Liability derivatives	30		23		26	
Other short-term financial liabilities and bank overdrafts	54		83		32	
Long and short-term debt	**2 303**		**1 988**		**1 882**	

(1) including about JPY €35 million and MUR €24 million as at June 30, 2011.

In € millions	June 2010	Dec. 2010	June 2011
Long-term debt	2 144	1 783	1 709
Short-term debt	159	205	173
Total long and short-term debt	**2 303**	**1 988**	**1 882**

Note 29.B Maturities of debt

At June 30, 2011, maturities of debt were as follows:

In € millions	June 2010	Dec. 2010	June 2011
Year Y+1	158	205	173
Year Y+2	121	100	515
Year Y+3	684	796	790
Year Y+4	944	498	24
Year Y+5	30	26	17
Year Y+6	10	13	12
Beyond	356	350	351
Total long and short-term debt	**2 303**	**1 988**	**1 882**

This analysis of debt by maturity over the long-term is considered as providing the most meaningful liquidity indicator. In the above presentation, all derivatives are classified as short-term. Borrowings and short-term investments denominated in foreign currencies have been translated into euros at the rate on the balance sheet date. Interest rate and currency hedging instruments are analysed by maturity in Note 29.E « Financial Instruments ».

At June 30, 2011, Accor had several unused confirmed lines of credit with maturities of more than one year, for a total of €1,780 million, expiring between October 2012 and May 2016.

First-half 2011 financial costs amounted to €52 million. Future financial costs are estimated at €276 million for the period from July 2011 to June 2015 and €49 million thereafter.

First-half 2010 financial costs amounted to €76 million. Future financial costs were estimated at €422 million for the period from July 2010 to June 2014 and €58 million thereafter.

2010 financial costs amounted to €140 million. Future financial costs were estimated at €323 million for the period from January 2011 to December 2014 and €55 million thereafter.

These estimates are based on the average cost of debt of the period, after hedging. They have been determined by applying the assumption that no facilities will be rolled over at maturity.

Note 29.C Long and short-term debt before and after hedging

At June 30, 2011, long and short-term debt breaks down as follows before hedging transactions:

In € millions	Total debt		
	Amount	Rate	% of total debt
EUR	1 456	5,99%	84%
CNY	93	5,75%	5%
PLN	60	6,02%	3%
AUD	4	8,01%	0%
Other currencies	116	6,56%	7%
Total long and short-term debt	**1 729**	**6,02%**	**100%**

Long and short-term debt after currency and interest rate hedging breaks down as follows at June 30, 2011:

In € millions	Total debt		
	Amount	Rate	% of total debt
EUR	1 360	6,83%	79%
CNY	93	5,75%	5%
PLN	62	5,97%	4%
AUD	4	8,01%	0%
USD	8	0,57%	0%
Other currencies	202	4,42%	12%
Total long and short-term debt	**1 729**	**6,43%**	**100%**

Note 29.D Long and short-term debt by interest rate after hedging

In € millions	Total debt	
	Amount	Rate
June 2010	2 067	6,45%
December 2010	1 778	6,40%
June 2011	1 729	6,43%

At June 30, 2011, 79% of long and short-term debt was fixed rate, with an average rate of 6.92%, and 21% was variable rate, with an average rate of 4.59%.

At June 30, 2011, fixed rate debt was denominated primarily in EUR (97%), while variable rate debt was denominated mainly in CNY (26%), PLN (17%) and EUR (9%).

The loan agreements do not contain any rating triggers. However, certain loan agreements include acceleration clauses that may be triggered in the event of a change of control, defined as the acquisition of more than 50% of outstanding voting rights. Of the Group's total debt of €1,729 million, loans worth €1,112 million are subject to change of control clauses. In the case of bonds, the acceleration clause would be triggered only if the change of control led to Accor's credit rating being downgraded to non-investment grade.

None of the Group’s loan agreements contain any rating triggers or cross-default clauses. Cross acceleration clauses only concern loans for periods of at least three years and they would be triggered only for similar loans representing a significant amount.

Note 29.E Financial instruments

1. Currency hedges

The following tables analyze the nominal amount of currency hedges by maturity and the carrying amount of these instruments in the balance sheet, corresponding to their fair value, at June 30, 2011:

Forward sales and currency swaps In € millions	Maturity 2011	Maturity 2012	June 30, 2011 Nominal amount	June 30, 2011 Fair value
JPY	36	-	36	(0)
CZK	25	-	25	0
HUF	11	-	11	-
CAD	9	-	9	-
USD	8	-	8	-
Other	5	-	5	-
				-
Forward sales	**94**	**-**	**94**	**-**

Forward purchases and currency swaps In € millions	Maturity 2011	Maturity 2012	June 30, 2011 Nominal amount	June 30, 2011 Fair value
GBP	146	-	146	6
USD	55	-	55	-
MXN	3	-	3	-
Other	11	-	11	-
Forward purchases	**215**	**-**	**215**	**6**
TOTAL CURRENCY HEDGING	**309**	**-**	**309**	**6**

For each currency, the nominal 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 the currency instruments listed above are used for hedging purposes. Most are designated and documented fair value hedges of intra-group loans and borrowings that qualify for hedge accounting.

At June 30, 2011, currency instruments had a negative fair value of €6 million.

2. Interest rate hedges

The following tables analyze the notional amount of interest rate hedges by maturity and the carrying amount of these instruments in the balance sheet, corresponding to their fair value, at June 30, 2011:

In € millions	2011	2012	2013	Beyond	June 30, 2011 Notional amount	June 30, 2011 Faire value
EUR: Fixed-rate borrower swaps and caps	-	-	352	4	356	20
Interest rate hedges	**-**	**-**	**352**	**4**	**356**	**20**

The “notional amount” corresponds to the amount covered by the interest rate hedge. “Fair value” corresponds to the amount that would be payable or receivable if the positions were unwound on the market.

All the interest rate instruments listed above are used for hedging purposes.

At June 30, 2011, interest rate instruments had a negative fair value of €20 million.

3. Fair value of financial instruments

The carrying amount and fair value of financial instruments at June 30, 2011 are as follows:

In € millions		June 30, 2011 Carrying amount	June 30, 2011 Fair value
FINANCIAL LIABILITIES		**1 882**	**1 985**
Bonds	(1)	1 112	1 215
Bank borrowings		413	413
Finance lease liabilities		91	91
Other financial liabilities		240	240
Interest rate derivatives *(Cash Flow Hedge)*	(2)	20	20
Currency derivatives (*Fair Value Hedge*)	(2)	6	6
FINANCIAL ASSETS		**(1 323)**	**(1 323)**
Marketable securities	(3)	(1 171)	(1 171)
Cash		(84)	(84)
Other		(68)	(68)
Interest rate derivatives (*Cash Flow Hedge*)	(2)	-	-
Currency derivatives (*Fair Value Hedge*)	(2)	-	-
NET DEBT		**559**	**662**

(1) The fair value of listed bonds corresponds to their quoted market value on the Luxembourg Stock Exchange and on Bloomberg on the last day of the period.

(2) The fair value of derivative instruments (interest rate and currency swaps and forward contracts) is determined by reference to the market price that the Group would pay or receive to unwind the contracts (level 2 valuation technique).

(3) Marketable securities break down as follows:

In € millions		June 30, 2011 Carrying amount	June 30, 2011 Fair value
Other negotiable debt securities	(a)	(50)	(50)
Money market securities	(b)	(1 100)	(1 100)
Mutual fund units convertible into cash in less than three months (*)	(c)	(18)	(18)
Other		(3)	(3)
Total marketable securities		**(1 171)**	**(1 171)**

(*) The fair value of mutual fund units corresponds to their net asset value (level 1 valuation technique).

(a) Held to maturity investments
(b) Loans and receivables issued by the Group
(c) Held for sale financial assets

Note 29.F Credit rating

At June 30, 2011, Accor's credit ratings were as follows:

Rating Agency	Long-term debt	Short-term Debt	Last update of the rating	Outlook	Last update of the outlook
Standard & Poor's	BBB-	A-3	April 05, 2011	Credit Watch Negative	April 05, 2011
Fitch Ratings	BBB-	F-3	May 25, 2011	Stable	May 25, 2011

Note 30. Net Debt and Net Cash

Net debt breaks down as follows:

In € millions	June 2010	Dec. 2010	June 2011
Other long-term financial debt (1)	2 001	1 690	1 624
Long-term finance lease liabilities	143	93	81
Short-term borrowings	120	160	151
Bank overdrafts	9	22	-
Liabilities derivatives	30	23	26
Total debt	**2 303**	**1 988**	**1 882**
Short-term loans	(11)	(20)	(20)
Marketable securities (2)	(1 132)	(1 059)	(1 171)
Cash	(147)	(84)	(84)
Asset derivatives	(9)	-	-
Short-term receivables on disposals of assets	(40)	(95)	(48)
Financial Assets	**(1 339)**	**(1 258)**	**(1 323)**
Net debt	**964**	**730**	**559**

(1) See Note 2.D.
(2) See Note 29.E.

In € millions	June 2010	Dec. 2010	June 2011
Net debt at beginning of period	**1 624**	**1 624**	**730**
Change in long-term debt	(332)	(693)	(78)
Change in short-term financial liabilities	(215)	(167)	(28)
Cash and cash equivalents change	(122)	20	(112)
Changes in other current financial assets	9	(54)	47
Changes for the period	**(660)**	**(894)**	**(171)**
Net debt at end of period	**964**	**730**	**559**

The following table reconciles cash and cash equivalents in the balance sheet to cash and cash equivalents in the cash flow statement:

In € millions	June 2010	Dec. 2010	June 2011
Balance sheet cash and cash equivalents	**1 286**	**1 143**	**1 255**
Bank overdrafts	(9)	(22)	-
Derivatives included in liabilities	(30)	(23)	(26)
Cash flow Statement cash and cash	**1 247**	**1 098**	**1 229**

Note 31. Analysis of financial assets and liabilities under IFRS 7

At December 31, 2010, and June 30, 2011, financial assets and liabilities broke down as follows by category:

At December 31,2010

In € millions	**Category in the balance-sheet**						**Fair value for financial instruments recognized at fair value**			
	Cash and cash equivalents	Loans	Receivables on disposals of assets	Other financial investments	Trade receivables	**Carrying amount**	Level 1*	Level 2*	Level 3*	**Fair value of the class**
Held to maturity financial assets						**100**				
Bonds and other negotiable debt securities	100					**100**				
Loans and receivables						**1640**				
Short-term loans		20				**20**				
Long-term loans		136				**136**				
Receivables on disposals of assets			95			**95**				
Deposits				66		**66**				
Trade receivables					374	**374**				
Money Market securities	947					**947**				
Other	2					**2**				
Available for sale financial assets						**72**				**72**
Investments in non-consolidated companies				62		**62**			62	**62**
Mutual fund units convertible into cash	10					**10**	10			**10**
Other										
Financial assets at fair value										
Interest rate derivatives	-					**-**		-		**-**
Currency derivatives	-					**-**		-		**-**
Cash at bank	84					**84**				
Financial assets at December 31, 2010	**1143**	**156**	**95**	**128**	**374**	**1896**	**10**	**-**	**62**	**72**

At June 30, 2011

In € millions	**Category in the balance-sheet**						**Fair value for financial instruments recognized at fair value**			
	Cash and cash equivalents	Loans	Receivables on disposals of assets	Other financial investments	Trade receivables	**Carrying amount**	Level 1*	Level 2*	Level 3*	**Fair value of the class**
Held to maturity financial assets						**50**				
Other negotiable debt securities	50					**50**				
Loans and receivables						**1 748**				
Short-term loans		20				**20**				
Long-term loans		128				**128**				
Receivables on disposals of assets			48			**48**				
Deposits				61		**61**				
Trade receivables					388	**388**				
Money Market securities	1 100					**1 100**				
Other	3					**3**				
Available for sale financial assets						**71**				**71**
Investments in non-consolidated companies				53		**53**			53	**53**
Mutual fund units convertible into cash	18					**18**	18			**18**
Other										
Financial assets at fair value										
Interest rate derivatives	-					**-**		-		**-**
Currency derivatives	-					**-**		-		**-**
Cash at bank	84					**84**				
Financial assets at June 30, 2011	**1 255**	**148**	**48**	**114**	**388**	**1 953**	**18**	**-**	**53**	**71**

At December 31, 2010

In € millions	Category in the balance-sheet						Fair value for financial instruments recognized at fair value			
	Bank overdrafts	Other long-term financial debt	Short-term debt	Long-term finance lease liabilities	Trade payables	**Carrying amount**	Level 1*	Level 2*	Level 3*	**Fair value of the class**
Financial liabilities at fair value through profit or loss						**23**				**23**
Currency derivatives	4					**4**		4		**4**
Interest rate derivatives	19					**19**		19		**19**
Financial liabilities at amortised cost						**2 577**				
Other bonds		1 161				**1 161**				
Bank Borrowings		335	87			**422**				
Finance lease liabilities			7	93		**100**				
Other debts		194	66			**260**				
Trade payables					634	**634**				
Cash at bank	**22**					**22**				
Financial liabilities at December 31, 2010	**45**	**1 690**	**160**	**93**	**634**	**2 622**	**-**	**23**	**-**	**23**

At June 30, 2011

In € millions	Category in the balance-sheet						Fair value for financial instruments recognized at fair value			
	Bank overdrafts	Other long-term financial debt	Short-term debt	Long-term finance lease liabilities	Trade payables	**Carrying amount**	Level 1*	Level 2*	Level 3*	**Fair value of the class**
Financial liabilities at fair value through profit or loss						**26**				**26**
Currency derivatives	6					**6**		6		**6**
Interest rate derivatives	20					**20**		20		**20**
Financial liabilities at amortised cost						**2 433**				
Other bonds		1 112				**1 112**				
Bank Borrowings		317	96			**413**				
Finance lease liabilities			10	81		**91**				
Other debts		195	45			**240**				
Trade payables					577	**577**				
Cash at bank	**-**					**-**				
Financial liabilities at June 30, 2011	**26**	**1 624**	**151**	**81**	**577**	**2 459**	**-**	**26**	**-**	**26**

* The fair value hierarchies have the following levels:

(a) Level 1: fair value measured by reference to quoted prices (unadjusted) in active markets for identical assets or liabilities;
(b) Level 2: fair value measured by reference to inputs other than 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);
(c) Level 3: fair value measured by reference to inputs for the asset or liability that are not based on observable data (unobservable inputs).

Fair value hierarchies are presented only for financial instruments measured at fair value.

The methods used to measure the fair value of derivative instruments, mutual fund unit convertible into cash and bonds are described in Note 29.
The method used to measure the fair value of investments in non-consolidated companies is described in Note 1.N.1.

No assets were transferred between fair value measurements levels during the periods presented.

Note 32. Assets and Liabilities Held for Sale

Assets and liabilities held for sale break down as follows:

In € millions	June 2010	Dec. 2010	June 2011
Edenred	3 710	-	-
Groupe Lucien Barrière	675	597	-
Onboard Train Services	89	45	35
Lenôtre	-	-	77
Disposal groups classified as held for sale	4	10	10
Non-current assets classified as held for sale	277	161	301
Total Assets classified as Assets held for sale	**4 755**	**813**	**423**
Edenred	4 732	-	-
Groupe Lucien Barrière	341	326	-
Onboard Train Services	70	48	32
Lenôtre	-	-	34
Hotels	-	4	3
Total Liabilities classified as liabilities of assets classified as held for sale	**5 145**	**378**	**69**

A. Edenred

In 2009, Accor embarked on a major strategic project to demerge its two core businesses, Hotels and Services. The demerger process was approved by the Shareholders' Meeting of June 29, 2010.

However, although the transacation was approuved by shareholders in the first-half 2010, the demerger was carried out on July 2, 2010, when the shares were distributed. In accordance with IFRS 5 "Non-current assets held for sale and discontinued operations", at June 30, 2010, all of Edenred's assets and liabilities (excluding equity) were reclassified in the consolidated accounts as "Assets held for sale" and "Liabilities related to assets held for sale".

In € millions	June 2010
Goodwill	593
Intangible assets	102
Property, plant and equipment	40
Non-current financial assets	4
Deferred tax assets	(38)
Inventories	10
Trade receivables	933
Other receivables and accruals	248
Short-term loans	1
Current financial assets	1 807
Asset accruals	11
Total assets classified as Assets held for sale	**3 710**
Long-term debt	903
Non-current provisions	17
Trade payables	71
Other payables	149
Current provisions	36
Financial debt	3 518
Bank overdrafts	17
Liabilities accruals	21
Total liabilities classified as liabilities held for sale	**4 732**

B. Groupe Lucien Barrière

As part of its strategic refocusing on hotels, in June 2010 Accor decided to sell all of its 49% stake in Groupe Lucien Barrière (see Note 2.B.2). The disposal to Fimalac and Groupe Lucien Barrière occurred in the first quarter of 2011.

At June 30, 2010 and December 31, 2010, in accordance with IFRS 5 "Non-current assets held for sale and discontinued operations", all of Groupe Lucien Barrière's assets and liabilities (excluding equity) were reclassified in the consolidated accounts as "Assets held for sale" and "Liabilities related to assets held for sale". Moreover, during second-half 2010, the net assets were marked to market upon reclassification, leading to the recognition of a €79 million impairment loss on Group Lucien Barrière goodwill.

The sale was completed on March 4, 2011 and the company was entirely deconsolidated with effect from January 1, 2011.

In € millions	June 2010	Dec. 2010
Goodwill	366	287
Intangible assets	11	11
Property, plant and equipment	223	224
Non-current financial assets	1	2
Deferred tax assets	(1)	(1)
Inventories	4	3
Trade receivables	7	10
Other receivables and accruals	17	13
Short-term loans	-	-
Current financial assets	33	36
Asset accruals	14	12
Total assets classified as Assets held for sale	**675**	**597**
Long-term debt	194	178
Non-current provisions	5	7
Trade payables	27	26
Other payables	73	84
Current provisions	2	2
Financial debt	36	25
Bank overdrafts	1	1
Liabilities accruals	3	3
Total liabilities classified as liabilities held for sale	**341**	**326**

C. Onboard Train Services

On July 7 , 2010, as part of its strategic refocusing on hotels, Accor sold Compagnie des Wagons Lits' onboard rail catering businesses in France, Austria and Portugal and part of the Italian business to Newrest through a joint venture that is 60% owned by Newrest and 40% by Accor. The sale was completed in the second half of 2010. Accor also intends to sell its 40% stake in the joint venture, as well as the Italian Onboard day Train Services business. The underlying assets and liabilities have therefore been marked to market at December 31, 2010 and remain classified under « Assets held for sale » and « Liabilities related to assets held for sale » at that date.

In € millions	June 2010	Dec. 2010	June 2011
Intangible assets	0	0	1
Property, plant and equipment	10	3	3
Non-current financial assets	0	(0)	0
Deferred tax assets	0	(0)	(0)
Inventories	4	2	1
Trade receivables	46	26	23
Other receivables and accruals	9	7	2
Short-term loans	-	1	-
Current financial assets	18	5	3
Asset accruals	1	1	2
Total assets classified as Assets held for sale	**89**	**45**	**35**
Long-term debt	-	-	0
Non-current provisions	11	0	1
Trade payables	23	14	12
Other payables	23	8	9
Current provisions	13	20	10
Financial debt	0	4	0
Bank overdrafts	0	2	0
Liabilities accruals	0	0	0
Total liabilities classified as liabilities held for sale	**70**	**48**	**32**

D. Lenôtre

In line with the strategic refocusing on its core Hotels business, and following expressions of interest from several potential buyers, Accor announced on April 29, 2011 that it was considering the potential disposal of Lenôtre and in August signed a contract to sell the company to Sodexo.

Consequently, at June 30, 2011, in accordance with IFRS 5 "Non-current assets held for sale and discontinued operations", all of Lenôtre's assets and liabilities (excluding equity) were reclassified in the consolidated accounts as "Assets held for sale" and "Liabilities related to assets held for sale".

In € millions	June 2011
Goodwill	21
Intangible assets	1
Property, plant and equipment	26
Non-current financial assets	3
Deferred tax assets	4
Inventories	6
Trade receivables	12
Other receivables and accruals	1
Short-term loans	-
Current financial assets	2
Asset accruals	1
Total assets classified as Assets held for sale	**77**
Long-term debt	0
Non-current provisions	4
Trade payables	11
Other payables	18
Current provisions	0
Financial debt	0
Bank overdrafts	0
Liabilities accruals	1
Total liabilities classified as liabilities held for sale	**34**

E. Other assets held for sale

In € millions		June 2010	Dec. 2010	June 2011
Disposal groups classified as "held for sale" (China)		**4**	**10**	**10**
Hotels to be sold in France	(a)	118	32	180
Hotels to be sold in United States	(b)	25	48	78
Hotels to be sold in Germany	(c)	95	51	32
Hotels to be sold in Poland	(d)	-	1	7
Hotels to be sold in Hungary	(e)	-	-	3
Hotels to be sold in New Zealand	(f)	-	27	-
Hotels to be sold in Belgium	(g)	37	0	-
Other		2	2	1
Non-current assets classified as held for sale		**277**	**161**	**301**

In accordance with IFRS 5, these assets were reclassified in the consolidated balance sheet at that date under "Assets held for sale".

(a) At December 31, 2010, in line with the asset management policy, the Group planned to sell four Etap Hotel units in transactions with Predica and Foncière des Murs. The carrying amount of these assets at that date was €7 million. In addition, the Group planed to sell 16 other units in France. The carrying amount of these assets at that date was €25 million.
In line with the asset management policy, the Group planned to sell 13 hotel units in France in the first half of 2011. In accordance with IFRS 5, the €176 million carrying amount of these hotels was reclassified under "Assets held for sale", of which €68 million concerned the Pullman Paris Bercy and €31 million the Sofitel Paris Arc de Triomphe.
At June 30, 2011, 14 hotels had been reclassified as assets held for sale, for an aggregate carrying amount of €180 million.

(b) At December 31, 2010, the Group planned to sell 42 Motel 6 units. The carrying amount of these assets at that date was €48 million.
In line with the asset management policy, the Group planned to sell one Motel 6 unit and one Novotel unit in the United-States in the first half of 2011. In accordance with IFRS 5, the €49 million carrying amount of these hotels was reclassified under "Assets held for sale".
At June 30, 2011, 29 hotels had been reclassified as assets held for sale, for an aggregate carrying amount of €78 million, of which €49 million concerned the Novotel New-York.

(c) At December 31, 2010, in line with the asset management policy, the Group planned to sell two Novotel units in transactions with Predica and Foncière des Murs in Germany. The carrying amount of these assets at that date was €46 million. In addition, the Group planed to sell two Mercure units and one Ibis unit. The carrying amount of these assets at that date was €5 million. Part of these hotels was sold during first-half 2011, the remaining one will be sold in the second-half of 2011.

(d) At June 30, 2011, in line with the asset management policy, the Group planned to sell two hotel units in Poland. In accordance with IFRS 5, the €7 million carrying amount of these hotels was reclassified under "Assets held for sale".

(e) At June 30, 2011, in line with the asset management policy, the Group planned to sell one hotel unit in Hungary. In accordance with IFRS 5, the €3 million carrying amount of this hotel was reclassified under "Assets held for sale".

(f) At December 31, 2010, the Group planned to sell four Novotel units and two Ibis units in New Zealand. The carrying amount of these assets at that date was €27 million The hotels were sold in 2011.

(g) At June 30, 2010, the Group planned to sell three Novotel units, three Ibis units and three Etap Hotel units in Belgium. The carrying amount of these assets at that date was €37 million. The hotels were sold in the second-half of 2010.

Note 33. Provisions

Movements in long-term provisions between December 31, 2010 and June 30, 2011 can be analyzed as follows:

In € millions	December 31, 2010	Equity impact (*)	Increases	Utilizations	Reversals of unused provisions	Translation adjustment	Reclassifications and changes in scope (*)	June 30, 2011
- Provisions for pensions	79	1	7	(2)	(1)	-	(5)	79
- Provisions for loyalty bonuses	20	-	2	(1)	(1)	-	-	20
- Provisions for claims and litigation and others contingencies	10	-	-	(1)	-	-	-	9
TOTAL LONG-TERM PROVISIONS	**109**	**1**	**9**	**(4)**	**(2)**	**-**	**(5)**	**108**

(*) See Note 33.C

Movements in short-term provisions between December 31, 2010 and June 30, 2011 can be analyzed as follows:

In € millions	December 31, 2010	Equity impact	Increases	Utilizations	Reversals of unused provisions	Translation adjustment	Reclassifications and changes in scope	June 30, 2011
- Tax provisions	35	-	11	-	-	-	2	48
- Restructuring provisions	19	-	19	(11)	(3)	-	-	24
- Provisions for claims and litigation and others contingencies	136	-	14	(18)	(4)	(1)	11	138
TOTAL SHORT-TERM PROVISIONS	**190**	**-**	**44**	**(29)**	**(7)**	**(1)**	**13**	**210**

At June 30, 2011, ordinary provisions for claims and litigation and others include:

- €40 million provisions for various claims ;
- €8 million provision for employee-related claims ;

Net provision expense – corresponding to increase in provisions less reversals of utilized and unutilized provisions set up in prior periods – is recorded under the following income statement captions:

In € millions	June 2010	Dec. 2010	June 2011
EBIT	2	(2)	10
Finance cost, net	-	-	-
Provision for losses on hotel properties	2	18	(2)
Provision on other assets and restructuring provisions	(48)	(40)	(6)
Provision for tax	(5)	15	9
TOTAL	**(49)**	**(9)**	**11**

Provisions for pensions and other post-employment benefits
A. Description of the plans

Group employees receive various short-term benefits (paid vacation, paid sick leave and profit-shares), 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 funds).

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.

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.

Defined benefit plans

Benefits paid under the Group's defined benefit plans are determined based on employees' years of service with the Group. The benefit obligation is generally funded by plan assets, with any unfunded portion recognized as a liability in the balance sheet.

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 Accor, the main post-employment defined benefit plans concern:

- Length-of-service awards in France:

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

These are lump-sum payments made to employees on retirement. They are determined by reference to the employee's years of service, end-of-career salary, and whether they leave on their own initiative or on that of the company. The related obligation is covered by a provision.

- Pensions: the main defined benefit pension plans are for employees in France and in the Worldwide Structures (54% of the obligation), in the Netherlands (21% of the obligation), and in Switzerland (7% of the obligation). The plan in the Netherlands is closed to new participants and is fully funded, with the result that no provision has been recognized in the balance sheet for this plan. Pension benefit obligations are determined by reference to employees' years of service and end-of-career salary. They are funded by payments to external organizations that are legally separate from Accor Group.

B. Actuarial assumptions

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

2010	France	Europe excluding France						Worldwide Structures	Other countries
		Netherlands	Germany	Belgium	Italy	Switzerland	Poland		
Retirement age	65 years	65 years	65 years	65 years	65 years	64-65 years	60-65 years	65 years	55-65 years
Rate of future salary increases	3,0%	2,0%	1,5%	3,0%	2,5%-3,5%	1,5%	3,0%	3%-4%	2%-10%
Payroll tax rate	46%	23%	22%	36%	29%	17%	40%	46%	9%-45%
Discount rate	4,5%	4,5%	4,5%	4,5%	4,5%	2,2%	5,0%	4,5%	4% - 8,7%
Expected Rates of return on 2009 plan assets	2,20%-4,5%	4%-5,5%	4,0%	4,5%	N/A	4,3%	N/A	4,5%	N/A
Expected Rates of return on 2010 plan assets	4,0%	4%- 4,5%	4,0%	4,5%	N/A	3,3%	N/A	4,0%	N/A

June 2011	France	Europe excluding France						Worldwide Structures	Other countries
		Netherlands	Germany	Belgium	Italy	Switzerland	Poland		
Retirement age	65 years	65 years	65 years	65 years	60-65 years	64-65 years	60-65 years	65 years	55-65 years
Rate of future salary increases	3,0%	2,0%	1,5%	3,0%	2,5%-3,5%	1,5%	3,0%	3%-4%	2%-10%
Payroll tax rate	46%	23%	22%	36%	29%	17%	40%	46%	9%-45%
Discount rate	4,5%	4,5%	4,5%	4,5%	4,5%	2,2%	5,0%	4,5%	4% - 8,7%
Expected Rates of return on 2010 plan assets	2,20%-4,5%	4%-5,5%	4,0%	4,5%	N/A	4,3%	N/A	4,5%	N/A
Expected Rates of return on 2011 plan assets	4,0%	4%- 4,5%	4,0%	4,5%	N/A	3,25%	N/A	4,0%	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. For subsidiaries located in the euro zone, the discount rate is determined based on the Iboxx euro zone index. For subsidiaries outside the euro zone, the discount rate is based on an analysis of investment grade corporate bond yields in each region. The calculation method is designed to obtain a discount rate that is appropriate in light of the timing of cash flows under the plan.
The Accor Group'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).

The French Social Security Financing Act for 2009 eliminated compulsory retirement bonuses, with all retirements being on a voluntary basis.

In 2010, following adoption of the French Pension Reform Act, certain parameters used to calculate pension and other post-employment benefit obligations were adjusted. The effect of these changes on the consolidated financial statements was not material as the retirement age assumptions used in prior years were still appropriate.

C. 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 June 30, 2011

In € millions	Pensions	Other post-employment benefits (*)	Total
Present value of funded obligation	124	-	**124**
Fair value of plan assets	(88)	-	**(88)**
Excess of benefit obligation/(plan assets)	**36**	**-**	**36**
Present value of unfunded obligation	-	63	**63**
Unrecognized past service cost	-	-	**-**
Liability recognized in the balance sheet	**36**	**63**	**99**

(*) Including length-of-service awards and loyalty bonus

At December 31, 2010

In € millions	Pensions	Other post-employment benefits (*)	Total
Present value of funded obligation	120	-	**120**
Fair value of plan assets	(85)	-	**(85)**
Excess of benefit obligation/(plan assets)	**35**	**-**	**35**
Present value of unfunded obligation	-	64	**64**
Unrecognized past service cost	-	-	**-**
Liability recognized in the balance sheet	**35**	**64**	**99**

(*) Including length-of-service awards and loyalty bonus

Change in the funded status of post-employment defined benefit plans and long-term employee benefits by geographical area

In € millions	Pensions										Other benefits		
	June 2011										June 2011	June 2011	December 2010
	France	Europe excluding France: Nether-lands	Germany	Belgium	Poland	Swit-zerland	Italy	Worldwide structures	Other	Total	Other benefits	Total	Total
Projected benefit obligation at the beginning of the period	**23**	**34**	**10**	**11**	**2**	**11**	**4**	**64**	**5**	**164**	**20**	**184**	**220**
Current service cost	3	0	0	0	0	0	-	1	0	**5**	1	**7**	**12**
Interest Cost	-	1	0	0	0	0	0	1	0	**3**	0	**3**	**10**
Employee contributions for the period	-	0	-	0	-	0	-	-	-	**1**	-	**1**	**1**
Service cost / Change in regime	-	-	-	-	-	-	-	-	-	**-**	-	**-**	**(0)**
(Gains) losses on curtailments/settlements	(0)	-	(0)	-	(0)	-	-	-	(0)	**(0)**	(1)	**(1)**	**(12)**
Effect of changes in scope of consolidation	-	-	-	-	-	-	-	-	-	**-**	-	**-**	**(31)**
Benefits paid during the period	(0)	-	(0)	(0)	(0)	(1)	(0)	(0)	(0)	**(2)**	(1)	**(3)**	**(13)**
Actuarial (gains)/losses recognised during the period	1	-	-	-	-	-	-	-	0	**1**	-	**1**	**9**
Exchange differences on foreign plans	-	-	-	-	(0)	0	-	-	(0)	**0**	(0)	**0**	**3**
Exchange differences (sub-consolidation)	0	-	-	0	-	-	-	-	-	**0**	-	**0**	**0**
Transfers at beginning of period	-	-	-	-	-	-	(0)	-	-	**(0)**	(0)	**(0)**	**(1)**
Other	-	-	-	-	-	-	-	-	-	**-**	-	**-**	**(1)**
Reclassification of Lenôtre in "Assets held for sale"	(4)	-	-	-	-	-	-	-	-	**(4)**	-	**(4)**	**(11)**
Reclassification of Onboard Train Services in "Assets held for sale"	-	-	-	-	-	-	(0)	-	-	**(0)**	(0)	**(0)**	**(1)**
Projected benefit obligation at the end of the period	**23**	**35**	**10**	**11**	**2**	**12**	**4**	**67**	**5**	**167**	**20**	**187**	**184**

In € millions	France	Europe excluding France: Nether-lands	Germany	Belgium	Poland	Swit-zerland	Italy	Worldwide structures	Other	Total	Other benefits	Total	Total
Fair value of plan assets at the beginning of the period	**0**	**34**	**2**	**8**	**-**	**9**	**-**	**33**	**-**	**85**	**-**	**85**	**88**
Actual return on plan assets	-	1	0	-	-	0	-	1	-	**2**	-	**2**	**11**
Employers contributions for the period	-	0	-	0	-	0	-	0	-	**1**	-	**1**	**3**
Employee contributions for the period	-	0	-	0	-	0	-	-	-	**1**	-	**1**	**1**
Benefits paid during the period	-	-	-	-	-	(1)	-	-	-	**(1)**	-	**(1)**	**(7)**
Liquidation of plan	-	-	-	-	-	-	-	-	-	**-**	-	**-**	**-**
Effect of changes in scope of consolidation	-	-	-	-	-	-	-	-	-	**-**	-	**-**	**(7)**
Exchange differences on foreign plans	-	-	-	-	-	0	-	-	-	**0**	-	**0**	**2**
Exchange differences (sub-consolidation)	-	-	-	-	-	-	-	-	-	**-**	-	**-**	**0**
Transfers at beginning of period	-	-	-	-	-	-	-	-	-	**-**	-	**-**	**(1)**
Other	-	-	-	-	-	-	-	-	-	**-**	-	**-**	**(1)**
Reclassification of Lenôtre in "Assets held for sale"	-	-	-	-	-	-	-	-	-	**-**	-	**-**	**(4)**
Fair value of plan assets at the end of the period	**0**	**35**	**2**	**8**	**-**	**9**	**-**	**33**	**-**	**88**	**-**	**88**	**85**

In € millions	France	Europe excluding France: Nether-lands	Germany	Belgium	Poland	Swit-zerland	Italy	Worldwide structures	Other	Total	Other benefits	Total	Total
Unfunded obligation at the beginning of the period	**23**	**(0)**	**7**	**3**	**2**	**2**	**4**	**32**	**5**	**78**	**20**	**99**	**132**
Reclassification of Lenôtre in "Assets held for sale"	(5)	-	-	-	-	-	-	-	-	**(5)**	(0)	**(5)**	**(7)**
Reclassification of Onboard Train Services in "Assets held for sale"	-	-	-	-	-	-	(0)	-	-	**(0)**	**-**	**(0)**	**(1)**
Unfunded obligation at the end of the period	**23**	**(0)**	**7**	**3**	**2**	**2**	**4**	**33**	**5**	**79**	**20**	**99**	**99**

In € millions	France	Europe excluding France: Nether-lands	Germany	Belgium	Poland	Swit-zerland	Italy	Worldwide structures	Other	Total	Other benefits	Total	Total
Adjustment to plan assets and plan surplus recognized in assets	-	-	-	-	-	-	-	-	-	**-**	**-**	-	**-**
Provision at the end of the exercice	**23**	**(0)**	**7**	**3**	**2**	**2**	**4**	**32**	**5**	**78**	**20**	**99**	**99**

In € millions	France	Europe excluding France: Nether-lands	Germany	Belgium	Poland	Swit-zerland	Italy	Worldwide structures	Other	Total	Other benefits	Total	Total
Current service cost	3	0	0	0	0	0	-	1	0	**5**	1	**7**	**12**
Interest cost	0	1	0	0	0	0	0	1	0	**3**	0	**4**	**10**
Expected return on plan assets	-	(1)	(0)	(0)	-	(0)	-	(1)	-	**(2)**	-	**(2)**	**(4)**
Past service cost recognized during the period	-	-	-	-	-	-	-	-	-	**-**	-	**-**	**0**
(Gains) losses on curtailments/settlements	(0)	-	(0)	-	(0)	-	-	-	(0)	**(0)**	(1)	**(1)**	**(12)**
Actuarial (gains)/losses recognised during the period for long-term employee benefits	-	-	-	-	-	-	-	-	-	**-**	-	**-**	**(1)**
Expense for the period	**3**	**0**	**0**	**0**	**(0)**	**0**	**0**	**2**	**0**	**6**	**1**	**7**	**5**

In € millions	France	Europe excluding France: Nether-lands	Germany	Belgium	Poland	Swit-zerland	Italy	Worldwide structures	Other	Total	Other benefits	Total	Total
Actuarial (gains) losses recognized in equity	**1**	**0**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1**	**-**	**1**	**2**

Reconciliation of provisions for pensions between January 1, 2010 and June 30, 2011

In € millions	Amount
Provision at January 1, 2010	**132**
Charge for the year	5
Benefits paid	(9)
Actuarial gains and losses	2
Changes in scope of consolidation (1)	(24)
Translation adjustement	1
Reclassification of Groupe Lucien Barrière in Assets held for sale	(7)
Reclassification of Onboard Train Services in Assets held for sale	(1)
Provision at December 31, 2010	**99**
Charge for the year	7
Benefits paid	(3)
Actuarial gains and losses	1
Reclassification of Lenôtre in Assets held for sale	(5)
Provision at June 30, 2011	**99**

(1) €(17) million related to the Accor/Edenred demerger on July 2, 2010.

Actuarial gains and losses related to changes in assumptions and experience adjustment

In € millions	June 2010	Dec. 2010	June 2011
Actuarial debt			
Actuarial gains and losses related to experience adjustment	-	(3)	-
Actuarial gains and losses related to changes in assumptions	-	13	1
Fair value on assets			
Actuarial gains and losses related to experience adjustment	-	(7)	-

Detail of plan assets

Detail of plan assets	France	Netherlands	Germany	Belgium	Switzerland	Worldwide Structures
Shares	15% - 25%	10%	15% - 25%	15% - 25%	23%	15% - 25%
Bonds	75% - 80%	90%	75% - 80%	75% - 80%	44%	75% - 80%
Other	0% - 5%	0%	0% - 5%	0% - 5%	33%	0% - 5%

Sensitivity analysis

At December 31, 2010, the sensitivity of provisions for pensions and other post-employment benefits to a change in discount rate is as follows: a 0.5-point increase in the discount rate would lead to a €6.2 million reduction in the projected benefit obligation, a 0.5-point decrease in the discount rate would lead to a €6.2 million increase in the projected benefit obligation. The impact on the cost for the year would not be material.

At June 30, 2011, the sensitivity of provisions for pensions and other post-employment benefits to a change in discount rate is as follows: a 0.5-point increase in the discount rate would lead to a €5.9 million reduction in the projected benefit obligation, a 0.5-point decrease in the discount rate would lead to a €5.9 million increase in the projected benefit obligation. The impact on the cost for the year would not be material.

Note 34. Reconciliation of Funds from Operations

In € millions	June 2010	Dec. 2010	June 2011
Net Profit, Group share	(64)	(411)	40
Minority interests	(0)	7	11
Depreciation, amortization and provision expense	225	432	207
Share of profit of associates, net of dividends received	(10)	(17)	8
Deferred tax	(34)	6	0
Change in financial provisions and provisions for losses on asset disposals	85	594	48
Funds from operations from discontinued operations	67	94	(10)
FUNDS FROM OPERATIONS INCLUDING NON-RECURRING TRANSACTIONS	**269**	**705**	**304**
(Gains) losses on disposals of assets, net	(27)	(42)	(36)
(Gains) losses on non-recurring transactions (included restructuring costs and exceptional taxes)	112	126	46
Non-recurring items from discontinued activities	64	75	5
FUNDS FROM OPERATIONS EXCLUDING NON-RECURRING TRANSACTIONS	**418**	**864**	**319**

Note 35. Working Capital

The change in working capital can be analyzed as follows:

In € millions	Dec. 2010	June 2011	Variation
Inventories	41	36	(5)
Trade receivables	374	388	14
Other receivables and accruals	637	625	(12)
WORKING CAPITAL ITEMS - ASSETS	**1 052**	**1 049**	**(3)**
Trade payables	634	577	(57)
Other payables	1 307	1 204	(103)
WORKING CAPITAL ITEMS - LIABILITIES	**1 941**	**1 781**	**(160)**
WORKING CAPITAL	**889**	**732**	**(157)**

December 31, 2010 WORKING CAPITAL	**889**
Change in operating working capital	(142)
Development Expenditure	-
Disposals (1)	(8)
Translation adjustment	(6)
Provisions	(2)
Reclassifications	1
NET CHANGE IN WORKING CAPITAL	**(157)**
June 30, 2011 WORKING CAPITAL	**732**

(1) Corresponding to operations reclassified in accordance with IFRS 5 (Lenôtre)

Note 36. Renovation and Maintenance Expenditure

The amounts reported under “Renovation and maintenance expenditure” correspond to capitalized costs for maintaining or improving the quality of assets held by the Group at the beginning of each period (January 1st) as a condition of their continuing operation. This caption does not include development expenditure corresponding to the property, plant and equipment and working capital of newly consolidated companies and the purchase or construction of new assets.

Renovation and maintenance expenditure breaks down as follows:

In € millions	2010	June 2010	June 2011
HOTELS	**275**	**86**	**92**
- Upscale and Midscale Hotels	131	31	40
- Economy	109	40	39
- Economy US	35	15	13
OTHER BUSINESSES	**6**	**3**	**2**
RENOVATION AND MAINTENANCE EXPENDITURE	**281**	**89**	**94**

Note 37. Development Expenditure

Development expenditure corresponds to the property, plant and equipment, and working capital of newly consolidated companies (in accordance with IAS 7 "Cash flow statements") and includes the purchase or construction of new assets and the exercise of call options under sale-and-leaseback transactions, as follows:

Development expenditure excluding discontinued operations

In € millions		France	Europe (excl. France)	North America	Latin America & Caribbean	Other countries	Worldwide Structures (*)	June 2011	June 2010	Dec. 2010
HOTELS		**23**	**18**	**14**	**9**	**22**	**-**	**86**	**153**	**321**
Upscale and Midscale Hotels	(1)	22	7	-	-	16	-	**45**	**87**	**181**
Economy Hotels	(2)	1	11	-	9	6	-	**27**	**66**	**140**
Economy Hotels US		-	-	14	-	-	-	**14**	**-**	**-**
OTHER BUSINESSES	(3)	**-**	**-**	**-**	**-**	**-**	**10**	**10**	**14**	**19**
Total June 30, 2011		**23**	**18**	**14**	**9**	**22**	**10**	**96**		
Total June 30, 2010		**32**	**71**	**4**	**16**	**37**	**7**		**167**	
Total December 31, 2010		**70**	**142**	**7**	**33**	**85**	**3**			**340**

(*) "Worldwide Structures" corresponds to development expenditure that is not specific to a single geographic region.

Development expenditure in first-half 2011 amounts to €96 million:

(1) Including €14 million related to the renovation expenditure of Sofitel Quiberon.
(2) Including €8 million related to the development expenditure on 5 Ibis hotel in Latin America.
(3) Including €10 million related to vehicle purchases in Poland.

Development expenditure related to discontinued operations

In accordance with IFRS 5, Onboard Train Services development expenditure is not presented in this note.
At June 30, 2011, development expenditure amounts to €1 million for Onboard Train Services.

Note 38. Segment Information

The Group has identified two operating segments:

- Hotels, with a portfolio of brands in every segment of the market and 4,274 establishments in 90 countries, comprises three sub-segments:
  - Upscale and Midscale hotels, with the Sofitel, Pullman, Novotel, Mercure, Adagio and Suite Novotel brands.
  - Economy hotels, with the Formule 1, Hotel F1, Etap Hotel, All Seasons and Ibis brands.
  - US Economy hotels with the Motel 6 and Studio 6 brands.
- Other activities, notably Financial Management.

In 2009, 2010 and 2011, in line with its strategic refocusing on the Hospitality business, Accor announced that it was selling or planned to withdraw from the following businesses:

- Prepaid services, which has been managed independently since July 2, 2011 by Edenred (see Note 2.E).
- Casinos. Organized around Groupe Lucien Barrière, the segment is specialized in casino management. Accor sold its 49% stake in Groupe Lucien Barrière during first quarter of 2011 (cf. Note 2.B.2).
- Onboard Train Services, providing restaurant and hotel services to the railway sector. This business was sold on July 7, 2010, through a joint venture that is 60% owned by Newrest and 40% by Accor (see. Note 2.B.3) and Accor also intends to sell its 40% stake in the joint venture.
- Food services, consisting mainly of Lenôtre. During the first-half of 2011, Accor announced that it was planning to dispose of Lenôtre (see Note 43).

At June 30, 2011, only 40% of Onboard Train Services and Lenôtre was still owned by the Accor Group and was therefore included in the first-half 2011 consolidated financial statements, under assets held for sale (see Note 32). These business lines are therefore presented in the following balance sheets.

The internal reporting structure for each segment is organized and administered separately. Group Management monitors results and performance on a segment-by-segment basis. Similarly, decisions about resource allocation are taken separately for each segment.

The Group considers that its three business segments meet the definition of operating segments under IFRS 8. The segment information presented is therefore based on the internal reporting system used by Management to assess the performance of the different segments. The performance indicators used by Management are as follows:

- Revenue
- EBITDAR
- Rental expense
- EBIT

An analysis of these indicators by operating segment is provided in the following notes:

- Note 3 for revenue
- Note 5 for EBITDAR
- Note 6 for rental expense
- Note 9 for EBIT

The Group’s revenue is derived from a vast number of transactions, with no single external client accounting for 10% or more of the total transaction volume.

Total assets and liabilities by segment are presented in the balance sheets below:

At June 30, 2011 In € millions	Hotels	Other Businesses	Total consolidated
Goodwill	706	-	706
Intangible assets	364	17	381
Property, plant and equipment	3 213	79	3 292
Total non-current financial assets	431	16	447
Deferred tax assets	208	16	224
TOTAL NON-CURRENT ASSETS	4 922	128	5 050
TOTAL CURRENT ASSETS	1 537	835	2 372
Assets held for sale	310	113	423
TOTAL ASSETS	**6 769**	**1 076**	**7 845**
SHAREHOLDERS' EQUITY & MINORITY INTERESTS	5 265	(1 589)	3 676
TOTAL NON-CURRENT LIABILITIES	480	1 452	1 932
TOTAL CURRENT LIABILITIES	1 021	1 147	2 168
Liabilities related to assets classified as held for sale	3	66	69
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**6 769**	**1 076**	**7 845**

At June 30, 2011 In € millions	Up and Midscale Hotels	Economy Hotels	Economy Hotels United States	Total Hotels
Goodwill	625	81	-	706
Intangible assets	155	59	150	364
Property, plant and equipment	1 572	1 008	633	3 213
Total non-current financial assets	368	41	22	431
Deferred tax assets	124	15	69	208
TOTAL NON-CURRENT ASSETS	2 844	1 204	874	4 922
TOTAL CURRENT ASSETS	981	420	136	1 537
Assets held for sale	261	20	29	310
TOTAL ASSETS	**4 086**	**1 644**	**1 039**	**6 769**
SHAREHOLDERS' EQUITY & MINORITY INTERESTS	3 664	780	821	5 265
TOTAL NON-CURRENT LIABILITIES	335	137	8	480
TOTAL CURRENT LIABILITIES	87	724	210	1 021
Liabilities related to assets classified as held for sale	0	3	-	3
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**4 086**	**1 644**	**1 039**	**6 769**

Non-current assets, excluding deferred tax assets, located in France and other countries are presented as follows:

At June 30, 2011 In € millions	France	Europe (excl. France)	North America	Latin America & Caribbean	Other countries	Worldwide Structures	Total June 30, 2011
Goodwill	170	228	-	-	249	59	706
Intangible assets	12	117	150	4	27	71	381
Property, plant and equipment	763	1 250	667	163	31	418	3 292
Total non-current financial assets	53	57	8	15	244	70	447
TOTAL NON-CURRENT ASSET excluding deferred tax assets	**998**	**1 652**	**825**	**182**	**551**	**618**	**4 826**

Note 39. Claims and litigation

CIWLT tax audit

A tax audit was carried out on the permanent branch in France of Compagnie Internationale des Wagons Lits et du Tourisme (CIWLT), a Belgian company that is 99.65%-owned by Accor SA. Following the audit, the French tax authorities concluded that CIWLT's seat of management was located in France not in Belgium.

Accordingly, the French tax authorities added back CIWLT's profits in Belgium for the purpose of calculating income tax payable in France. At the end of 2003, the resulting reassessments, for a total of €217 million including late interest, were contested by CIWLT, on the basis of the notice received from the Belgian tax authorities confirming that its seat of management was in Belgium. The French tax authorities issued a notice ordering CIWLT to settle the €217 million in tax deficiencies for the years 1998 to 2003 for which a stay of payment had been requested. In conjunction with the request, CIWLT obtained a tax bond from its bank guaranteeing the payment of this amount.

CIWLT subsequently asked the Cergy Pontoise Administrative Court to rule on the contested reassessments. On December 12, 2008 and May 12, 2011, the court found against CIWLT concerning the reassessments for the years 1998 to 2002 and the year 2003. For the years 1998 to 2002, CIWLT decided to appeal this ruling before the Versailles Administrative Court of Appeal on February 10, 2009. For 2003, CIWLT filed an appeal with the same court on July 11, 2011.

Under French law, collection of the tax deficiencies is not suspended while the appeal is being heard and the tax deficiencies for the years 1998 to 2002 were therefore payable, representing a total of €242.5 million including late interest. The same is true as concerns 2003, in an amount of around €20.1 million.

For the years 1998 to 2002, this amount was paid at the end of February 2009. It was recognized as an asset in the balance sheet at December 31, 2009 (see Note 24.2). The tax deficiencies and penalties for 2003, in an amount of €17.5 million, were paid in July 2011, while the estimated €2.6 million in late interest will be paid in August 2011.

No provision was set aside at December 31, 2009 because, based on the advice of its legal and tax advisors, the company considered that it had serious arguments to support a favorable outcome, considering in particular that CIWLT is taxable in Belgium.

For the years 1998 to 2002, in January 2011, CIWLT received a notice to appear at a hearing before the Versailles Administrative Court of Appeal on February 1, 2011. At this hearing, the reporting judge read out his conclusions and stated that he did not support CIWLT's case, primarily because he considered that CIWLT operated as a holding company in France. He further stated that the court should determine where the company should be taxed based on the jurisdiction in which meetings of its Board of Directors are held. After reviewing the documents submitted for the purpose of the case, he concluded that the court should consider that most of CIWLT's Board meetings were held in France.

On February 4, 2011, CIWLT submitted a note to the Versailles Administrative Court of Appeal for consideration by the judges in their consultation process, stating that in fact most Board meetings were not held in France.

In a ruling handed down on March 15, 2011, the Versailles Administrative Court of Appeal found against CIWLT for the period 1998 to 2002. To appeal the ruling, CIWLT filed a summary motion to institute proceedings with the French Supreme Court of Appeal (Conseil d'Etat) on May 12, 2011, followed by a supplementary brief on August 10, 2011. As regards 2003, the appeal has not yet been heard by the Versailles Administrative Court of Appeal.

In light of these recent unfavorable developments, the tax receivable recognized as an asset in the balance sheet at December 31, 2009 was written down by €242.5 million in 2010 and an additional provision of approximately €20.6 million was set aside, corresponding to the tax deficiency for 2003 and estimated late interest up to December 31, 2010 that have not yet been paid to the tax authorities.

Dividend withholding tax (*précompte*)

In 2002, Accor mounted a legal challenge to its obligation to pay withholding tax *(précompte)* on the redistribution of European source dividends.

Until 2004, French parent companies were entitled to a 50% tax credit on dividends received from French subsidiaries, which could be set off against the *précompte* withholding tax. However, no tax credit was attached to European source dividends. Accor contested this rule, on the grounds that it breached European Union rules.

In the dispute between Accor and the French State, on December 21, 2006 the Versailles Administrative Court ruled that Accor was entitled to a refund of the *précompte* dividend withholding tax paid in the period 1999 to 2001, in the amount of €156 million.

The amount of €156 million was refunded to Accor during the first half of 2007, together with €36.4 million in late interest due by the French State.

However, on March 8, 2007, the French State appealed the ruling before the Versailles Administrative Court of Appeal. The French State's appeal was rejected on May 20, 2008.

As the State has not yet exhausted all avenues of appeal, a liability has been recognized for the amounts received and the financial impact of the rulings by the Versailles Administrative Court and Court of Appeal has not been recognized in the financial statements.

On July 3, 2009, the French Supreme Court of Appeal announced that it would postpone ruling on the French State's appeal and on August 4, 2009, it applied to the Court of Justice of the European Communities for a preliminary ruling on this issue. The French Supreme Court of Appeal asked for the application to be fast-tracked. This request was rejected by the President of the Court of Justice of the European Communities on October 19, 2009.

In parallel, Accor was notified of the Court of Justice of the European Communities' preliminary ruling on September 14, 2009, and filed its observations on November 23.

In February 2010, the Court of Justice of the European Communities informed Accor of the observations made by the other member states concerned and of the European Commission's observations.

The hearing before the Court of Justice of the European Communities was held on October 27, 2010 and the Advocate General's opinion was issued on December 22, 2010. The Court of Justice of the European Communities' final ruling is expected to be handed down on September 15, 2011.

On February 7, 2007, Accor filed an application originating proceedings before the Cergy Pontoise Adminstrative Court on the same grounds, to obtain a refund of the €187 million in *précompte* withholding tax paid in the period 2002 to 2004.

Other claims and litigation

In the normal course of its business, the Group is exposed to claims, litigations and proceedings that may be in progress, pending or threatened. The Company believes that these claims, litigations and proceedings have not and will not give rise to any material costs and have not and will not have a material adverse effect on the Group's financial position, business and/or results of operations.

Note 40. Off-Balance Sheet Commitments at June 30, 2011

Note 40.1 Off-balance sheet commitments given

Off-balance sheet commitments (not updated) given at June 30, 2011 break down as follows:

In € millions		Less than 1 year	1 to 5 years	Beyond 5 years	June 2011 *	Dec. 2010	June 2010
Security interests given on assets	(1)	**5**	**27**	**89**	**121**	**125**	**42**
Purchase commitments		**7**	**7**	**-**	**14**	**13**	**41**
. Renovation commitment Netherlands	(2)	7	14	-	21	25	29
. Property development projects in Spain	(3)	9	-	-	9	9	9
. Construction performance bonds for Ibis and Etap properties in Poland	(4)	9	-	-	9	-	-
. Renovation commitments under the Predica and Foncière des Murs transaction	(5)	2	9	-	11	14	-
. Renovation commitment Axa Reim (France)	(6)	-	3	-	3	6	9
. Renovation commitment Axa Reim (Switzerland)	(6)	-	-	-	-	-	1
. Construction commitments Ibis (Chili)	(7)	2	-	-	2	5	-
. Construction commitments Novotel and Ibis (China)	(8)	1	1	-	2	2	12
. Construction commitments Novotel and Ibis (Algeria)	(9)	3	-	-	3	4	6
. Renovation commitment Foncière des Murs transaction 1 (France)	(10)	-	-	-	-	1	2
. Renovation commitment Foncière des Murs transaction 2 (France)	(10)	1	-	-	1	2	2
. Renovation commitment Moor Park (Germany and the Netherlands)	(11)	-	-	-	-	-	1
. Renovation commitment Land Securities (United Kingdom)	(12)	-	-	-	-	-	3
. Other renovation commitments	(13)	21	14	18	53	57	82
Capex Commitments		**55**	**41**	**18**	**114**	**125**	**156**
Loan guarantees given		**1**	**5**	**26**	**32**	**37**	**32**
Commitments given in the normal course of business		**7**	**57**	**12**	**76**	**76**	**81**
Contingent liabilities		**4**	**4**	**-**	**8**	**10**	**1**
Total June 30, 2011		**79**	**141**	**145**	**365**		
Total December 31, 2010		**80**	**151**	**155**		**386**	
Total June 30, 2010		**110**	**144**	**99**			**353**

(*) In line with IFRS 5, off-balance sheet commitments given by Onboard Train Services business are not presented in this note. At June 30, 2011, this business' off-balance sheet commitments given by Onboard Train Services business amounted to €6 million.

(1) Security interests given on assets correspond to pledges and mortgages valued at the net book value of the underlying assets. In 2010, the Sofitel Bel Ombre hotel assets (€50 million at June 30, 2011) were given as collateral for a loan used to finance 50% of the hotel's construction cost.

(2) In connection with property development projects in the Netherlands, Accor is committed to financing renovation of the Novotel Den Haag Forum for €2 million, construction of the Suite Novotel Den Haag for €13 million and renovation of the Pullman Eindhoven Cocagne for €16 million. As of June 30, 2011, the remaining work amounted to €21 million.

(3) In connection with property development projects in Spain, Accor issued performance bonds to the developers of the Ibis Santa Coloma Gramamet. The related commitments at June 30, 2011 amounted to €9 million.

(4) In connection with development plans in Poland, Accor is committed to financing the two hotel projects (Ibis and Etap Hotel Warsaw) representing a total of €9 million.

(5) In connection with the Predica and Foncière des Murs sale-and-variable leaseback transactions, Accor is committed to financing €10 million and €4 million worth of renovation work respectively in France and Belgium. Commitments for work in progress at June 30, 2011 amounted to €11 million.

(6) In connection with the Axa REIM sale-and-variable leaseback transactions, Accor was initially committed to financing €27 million worth of renovation work in France and Switzerland. Addenda to the corresponding agreements were subsequently signed, raising Accor's financing commitment to €28 million. The transactions concern 45 hotels in France and 10 in Switzerland. Commitments for work in progress at June 30, 2011 amounted to €3 million.

(7) In connection with property development projects in Chili, Accor is committed to financing construction of the Ibis Santiago Providencia for €5 million. Commitments for work in progress at June 30, 2011 amounted to €2 million.

(8) In connection with development plans in China, Accor issued performance bonds to the developers of 28 Ibis hotels and one Novotel hotel. The related commitments at June 30, 2011 amounted to €2 million.

(9) In connection with development plans in Algeria, Accor is committed to financing four hotel projects (Tlemcen, Oran, Bab Ezzouar and Constantine) representing a total of €15 million. As of June 30, 2011, the remaining work amounted to €3 million.

(10) In connection with the Foncière des Murs sale-and-variable leaseback transactions, Accor was initially committed to financing €98 million worth of renovation work. Addenda to the corresponding agreements were subsequently signed, raising Accor's financing commitment to €106 million. As of June 30, 2011, the remaining work represented €1 million.

(11) In connection with the Moor Park sale-and-variable leaseback transaction, Accor is committed to financing €29 million worth of renovation work in Germany and the Netherlands. As of June 30, 2011, the work had been completed.

(12) In connection with the Land Securities sale-and-variable leaseback transaction, Accor was committed to financing €18 million (£16 million) worth of renovation work in the UK. As of June 30, 2011, the work had been completed.

(13) Other commitments include €30 million in committed capital expenditure on Australian hotels.

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.

Note 40.2 Off-balance sheet commitments received

Off-balance sheet commitments (not updated) received at June 30, 2011 break down as follows:

In € millions	Less than 1 year	1 to 5 years	Beyond 5 years	June 2011*	Dec. 2010	June 2010
Irrevocable commitments received for the purchase of intangible assets and property, plant and equipment	-	-	-	-	-	17
Irrevocable commitments received for the purchase of financial assets (1)	-	-	8	8	8	11
Purchase commitments received	-	-	8	8	8	28
Sellers' warranties received	-	-	0	0	1	0
Other guarantees received in the normal course of business (2) + (3) + (4) + (5) + (6)	19	83	2	104	95	49
Other commitments and guarantees received	19	83	2	104	96	49
Total June 30, 2011	19	83	10	112		
Total December 31, 2010	31	65	8		104	
Total June 30, 2010	40	26	11			77

(*) In line with IFRS 5, off-balance sheet commitments received by the Onboard Train Services business are not presented in this note. At June 30, 2011, this business’ off-balance sheet commitments received by Onboard Train Services business amounted to €1 million.

(1) Under the sale-and-management-back transaction concerning the Sofitel The Grand in Amsterdam, Accor has an option to sell its 40% interest in this hotel to SHPH in the event that SHPH decides not to renew the 25-year management agreement.

(2)

a. Under the first transaction with Accor, Foncière des Murs initially agreed to finance €112 million worth of renovation work. Addenda to the corresponding agreements were subsequently signed, reducing Foncière des Murs’ financing commitment to €109 million. As of June 30, 2011, the remaining work amounted to €1 million.

b. Under the second transaction, Foncière des Murs agreed to finance €39 million worth of work. As of June 30, 2011, the remaining work amounted to €0.5 million.

c. In an addendum signed in 2010, Foncière des Murs agreed to finance an additional €49 million work program over the period to end-2014. As of June 30, 2011, the remaining work amounted to €38 million.

(3) In connection with the sale-and-variable-leaseback transaction, Axa REIM agreed to finance €50 million worth of renovation work. As of June 30, 2011, the remaining work in the two countries amounted to €6 million.

(4) In connection with the Formule 1 France sale-and-variable leaseback transaction (involving the refinancing of 157 Formule 1 hotels in 2009), Accor and the investor agreed to complete the renovation of 19 hotels, with Accor paying €4 million and the investor €9 million. As of June 30, 2011, the remaining work to be financed by the investor amounted to €2 million.

(5) In connection with the 2010 sale-and-management back transaction, Invesco Real estate agreed to finance the renovation of the Pullman Paris La Défense. As of June 30, 2011, the remaining work amounted to €10 million.

(6) In connection with the 2010 sale-and-variable leaseback transactions in France, Germany and Belgium, Predica and Foncière des Murs agreed to finance €32 million worth of renovation work in the period to end-2012. As of June 30, 2011, the remaining work amounted to €16 million.

Purchase options under finance leases are not included in this table.

Note 41. Main Consolidated Companies at June 30, 2011

The main subsidiaries and associates represent 93% of consolidated revenue, 93% of EBITDAR and 88% of EBIT. The many other subsidiaries and associates represent individually less than 0.6% of consolidated revenue, EBITDAR and EBIT.

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

ACCOR SA

HOSPITALITY

France			
Académie France	France	IG	100,00%
Adagio	France	IP	50,00%
All Seasons Hotels	France	IG	100,00%
Etap Hotels	France	IG	96,00%
Exhotel	France	IG	100,00%
Mer & Montagne	France	IG	100,00%
Mercure International hotels	France	IG	100,00%
Paris Berthier	France	IG	100,00%
Pradotel	France	IG	100,00%
Profid	France	IG	100,00%
Société de Construction d'Hotels Suite	France	IG	100,00%
Société hôtelière 18 Suffren	France	IG	100,00%
Société hôtelière Danton Michelet	France	IG	100,00%
Société Hôtelière Defense Grande Arche	France	IG	100,00%
Société de Management Intermarques	France	IG	100,00%
SNC Exploitation Hotels Suitehotels	France	IG	100,00%
SNC NMP France	France	IG	100,00%
Société commerciale des Hotels Economiques	France	IG	99,96%
Société d'Etude et de Promotion Hôtelière Internationale	France	IG	100,00%
Société Hotelière de la Porte de Sèvres	France	IG	100,00%
Hotexco	France	IG	100,00%
Sofitel Luxury Hotels France	France	IG	100,00%
Société Parisienne des Hôtels Economiques	France	IG	100,00%
Société Hôtelière d'Exploitation Marseille	France	IG	100,00%
Société Hôtelière 61 quai de Grenelle	France	IG	100,00%
Société Hotelière Paris Eiffel Suffren	France	IG	75,00%
So Luxury HMC SARL	France	IG	100,00%
Thalamer	France	IG	99,90%
WBA	France	IG	75,01%

Europe Excl. France			
Accor Hotelbetriebs GMBH	Austria	IG	100,00%
Pannonia Hotelbetriebs	Austria	IG	74,39%
Accor Hotels Belgium	Belgium	IG	100,00%
Katerinska Hotels	Czech Republic	IG	100,00%
Accor Hospitality Germany GMBH	Germany	IG	100,00%
Pannonia Hotels ZRT	Hungary	IG	99,94%
Accor Hospitality Italia	Italy	IG	96,28%
Sofitel Italia	Italy	IG	99,49%
Hekon-Hotele Ekonomiczne	Poland	IG	40,58%
Orbis	Poland	IG	50,01%
Portis	Portugal	IG	100,00%
Accor Hoteles Espana	Spain	IG	100,00%
Accor Gestion Hotelière et Services	Switzerland	IG	99,98%
Société d'exploitation Hotelière	Switzerland	IG	100,00%
Accor Hospitality Nederland	The Netherlands	IG	100,00%
The Grand Real Estate	The Netherlands	MEE	58,71%
Tamaris Turism TRY	Turkey	IG	100,00%
Accor UK Business & Leisure	United Kingdom	IG	100,00%
Accor UK Economy Hotels	United Kingdom	IG	100,00%
Comura	Luxembourg	IG	100,00%

North America			
Accor Canada	Canada	IG	100,00%
Accor Business And Leisure North America	USA	IG	100,00%
IBL Limited LLC	USA	IG	100,00%
Universal Commercial Credit 5	USA	IG	100,00%

Latin Americ and Carribean			
Accor Hospitality Arg	Argentina	IG	100,00%
Hotelaria Accor Brasil	Brazil	IG	100,00%

Other Countries			
Accor Hotel SAE	Egypt	IG	99,76%
Accor Asia Pacific Corp	Asia/Australia	IG	100,00%
Risma	Morocco	MEE	35,32%
Accor Gestion Maroc	Morocco	IG	83,81%
Belle Riviere Hotel	Mauritius	IG	100,00%

OTHER SERVICES

Lenôtre	France	IG	99,98%
Soc. d'Exploitation des Résidences Hotelières Rail	France	IP	50,00%

Compagnie Internationale des Wagons Lits & du Tourisme (*)	**Belgium**	**IG**	**99,77%**
Rail Restauration (*)	France	Operations held for sale	99,77%
Treno (*)	Italy	Operations held for sale	99,77%

(*) These entities are not held directly by Accor SA, except for Compagnie Internationale des Wagons Lits & du Tourisme

Note 42. Additional Information about Jointly-controlled Entities

In € millions	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Revenue for the Group	Costs for the Group
Australia (Allegiance Marketing and Reef Casinos)	25	32	16	41	30	27
Adagio	7	7	16	(2)	7	7
Société d'Exploitation des Résidences Hôtelières Rail	11	1	10	-	18	16
Société Immobilière d'Exploitation Hôtelière Algérienne	8	12	5	15	3	3

Above disclosed figures correspond to Group share.

Note 43. Subsequent Events

Continuation of the Asset Right and Asset Light strategy

In line with the Asset Right strategy, at the beginning of July, 2011, Accor sold to Host's (Host Hotels & Resorts, Inc.) European joint venture with APG (APG Strategic Real Estate Pool N.V.) and an affiliate of GIC (GIC Real Estate Pte Ltd), the Pullman Paris Bercy for €105 million (€265,000 per room). This price inludes €9 million in renovation works at the buyer's expense. Accor will continue to run the hotel under a long term management agreement. The hotel has been reclassified in "Assets held for sale" (see note 32), without any impairment being recognized.
Then at the end of July 2011, Accor sold to a consortium of French private investors, the Sofitel Paris Arc de Triomphe for €44 million. The buyer has committed to financing renovation work for an additional €25 million. Accor wil continue to run the hotel under a long-term management agreement. The hotel has been reclassified in "Assets held for sale" (see note 32), without any impairment being recognized.

Sale of Lenôtre

In early August 2011, Accor sold Lenôtre to Sodexo. The transaction is expected to be completed by the end of September, subject to approval by the competition authority.

Acquisition of Citéa by Adagio

On July 1, 2011, Adagio, a joint venture shared 50/50 by Pierre & Vacances/Center Parcs and Accor Group, acquired Citéa, which operates aparthotels in the economy segment. Citéa was owned by Pierre & Vacances/Center Parcs and Lamy.

Note 44. Related Party Transactions

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

- All fully and proportionately consolidated companies and all associated companies accounted for by the equity method.
- All members of the Executive Committee and the Board of Directors and the members of their direct families.
- All companies in which a member of the Executive Committee or the Board of Directors holds material voting rights.
- Companies that exercises significant influence over Accor.
- Fully or proportionately consolidated companies by a company that exercise significant influence over Accor.

✓ **Fully and proportionately consolidated companies and all associated companies accounted for by the equity method.**

Relationships between the parent company and its subsidiaries, joint ventures and associates are presented in Note 41. Transactions between the parent company and its subsidiaries – which constitute related party transactions – are eliminated in consolidation and are therefore not disclosed in these notes. Transactions between the parent company and its joint ventures and associates were not material in first-half 2011.

✓ **Members of the Executive Committee and the Board of Directors**

Transactions with members of the Executive Committee and Board of Directors are disclosed in full in Note 45.

✓ **Companies in which a member of the Executive Committee or the Board of Directors holds material voting rights.**

All transactions with companies in which a member of the Executive Committee or the Board of Directors holds material voting rights are conducted in the course of business on arm's length terms and are not material.

✓ **Companies that exercises significant influence over Accor**

The only company that exercises significant influence over Accor is Colony Capital. Transactions between the parent company and Colony Capital were not material in 2010 and 2011.

Note 45. Corporate Officers’ Compensation

In € millions	June 2010		2010		June 2011	
	Expenses	Balance sheet amount	Expenses	Balance sheet amount	Expenses	Balance sheet amount
Short-term benefits received	7	4	11	5	4	2
Post-employment benefits	1	6	(1)	2	1	3
Other long-term benefits	-	-	-	-	-	-
Compensation for loss of office	2	-	6	5	2	0
Share-based payments	1	-	5	-	1	-
Total compensation	**11**	**10**	**21**	**12**	**8**	**5**

Corporate officers are defined as members of the Executive Committee and the Board of Directors.

Compensation only concerned the members of the Executive Committee, which currently has eight members at June 30, 2011.

Members of the Board of Directors do not receive any compensation and receive only fees. Directors’ fees paid in 2010 by the Group to the members of the Supervisory Board for year 2010 amounted to €575,000.

Note 46. Fees Paid to the Auditors

The table below shows the total fees billed by the Auditors recognized in the income statement in 2010 and prior year.

In € millions	2010 (*)	June 2010 (*)	June 2011 (*)
Statutory and contractual audit fees	(9)	(5)	(5)
Fees for audit-related services	(1)	(0)	(0)
Total fees billed by the Auditors	**(10)**	**(5)**	**(5)**

(*) the fees paid by companies reclassified as discontinued operations according to IFRS 5 are included in this chart.

Auditors’ Report on the Interim Financial Information

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92524 Neuilly-sur-Seine Cedex

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Commissaires aux Comptes
Membres de la Compagnie
Régionale de Versailles

ACCOR S.A.

Auditor’s Report on the Half-year Financial Information

Six months period ended June 30, 2011

This is a free translation into English of the Statutory Auditors’ review report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

In compliance with the assignment entrusted to us by your Shareholders’ Annual General Meetings and in accordance with the requirements of article L. 451-1-2 III of the French Monetary and Financial Code (*"Code monétaire et financier"*), we hereby report to you on:

- the review of the accompanying half-year consolidated financial statements of ACCOR, for the six months ended June 30, 2011 ;
- the verification of the information contained in the half-year management report.

These half-year consolidated financial statements are the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

I. Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review of half-year financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying half-year consolidated financial statements do not give a true and fair view of the assets and liabilities and of the

financial position of the Group as at June 30, 2011 and of the results of its operations for the period then ended in accordance with IFRSs as adopted by the European Union.

II. Specific verification

We have also verified the information given in the half-year management report on the half-year consolidated financial statements subject to our review.
We have no matters to report as to its fair presentation and consistency with the half-year consolidated financial statements.

Neuilly-sur-Seine, August 24, 2011

The statutory auditors

French original signed by

DELOITTE & ASSOCIES	ERNST & YOUNG ET AUTRES
Pascale CHASTAING-DOBLIN	Bruno BIZET

Statement by the Person Responsible for the Interim Financial Report

Statement by the Person Responsible for the 2011 Interim Financial Report

I hereby declare that, to the best of my knowledge, the consolidated financial statements have been prepared under generally accepted accounting principles and give a true and fair view of the assets, liabilities, financial position and results of all the companies within the consolidation taken as a whole and that the interim management report includes a fair review of the material events that occurred in the first six months of the financial year and their impact on the interim accounts, a description of the principal risks and uncertainties for the remaining six months of the year and the main related-party transactions.

Paris — August 24, 2011

Denis Hennequin
Chairman and Chief Executive Officer