2012 Interim

Financial Report

Edenred

Agenda

Interim management report

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SECTION 1 - FIRST-HALF 2012 CONSOLIDATED RESULTS

1.1 Introduction

Edenred's first-half 2012 results represented a good performance, in line with Group objectives, as demonstrated by the following indicators:

- Issue volume[1] up 9.5% like-for-like to €7,865 million.
- EBIT up 8.1% like-for-like to €170 million.
- Recurring profit after tax up 4.6% like-for-like to €101 million.
- Funds from operations (FFO) up 14.5% to €131 million.

These results confirm the robustness of Edenred's business model based on the diversification of its solutions and geographic presence, with 60% of issue volume generated in emerging markets in first-half 2012.

In addition, Edenred is well on the way to meeting the normalized objectives[2] in its 2010-2016 strategic plan:

- **Delivering like-for-like growth**[3] of between 6% and 14% in **issue volume** and of more than 10% in funds from operations. To drive strong, sustainable growth, the Group is focused on accelerating the launch of new solutions, as part of an innovation-led strategy, and on expanding its geographic footprint, as demonstrated by the start-up of operations in Finland and Japan.
- **Accelerating the digital transition**, with the goal of generating 50% of digital issue volume by the end of the year and more than 70% by end-2016, in order to increase the scope for long-term growth.

First-half 2012 income statement highlights

	First-half		% change	
(in € millions)	**2011**	**2012**	**Reported**	**Like-for-like**
Issue volume	**7,264**	**7,865**	**+8.3%**	**+9.5%**
Revenue, of which:	**501**	**511**	**+1.9%**	**+7.3%**
Operating revenue	*456*	*465*	*+1.9%*	*+7.3%*
Financial revenue	*44*	*46*	*+2.1%*	*+7.4%*
Operating expenses*	**(334)**	**(341)**	**+2.1%**	**+6.9%**
EBIT, of which:	**167**	**170**	**+1 .6%**	**+8.1%**
Operating EBIT	*123*	*124*	*+1.4%*	*+8.3%*
Financial EBIT	*44*	*46*	*+2.1%*	*+7.4%*
Net financial expense	(23)	(20)	N/A	N/A
Operating profit before tax and non-recurring items	**144**	**150**	**+3.8%**	N/A
Non-recurring income and expenses, net	2	(1)	N/A	N/A
Income tax expense	(44)	(40)	N/A	N/A
Net profit, non-controlling interests	(4)	(9)	N/A	N/A
Net profit, Group share	**98**	**100**	**+1.5%**	N/A
Recurring profit after tax	**96**	**101**	**+4.6%**	*N/A*

* Including depreciation, amortization and provision expense

[1] Issue volume is calculated by multiplying the number of vouchers issued by their face value.
[2] Normalized growth is the objective that management considers to be attainable if the number of people in work does not decline.
[3] At constant scope of consolidation and exchange rates.

1.2 Analysis of consolidated financial results

The Auditors have performed a limited review of the condensed consolidated financial statements for the six months ended June 30, 2012. Their review report is presented on page 14.

1.2.1 Issue volume

Issue volume amounted to €7,865 million in the first half of 2012, up **9.5% like-for-like** and 8.3% as reported. Changes in the scope of consolidation increased reported growth by 0.2%, while the net currency effect reduced it by 1.4%.

First-half issue volume growth was in line with the Group's medium-term guidance of between 6% and 14% normalized annual growth.[4]

1.2.1.1 *Issue volume by family of solutions*

The following table presents changes in issue volume by type of solution in first-half 2012.

First-half 2012	**Employee Benefits**		**Expense Management**	**Incentive & Rewards**	**Public Social Programs**	**TOTAL**
	Meal & Food	Quality of Life				
Issue volume *(in € millions)*	6,185	557	794	265	64	**7,865**
% of total issue volume	79%	7%	10%	3%	1%	**100%**
Like-for-like growth	+8%	+8%	+28%	-1%	+2%	**+9.5%**

1.2.1.2 *Issue volume by growth driver*

In the first half, the **9.5%** like-for-like increase in issue volume was led by four growth drivers:

- **Higher penetration rates in existing markets**, despite the situation in Hungary.[5] This accounted for 5.0% of growth versus 4.8% in first-half 2011, reflecting dynamic markets and the solid performance by the sales teams.
- **The increase in face values**, mainly in emerging markets, for 3.5%.
- **The creation and deployment of new solutions**, for 1.0% of growth. In Mexico, for example, Ticket Restaurante® enjoyed a 30.1% like-for-like increase in issue volume, while the solid performance in Spain was supported by the launch of the new Ticket Transporte®, Ticket Regalo® and Ticket Corporate® solutions. Lastly, Ticket Frete®, in the pre-launch phase in Brazil, delivered €4 million in issue volume during the period.
- **Geographic expansion**, whose first-half impact was limited given the recent start-up of operations in Finland with Ticket Mind & Body® in late 2011 followed by the launch of Ticket Restaurant® in April 2012.

[4] Normalized growth is the objective that management considers to be attainable if the number of people in work does not decline.
[5] Where legislation favoring local companies was introduced in the meal voucher market on January 1, 2012.

1.2.1.3 *Issue volume by region*

The following table presents changes in issue volume by region.

(in € millions)	First-half		% change	
Operating segment	**2011**	**2012**	**Reported**	**Like-for-like**
France	1,276	1,279	0.2%	**2.1%**
Rest of Europe	2,380	2,284	-4.0%	**-4.3%**
Latin America	3,370	4,041	19.9%	**21.8%**
Rest of the world	239	261	9.3%	**11.7%**
Total	**7,264**	**7,865**	**8.3%**	**9.5%**

- **Latin America: €4.0 billion in first-half issue volume**

In **Latin America**, which accounted for more than 50% of the Group's business in the first half, issue volume rose by a very sharp **21.8% like-for-like** in a favorable economy. The increase was in particular led by an excellent sales performance, which resulted in major new client wins, especially in Brazil. Growth was also driven by the ramp-up of new solutions such as Ticket Restaurante® in Mexico (up 30.1% like-for-like) and Junaeb in Chile, a public social program for students (up 36.7% like-for-like).

In **Brazil**, issue volume increased by **22.7% like-for-like**, with gains across the entire solutions portfolio, including meal and food vouchers (up 22.2% like-for-like) as well as the Ticket Car® expense management business (up 22.9% like-for-like).

Hispanic Latin America saw sharp growth in issue volume, which rose by **20.3% like-for-like**, reflecting a strong performance in all solutions with increases of 16.9% for Ticket Restaurante®/Ticket Alimentación® and 29.6% for Ticket Car®.

- **Europe: €3.6 billion in first-half issue volume**

Issue volume in **Europe** was slightly lower in the first half, due to the impact of the situation in Hungary[6]. Issue volume rose by *1.2% like-for-like excluding Hungary*, in a challenging economic environment shaped by a decline in the number of people in work and low inflation rates. Business was stable in the second quarter, reflecting an unfavorable basis of comparison (with one to two additional bank holidays) and a deteriorated situation in Italy (down 1.3% in the first half, including a 2.1% like-for-like decline in the second quarter).

In **Western Europe**[7], issue volume rose **1.3% like-for-li**ke in the first half, mainly led by higher penetration rates. In the United Kingdom, for example, the Childcare Vouchers® business delivered a good performance with like-for-like growth in issue volume of 5.4%.

In **France**, business performed well in the first half, with issue volume rising 2.1% like-for-like, including a 3.5% increase for Ticket Restaurant®, thanks to new client wins.

Central Europe[8] saw a **20.3% like-for-like** decline for the period, as business was negatively impacted by the situation in Hungary, where issue volume fell by 85.4%.

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[6] Where legislation favoring local companies was introduced in the meal voucher market on January 1, 2012.

[7] Western Europe includes Austria, Belgium, Finland, France, Germany, Greece, Italy, Luxembourg, Netherlands, Portugal, Spain, Sweden, Switzerland and the United Kingdom.

[8] Central Europe includes Bulgaria, Czech Republic, Hungary, Poland, Romania and Slovakia.

1.2.2 Revenue

Total revenue, corresponding to the sum of operating revenue (derived from the sale of programs and services) and financial revenue (derived from investing available cash) amounted to €511 million in the first half, an increase of **7.3% like-for-like** over the prior-year period. Reported growth came to 1.9%, reflecting a 4.2% decline from changes in the scope of consolidation and a 1.2% negative currency effect.

By origin, interim revenue broke down as follows:

	First-half		% change	
(in € millions)	**2011**	**2012**	**Reported**	**Like-for-like**
Operating revenue with issue volume	*374*	*401*	*+7.2%*	*+9.3%*
Operating revenue without issue volume	*82*	*64*	*-22.0%*	*-2.1%*
Operating revenue	**456**	**465**	**+1.9%**	**+7.3%**
Financial revenue	**44**	**46**	**+2.1%**	**+7.4%**
Total revenue	**501**	**511**	**+1.9%**	**+7.3%**

1.2.2.1 *Operating revenue*

First-half 2012 operating revenue totaled €465 million, representing an increase of **7.3% like-for-like**. On a reported basis, the increase was 1.9% after taking into account:

- The 4.3% negative effect of changes in scope of consolidation, corresponding to the divestment of non-core businesses in 2011 (notably Davidson Trahaire in Australia and WorkPlace Benefits) and the decision to stop issuing BtoC gift vouchers in France as from January 1, 2012.
- The 1.1% negative net currency effect, due mainly to the Brazilian real.

(a) Operating revenue with issue volume

Operating revenue with issue volume climbed by a strong **9.3% like-for-like** to €401 million in the first half. In **Latin America**, it reflected the trends in issue volume, which rose by more than 20%, while in **Europe excluding Hungary**, it rose by 2.4% for the period. The following table presents changes in operating revenue with issue volume by region.

Like-for-like growth in operating revenue with issue volume	**First quarter 2012**	**Second quarter 2012**	**First-Half 2012**
Latin America	+19.7%	+19.9%	+19.8%
Europe	-1.1%	-1.3%	-1.2%
Europe excluding Hungary	*+2.4%*	*+2.3%*	*+2.4%*
Rest of the world	+14.1%	+8.8%	+11.4%
TOTAL	**+9.4%**	**+9.2%**	**+9.3%**

(b) Operating revenue without issue volume

Operating revenue without issue volume amounted to €64 million, **down a slight 2.1% like-for-like** for the period. This revenue is primarily generated by corporate marketing and incentive consulting services, which are less recurring and generate lower margins than the other solutions. The second quarter was in particular impacted by the termination of the non-recurring contracts awarded in Germany in second-quarter 2011.

1.2.2.2 *Financial revenue*

In the first half, **financial revenue** rose by **7.4%** like-for-like, thanks to a slight increase in the average investment rate and despite the decline in reference rates in most countries. Given this decline, growth slowed to 4.5% in the second quarter from 10.4% in the first.

The following table presents changes in financial revenue by region.

(in € millions)	**First-half**		**% change**	
Operating segment	**2011**	**2012**	**Reported**	**Like-for-like**
France	10	10	-0.9%	+3.2%
Rest of Europe	16	15	-4.0%	+3.2%
Latin America	17	19	+6.3%	+9.6%
Rest of the world	1	2	+38.2%	+55.1%
Total	**44**	**46**	**+2.1%**	**+7.4%**

1.2.3 **EBIT**

Total EBIT amounted to €170 million, versus €167 million in first-half 2011, representing a gain of 1.6% as reported and of **8.1% like-for-like.**

1.2.3.1 *Operating EBIT*

Operating EBIT (which excludes financial revenue) rose by **8.3% like-for-like** to €124 million. Underpinning this performance, the operating flow-through ratio,[9] adjusted for the extra costs generated by the digital transition, stood at 45%, in line with the objective of 40% to 50%. As a result, operating EBIT margin[10] improved by 122 basis points like-for-like and before the digital transition costs, reflecting good control over operating costs.

1.2.3.2 *Financial EBIT*

Financial EBIT (corresponding to financial revenue) was **7.4% higher like-for-like**, at €46 million.

[9] Operating flow-through ratio: ratio between the like-for-like change in operating EBIT and the like-for-like change in operating revenue.

[10] Ratio between operating EBIT (excluding financial revenue) and operating revenue.

1.2.3.3 *EBIT by region*

The following table presents changes in EBIT by region.

EBIT *(in € millions)*	**First half 2011**[11]	**First half 2012**	**% change like-for-like**
Latin America	96	112	+17.6%
Europe[12]	77	67	-8.2%
Rest of the world	2	1	N/A
Worldwide structures	(8)	(10)	N/A
TOTAL	**167**	**170**	**+8.1%**

Operations in **Latin America** reported an excellent performance, with EBIT up 17.6% like-for-like on the region's dynamic growth. In **Europe**, EBIT growth was dampened by the additional costs of the digital transition (€3 million), the situation in Hungary[13] (€5 million) and changes in the scope of consolidation, primarily related to the termination of the BtoC gift vouchers business in France (€3 million).

1.2.4 **Net financial expense**

Net financial expense stood at €20 million versus €23 million in first-half 2011. This reflected gross borrowing costs of €22 million for the period, less the €2 million in interest income from short-term bank deposits and equivalents.

1.2.5 **Operating profit before tax and non-recurring items**

Operating profit before tax and non-recurring items totaled €150 million, versus €144 million in first-half 2011, an increase of 3.8% on a reported basis.

1.2.6 **Income tax expense**

Income tax expense stood at €40 million for the period, versus €44 million in first-half 2011, for an effective tax rate of 33.4%, compared with 31.0% in the prior-year period.

1.2.7 **Net profit**

After deducting net non-recurring expense of €1 million and non-controlling interests of €9 million, net profit, Group share ended the period at €100 million, compared with €98 million a year earlier.

Recurring profit after tax came to €101 million, an increase of 4.6% from the €96 million reported in first-half 2011.

[11] In 2011, the Group revamped the system of internal fees between Edenred S.A. (recognized in worldwide structures) and its various subsidiaries. To reflect the change, €(6) million has been reclassified from worldwide structures to other operating segments. These reclassifications did not have any impact on total EBIT.

[12] Of which EBIT of:

- €43 million in the rest of Europe, down 17.7% like-for-like, including the €(5) million impact from the situation in Hungary.
- €24 million in France, up 14.2% like-for-like.

[13] Where legislation favoring local companies was introduced in the meal voucher market on January 1, 2012.

1.3 Liquidity and financial resources

1.3.1 Cash flow

(in € millions)	First-half 2011	First-half 2012
EBITDA	182	187
Net financial expense	(23)	(20)
Income tax paid	(48)	(46)
Non-cash items	8	10
Funds from operations before non-recurring items (FFO)	**119**	**131**
Decrease/(increase) in the float	(262)	(328)
Decrease/(increase) in restricted cash[14]	(17)	(23)
Recurring expenditure	(14)	(17)
Decrease/(increase) in working capital (excluding the float)	24	(36)
Development expenditure	(13)	(30)
Dividends paid to non-controlling shareholders of subsidiaries	(11)	(15)
Dividends paid to equity holders of the parent	(113)	(158)
Currency effect	(35)	(9)
Other	9	(1)
Decrease/(increase) in net debt	**(313)**	**(486)**

Funds from operations before non-recurring items (FFO) amounted to €131 million, versus €119 million in first-half 2011, representing a **like-for-like increase of 14.5%**, in line with the Group's medium-term guidance of more than 10% normalized annual growth.

Dividends paid to equity holders of the parent during the period amounted to a total €158 million, for a payout ratio of nearly 80% of 2011 recurring profit after tax.

1.3.2 Working capital requirement

The following table analyzes working capital requirement for the period.

(in € millions)	First half 2011	2011	First half 2012	First-half 2012/ First half 2011	First half 2012/ Dec. 2011
Vouchers in circulation	2,970	3,400	3,096	126	(304)
Trade receivables (net)	942	990	976	34	(14)
Float	**2,028**	**2,410**	**2,120**	**92**	**(290)**
Inventories (net)	10	10	10	0	0
Other receivables (net)	258	291	345	87	54
Working capital assets (excl. trade receivables)	***268***	***301***	***355***	***87***	***54***
Trade payables	60	73	59	(1)	(14)
Other payables	163	161	172	9	11
Working capital liabilities (excl. vouchers in circulation)	***223***	***234***	***231***	***8***	***(3)***
Working Capital excl. Float	**(45)**	**(67)**	**(124)**	**(79)**	**(57)**
Total Working Capital	**1,983**	**2,343**	**1,996**	**13**	**(347)**

[14] Restricted cash corresponds to service voucher funds that are required to be invested in risk-free money market instruments convertible at any time into known amounts of cash in accordance with local regulations, mainly in France, Romania and the United Kingdom. Interest on these investments is attributable to Edenred.

The ***float*** (vouchers in circulations – trade receivables) totaled €2,120 million at end-June 2012, representing 7.0 weeks of issue volume, versus 7.3 weeks of issue volume at end-June 2011.

1.3.3 Net debt

Consolidated net debt stood at €412 million at June 30, 2012, versus €338 million a year earlier. The ratio of adjusted funds from operations to adjusted net debt came to **40.5%**, reflecting a strong investment grade rating.[15]

(in € millions)	**June 30, 2011**	**December 31, 2011**	**June 30, 2012**
Non-current debt	1,488	1,390	1,417
Other non-current financial liabilities	11	8	15
Current debt	12	3	2
Bank overdrafts	41	35	86
Other current financial liabilities	29	23	40
Debt and other financial liabilities	***1,581***	***1,459***	***1,560***
Current financial assets	(7)	(11)	(34)
Other marketable securities	(748)	(1 085)	(830)
Cash and cash equivalents	(488)	(437)	(284)
Cash and other current financial assets	***(1,243)***	***(1,533)***	***(1,148)***
Net debt	**338**	**(74)**	**412**

As of June 30, 2012, long-term debt consisted mainly of:

- €400 million in bank borrowings due over the period to June 2015, of which €100 million repayable as from June 2014.
- €800 million in 3.625% fixed-rate 7-year bonds due October 6, 2017.
- €225 million in privately placed 3.75% fixed-rate 10-year bonds due May 23, 2022.

As of June 30, 2012, the Group's debt and other financial liabilities were due as follows: 9% in 2013, 7% in 2014, 19% in 2015, 51% in 2007 and 14% in 2022.

1.3.4 Total equity

Equity represented a negative amount of €1,103 million at June 30, 2012 and €1,011 million at December 31, 2011. This is due to the recognition at historical cost of the assets contributed or sold to Edenred by Accor through the asset contribution-demerger transaction.

Further information about changes in consolidated equity is presented in the condensed interim consolidated financial statements for the six months ended June 30, 2012 (page 24).

[15] The ratio of adjusted funds from operations to adjusted net debt, determined by the Standard & Poor's method, must be above 30% to maintain a strong investment grade rating. Note that this rating reflects Edenred's ability to repay its debt, its liquidity position, certain financial ratios, its business profile and financial position, various other factors that are considered relevant for companies operating in the prepaid services business, and the general economic outlook.

1.4 Material contracts

During the first half of 2012, no contracts, other than contracts entered into in the ordinary course of business, were signed by any member of the Group that contained any provision under which any member of the Group would have any obligation or entitlement that was material to the Group.

1.5 Significant events of first-half 2012

- **Acquisition**

In April, Edenred acquired Brazil-based Comprocard, the food voucher market leader in the oil-producing State of Espirito Santo, with annual issue volume of around €100 million.

The company was purchased for an enterprise value (acquisition price + net debt) of €24 million, of which two contingent payments of an estimated €2 million each, payable in 2013 and 2014. The difference between the cost of the business combination and the net assets acquired has been provisionally recognized as goodwill, with the final accounting to be completed by the end of the year.

- **Private bond placement**

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

The issue has enhanced the Group's liquidity, diversified its sources of financing and extended the average maturity of its debt. Proceeds were dedicated to Bank debt early reimbursement.

1.6 Standard & Poor's rating

On June 9, 2010, Standard & Poor's announced that it had assigned Edenred a BBB+/A-2 Outlook Stable rating, corresponding to a "strong investment grade" rating.[16] The rating was affirmed by Standard & Poor's in a press release dated April 27, 2012.

The main criteria used by the agency to determine the rating is the Group's adjusted funds from operations/adjusted net debt ratio, as calculated by the Standard & Poor's method.

[16] The ratio of adjusted funds from operations to adjusted net debt, determined by the Standard & Poor's method, must be above 30% to maintain a strong investment grade rating. Note that this rating reflects Edenred's ability to repay its debt, its liquidity position, certain financial ratios, its business profile and financial position, various other factors that are considered relevant for companies operating in the prepaid services business, and the general economic outlook.

SECTION 2 - CONCLUSION AND FULL-YEAR 2012 OUTLOOK

In the second half, business should continue to be lifted by the strong growth in Latin America, whereas Europe will experience a more difficult environment, shaped by declining numbers of people in work, low inflation and the situation in Hungary[17].

The take-up rate[18] is expected to remain stable by solution. Growth in the businesses without issue volume, which are less recurrent, will reflect high basis of comparison.

Lastly, financial revenue will be impacted by the decline in reference interest rates in most countries, despite higher volumes and longer maturities of investments.

On this basis, assuming that the operating flow-through ratio[19] is within the guidance range of 40% to 50% and that the extra costs generated by the digital transition are in the region of €10 million to €15 million, **Edenred expects to report full-year 2012 EBIT of between €355 million and €375 million.**

SECTION 3 - 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 "Risk Factors"' section of the 2011 Registration Document approved by French securities regulator AMF on April 6, 2012. As of June 30, 2012, there had been no new developments in the Group's main disputes.

SECTION 4 - MAIN RELATED-PARTY TRANSACTIONS

There were no material changes in related party transactions during the first six months of 2012.

SECTION 5 - SUBSEQUENT EVENTS

Subsequent events are presented in Note 21 to the condensed interim consolidated financial statements.

- **Acquisition of Barclay Vouchers**

On July 5, 2012, Edenred announced the acquisition of Barclay Vouchers, the only meal voucher issuer in Japan. With more than 600 clients, 130,000 beneficiaries and more than 31,500 affiliated restaurants, the company reported issue volume of €91 million in 2011.

It was acquired for an enterprise value of €28 million.

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[17] Where legislation favoring local companies was introduced in the meal voucher market on January 1, 2012.

[18] Ratio between operating revenue with issue volume to total issue volume.

[19] Ratio between the like-for-like change in operating EBIT and the like-for-like change in operating revenue.

Auditors' review report on the interim consolidated financial statements

Edenred

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STATUTORY AUDITORS' REVIEW REPORT ON THE 2012 HALF-YEAR FINANCIAL INFORMATION

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(Six months ended June 30, 2012)

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 condensed half-year consolidated financial statements of Edenred, for the six months ended June 30, 2012 ;

- the verification of the information contained in the half-year management report.

These condensed 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.

1. 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 condensed half-year consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 - standard of the IFRSs as adopted by the European Union applicable to interim financial information.

2. Specific verification

We have also verified the information given in the half-year management report on the condensed half-year consolidated financial statements subject to our review.

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

Paris and Neuilly-sur-Seine, August 29, 2012

The Statutory Auditors

French original signed by

CABINET DIDIER KLING & ASSOCIÉS	DELOITTE & ASSOCIÉS
Didier KLING	David DUPONT-NOEL

Interim condensed consolidated financial statements and notes

Consolidated financial statements

CONSOLIDATED INCOME STATEMENT

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

CONSOLIDATED BALANCE SHEET

- **Assets**
- **Equity and Liabilities**

CONSOLIDATED STATEMENT OF CASH FLOWS

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

CONSOLIDATED INCOME STATEMENT

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

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

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

CONSOLIDATED BALANCE SHEET

5.1 Assets

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

5.2 Equity and liabilities

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

CONSOLIDATED STATEMENT OF CASH FLOWS

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

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

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

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

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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

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

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

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

(2) Transactions with Accor

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

(3) The acquisitions of additional non-controlling interests have been recognized directly in equity for an amount of €(15) million as of June 30, 2012. These mainly include the acquisition of 45% of non-controlling-interests in the Brazilian subsidiary Accentiv Mimetica, now 100% owned.

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

Notes to the consolidated financial statements

Note 1. Basis of preparation of financial statements

A. Approval of the financial statements

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

B. Accounting standards

B. 1. General framework

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

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

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

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

B. 2. Standards, amendments and interpretations

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

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

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

C. 1. Income taxes

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

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

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

D. Uses of estimates and judgment

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

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

Note 2. Changes in consolidation scope and significant events

A. 2012 changes in consolidation scope

A. 1. Organic growth and acquisitions

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

B. 2011 changes in the consolidation scope

B. 1. Organic growth and acquisitions

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

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

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

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

B. 2. Disposal of assets

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

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

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

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

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

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

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

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

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

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

C. Significant events

C. 1. Private placement notes issue

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

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

Note 3. Segment information

A. Income statements

A. 1. First-half 2012

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

A. 2. First-half 2011

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

(a) In 2011, the Group changed the management fee billing system between Edenred S.A. (classified in "Worldwide structures") and its various subsidiaries. To reflect this change, €(6) million have been reclassified from Worldwide Structures to the other operating segments in the table above. These reclassifications have no effect on total EBIT.

B. Change in issue volume

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

C. Change in revenues

C. 1. Total external revenue

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

C. 2. Operating revenue

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

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

C. 3. Financial revenue

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

D. Change in EBIT

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

(a) In 2011, the Group changed the management fee billing system between Edenred S.A. (classified in "Worldwide structures") and its various subsidiaries. To reflect this change, €(6) million have been reclassified from Worldwide Structures to the other operating segments in the table above. These reclassifications have no effect on total EBIT.

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

Note 4. Change in issue volume, revenue and EBIT

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

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

Note 5. Operating expenses

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

(1) Other operating expenses consist mainly of production, supply chain, information systems, marketing, advertising and promotional costs as well as various fee payments. They also include rental expenses for €(9) million in June 2012.

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

Note 6. Depreciation, amortization, and provisions

Depreciation, amortization and provisions can be analyzed as follows:

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

Note 7. Net financial expense

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

Note 8. Non-recurring income and expenses

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

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

Note 9. Income tax

A. Effective tax rate

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

Note 10. Earnings per share

A. Net earnings per share

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

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

(in number of shares)	June 2011	June 2012
Edenred's share capital at closing	**225 897 396**	**225 897 396**
Outstanding shares at beginning of period	**225 897 396**	**225 585 933**
Treasury shares not related to the liquidity contract	-	-
Treasury shares under the liquidity contract	-	79 556
Treasury shares	**-**	**79 556**
Outstanding shares at period-end	**225 897 396**	**225 665 489**
Effect of treasury shares on the weighted average number of shares	**-**	**(56 050)**
Weighted average number of ordinary shares outstanding during the period	**225 897 396**	**225 609 439**

In addition, stock options representing 5,057,500 ordinary shares and 2,528,519 performance shares were granted to employees in 2010, 2011 and 2012. Conversion of all of these potential shares would have the effect of increasing the number of shares outstanding to 233,251,508.

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

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

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

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

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

B. Recurring profit after tax, Group share

Recurring profit after tax corresponds to:

- Operating profit before tax and non-recurring items, and
- Tax adjustment of the period related to the non-recurring income and expenses.

It is stated net of non-controlling interests.

The recurring profit after tax breaks down as follows:

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

Note 11. Goodwill

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

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

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

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

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

Note 12. Intangible assets

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

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

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

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

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

Note 13. Share-based payments

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

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

A. Stock option plan

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

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

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

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

B. Performance share plan

B. 1. Main characteristics

Edenred's Board Directors of February 27, 2012 carried to the conditional attribution of 867,575 performance shares.

Performance shares granted to French tax residents are subject to a three-year vesting period followed by a two-year lock-up and shares granted to non French tax residents are subject to five-year vesting period without any lock-up.

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

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

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

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

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

B. 2. Fair value of the performance shares plan

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

Note 14. Current financial assets

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

Note 15. Cash and cash equivalents and other marketable securities

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

Note 16. Debt and other financial liabilities

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

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

A. Debt

Debt includes the following items:

A. 1. Bonds

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

In May, 2012, the Group successfully placed a €225 million issue of 10-year fixed-rate bonds, maturing in May 23, 2022 and paying 3.75% interest (see Note 2.C. 1).

A. 2. Bank borrowings

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

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

B. Maturities of debt analysis

B. 1. Book value

B. 1. 1. At June 30, 2012

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

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

B. 1. 2. At December 31, 2011

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

B. 1. 3. At June 30, 2011

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

B. 2. Credit facilities

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

Note 17. Financial instruments and market risk management

A. Rate risk

A. 1. Analysis by interest rate

A. 1. 1. Before hedging

Debt without hedging breaks down as follows:

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

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

A. 1. 2. After hedging

Debt after interest rate hedging breaks down as follows:

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

B. Foreign exchange risk

B. 1. Currency analysis

B. 1. 1. Before hedging

Debt without hedging breaks down as follows:

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

B. 1. 2. After hedging

Debt after currency hedging breaks down as follows:

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

Note 18. Net debt and net cash

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

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

Note 19. Provisions

A. Provisions at June 30, 2012

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

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

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

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

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

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

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

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

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

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

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

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

(1) See statement of cash flows

B. Net change in restricted cash

Restricted cash corresponds mainly to service voucher reserve funds which use is regulated. The countries concerned are France (€599 million), United Kingdom (€75 million) and Romania (€27 million).

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

(1) See statement of cash flows

Note 21. Subsequent events

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

Statement by the person responsible for the 2012 interim financial report

Statement by the person responsible for the 2012 interim financial report

I declare that, to the best of my knowledge, (i) the consolidated financial statements have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets and liabilities, financial position and results of the companies included in the consolidation, and (ii) the interim management report includes a fair review of material events of the first six months of the financial year and their impact on the interim financial statements, as well as a discussion of the main risks and uncertainties in the second half of the year and a description of the main related party transactions for the period.

Malakoff – August 29, 2012
Jacques Stern
Chairman and Chief Executive Officer