ACCOR
Open New Frontiers in Hospitality

INTERIM FINANCIAL REPORT

August 29, 2012

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2012 INTERIM FINANCIAL REPORT

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2012 interim consolidated results

Income statement

(in € millions)	H1 2011 Restated(1)	H1 2012	% change Restated(1)	Like-for-like change(2)
Revenue	2,720	2,717	-0.1%	+3.6%
EBITDAR(3)	**826**	**835**	**+1.1%**	**+3.4%**
EBITDAR margin	*30.4%*	*30.7%*	*+0.3 pt*	*-0.1 pt*
EBIT	**204**	**212**	**+4.1%**	**+10.1%**
Operating profit before tax and non-recurring items	151	190	+26.1%	+27.4%
Net profit/(loss), before discontinued operations	**62**	**80**	**N/A**	**N/A**
Profit or loss from discontinued operations	(21)	(612)(1)	N/A	N/A
Net profit/(loss), Group share	**41**	**(532)**	**N/A**	**N/A**

(1) Following signature of the sales agreement with Blackstone, the consolidated income statement of Motel 6/Studio 6 has been restated from the Group consolidated financial statements for the two periods presented, and re-classified in Result from discontinued operations. In accordance to IAS 21, the loss of € (612) million at June 30, 2012 does not include the cumulative translation gains and losses that will be accounted in profit on the effective day of the sale expected in October 2012.

(2) At constant scope of consolidation and exchange rates

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

Consolidated **revenue** for the six months ended June 30, 2012 totaled €2,717 million, down 0.1% year-on-year on a reported basis and up 3.6% like-for-like compared with first half 2011.

During the period, business levels remained robust in emerging markets. It was generally stable in Europe, with solid conditions in the key markets (excellent performance in the capitals), but still very challenging in the Southern countries.

By segment, like-for-like growth came to **3.5%** in the Upscale & Midscale segment and **4.0%** in the Economy segment. The gains were led by **rising room rates across every segment** and supported by the growing percentage of management and franchise fees in the revenue mix.

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

- An improvement in RevPAR led by the growth in prices across every segment and the sharp increase in Management and Franchise fees.
- Expansion, which increased revenue by €37 million, adding 1.4% to reported growth. The expansion set a new record during the period, with the opening of 20,700 rooms1 (141 hotels), 85% of which under management and franchise contracts.

In the **first six months**, 141 hotels (20,700 rooms) were opened, including:

- 85%* under management contracts and franchise agreements.
- 57%* in the Asia-Pacific region, 25%* in Europe, 13%* in Africa and the Middle East and 5%* in Latin America.

This expansion remains dynamic, with **108,700 rooms** in the **pipeline** for the period to 2016.

- Changes in the scope of consolidation, which reduced reported growth by 5.9% and revenue by

** In number of rooms*

bly the asset disposal strategy and €56 million from the sale of

- The currency effect, which at a positive €21 million added 0.8% to reported growth, primarily due to the gains in the Australian dollar and British pound against the euro.

Satisfactory performance in Upscale & Midscale Hotels

In the Upscale & Midscale segment, revenue increased by **0.7% as reported** and by **3.5% like-for-like** in the first six months of 2012.

EBITDAR margin remained virtually unchanged at **27.8%** of revenue, (down 0.1 point as reported and 0.4 point like-for-like). This represented a satisfactory performance given, in particular, the high prior-year May comparatives in France and the persistent deterioration in the Southern European economies.

Strong improvement in margins across the Economy brand portfolio

Revenue from Economy Hotels ended the first half up **4.5%** as reported and **4.0%** like-for-like.

EBITDAR margin widened by 0.8 point as reported and 0.7 point like-for-like to **37.5%**, a new record first-half high that reflected very robust demand and the segment's sustained expansion under asset-light agreements.

Solid growth in EBIT

EBITDAR (earnings before interest, taxes, depreciation, amortization and rental expense) represents a key financial performance indicator.
Consolidated EBITDAR amounted to €835 million in the first half of 2012, up 3.4% like-for-like compared with the year-earlier period and up 1.1% as reported. The €9 million increase breaks down as follows:

- Like-for-like growth:	+€28 million
- Business development:	+€7 million
- Currency effect:	+€6 million
- Disposals:	-€32 million

The **flow-through ratio** stood at 29%, while **EBITDAR margin** rose to 30.7% of consolidated revenue from 30.4% in first half 2011.

EBIT rose by 10.1% like-for-like over the period, to €212 million from €204 million in first-half 2011, led by the effective implementation of the asset management program.

Operating profit before tax and non-recurring items amounted to €190 million in first-half 2012, versus €151 million in the year-earlier period. The steep **27.4%** like-for-like increase reflected the significant improvement in net financial expense, to €29 million from €53 million in first-half 2011.

Rental expense rose to €460 million from €444 million in first-half 2011, 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.

Depreciation, amortization and provision expense stood at €163 million for the period.

Net financial expense amounted to €29 million, versus €53 million in first-half 2011. The decrease corresponds to the early bond redemption achieved in 2010 and 2011.
The share of profits and losses of associates reaches €7 million versus zero in the first half 2011. During the first-half 2012, this result is primarily linked to a result of €8 million positive impact from the Sofitel San Francisco disposal.

Restructuring costs for first-half 2012 totaled €20 million and mainly concerned various reorganization measures.

Gains and losses on the management of hotel properties totaled a net €52 million, an increase of €15 million over first-half 2011. The total mainly included a net gain of €18 million generated by sale & franchise-back transactions in South Africa, corresponding to the sale of 20 Hotel Formula 1 units and A net gain of €16 million generated by sale & management-back transactions in the United States, corresponding to the sale of the Novotel New York.

Asset impairment losses amounted to €52 million, of which €38 million concerned hotel property, plant and equipment. This compared with the first-half 2011 figure of €18 million.

Income tax expense amounted to €54 million, compared with €69 million in first-half 2011. The effective tax rate (expressed as a percentage of operating profit before tax) is 27.5% versus 26.9% at June-end 2011.

After deducting **minority interests** of €9 million and the €(612) million **loss from discontinued operations** (Motel 6 and Onboard Train Services), net result, Group share amounted to €(532) million. This compares with a €41 million profit in first-half 2011.
Net profit excluding the impact of the Motel 6 disposal ended the first-half at €80 million.

Based on the weighted average number of shares outstanding during the period (227,254,000), **loss per share** came to €2.34 in first-half 2012, versus earnings per share of €0.18 in the prior-year period.

Cash flows

(in € millions)	**June 2011 restated**	**June 2012**
Funds from operations before non-recurring items	**303**	**310**
Renovation and maintenance expenditure	(81)	(95)
Funds from operations	**222**	**215**
Expansion expenditure	(82)	(75)
Mirvac acquisition	-	(167)
Posadas acquisition	-	(8)
Sofitel Los Angeles	-	(21)
Proceeds from disposals of assets	150	223
Dividends paid	(151)	(271)
Shares issued/(cancelled)	6	1
Decrease/(increase) in working capital	(124)	(167)
Others	(91)	(36)
Cash flow from discontinued operations	239	(273)
(Increase)/decrease in net debt	**171**	**(578)**

Funds from operations came to €310 million for the period, compared with €303 million in first-half 2011.

At €95 million, **maintenance and renovation expenditure** increased for the period and represented 3.5% of revenue.

Recurring expansion expenditure totaled €75 million, compared with €82 million in first-half 2011.

Proceeds from disposal of assets totaled €223 million, of which €213 million in disposals of hotel properties, versus €141 million in hotel property disposals in the prior-year period. The proceeds were mainly derived from Sale & Management Back transactions (€61 million), Sale & Franchise Back transactions (€57 million) and outright sales (€95 million).

Financial ratios

Net debt totaled €804 million at June 30, 2012 compared with €226 million at December 31, 2011.

As of June 30, 2012, Accor had **€1.7 billion in unused, confirmed lines of credit long term.** The Group also optimized its debt cost over the period, with the successful issue of €600 million in 2.875% bonds.

Consolidated return on capital employed (ROCE) rose to **14.2%** at June 30, 2012 from 13.6% a year earlier. Over the period, ROCE improved sharply in the Upscale & Midscale segment, to **11.5%** thanks to the roll out of the asset management program, which leads to a €197 million decrease in capital employed. ROCE gained 0.5 point at **19.6%** in the Economy segment, a remarkable performance given the sustained deployment of the ibis *budget* renovation program.

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 2012 was as follows:

June 2012	Management & franchise [1]	Sales & Marketing Fund [1]	Owned & Leased	Not allocated, platform & intercos	Total
Gross Revenue	5,205	N/A	2,410	55	5,259
o/w Revenue [1]	316	155	2,410	(164)	2,717
EBITDAR	167	0	683	(15)	835
Conributive margin	*52.9%*	*0,0%*	*28.4%*	*N/A*	*30.7%*
EBIT	167	0	89	(44)	212
EBIT margin	*52.9%*	*0,0%*	*3.7%*	*N/A*	*7.8%*

(1) : including fees from owned and leased hotels

Continued deployment of the asset management program

In first-half 2012, **48** hotels (4,500 rooms) changed ownership structure and are now operated under variable-rent leases, management contracts or franchise agreements. In addition, **11** hotels (representing 1,700 rooms) were sold during the period. These transactions had the effect of reducing adjusted net debt by **€283 million**.

As of August 29, 2012, following the announced disposals of the Novotel Beijing Sanyuan, the stake in the Mirvac Wholesale Fund and the MGallery hotels in Cologne and Amsterdam, the impact of property disposals on adjusted net debt amounted to **€354 million**. The Group has now met almost **75% of the targeted €1.2 billion impact** on adjusted net debt over the 2011-2012 period.

These transactions have confirmed Accor's ability to pursue a **dynamic asset management strategy** as part of a hotel property asset disposal program designed to reduce consolidated adjusted net debt by **€2.2 billion over the 2011-2015 period.**

Outlook for 2012

- **July business trends**

In July, RevPAR[1] net of tax rose by 2.9% like-for-like in the Upscale & Midscale Hotels segment and by 0.2% in Economy Hotels.
This performance remains in line with first-half trends, with figures stable in Europe despite the difficult situation in the Southern countries.

- **Full year EBIT target**

Business volumes remained firm throughout the summer. While visibility on the second half is still limited by the uncertain economic environment, Accor has not yet observed any tangible signs of a downturn in demand, except in Southern Europe.

Based on these factors, the EBIT target for the year stands at between **€510 million and €530 million**, versus the comparable EBIT of €515 million restated in 2011.

Milestones – Press releases for the first-half 2012

Pullman Paris Rive Gauche Sold for €77 Million – January 19th, 2012

Accor has announced the sale of the **Pullman Paris Rive Gauche (617 rooms**) to Bouygues Immobilier **for €77 million**, in line with its asset-right strategy. The hotel, whose operating performance and technical standards fall below Group requirements, will shut down in 2012. The contract also includes an earn-out mechanism, whose amount will depend on the terms and conditions of the reconstruction project.

[1] Owned or leased hotels only

Sale of the Novotel New York Times Square under a €160m Sale & Management-Back agreement – February 10th, 2012

As part of its asset management strategy, Accor announces the sale of the **Novotel Times Square** in New York under a sale and management-back agreement, **for a total value of €160m** (€335,000 per room). The selling price amounts to €71m. The buyer has committed to complete a full renovation of the hotel between 2012 and 2013, at an estimated cost of €89m based on a scope defined by Accor. The hotel will remain open while the work is being carried out. In addition, an earn-out amounting up to €12m could be cashed in depending on the results of the hotel after the refurbishment.
Open in 1984 in the center of one of the world's most popular tourist and business destinations, this 480-room flagship hotel will continue to be operated by Accor under a **long-term management agreement.**

The buyer is a joint-venture formed by two key players in the hotel real-estate asset management business: **Chartres** (Chartres Lodging Group, LLC) and **Apollo** (Apollo Global Management, LLC).

Sale of Motel 6 for 1.9 billion dollars – May 22nd, 2012[2]

Accor reinforces its growth potential

Accor announces it has signed an agreement today to sell its United States Economy Hotels Division to an affiliate of Blackstone Real Estate Partners VII, for a total value of $1.9bn. The network includes Motel 6, the iconic North American brand, and Studio 6, an extended-stay economy chain, and comprises 1.102 hotels (107.347 rooms) in the USA and in Canada.

As a result of the transaction, Accor will reduce its net debt by approximately €330m and its fixed-lease commitments by c. €525m. The Group will register an exceptional non-cash loss of c.€600m, linked to the early buyout of fixed-lease hotels.

The transaction is scheduled to be completed in October 2012, subject to the unwinding of leases and customary closing conditions.

Successful launch of a bond offering – June 11th, 2012

EUR 600 million, 5 year maturity, annual coupon of 2.875%

Accor today set the terms of a 5 year bond issue for an amount of EUR 600 million with an annual coupon of 2.875%.

Accor took advantage of favorable conditions on the credit market: the order book totaled close to EUR1.3bn. The transaction could therefore be completed within a short time, at a favorable price, and with a higher issuance amount than initially planned. This bond issue enables Accor to both lengthen the average maturity of its debt and optimize its average cost of funding.

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 2011 Registration Document under “Risk Factors”.

[2] Updated impacts are detailed in the following Interim Consolidated Financial Statements.

Main related-party transactions

The main related-party transactions are presented in detail in Note 43 to the interim consolidated financial statements.

Subsequent events

Post balance-sheet events are presented in Note 46 to the interim consolidated financial statements.

2012 Interim Consolidated Financial Statements

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Consolidated Income Statements

In € millions	Notes	2011 (*)	June 2011 (*)	June 2012	June 2011 Published	2011 Published
CONSOLIDATED REVENUE	**3**	**5 568**	**2 720**	**2 717**	**2 973**	**6 100**
Operating expense	4	(3 809)	(1 894)	(1 882)	(2 076)	(4 177)
EBITDAR	**5**	**1 759**	**826**	**835**	**897**	**1 923**
Rental expense	6	(903)	(444)	(460)	(491)	(995)
EBITDA	**7**	**856**	**382**	**375**	**406**	**928**
Depreciation, amortization and provision expense	8	(341)	(178)	(163)	(207)	(398)
EBIT	**9**	**515**	**204**	**212**	**199**	**530**
Net financial expense	10	(92)	(53)	(29)	(55)	(97)
Share of profit of associates after tax	11	5	0	7	0	5
OPERATING PROFIT BEFORE TAX AND NON RECURRING ITEMS		**428**	**151**	**190**	**144**	**438**
Restructuring costs	12	(38)	(21)	(20)	(22)	(40)
Impairment losses	13	(64)	(18)	(52)	(19)	(113)
Gains and losses on management of hotel properties	14	105	37	52	30	60
Gains and losses on management of other assets	15	6	(7)	(27)	(11)	(19)
OPERATING PROFIT BEFORE TAX		**437**	**142**	**143**	**122**	**326**
Income tax expense	16	(166)	(69)	(54)	(71)	(274)
Profit or loss from continuing operations		271	73	89	51	52
Net Profit from discontinued operations	17	(221)	(21)	(612)	1	(2)
NET PROFIT		**50**	**52**	**(523)**	**52**	**50**
Net Profit, Group Share from continuing operations		248	62	80	40	29
Net Profit, Group Share from discontinued operations		(221)	(21)	(612)	1	**(2)**
Net Profit, Group Share		**27**	**41**	**(532)**	**41**	**27**
Net Profit, Minority interests from continuing operations		23	11	9	11	23
Net Profit, Minority interests from discontinued operations		(0)	(0)	0	(0)	(0)
Net Profit, Minority interests		23	11	9	11	23
Weighted average number of shares outstanding (in thousands)	25	227 107	226 994	227 254	226 994	227 107
EARNINGS PER SHARE (in €)		**0,12**	**0,18**	**(2,34)**	**0,18**	**0,12**
Diluted earnings per share (in €)	25	0,12	0,18	(2,34)	0,18	0,12
Earnings per share from continuing operations (in €)		**1,09**	**0,27**	**0,35**	**0,18**	**0,13**
Diluted earnings per share from continuing operations (in €)		**1,09**	**0,27**	**0,35**	**0,18**	**0,13**
Earnings per share from discontinued operations (in €)		**(0,97)**	**(0,09)**	**(2,69)**	**0,00**	**(0,01)**
Diluted earnings per share from discontinued operations (in €)		**(0,97)**	**(0,09)**	**(2,69)**	**0,00**	**(0,01)**

(*) In accordance with IFRS 5 "Non-Current Assets Held for Sale and Discontinued Operations" in the consolidated income statements for the six months ended June 30, 2011 and the year ended December 31, 2011, the profits or losses from 2012 discontinued operations are reported on a separate line (see Note 17)

Income statement indicators are explained in Note 1.R.

Statements of Comprehensive Income

In € millions	Notes	2011 (*)	June 2011 (*)	June 2012	June 2011 Published	2011 Published
NET PROFIT		**50**	**52**	**(523)**	**52**	**50**
Currency translation adjustment (**)		(47)	(143)	64	(143)	(47)
Effective portion of gains and losses on hedging instruments in a cash flow hedge		3	3	1	3	3
Actuarial gains and losses on defined benefit plans, net of deferred taxes		(2)	(1)	(15)	(1)	(2)
Other comprehensive income, net of tax	28	**(47)**	**(141)**	**50**	**(141)**	**(47)**
TOTAL COMPREHENSIVE INCOME		**3**	**(89)**	**(473)**	**(89)**	**3**
Comprehensive income, Group share		**8**	**(97)**	**(490)**	**(97)**	**8**
Comprehensive income, Minority interests		(4)	8	17	8	(4)

(*) In accordance with IFRS 5 "Non-Current Assets Held for Sale and Discontinued Operations" in the statements of comprehensive income for the six months ended June 30, 2011 and the year ended December 31, 2011, the net profit from 2012 discontinued operations are reported on a separate line (see Note 17)

(**) The currency translation adjustment related to discontinued operations (Economy Hotels US) breaks down as follows:

In € millions	June 2011	2011	June 2012
At beginning of period	**(64)**	**(64)**	**(64)**
Currency translation adjustment for the period included in other comprehensive income	(38)	(0)	(6)
At the end of period	**(102)**	**(64)**	**(70)**

Consolidated Balance Sheets

Assets

ASSETS In € millions	Notes	June 2011	Dec. 2011	June 2012
GOODWILL	18	**706**	**712**	**731**
INTANGIBLE ASSETS	19	**381**	**373**	**250**
PROPERTY, PLANT AND EQUIPMENT	20	**3 292**	**3 257**	**2 582**
Long-term loans	21	128	138	147
Investments in associates	22	205	210	284
Other financial investments	23	114	201	195
TOTAL NON-CURRENT FINANCIAL ASSETS		**447**	**549**	**626**
Deferred tax assets	16	224	147	151
TOTAL NON-CURRENT ASSETS		**5 050**	**5 038**	**4 340**
Inventories	24	36	41	47
Trade receivables	24	388	364	421
Other receivables and accruals	24	625	680	487
Receivables on disposals of assets	29 & 30	48	95	110
Short-term loans	29 & 30	20	26	36
Cash and cash equivalents	29 & 30	1 255	1 370	1 332
TOTAL CURRENT ASSETS		**2 372**	**2 576**	**2 433**
Assets held for sale (*)	32	423	386	1 727
TOTAL ASSETS		**7 845**	**8 000**	**8 500**

(*) This item mainly concerns:
- At June 30, 2011, the assets related to Lenôtre and Onboard Train Services business.
- At December 31, 2011, the assets related to Onboard Train Services business.
- At June 30, 2012, the assets related to Economy Hotels US business and Onboard Train Services business.

Equity and Liabilities

EQUITY AND LIABILITIES In € millions	Notes	June 2011	Dec. 2011	June 2012
Share capital		681	682	682
Additional paid-in capital and reserves		2 703	2 828	2 643
Net profit, Group share	25	41	27	(532)
SHAREHOLDERS' EQUITY, GROUP SHARE		**3 425**	**3 537**	**2 793**
Minority interests	27	251	231	225
TOTAL SHAREHOLDERS' EQUITY AND MINORITY INTERESTS		**3 676**	**3 768**	**3 018**
Other long-term financial debt	29 & 30	1 624	1 524	1 719
Long-term finance lease liabilities	29 & 30	81	69	58
Deferred tax liabilities	16	119	156	110
Non-current provisions	33	108	101	124
TOTAL NON-CURRENT LIABILITIES		**1 932**	**1 850**	**2 011**
Trade payables	24	577	642	582
Other payables and income tax payable	24	1 204	1 333	1 127
Current provisions	33	210	194	181
Short-term debt and finance lease liabilities	29 & 30	151	106	483
Bank overdrafts and liability derivatives	29 & 30	26	18	22
TOTAL CURRENT LIABILITIES		**2 168**	**2 293**	**2 395**
Liabilities of assets classified as held for sale (*)	32	69	89	1 076
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**7 845**	**8 000**	**8 500**

(*) This item mainly concerns:
- At June 30, 2011, the liabilities related to Lenôtre and Onboard Train Services business.
- At December 31, 2011, the liabilities related to Onboard Train Services business.
- At June 30, 2012, the liabilities related to Economy Hotels US business and Onboard Train Services business.

Consolidated Cash Flow Statements

In € millions	Notes	2011 (*)	June 2011 (*)	June 2012 (**)		June 2011 Published	2011 Published
+ EBITDA	7	856	382	375		406	928
+ Net financial expense	10	(92)	(53)	(29)		(55)	(97)
+ Income tax expense		(163)	(61)	(52)		(50)	(163)
- Non cash revenue and expense included in EBITDA		10	8	9		8	10
- Elimination of provision movements included in net financial expense and non-recurring taxes		47	19	7		7	47
+ Dividends received from associates		12	8	0		8	12
+ Impact of discontinued operations		58	16	40		(5)	(9)
= Funds from operations excluding non-recurring transactions	34	**728**	**319**	**350**		**319**	**728**
+ Decrease (increase) in operating working capital	35	(19)	(124)	(167)		(142)	5
+ Impact of discontinued operations		37	(11)	59		7	13
= Net cash from operating activities		**746**	**184**	**242**		**184**	**746**
+ Cash received (paid) on non-recurring transactions (included restructuring costs and non-recurring taxes)		(77)	(35)	(55)		(39)	(104)
+ Impact of discontinued operations		(27)	(16)	(431)	(1)	(12)	(0)
= Net cash from operating activities including non-recurring transactions (A)		**642**	**133**	**(244)**		**133**	**642**
- Renovation and maintenance expenditure	36	(268)	(81)	(95)		(94)	(303)
- Development expenditure	37	(291)	(82)	(274)		(96)	(387)
+ Proceeds from disposals of assets		502	150	224		149	500
+ Impact of discontinued operations		297	414	(773)	(2)	442	430
= Net cash used in investments/ divestments (B)		**240**	**401**	**(918)**		**401**	**240**
+ Proceeds from issue of share capital		11	6	1		6	11
- Dividends paid		(155)	(151)	(271)		(151)	(155)
- Repayment of long-term debt		(157)	(56)	(8)		(56)	(157)
- Payment of finance lease liabilities		(9)	(5)	(0)		(5)	(9)
+ New long term debt		20	13	615		13	20
= Increase (decrease) in long-term debt		**(146)**	**(48)**	**607**		**(48)**	**(146)**
+ Increase (decrease) in short-term debt		(187)	(8)	(327)		15	(118)
+ Change in ownership percentage of subsidiaries		(50)	(44)	(6)		(44)	(50)
+ Impact of discontinued operations		(130)	(177)	1 113	(3)	(200)	(199)
= Net cash from financing activities (C)		**(657)**	**(422)**	**1 117**		**(422)**	**(657)**
+ Effect of changes in exchange rates (D)		14	(55)	23		(19)	(6)
+ Effect of changes in exchange rates on discontinued operations (D)		(22)	34	(23)		(2)	(2)
= Net change in cash and cash equivalents (E)=(A)+(B)+(C)+(D)		**217**	**91**	**(45)**		**91**	**217**
- Cash and cash equivalents at beginning of period		1 098	1 098	1 352		1 098	1 098
- Effect of changes in fair value of cash and cash equivalents		4	5	2		5	4
- Cash and Cash equivalents reclassified at end of period in "Assets held for sale"		-	(1)	(2)		(1)	33
- Net change in cash and cash equivalents for discontinued operations		33	36	3		36	-
+ Cash and cash equivalents at end of period	30	1 352	1 229	1 310		1 229	1 352
= Net change in cash and cash equivalents		**217**	**91**	**(45)**		**91**	**217**

(*) In accordance with IFRS 5 "Non-Current Assets Held for Sale and Discontinued Operations" in the consolidated cash flow statements for the six months ended June 30, 2011 and the year ended December 31, 2011, the cash flows from 2012 discontinued operations are reported on a separate line (see Note 17)

(**) Of which cash flows related to the sale of the Economy Hotels US business (see Note 2.A.3):

(1) Mainly costs associated with the exercise of purchase options on leased hotels for €(265) million (of which € 226 million not paid out as of June 30, 2012) and the cancellation of accounting entries recognizing rents on a straight-line basis following the purchase of the leased hotels, for €(118) million

(2) Mainly purchase of leased hotels (257 units), for €(805) million (of which € 608 million not paid out as of June 30, 2012).

(3) Mainly €1,109 million debt (of which € 834 million corresponding to the contra entries for the transactions described in notes (1) and (2) above not yet paid out as of June 30, 2012) arising from the purchase of leased hotels following the exercise of purchase options and from the costs associated with the option.

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
At January 1, 2011	**226 793 949**	**680**	**1 311**	**14**	**(10)**	**(26)**	**121**	**1 560**	**3 650**	**299**	**3 949**
Issues of share capital											
- Performance share grants	**107 646**	0	0	-	-	-	-	-	**0**	**-**	**0**
- On exercise of stock options	**254 638**	1	5	-	-	-	-	-	**6**	**-**	**6**
Dividends paid in cash (2)		-	-	-	-	-	-	(141)	**(141)**	**(10)**	**(151)**
Change in reserve related to employee benefits	**-**	-	-	-	-	-	7	-	**7**	**-**	**7**
Effect of scope changes	**-**	-	-	-	-	(2)	-	2	**-**	**(46)**	**(46)**
Other Comprehensive Income	**-**	**-**	**-**	**(140)**	**3**	**(1)**	**-**	**-**	**(138)**	**(3)**	**(141)**
Net Profit	**-**	-	-	-	-	-	-	41	**41**	**11**	**52**
Total Comprehensive Income	**-**	**-**	**-**	**(140)**	**3**	**(1)**	**-**	**41**	**(97)**	**8**	**(89)**
At June 30, 2011	**227 156 233**	**681**	**1 316**	**(126)**	**(7)**	**(29)**	**128**	**1 462**	**3 425**	**251**	**3 676**
Issues of share capital											
- Performance share grants	**377**	0	-	-	-	-	-	(0)	**-**	**-**	**-**
- On exercise of stock options	**94 836**	1	2	-	-	-	-	-	**3**	**3**	**6**
Dividends paid in cash	**-**	-	-	-	-	-	-	-	**-**	**(4)**	**(4)**
Change in reserve related to employee benefits	**-**	-	-	-	-	-	6	-	**6**	**-**	**6**
Effect of scope changes	**-**	-	-	-	-	(0)	-	-	**(0)**	**(6)**	**(7)**
Other Comprehensive Income	**-**	**-**	**-**	**120**	**-**	**(1)**	**-**	**-**	**119**	**(25)**	**94**
Net Profit	**-**	-	-	-	-	-	-	(14)	**(14)**	**12**	**(2)**
Total Comprehensive Income	**-**	**-**	**-**	**120**	**-**	**(1)**	**-**	**(14)**	**105**	**(12)**	**92**
At December 31, 2011	**227 251 446**	**682**	**1 318**	**(6)**	**(7)**	**(31)**	**134**	**1 448**	**3 537**	**231**	**3 768**
Issues of share capital											
- On exercise of stock options	**6 848**	0	0	-	-	-	-	-	**0**	**1**	**1**
Dividends paid in cash (2)	**-**	-	-	-	-	-	-	(261)	**(261)**	**(10)**	**(271)**
Change in reserve related to employee benefits	**-**	-	-	-	-	-	7	-	**7**	**-**	**7**
Effect of scope changes	**-**	-	-	-	-	0	-	(1)	**(1)**	**(13)**	**(14)**
Other Comprehensive Income	**-**	**-**	**-**	**56**	**1**	**(15)**	**-**	**-**	**42**	**9**	**50**
Net Profit	**-**	-	-	-	-	-	-	(532)	**(532)**	**9**	**(523)**
Total Comprehensive Income	**-**	**-**	**-**	**56**	**1**	**(15)**	**-**	**(532)**	**(490)**	**17**	**(473)**
At June 30, 2012	**227 258 294**	**682**	**1 318**	**50**	**(6)**	**(46)**	**141**	**654**	**2 793**	**225**	**3 018**

(1) Exchange differences on translating foreign operations between December 31, 2011 and June 30, 2012, representing a positive impact of €56 million, mainly concern changes in exchange rates against the euro of the US Dollar (€30 million positive impact), the Australian $ (€17 million positive impact), the Polish Zloty (€13 million positive impact) and the Brazilian real (€10 million negative impact).

The period-end euro/local currency exchange rates applied to prepare the consolidated financial statements were as follows:

	USD	PLN	BRL	AUD
June 2011	1,4453	3,9903	2,2601	1,3485
December 2011	1,2939	4,4580	2,4159	1,2723
June 2012	1,2590	4,2488	2,5788	1,2339

(2) The 2010 and 2011 dividends were as follows:

In €	2010	2011
Dividende per share	**0,62**	**0,65**
Special dividende per share	**N/A**	**0,50**

Number of Accor's shares is detailed as follows:

Details on shares	June 2011	Dec. 2011	June 2012
Total number of shares authorized	227 156 233	227 251 446	227 258 294
Number of fully paid shares issued and outstanding	227 156 233	227 251 446	227 258 294
Number of shares issued and outstdanding not fully paid	-	-	-
Per 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, 2012	**227 251 446**
Shares from conversion of stock option plans	6 848
Outstanding shares at June 30, 2012	**227 258 294**
Accor's share capital at June 30, 2012	**227 258 294**
Shares in treasury at June 30, 2012	-
Outstanding shares at June 30, 2012	**227 258 294**
Stock option plans (see Note 25.3)	11 868 191
Performance shares plans (see Note 25.3)	554 893
Potential number of shares	**239 681 378**

Full conversion would have the effect of reducing debt at June 30, 2012 as follows:

	In € millions
Theoretical impact of exercising stock options (*)	368
Theoretical impact on net debt of exercising all equity instruments	**368**

(*) assuming exercise of all options outstanding at June 30, 2012.

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

Accor's share capital at June 30, 2012	**227 258 294**	
Outstanding shares at June 30, 2012	**227 258 294**	
Adjustment from stock option plans exercised during the period	(4 781)	
Weighted average number of ordinary shares during the period	**227 253 513**	(See Note 25)
Impact of dilutive stock options plans at June 30, 2012	291 780	
Impact of dilutive performance shares at June 30, 2012	135 221	
Weighted average number of shares used to calculate diluted earning per share	**227 680 514**	(See Note 25)

Key Management Ratios

	Note	June 2011 (*)	Dec. 2011 (*)	June 2012 (*)	June 2011 published (**)	Dec. 2011 Published (**)
Gearing	(a)	N/A	N/A	27%	15%	6%
Adjusted Funds from Ordinary Activities / Adjusted Net Debt	(b)	23,8%	26,0%	25,0%	23,1%	25,7%
Return On Capital Employed	(c)	13,6%	13,9%	14,2%	11,9%	12,3%
Economic Value Added (EVA) (in € millions)	(d)	N/A	N/A	132	122	108

(*) Based on continuing operations; i.e. excluding the Economy Hotels US business, Groupe Lucien Barrière and the Onboard Train Services business which in accordance with IFRS 5 were reclassified as discontinued operations.
(**) Based on continuing operations; i.e. excluding Groupe Lucien Barrière, which was deconsolidated in 2011, and the Onboard Train Services business, which in accordance with IFRS 5 was reclassified as a discontinued operation.

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

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 2011 (*)	Dec. 2011 (*)	June 2012 (*)	June 2011 published (**)	Dec. 2011 Published (**)
Net debt at end of the period (see Note 30)	**559**	**226**	**804**	**559**	**226**
Less Economy Hotels US Debt due to other Group entities reclassified in "Liabilities related to assets held for sale" (***)	(94)	(142)	(411)	-	-
Debt restatement prorated over the period	41	251	17	47	207
Average net debt	**506**	**335**	**410**	**606**	**433**
Rental commitments discounted at 7% (a)	3 223	3 144	3 156	3 650	3 495
Total Adjusted net debt	**3 729**	**3 479**	**3 566**	**4 256**	**3 928**
Funds from Ordinary Activities	**663**	**670**	**677**	**725**	**737**
Rental amortization	223	236	216	260	271
Adjusted Funds from Ordinary Activities	**886**	**906**	**893**	**985**	**1 008**
Adjusted Funds from Ordinary Activities / Adjusted Net Debt	**23,8%**	**26,0%**	**25,0%**	**23,1%**	**25,7%**

(*) Based on continuing operations; i.e. excluding the Economy Hotels US business, Groupe Lucien Barrière and the Onboard Train Services business, which in accordance with IFRS 5 were reclassified as discontinued operations.
(**) Based on continuing operations; i.e. excluding Groupe Lucien Barrière, which was deconsolidated in 2011, and the Onboard Train Services business, which in accordance with IFRS 5 was reclassified as a discontinued operation in 2011. Published rental commitments at June 30 and December 31, 2011 were discounted at a rate of 8%.
(***) Net debt at June 30, 2012 does not include the debt due by Economy Hotels US entities to other Group entities, which is presented as being due by external debtors, as for the calculation of Funds from Ordinary Activities presented above.

(a) Rental commitments correspond to the amounts presented in Note 6 C. They do not include any variable or contingent rentals. The 7% rate is the rate used by Standard & Poor's in 2012. In prior periods, the rate was 8%.

Adjusted net debt at June 30, 2011 is based on rental commitments discounted at 8% (€3,650 million). Based on rental commitments discounted at 7%, the adjusted debt at June 30, 2011, would have been €3,855 million.

Adjusted net debt at December 31, 2011 is based on rental commitments discounted at 8% (€3,495 million). Based on rental commitments discounted at 7%, the adjusted debt at December 31, 2011, would have been €3,691 million.

Adjusted net debt at June 30, 2012 is based on rental commitments discounted at 7% (€3,156 million).

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

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

2011 and 2012 Economic Value Added (EVA) have been calculated as follows:

		June 2011 published	Dec 2011 published	June 2012
Weighted Average Cost of Capital (WACC)		**8,64%**	**9,12%**	**8,86%**
ROCE after tax	(1)	**10,20%**	**10,51%**	**10,99%**
Capital Employed (in € millions)		**7 862**	**7 734**	**6 214**
Economic Value Added (in € millions)	(2)	**122**	**108**	**132**

1) 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, 2012 the data used in the formula were as follows:

EBITDA	: €849 million (see ROCE hereafter)
Depreciation, amortization and provisions	: €163 million
Effective tax rate	: 27.5% (see Note 16.2)
Capital employed	: €6,214 million (see ROCE hereafter)

2) 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 €33 million impact on 2012 EVA and had a €38 million impact on 2011 EVA and a €35 million impact on June 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 2011 and 2012 non-current assets, before depreciation, amortization and provisions, plus working capital.

ROCE corresponds to the ratio between adjusted EBITDA and average capital employed for the period. In June 2012, ROCE stood at 14.2% versus 13.9% in December 2011 and 13.6% at June 2011.

In € millions		June 2011 (12 months) (*)	2011 (*)	June 2012 (12 months)	June 2011 published (12 months)	2011 published
Capital employed		6 799	6 678	6 557	8 321	8 194
Adjustments on capital employed	(a)	(378)	(302)	(342)	(377)	(323)
Effect of exchange rate on capital employed	(b)	(51)	(54)	(1)	(82)	(137)
Average Capital Employed		**6 370**	**6 322**	**6 214**	**7 862**	**7 734**
EBITDA (see Note 7)		841	856	849	906	928
Interest income on external loans and dividends		11	18	18	12	19
Share of profit of associates before tax (see Note 11)		15	7	13	15	7
Published Adjusted EBITDA		**867**	**881**	**880**	**933**	**954**
ROCE (Adjusted EBITDA/Capital Employed)		**13,6%**	**13,9%**	**14,2%**	**11,9%**	**12,3%**

(*) In line with IFRS 5 (see Note 17), the ROCE of the Economy US Hotels and Onboard Train Services businesses were not taken into account in the calculation of Group ROCE.

(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 2011 (*)		Dec. 2011 (*)		June 2012		June 2011 published		Dec. 2011 published	
	Capital Employed In € millions	ROCE %	Capital Employed In € millions	ROCE %	Capital Employed In € millions	ROCE %	Capital Employed In € millions	ROCE %	Capital Employed In € millions	ROCE %
HOTELS	**6 130**	**13,5%**	**6 125**	**13,9%**	**6 050**	**14,2%**	**7 622**	**11,7%**	**7 537**	**12,2%**
Upscale and Midscale Hotels	4 209	10,9%	4 138	11,1%	4 012	11,5%	4 209	10,9%	4 138	11,1%
Economy Hotels	1 921	19,1%	1 987	19,5%	2 038	19,6%	1 921	19,1%	1 987	19,5%
Economy Hotels United States	NA	N/A	NA	N/A	NA	N/A	1 492	4,4%	1 412	5,2%
OTHER BUSINESSES	**240**	**17,0%**	**197**	**16,6%**	**164**	**12,3%**	**240**	**17,0%**	**197**	**16,6%**
GROUP TOTAL excluding discontinued operations	**6 370**	**13,6%**	**6 322**	**13,9%**	**6 214**	**14,2%**	**7 862**	**11,9%**	**7 734**	**12,3%**

(*) In line with IFRS 5 (see Note 17), the ROCE of the Economy US Hotels and Onboard Train Services businesses were not taken into account in the calculation of Group ROCE.

Notes to the Consolidated Financial Statements

NOTE 1. Summary of Significant Accounting Policies

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, 2012, have been prepared in accordance with the International Financial Reporting Standards (IFRSs) adopted by the European Union as of that date. They include comparative interim and annual 2011 financial information, prepared in accordance with the same standards.

At June 30, 2012, 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:

- Amendment to IFRS 1 "Severe Hyperinflation and Removal of Fixed Dates 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.
- Amendment to IAS 12 "Deferred Tax: Recovery of Underlying Assets": this amendment introduces a rebuttable presumption that the carrying amount of an asset will be recovered entirely through sale. This presumption applies to:
    - Investment property measured using the fair value model defined in IAS 40 "Investment Property", and
    - Property, plant and equipment or intangible assets measured using the revaluation model.

  As Accor does not own any investment property and has not elected to measure any items of property and equipment or intangible assets using the revaluation model, this amendment has no impact on the consolidated financial statements.

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, 2012:

- Amendment to IFRS 7 "Disclosures—Transfers of Financial Assets": the purpose of this amendment is to improve understanding of transfer transactions of financial assets (for example, securitisations), including understanding the possible effects of any risks that may remain with the entity that transferred the assets. The amendment also requires additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period. As Accor does not carry out transfer transactions of financial assets, this amendment has no impact on the consolidated financial statements.

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

The Group did not early adopt the following standards, amendments and interpretations adopted or in the process of being adopted by the European Union at June 30, 2012 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**
IFRS 9	« Financial Instruments: Recognition and Measurement”	January 1, 2015	These standards, interpretations and amendments to existing standards are currently not expected to have a material impact on the consolidated financial statements.
Additions to IFRS 9	« Financial Instruments: Recognition and Measurement”	January 1, 2015	
IFRS 10	“Consolidated Financial Statements”	January 1, 2013*	IFRS 10 establishes a single method of determining whether entities are controlled and should be fully consolidated. The three elements of control are: i) power, ii) exposure or rights to variable returns and iii) ability to use power to affect returns. The potential impact of this new standard is currently being analyzed. However, no major impact on the Group’s consolidated financial statements is expected at this stage.
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, with retrospective application of this method to 2012. The impact on the Group accounts of companies that are currently proportionately consolidated is limited (see Note 42)
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	
Amendment to IFRS 7	“Disclosures – Offsetting Financial Assets and Financial Liabilities”	January 1, 2013	
Amendment to IAS 32	“Offsetting Financial Assets and Financial Liabilities”	January 1, 2014	
Amendment to IFRS 1	“Government Loans”	January 1, 2013	
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

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
			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.
IFRIC 20	"Stripping costs in the Production Phase of a Surface Mine"	January 1, 2013	The Group is not concerned by this interpretation of an existing standard.

* EFRAG has recommended that the application date should be put back to January 1' 2014 with early adoption allowed from January 1, 2013

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.

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.

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 2012.

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 2012 of maintaining the adjusted funds from ordinary activities/Adjusted net debt ratio at a level in line with *investment grade status.*

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 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.6).

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 2011 and 2012 financial statements, Accor decided therefore to classify CVAE as income tax.

M. Share-based payments

M.1. Share-based payments

Stock Option Plans

Accor regularly sets up option plans for executives, as well as for senior and middle managers. IFRS 2 applies to all stock option plans outstanding at June 30, 2012. 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. Three 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.

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 adjustments 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. 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 reactivity 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 reactivity ratio, used when revenue goes down, is defined as 1- (change in like-for-like EBITDAR/change in like-for-like revenue).

R.3. 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:

- EBITDA corresponds to gross profit after the operating costs of holding leased assets.
- 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.4. 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.5. Restructuring costs

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

R.6. Impairment losses

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

R.7. 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.8. 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.9. 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.10. 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.11. 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 consolidated financial statements for the year ended June 30, 2012 have been prepared under the responsibility of Accor's Chairman and Chief Executive Officer. They were approved by the Board of Directors of August 28, 2012.

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 since 2006 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)**		€2,937 million (**)	€4,044 million	-
2011	**Groupe Lucien Barrière**	(See Note 2.A.1.1)	€268 million	€5 million	-
	Lenôtre	(See Note 2.A.1.3)	€41 million	€23 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.

A.1.1. Groupe Lucien Barriere- sale of the Group's interest in 2011

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.

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

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.

A.1.2. Sale of Accor's stake in onboard train services in 2010 and 2012

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, which no longer exercises significant influence over the joint venture.

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 train foodservices.

On May 25, 2012, the 40% stake in the joint venture was sold to Newrest for €1.On June 27, 2012, Accor's remaining 17% direct interest in the Austrian subsidiary was sold to Newrest for €1. As the shares had previously been written down in full, the loss on the sale had no impact on profit for the period (see Note 17).

The Italian Onboard day Train Services business remained classified under "Assets held for sale" at June 30, 2012 (see Note 32).

A.1.3. Sale of Lenôtre in 2011

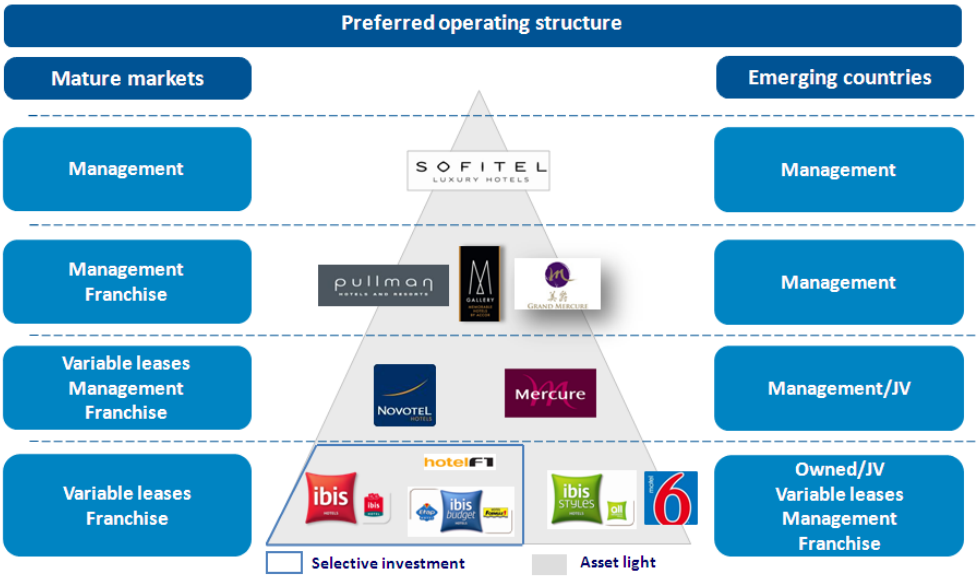
In April 2011, in line with Accor's strategic refocusing on its core Hotel business, and following expressions of interest from several potential buyers, Accor announced that it was considering the potential disposal of Lenôtre, ambassador of French gastronomy across the world, which operates 64 prestigious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

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).

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. The sale was completed at the end of September 2011 once anti-trust approval had been obtained.

A.2. Property Strategy

As part of the strategy 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.



Real estate policy since January 1, 2005

Since January 1, 2005, the operating structures of 1,200 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	605	3 908	1 763	1 558	3 321
Sales & Lease Back	1	3	3	(5)	(2)
Sales & Management Back	37	893	613	340	953
Sales & Franchise Back	355	459	431	316	747
Outright sales	202	756	685	185	870
Total	**1 200**	**6 019**	**3 495**	**2 394**	**5 889**

(*) Rental commitments discounted with an 8% rate until 2011 and with a 7% rate from 2012.
(**) Adjusted from the rental commitments discounted with an 8% rate until 2011 and with a 7% rate from 2012.

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	45	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.
2011	OPCI managed by La Française REM and Atream	France	7	12-year contract per hotel, renewable six times per hotel at Accor's discretion.	Rents based on an average of 23% of annual revenue with no guaranteed minimum
2005 - 2012	Other	Germany & Mexico & France & Various	27	NA	NA
Total 2005-2012			605		

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	228	45	253	254
2010	OPCI managed by La Française REM and Atream	63	(5)	68	68
2005 - 2012	Other	131	NA	135	139
Total 2005 - 2012		**3 908**	**NA**	**1 763**	**3 321**

In each of these transactions, Accor and its partner may undertake commitments to refurbish the divested assets. These commitments and the related expenditure incurred as of the balance sheet date are presented in Note 40. Most sale and variable leaseback contracts include a commitment by the Group to spend a specified amount on hotel maintenance, generally expressed as a percentage of revenue.

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, 45 of the properties were divested (29 hotels in France, 10 hotels in Belgium and 6 hotels in Germany). The sale price amounted to €228 million carried out, accumulated, at the end of December 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 €48 million renovation program, of which €33 million to be financed by the buyer. It enabled Accor to reduce adjusted net debt by €254 million accumulated at December 31, 2011.

The sale and variable leaseback transaction carried out in 2011 with La Française REM and ATREAM concerned seven Suite Novotel hotels in France for €63 million. Accor will continue to manage the hotels under a variable lease agreement, with the rent averaging 23% of their annual revenue without any guaranteed minimum. Under the terms of the 12-year lease, which may be renewed six times at Accor's option, structural maintenance costs, insurance and property taxes will be paid by the new owner. The transaction will enable Accor to reduce adjusted net debt by €68 million accumulated at December 31, 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**	**Netherlands** (Sofitel The Grand)	1	- Accor retains a 40% interest in the company that owns the property which is accounted for by the equity method . - Accor runs 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
2011	**Host's European joint venture with APG and an affiliate of GIC**	**France** (Pullman Paris Bercy)	1	Accor continues to manage the hotel under a management contract
2011	**A consortium of French private investors**	**France** (Sofitel Arc de Triomphe in Paris)	1	Accor continues to manage the hotel under a management contract
2012	**Joint-venture with Chartres Lodging Group and Apollo Global**	**United States** (Novotel New York)	1	Accor continues to manage the hotel under a management contract
2005 - 2012	**Other**	**Australia / United States / France**	14	Accor continues to manage the hotels under a management contract
Total 2005 - 2012			**37**	

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 hotels in French West Indies	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)	29	54
2011	Pullman Paris Bercy	90	31	86	86
2011	Sofitel Arc de Triomphe in Paris	41	7	34	34
2012	Novotel New York	71	16	58	58
2005 - 2012	Other	80	NA	74	127
Total 2005 - 2012		**893**	**NA**	**613**	**953**

In 2011, Accor sold the 396-room Pullman Bercy, in Paris, under a sale and management-back arrangement. The buyer has committed to financing renovation work. Accor will continue to run the hotel under a 24-year management agreement, renewable by Accor for six successive six-year periods.

In 2011, Accor sold the Sofitel Arc de Triomphe in Paris, under a sale and management-back arrangement. The buyer has committed to financing renovation work for an additional €25 million. Accor will act as principal for the renovation work under a property development contract (see note 40). Accor will continue to run the hotel under a 30-year management agreement, renewable by Accor for three successive 10-year periods.

In 2012, Accor sold the Novotel Times Square in New York under a sale and management-back agreement, for a total value of €160 million (€335,000 per room) including renovation work. The cash proceeds from the sale amounted to €71 million and the buyer also committed to complete a full renovation of the hotel between 2012 and 2013, at an estimated cost of €89 million based on a scope defined by Accor. The hotel will remain open while the work is being carried out. In addition, an earn-out payment of up to €12 million could be received depending on the results of the hotel after the refurbishment. This 480-room hotel will continue to be operated by Accor under a long-term management agreement. The buyer is a joint-venture formed by two key players in the hotel property management business: Chartres (Chartres Lodging Group, LLC) and Apollo (Apollo Global Management, LLC). The transaction will enable Accor to reduce adjusted net debt by a cumulative €58 million. Accor has agreed to provide financing for part of the new owner's refurbishment costs, through a €6 million loan to be set up when the work begins.

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 557 hotels.

	Sale & Franchise Back	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, Brazil, Portugal, Sweden	163	195	252
2011	69	38	France, Germany, Poland, Belgium, Hungary, China, United States	185	152	259
2012	40	11	France, South Africa, China, Germany, Spain, Japon, Italy, the Netherlands, Poland	137	153	221
TOTAL	**355**	**202**		**1 216**	**1 116**	**1 617**

At the beginning of 2012, Accor sold the Pullman Paris Rive Gauche (617 rooms) to Bouygues Immobilier for €77 million, in line with its asset-right strategy. The hotel, whose operating performance and technical standards fall below Group requirements, shut down in 2012. The contract also includes an earn-out mechanism, whose amount will depend on the terms and conditions of the reconstruction project (up to €10 million). It will enable Accor to reduce net debt by €74 million accumulated.

During the first-half of 2012, Accor sold its 52.6% stake in "Hotel Formula 1" to its historical South-African partner, Southern Sun Hotels, a subsidiary of the Tsogo Sun group for €28 million. Hotel Formula 1 was formed in 1991, as a joint venture between Accor and Southern Sun. The company owns 20 hotels totaling 1,474 rooms, in addition to managing 3 hotels already owned by Southern Sun across South Africa. All 23 hotels now operate as franchised units, under Formula 1 brand. It will enable Accor to reduce net debt by €27 million accumulated.

A.3 Sale of the Economy Hotels US Business

On May 22, 2012, Accor signed an agreement to sell its Economy Hotels US business to an affiliate of Blackstone Real Estate Partners VII for a reference price of $1.9bn before considering the business's debt and working capital requirement. The network includes Motel 6, the iconic North American brand, and Studio 6, an extended-stay economy chain, and comprises, at June 30, 2012, 1.095 hotels (106.536 rooms) in the USA and in Canada. The transaction is scheduled to be completed in October 2012 subject to the unwinding of leases and customary closing conditions and the Economy Hotels US business therefore continued to be fully consolidated in the Group's interim consolidated financial statements.

Until the previous period-end, Economy Hotels US represented a core business for Accor and as such was presented as a separate business segment in Accor's segment reporting (Economy Hotels US). Consequently, Economy Hotels US has been classified as a discontinued operation and treated in accordance with the principles of IFRS 5 "Non-current assets held for sale and discontinued operations", as follows:

- All the Economy Hotels US business's current and non-current assets at June 30, 2012 have been reclassified in the consolidated accounts as "Assets held for sale" including financing for the leased hotels purchased in connection with the transaction (see Note 32).
- All the Economy Hotels US business's liabilities (excluding equity) at June 30, 2012 have been reclassified as "Liabilities related to assets held for sale" including financing for the leased hotels purchased in connection with the transaction (see Note 32).
- Net income from the Economy Hotels US business for the periods presented has been reclassified as "Net income from discontinued operations" (see Note 17).
- Cash flows for the Economy Hotels US business are presented separately as cash flows from discontinued operations in the consolidated statement of cash flows.

This accounting treatment is justified by the fact that:

1) The sale is highly probable, in light of the agreement already signed with Blackstone Real Estate Partners VII, and
2) The Economy Hotels US business's assets and liabilities are available for immediate sale in their present condition.

In addition, IFRS 5 requires a group of assets and liabilities classified as held for sale to be measured at the lower of their carrying amount and fair value less costs to sell. As a result, Accor Group recognized a €136 million impairment loss in the June 30, 2012 consolidated financial statements.

This impairment loss, which was allocated to the various assets based on their respective carrying amounts, does not take into account the cumulative translation gains and losses (€70 million) that will be recycled to profit on the effective date of the sale in accordance with IAS 21 – The Effects of Changes in Foreign Exchange Rates. It corresponds to the difference between the Group's best estimates of the following amounts at the transaction closing date:

- The reference sale price of $1,900 million (€1,464 million) less debt of €(1,178) million (of which €(805) million corresponding to the exercise price of the purchase options on the leased hotels and a €(265) million from the costs associated with the option) and other adjustments (mainly the balance of the working capital requirement) for €173 million); and
- The value of the Economy Hotels US business's net assets in the Group's financial statements at June 30, 2012.

The impact of the disposal of the Economy Hotels US business on rental commitments was €547 million (with rental commitments discounted at the rate of 7%). Based on rental commitments discounted at 8%, the impact would have been €525 million.

A.4 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 224,233,558 shares outstanding, representing a total payout of €336 million, in 2008 the Group paid another special dividend of €1.50 per share on the 221,529,415 shares outstanding, representing a total payout of €332 million, and in 2012 the Group paid another special dividend of €0.50 per share on the 227 151 466 shares outstanding, representing a total payout of €114 million.

In all, nearly €2.5 billion has been returned to shareholders since 2006.

B. Organic growth and acquisitions

B.1. Hotel Division development strategy

The Group is pursuing its development program in line with the objectives of its strategic plan.

B.1.1 Investments in hotels (acquisitions and organic growth) excluding Motel 6 & Studio 6

During the first half of 2012, the Group added 141 hotels (20,738 rooms) to its portfolio through acquisitions and organic growth. In addition, 37 hotels (5,558 rooms) were closed during the period.

Hotel portfolio by brand and type of management at June 30, 2012 (excluding Motel 6 & Studio 6)

In number of hotels	Owned	Fixed Lease	Variable Lease	Managed	Franchised	Total	
Sofitel	16	4	7	80	4	**111**	(*)
Pullman	5	9	8	36	10	**68**	
Novotel	46	52	123	116	59	**396**	
Mercure	44	81	87	212	361	**785**	
Adagio	2	7	1	24	1	**35**	
Suite Novotel	1	8	9	4	7	**29**	
Ibis	115	120	242	120	360	**957**	
All Seasons / Ibis Styles	4	13	5	15	129	**166**	
Adagio Access	-	-	-	53	-	**53**	
Etap Hotel / Ibis Budget	31	63	105	11	237	**447**	
Formule 1	13	13	9	11	35	**81**	
HotelF1	24	-	158	-	58	**240**	
Other	8	3	1	53	3	**68**	
Total	**309**	**373**	**755**	**735**	**1 264**	**3 436**	
Total (in %)	*9,0%*	*10,9%*	*22,0%*	*21,4%*	*36,8%*	*100,0%*	

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

In number of rooms	Owned	Fixed Lease	Variable Lease	Managed	Franchised	Total
Sofitel	2 464	1 199	1 173	21 378	1 265	**27 479**
Pullman	1 005	2 540	2 495	11 614	2 759	**20 413**
Novotel	8 625	10 320	20 640	27 410	7 525	**74 520**
Mercure	5 630	13 129	12 841	32 051	33 315	**96 966**
Adagio	207	817	133	3 077	111	**4 345**
Suite Novotel	174	1 239	1 129	488	592	**3 622**
Ibis	16 762	16 040	33 753	22 027	28 589	**117 171**
All Seasons / Ibis Styles	430	1 083	911	2 356	9 634	**14 414**
Adagio Access	-	-	-	5 374	-	**5 374**
Etap Hotel / Ibis Budget	3 061	6 983	9 832	1 466	17 280	**38 622**
Formule 1	1 193	1 068	2 562	1 300	2 743	**8 866**
HotelF1	1 710	-	12 572	-	3 773	**18 055**
Other	1 435	261	321	7 381	348	**9 746**
Total	**42 696**	**54 679**	**98 362**	**135 922**	**107 934**	**439 593**
Total (in %)	*9,7%*	*12,4%*	*22,4%*	*30,9%*	*24,6%*	*100,0%*

As of June 30, 2012, the Motel 6/Studio 6 network comprised 1,095 hotels (106,536 rooms), of which 540 units (62,105 rooms) operated under property, 29 units (3,158 rooms) operated under fixed lease agreements, one unit (121 rooms) operated under variable lease agreements and 525 units (41,152 rooms) operated under franchise agreements.

Hotel portfolio by region and type of management at June 30, 2012 (excluding Motel 6 & Studio 6)

In number of hotels	Owned	Fixed Lease	Variable Lease	Managed	Franchised	Total
France	86	46	426	105	839	**1 502**
Europe excluding France	144	273	257	88	256	**1 018**
North America	3	-	-	13	1	**17**
Latin America & Caribbean	26	6	48	90	31	**201**
Other Countries	50	48	24	439	137	**698**
Total	**309**	**373**	**755**	**735**	**1 264**	**3 436**
Total (in %)	*9,0%*	*10,9%*	*22,0%*	*21,4%*	*36,8%*	*100,0%*

In number of rooms	Owned	Fixed Lease	Variable Lease	Managed	Franchised	Total
France	8 661	5 572	48 274	12 348	62 184	**137 039**
Europe excluding France	20 656	41 051	36 259	13 234	26 519	**137 719**
North America	705	-	-	4 144	149	**4 998**
Latin America & Caribbean	3 749	936	9 226	13 464	3 882	**31 257**
Other Countries	8 925	7 120	4 603	92 732	15 200	**128 580**
Total	**42 696**	**54 679**	**98 362**	**135 922**	**107 934**	**439 593**
Total (in %)	*9,7%*	*12,4%*	*22,4%*	*30,9%*	*24,6%*	*100,0%*

Hotel portfolio by region and brand at June 30, 2012 (excluding Motel 6 & Studio 6)

In number of hotels	France	Europe (excl. France)	North America	Latin America & Caribbean	Other countries	Total	
Sofitel	12	19	9	7	64	**111**	(*)
Pullman	13	13	-	2	40	**68**	
Novotel	117	136	8	18	117	**396**	
Mercure	241	295	-	76	173	**785**	
Adagio	28	7	-	-	-	**35**	
Suite Novotel	19	8	-	-	2	**29**	
Ibis	379	339	-	85	154	**957**	
All Seasons / Ibis Styles	93	31	-	-	42	**166**	
Adagio Access	52	1	-	-	-	**53**	
Etap Hotel / Ibis Budget	307	136	-	-	4	**447**	
Formule 1	-	23	-	12	46	**81**	
HotelF1	240	-	-	-	-	**240**	
Other	1	10	-	1	56	**68**	
Total	**1 502**	**1 018**	**17**	**201**	**698**	**3 436**	
Total (in %)	*43,7%*	*29,6%*	*0,5%*	*5,8%*	*20,3%*	*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	1 593	4 601	2 893	1 327	17 065	**27 479**
Pullman	3 719	3 340	-	538	12 816	**20 413**
Novotel	15 835	26 213	2 105	3 027	27 340	**74 520**
Mercure	22 911	37 952	-	10 049	26 054	**96 966**
Adagio	3 577	768	-	-	-	**4 345**
Suite Novotel	2 199	1 131	-	-	292	**3 622**
Ibis	33 370	43 248	-	12 718	27 835	**117 171**
All Seasons / Ibis Styles	6 757	2 677	-	-	4 980	**14 414**
Adagio Access	5 278	96	-	-	-	**5 374**
Etap Hotel / Ibis Budget	23 694	14 451	-	-	477	**38 622**
Formule 1	-	1 674	-	3 213	3 979	**8 866**
HotelF1	18 055	-	-	-	-	**18 055**
Other	51	1 568	-	385	7 742	**9 746**
Total	**137 039**	**137 719**	**4 998**	**31 257**	**128 580**	**439 593**
Total (in %)	*31,2%*	*31,3%*	*1,1%*	*7,1%*	*29,2%*	*100,0%*

Hotel development projects in progress at June 30, 2012

The number of new rooms (excluding Motel 6 and Studio 6) represented by hotel development projects in progress at June 30, 2012 is as follows:

In number of rooms	Owned	Fixed Lease	Variable Lease	Managed	Franchised	Total
2012	199	899	1 296	10 301	6 656	**19 351**
2013	1 437	719	2 837	17 102	5 709	**27 804**
2014	1 628	1 575	6 104	24 297	3 926	**37 530**
2015 and after	1 723	908	2 089	18 393	922	**24 035**
Total	**4 987**	**4 101**	**12 326**	**70 093**	**17 213**	**108 720**

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.

The additional investment was recognized as fair value adjustments to 21 hotel properties. After purchase accounting adjustments, goodwill amounted to €12 million.

2011 and 2012: Acquisition of additional stakes of 1.54% and 1.13% respectively in the Orbis Group

In 2011 and 2012, Accor successively acquired additional stakes of 1.54% and 1.13% in the Orbis Group, lifting its interest to 52.69% as of June 30, 2012. Details of the transactions were as follows:

- In 2011, acquisition of 711,827 shares at a price of PLN39 per share, representing a total investment of PLN28 million (approximately €6.2 million).
- In 2012, acquisition of 521,480 shares at a price of PLN45 per share, representing a total investment of PLN23 million (approximately €5.6 million).

In accordance with IFRS 3 (revised), these purchases were treated as transactions between owners (see Note 1.B.3).

B.1.3. Acquisition of Citéa by Adagio

In an initial transaction in June 2011, Pierre & Vacances/Center Parcs bought out Lamy's 50% stake in city aparthotel specialist Citéa and its aparthotel management business, to become Citea's sole shareholder.

In a second transaction on July 1, 2011, Adagio, a 50/50 joint venture between Pierre & Vacances/Center Parcs and Accor, acquired all outstanding shares in Citéa from Pierre & Vacances/Center Parcs. With this acquisition, Adagio became Europe's leading aparthotel operator, with some 10,000 apartments.

The price paid by Adagio for Citéa was €9.8 million and the fair value of the net assets acquired represented €1.1 million, generated provisional goodwill of €8.7 million in Adagio's accounts which has been recognized as goodwill.

The fair value of the main net assets acquired breaks down as follows:
- cash and cash equivalents: €1.3 million
- loans: €12.2 million
- other receivables: €6.2 million
- other liabilities: €17.7 million

In the six months from July 1 to December 31, 2011, Citéa generated revenue of €1.5 million and net profit of €0.7 million. Over the full year of 2011, its revenue amounted to €3.4 million and net profit of €1.3 million.

Adagio is proportionately consolidated in the Accor Group's consolidated financial statements on a 50% basis.

B.1.4. Accor signs major UK hotel deal

In September 2011, Accor signed a franchise agreement with Jupiter Hotels Ltd, the new owners of the former Jarvis hotels. This franchise deal concerns 24 hotels – of 2,664 rooms.

The new hotels are located in a range of locations across the UK, including popular tourist destinations like Brighton, York, Edinburgh and Inverness, and key towns such as London, Leeds, Bradford, Manchester, Bristol, Gloucester and Leicester. The partnership with Mercure will allow the hotels to retain their individuality and style whilst joining in 2011 an established network of over 700 midscale hotels operating in more than 50 countries across the world.

B.1.5. Acquisition of Mirvac

In May 2012, Accor completed the acquisition of Mirvac, a hotel management company in Australia. The total amount paid by Accor for this acquisition was €199 million and included:

- Mirvac Hotels & Resorts, manager of 43 hotels (including two owned hotels that are still in the process of being acquired when the overall deal was closed), representing 5,406 rooms, for €152 million.
- A 21.9% stake in the Mirvac Wholesale Hotel Fund (MWHF), an investment vehicle that owns seven of the hotels, for €47 million. Accor and Ascendas, the Singapore real estate developer, will jointly acquire Mirvac's stake in MWHF (see Note 46).

The 43 hotels are located mainly in Australia, in key cities such as Sydney, Melbourne, Brisbane and Perth. Four of the hotels are located in New Zealand. The majority of the portfolio will be integrated into Accor's upscale and midscale brands: Sofitel, Pullman, MGallery, Novotel and Mercure.

This agreement, which offers strong synergies with the Group's existing businesses, is fully in line with Accor's ambitious development strategy announced recently and further enhances the Group's already leading position in the Asia-Pacific region.

The two owned hotels were acquired in early August 2012 and are therefore included in off-balance sheet commitments at June 30, 2012, for €22 million (see Note 40), while Mirvac Wholesale Hotel Fund has been accounted for by the equity method in the consolidated financial statements at that date.

The fair value of the main net assets acquired in the Mirvac Hotels & Resorts business combination represented €41 million. The €68 million difference (after deducting the debt repayment and a deposit for a total of €21 million) between this amount and the cost of the business combination was provisionally allocated as follows in Accor's accounts:

- Value attributed to the management contracts, net of deferred taxes: €27 million
- Value attributed to the brands: €19 million, written down by €10 million at June 30, 2012 (see Note 13.2)
- Goodwill: €22 million.

The fair value of the main net assets acquired breaks down as follows:

- Property, plant and equipment: €51 million
- Other receivables: €18 million
- Deferred tax assets : €1 million
- Cash and cash equivalents: €1 million
- Debt: €16 million
- Other payables: €13 million
- Deferred tax liabilities : €2 million

In the period from May 23 to June 30, 2012, Mirvac Hotels & Resorts generated revenue of €13 million and a net loss of €11 million (including €10 million worth of brand impairments and €1 million in integration costs).

Over the first-half of 2012, its revenue amounted to €51 million and net profit to €4 million.

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 was 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 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.

At December 31, 2011, the concert group held 61,844,245 shares, representing 27.21% of the capital and 32.58% of the voting rights.

The commitment given in first-half 2010 by Colony Capital and Eurazeo in connection with the demerger to support the demerged entities expired on January 1, 2012. On January 5, 2012, the concert group reduced its interest to 48,568,160 shares, representing 21.37% of the capital and 27.51% of the voting rights.

At June 30, 2012, the concert group held 48,568,160 shares, representing 21.37% of the capital and 29.75% of the voting rights following the allocation, during the first half, of double voting rights to shares.

D. Bond Issues

In 2009, Accor completed three bonds issue:

- 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%.
- 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%.
- 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%.

In 2010 and 2011, €206.3 million worth of bonds due 2013 and €197.75 million worth of bonds due 2014 were bought back, representing a total transaction price of € 404.05 million.

In June 2012, Accor placed a fixed rate bond issue of €600 million, with a 5 year-maturity (maturity 19 June 2017) and a coupon of 2.875%.

E. Signature of a syndicated line of credit

In May 2011, Accor closed a €1.5 billion syndicated line of credit that replaced the €2 billion syndicated credit facility signed in June 2007. The old line of credit, which was reduced to €1.7 billion in June 2010, was scheduled to expire in June 2012.

The 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 2012	June 2011 (2)	2011 (2)
HOTELS	**927**	**1 143**	**23**	**187**	**369**	**13**	**2 662**	**2 609**	**5 384**
Upscale and Midscale Hotels	589	741	23	84	261	12	**1 710**	**1 698**	**3 488**
Economy Hotels	338	402	0	103	108	1	**952**	**911**	**1 896**
OTHER BUSINESSES	**22**	**3**	**-**	**-**	**29**	**1**	**55**	**111**	**184**
Total June 2012	**949**	**1 146**	**23**	**187**	**398**	**14**	**2 717**		
Total June 2011	**1 040**	**1 144**	**32**	**165**	**332**	**7**		**2 720**	
Total 2011	**2 071**	**2 359**	**70**	**349**	**706**	**13**			**5 568**

(1) "Worldwide Structures" corresponds to revenue (royalties) that is not specific to a single geographic region.
(2) In accordance with IFRS 5, revenues of the Economy Hotels US and Onboard Train Services businesses have been reported in profit or loss from discontinued operations (see Note 17)

Consolidated revenue for June 30, 2012 totalled €2,717 million, compared with €2,720 million for the same period of 2011.

The period-on-period decrease of €3 million or (0.1%) breaks down as follows:

• Like-for-like growth	+99	€ m	+3,6%
• Business expansion (owned and leased hotels only)	+37	€ m	+1,4%
• Currency effects	+21	€ m	+0,8%
• Disposals	(160)	€ m	(5,9)%
Decrease in first-half 2012 Revenue	**(3)**	**€ m**	**(0,1)%**

Change in first-half 2012 consolidated revenue by business:

	Δ June 2012 / June 2011	Like-for-like change	
	€ m	€ m	%
HOTELS	**+53**	**+97**	**+3,7%**
Upscale and Midscale Hotels	+12	+60	+3,5%
Economy Hotels	+41	+37	+4,0%
OTHER BUSINESSES	**(56)**	**+2**	**+2,2%**
Group Total	**(3)**	**+99**	**+3,6%**

Change in first-half 2012 consolidated revenue by region:

	Δ June 2012 / June 2011	Like-for-like change	
	€ m	€ m	%
France	(91)	+8	+0,8%
Europe (excl. France)	+2	+22	+1,9%
North America	(9)	+2	+7,3%
Latin America & Caribbean	+22	+23	+13,8%
Other Countries	+66	+37	+11,3%
Worldwide Structures	+7	+7	+90,1%
Group Total	**(3)**	**+99**	**+3,6%**

At June 30, 2012, revenue from managed and franchised hotels, included in the hotels' revenue presented above of €2,662 million, amounted to €233 million. This amount breaks down as follows:

In € millions	Management fees	Franchise fees	June 2012 (*)	June 2011 (*)	2011 (*)
HOTELS					
Upscale and Midscale Hotels	145	39	**184**	**151**	**329**
Economy Hotels	20	29	**49**	**40**	**87**
Total June 2012	**165**	**68**	**233**		
Total June 2011	**133**	**58**		**191**	
Total 2011	**289**	**127**			**416**

(*) Due to the faster pace of development through management and franchise agreements and in order to present full information about fee revenues, as from first-half 2012 and 2011, the amounts in the above table include distribution and loyalty program fees. In addition, Economy Hotels US fees for prior periods have been reclassified under "Discontinued operations".

Published information by business and by region were as follows:

In € millions	June 2011 Published	2011 Published
HOTELS	**2 862**	**5 915**
Upscale and Midscale Hotels	1 698	3 488
Economy Hotels	911	1 896
Economy Hotels United States	253	532
OTHER BUSINESSES	**111**	**184**
Total published	**2 973**	**6 100**

In € millions	June 2011 Published	2011 Published
France	**1 040**	**2 071**
Europe (excl. France)	**1 144**	**2 359**
North America	**285**	**602**
Latin America & Caribbean	**165**	**349**
Other Countries	**332**	**706**
Worldwide Structures	**7**	**13**
Total published	**2 973**	**6 100**

Published information about revenue from managed and franchised hotels were as follows:

In € millions	June 2011 published	2011 published
HOTELS		
Upscale and Midscale Hotels	86	180
Economy Hotels	32	69
Economy Hotels United States	8	18
Total published	**126**	**267**

Note 4. Operating Expense

In € millions		2011 (*)	June 2011 (*)	June 2012	June 2011 Published	2011 Published
Cost of goods sold	(1)	(391)	(196)	(180)	(196)	(391)
Employee benefits expense	(2)	(2 090)	(1 040)	(1 021)	(1 136)	(2 284)
Energy, maintenance and repairs		(298)	(152)	(149)	(184)	(365)
Taxes, insurance and service charges (co-owned properties)		(195)	(101)	(103)	(117)	(227)
Other operating expense	(3)	(835)	(405)	(429)	(443)	(910)
TOTAL OPERATING EXPENSE		**(3 809)**	**(1 894)**	**(1 882)**	**(2 076)**	**(4 177)**

(*) In accordance with IFRS 5, operating expense of the Economy Hotels US and Onboard Train Services businesses have been reported in Profit or loss from discontinued operations (see Note 17)

(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	2011 (*)	June 2011 (*)	June 2012	June 2011 Published	2011 Published
Full-time equivalent (**)	52 139	52 277	50 769	63 521	62 589
Ratio employee benefits expense / FTE (€k)	(40)	(40)	(40)	(36)	(36)

(*) In accordance with IFRS 5, operating expense of the Economy Hotels US and Onboard Train Services businesses have been reported in Profit or loss from discontinued operations (see Note 17)

(**) 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 €6.9 million related to stock option plans and performance share plans (see Note 25) and €5.4 million to cover the costs generated by new legislation in France requiring companies that increase their dividend to pay a special bonus to employees.

(3) Other operating expense consists mainly of marketing, advertising, promotional, selling and information systems 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 2012	June 2011 (2)	2011 (2)
HOTELS	**274**	**366**	**3**	**65**	**100**	**25**	**833**	**809**	**1 731**
Upscale and Midscale Hotels	156	216	3	20	58	22	**475**	**474**	**1 008**
Economy Hotels	118	150	-	45	42	3	**358**	**335**	**723**
OTHER BUSINESSES	**3**	**3**	**(0)**	**-**	**6**	**(10)**	**2**	**17**	**28**
Total June 2012	**277**	**369**	**3**	**65**	**106**	**15**	**835**		
Total June 2011	**289**	**377**	**6**	**51**	**81**	**22**		**826**	
Total 2011	**612**	**786**	**16**	**109**	**185**	**51**			**1 759**

(1) "Worldwide Structures" corresponds to revenue (royalties) and costs that are not specific to a single geographic region.
(2) In accordance with IFRS 5, EBITDAR of the Economy Hotels US and Onboard Train Services businesses have been reported in profit or loss from discontinued operations (see Note 17)

Consolidated EBITDAR for June 30, 2012 totalled €835 million compared with €826 million for the same period of 2011.

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

• Like-for-like growth	+28	€ m	+3,4%
• Business expansion (owned and leased hotels only)	+7	€ m	+0,8%
• Currency effects	+6	€ m	+0,8%
• Disposals	(32)	€ m	(3,8)%
Increase in first-half 2012 EBITDAR	**+9**	**€ m**	**+1,1%**

Change in first-half 2012 EBITDAR by business:

	Δ June 2012 / June 2011	**Like-for-like change**	
	€ m	**€ m**	**%**
HOTELS	**+24**	**+30**	**+3,7%**
Upscale and Midscale Hotels	+1	+10	+2,1%
Economy	+23	+20	+5,9%
OTHER BUSINESSES	**(15)**	**(2)**	**(8,5)%**
Group total	**+9**	**+28**	**+3,4%**

Change in first-half 2012 EBITDAR by region:

	Δ June 2012 / June 2011	**Like-for-like change**	
	€ m	**€ m**	**%**
France	(12)	(4)	(1,2)%
Europe (excl. France)	(8)	(2)	(0,5)%
North America	(3)	+1	+9,6%
Latin America & Caribbean	+14	+13	+26,0%
Other Countries	+25	+19	+23,9%
Worldwide Structures	(7)	+1	+2,4%
Group total	**+9**	**+28**	**+3,4%**

Published information by business and by region were as follows:

In € millions	June 2011 Published	2011 Published
HOTELS	**880**	**1 895**
Upscale and Midscale Hotels	474	1 008
Economy Hotels	335	723
Economy Hotels United States	71	164
OTHER BUSINESSES	**17**	**28**
Total published	**897**	**1 923**

In € millions	June 2011 Published	2011 Published
France	**289**	**612**
Europe (excl. France)	**377**	**786**
North America	**77**	**180**
Latin America & Caribbean	**51**	**109**
Other Countries	**81**	**185**
Worldwide Structures	**22**	**51**
Total published	**897**	**1 923**

Note 6. Rental Expense

Rental expense amounted to €460 million in June 30, 2012 compared with €444 million in June 30, 2011 and €903 million in December 31, 2011.

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, 2012 was €60 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 €460 million in rental expense corresponds to 1,128 hotel leases, including 2% 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	2011 (*)	June 2011 (*)	June 2012		June 2011 Published	2011 Published
HOTELS	**(907)**	**(445)**	**(463)**		**(492)**	**(999)**
Upscale and Midscale Hotels	(564)	(278)	(285)		(278)	(564)
Economy	(343)	(167)	(178)		(167)	(343)
Economy Hotels US	-	-	-		(47)	(92)
OTHER BUSINESSES	**4**	**1**	**3**		**1**	**4**
Total	**(903)**	**(444)**	**(460)**		**(491)**	**(995)**

(*) In accordance with IFRS 5, rental expense of the Economy Hotels US and Onboard Train Services businesses have been reported in profit or loss from discontinued operations (see Note 17)

B. Rental expense by type of contract

Rental expense breaks down as follows by type of contract:

In € millions		Number of hotels (1)	2012 rental expense (6 months)	Fixed rental expense (6 months)	Variable rental expense
Fixed rent with purchase option		17	(10)	(10)	-
Fixed rent without purchase option		291	(128)	(128)	-
Fixed rent with a variable portion	(2)	65	(45)	(34)	(11)
Land rent		-	(4)	(3)	(1)
Office rental expenses (Hotels business)		-	(12)	(12)	-
Fees on intragroup rent guarantees on Hotels business		-	(7)	(7)	-
Total hotel fixed rental expense		**373**	**(206)**	**(194)**	**(12)**
Variable rent with a minimum	(3)	114	(48)	(40)	(8)
Variable rent with a minimum and cap	(4)	12	(9)	(5)	(4)
Variable rent without a minimum	(5)	629	(200)	-	(200)
Total hotel variable rental expense		**755**	**(257)**	**(45)**	**(212)**
Total hotel rental expense		**1 128**	**(463)**	**(239)**	**(224)**
Rental expense not related to hotels		-	(4)	(4)	-
Internal lease guarantee fees		-	7	7	-
Total rental expense		**1 128**	**(460)**	**(236)**	**(224)**

(1) Rental expense by brand and type of contract at June 30, 2012 (excluding Motel 6 & Studio 6) is presented as follows:

Leased hotels at June 30, 2012	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	43	8	23	3	97	**175**
Mercure	5	57	19	13	3	71	**168**
Adagio	-	7	-	-	1	-	**8**
Suite Novotel	-	7	1	1	-	8	**17**
Ibis	7	100	13	62	3	177	**362**
All Seasons/Ibis Styles	1	4	8	1	-	4	**18**
Etap Hotel/Ibis Budget	1	61	1	8	2	95	**168**
Formule 1 / HotelF1	-	1	12	-	-	167	**180**
Other	1	2	-	-	-	1	**4**
Total	**17**	**291**	**65**	**114**	**12**	**629**	**1 128**

There were 30 leased Economy hotels in the United States at June 30, 2012, including 11 at fixed rents with a purchase option, 17 at fixed rents without a purchase option, one at a fixed rent with a variable portion and one at a variable rent without a minimum.

(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 (594 hotels), or a percentage of EBITDAR (35 hotels). None of the leases contains any minimum rent clauses. Variable rents without a minimum based on a percentage of EBIDTAR amount to €32 million at June 30, 2012.

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
2012 (6 months)	(228)
2013	(437)
2014	(426)
2015	(414)
2016	(397)
2017	(374)
2018	(362)
2019	(348)
2020	(311)

Years	In € millions
2021	(250)
2022	(229)
2023	(207)
2024	(191)
2025	(168)
2026	(148)
2027	(92)
2028	(75)
> 2028	(392)
Total	**(5 049)**

At June 30, 2012, the present value of future minimum lease payments, considered as representing 7% of the minimum lease payments used to calculate the "Adjusted funds from ordinary activities/adjusted net debt" ratio, amounted to (€3,156) million. Until December 31, 2011, the rate used by Standard & Poor's in order to discount rental commitments was 8% (See Note (b) in the Key Management Ratios).

Interest expense related to adjusted net debt, estimated at 7%, amounted to €221 million. The difference between the minimum rent (€437 million) and interest expense (€221 million) amounted to €216 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 2012	June 2011 (2)	2011 (2)
HOTELS	**145**	**125**	**2**	**26**	**48**	**23**	**369**	**363**	**824**
Upscale and Midscale Hotels	79	57	2	8	23	20	**189**	**195**	**444**
Economy Hotels	66	68	-	18	25	3	**180**	**168**	**380**
OTHER BUSINESSES	**2**	**3**	**(0)**	**-**	**6**	**(5)**	**6**	**19**	**32**
Total June 2012	**147**	**128**	**2**	**26**	**54**	**18**	**375**		
Total June 2011	**157**	**139**	**5**	**19**	**38**	**24**		**382**	
Total 2011	**341**	**306**	**14**	**43**	**95**	**57**			**856**

(1) "Worldwide Structures" corresponds to revenue (royalties) and costs that are not specific to a single geographic region.
(2) In accordance with IFRS 5, EBITDA of the Economy Hotels US and Onboard Train Services businesses have been reported in profit or loss from discontinued operations (see Note 17)

Consolidated EBITDA for June 30, 2012 totalled €375 million compared with €382 million for the same period of 2011.

The period-on-period decrease breaks down as follows:

• Like-for-like growth	+15	€ m	+4,0%
• Business expansion (owned and leased hotels only)	+1	€ m	+0,2%
• Currency effects	+3	€ m	+0,7%
• Disposals	(26)	€ m	(6,7)%
Decrease in first-half 2012 EBITDA	**(7)**	**€ m**	**(1,8)%**

Change in first-half 2012 EBITDA by business:

	Δ June 2012 / June 2011	Like-for-like change	
	€ m	€ m	%
HOTELS	**+6**	**+16**	**+4,4%**
Upscale and Midscale Hotels	(6)	+3	+1,8%
Economy	+12	+13	+7,5%
OTHER BUSINESSES	**(13)**	**(1)**	**(4,7)%**
Group total	**(7)**	**+15**	**+4,0%**

Change in first-half 2012 EBITDA by region:

	Δ June 2012 / June 2011	Like-for-like change	
	€ m	€ m	%
France	(10)	(2)	(1,2)%
Europe (excl. France)	(11)	(5)	(3,5)%
North America	(3)	+1	+12,8%
Latin America & Caribbean	+7	+7	+37,7%
Other Countries	+16	+14	+36,9%
Worldwide Structures	(6)	+0	+0,8%
Group total	**(7)**	**+15**	**+4,0%**

Published information by business and by region were as follows:

In € millions	June 2011 Published	2011 Published
HOTELS	**387**	**896**
Upscale and Midscale Hotels	195	444
Economy	168	380
Economy US	24	72
OTHER BUSINESSES	**19**	**32**
Total published	**406**	**928**

In € millions	June 2011 Published	2011 Published
France	**157**	**341**
Europe (excl. France)	**139**	**306**
North America	**29**	**86**
Latin America & Caribbean	**19**	**43**
Other Countries	**38**	**95**
Worldwide Structures	**24**	**57**
Total published	**406**	**928**

Note 8. Depreciation, Amortization and Provision Expense

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

En € millions	2011 (*)	June 2011 (*)	June 2012	June 2011 Published	2011 Published
Depreciation and amortization	(339)	(170)	(161)	(199)	(396)
Provision	(2)	(8)	(2)	(8)	(2)
Total	**(341)**	**(178)**	**(163)**	**(207)**	**(398)**

(*) In accordance with IFRS 5, depreciation, amortization and provision expense of the Economy Hotels US and Onboard Train Services businesses have been reported in profit or loss from discontinued operations (see Note 17)

Note 9. EBIT by Business and Region

In € millions	France	Europe (excl. France)	North America	Latin America & Caribbean	Other Countries	Worldwide Structures (1)	June 2012	June 2011 (2)	2011 (2)
HOTELS	**97**	**53**	**1**	**19**	**24**	**18**	**212**	**202**	**500**
Upscale and Midscale Hotels	47	12	1	4	9	15	**88**	**87**	**229**
Economy Hotels	50	41	-	15	15	3	**124**	**115**	**271**
OTHER BUSINESSES	**2**	**(1)**	**(0)**	**-**	**5**	**(6)**	**(0)**	**2**	**15**
Total June 2012	**99**	**52**	**1**	**19**	**29**	**12**	**212**		
Total June 2011	**102**	**53**	**2**	**13**	**15**	**19**		**204**	
Total 2011	**236**	**146**	**8**	**30**	**49**	**46**			**515**

(1) "Worldwide Structures" corresponds to revenue (royalties) and costs that are not specific to a single geographic region.

(2) In accordance with IFRS 5, EBIT of the Economy Hotels US and Onboard Train Services businesses have been reported in profit or loss from discontinued operations (see Note 17)

Consolidated EBIT for June 30, 2012 totalled €212 million compared with €204 million for the same period of 2011.

The period on-period increase breaks down as follows:

• Like-for-like growth	+21	€ m	+10,1%
• Business expansion (owned and leased hotels only)	(3)	€ m	(1,2)%
• Currency effects	+1	€ m	+0,8%
• Disposals	(11)	€ m	(5,5)%
Increase in first-half 2012 EBIT	**+8**	**€ m**	**+4,1%**

Change in first-half 2012 EBIT by business:

	Δ June 2012 / June 2011	Like-for-like change	
	€ m	€ m	%
HOTELS	+10	+17	**+8,3%**
Upscale and Midscale Hotels	+1	+6	+6,6%
Economy	+9	+11	+9,6%
OTHER BUSINESSES	**(2)**	**+4**	**+157,9%**
Group total	**+8**	**+21**	**+10,1%**

Change in first-half 2012 EBIT by region:

	Δ June 2012 / June 2011	Like-for-like change	
	€ m	€ m	%
France	(3)	(2)	(1,9)%
Europe (excl. France)	(1)	+2	+3,4%
North America	(1)	+1	+46,9%
Latin America & Caribbean	+6	+7	+51,6%
Other Countries	+14	+14	+91,3%
Worldwide Structures	(7)	(1)	(2,6)%
Group total	**+8**	**+21**	**+10,1%**

Published information by business and by region were as follows:

In € millions	June 2011 Published	2011 Published
HOTELS	**197**	**515**
Upscale and Midscale Hotels	87	229
Economy	115	271
Economy US	(5)	15
OTHER BUSINESSES	**2**	**15**
Total published	**199**	**530**

In € millions	June 2011 Published	2011 Published
France	**102**	**236**
Europe (excl. France)	**53**	**146**
North America	**(3)**	**23**
Latin America & Caribbean	**13**	**30**
Other Countries	**15**	**49**
Worldwide Structures	**19**	**46**
Total published	**199**	**530**

Note 10. Net Financial Expense

In € millions		2011 (*)	June 2011 (*)	June 2012	June 2011 published	2011 published
Net financial expense	(1)	(95)	(50)	(37)	(52)	(99)
Other financial income and expense	(2)	3	(3)	8	(3)	2
Net financial expense		**(92)**	**(53)**	**(29)**	**(55)**	**(97)**

(*) In accordance with IFRS 5, net financial expense of the Economy Hotels US and Onboard Train Services businesses have been reported in profit or loss from discontinued operations (see Note 17)

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

In € millions	2011 (*)	June 2011 (*)	June 2012	June 2011 published	2011 published
- Net financial expense - cash	(99)	(52)	(39)	(54)	(103)
- Net financial expense - non-cash	4	2	2	2	4
Total Net financial expense	**(95)**	**(50)**	**(37)**	**(52)**	**(99)**

(*) In accordance with IFRS 5, net financial expense of the Economy Hotels US and Onboard Train Services businesses have been reported in profit or loss from discontinued operations (see Note 17)

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

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

In € millions	2011 (*)	June 2011 (*)	June 2012	June 2011 published	2011 published
- Dividend income from non-consolidated companies (*Available for sale financial assets*)	2	1	1	1	2
- Exchange gains and losses (excl. financial instruments at fair value)	3	(3)	(0)	(3)	2
- Movements in provisions	(2)	(1)	7	(1)	(2)
Total Other financial income and expense	**3**	**(3)**	**8**	**(3)**	**2**

(*) In accordance with IFRS 5, other financial income and expense of the Economy Hotels US and Onboard Train Services businesses have been reported in profit or loss from discontinued operations (see Note 17)

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

In € millions	2011 (*)	June 2011 (*)	June 2012	June 2011 Published	2011 Published
Share of profit of associates before tax	7	2	8	2	7
Share of tax of associates	(2)	(2)	(1)	(2)	(2)
Share of profit of associates after tax	**5**	**0**	**7**	**0**	**5**

(*) In accordance with IFRS 5, share of profit (loss) of associates after tax of the Economy Hotels US and Onboard Train Services businesses have been reported in profit or loss from discontinued operations (see Note 17)

The main contributions are as follows:

In € millions		2011 (*)	June 2011 (*)	June 2012	June 2011 Published	2011 Published
Sofitel Hotels US	(1)	0	(1)	8	(1)	0
Asia/Australia Hotels		3	2	0	2	3
Egyptian investment funds (Macor)		0	0	0	0	0
Moroccan investment funds (RISMA)		1	(1)	(2)	(1)	1
The Grand Real Estate		(2)	(1)	(1)	(1)	(2)
Other		3	1	2	1	3
Share of profit of associates after tax		**5**	**0**	**7**	**0**	**5**

(*) In accordance with IFRS 5, share of profit (loss) of associates after tax of the Economy Hotels US and Onboard Train Services businesses have been reported in profit or loss from discontinued operations (see Note 17)

(1) In 2012, the profit of the Sofitel US Hotels business was boosted by the €8 million gain on the sale of San Francisco Sofitel in May 2012.

Note 12. Restructuring Costs

Restructuring costs can be analyzed as follows:

In € millions	2011 (*)	June 2011 (*)	June 2012	June 2011 Published	2011 Published
Movements in restructuring provisions	(2)	(4)	5	(4)	(2)
Restructuring costs	(36)	(17)	(25)	(18)	(38)
Total Restructuring costs	**(38)**	**(21)**	**(20)**	**(22)**	**(40)**

(*) In accordance with IFRS 5, restructuring costs of the Economy Hotels US and Onboard Train Services businesses have been reported in profit or loss from discontinued operations (see Note 17)

Restructuring costs in 2011 and 2012 correspond mainly to the costs linked to reorganizations of the Group.

Note 13. Impairment Losses

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

A. Definition of cash-generating units

At June 30, 2012, 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	222	-
Germany	180	-
France (excluding Adagio)	154	-
Asia	47	-
Net Goodwill and intangible assets with indefinite useful life included in cash-generating units	**603 (*)**	**-**

(*) This amount represents 82 % of goodwill recognized on June 30, 2012

At December 31, 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	183	-
Germany	180	-
France (excluding Adagio)	169	-
Motel 6	-	156
Asia	45	-
Net Goodwill and intangible assets with indefinite useful life included in cash-generating units	**577 (*)**	**156**

(*) This amount represented 81% of goodwill recognized on December 31, 2011

B. Assumptions applied

The methods used to calculate recoverable amounts are described in Note 1.E.6.

At June 30, 2012, the average Group discount rate based on market values was 8.86%. The discount rate applied to the different business segment (see Note 38) ranged from 8.7% to 10.9%.

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

June 2012	Hotels			
	Germany	France (excluding Adagio)	Asia	Australia
Basis on which the recoverable amount has been determined	Discounted cash flow method	EBITDA multiples method	Discounted cash flow method	Discounted cash flow method
Multiple used	N/A	8,5	N/A	N/A
Period of projections (years)	5	N/A	5	5
Growth rate	2,00%	N/A	2,00%	2,60%

At December 31, 2011, the average Group discount rate based on market values was 9.12%. The discount rate applied to the different business segment ranged from 8.8% to 10.8%.

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

2 011	Hotels				
	Germany	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 2011 and 2012 can be analyzed as follows:

In € millions	2011 (*)	June 2011 (*)	June 2012		June 2011 Published	2011 Published
Goodwill	(21)	(1)	(4)		(1)	(21)
Intangible assets	(5)	(0)	(10)		(0)	(5)
Property, plant and equipment	(36)	(17)	(38)		(18)	(85)
Financial assets	(2)	(0)	-		(0)	(2)
Impairment Losses	**(64)**	**(18)**	**(52)**		**(19)**	**(113)**

(*) In accordance with IFRS 5, impairment losses of the Economy Hotels US and Onboard Train Services businesses have been reported in profit or loss from discontinued operations (see Note 17)

The main assets and cash generating units for which impairment losses were recognized in 2011 and 2012 were as follows:

A. Impairment of goodwill

In € millions	2011 (*)	June 2011 (*)	June 2012	June 2011 Published	2011 Published
HOTELS	**(17)**	**(1)**	**(4)**	**(1)**	**(17)**
Upscale and Midscale Hotels	(15)	(1)	(4)	(1)	(15)
Economy Hotels	(2)	0	-	0	(2)
Economy Hotels US	-	-	-	-	-
OTHER BUSINESSES	**(4)**	**-**	**-**	**-**	**(4)**
TOTAL	**(21)**	**(1)**	**(4)**	**(1)**	**(21)**

(*) In accordance with IFRS 5, impairment losses on the goodwill of Economy Hotels US and Onboard Train Services businesses have been reported in profit or loss from discontinued operations (see Note 17)

At June 30, 2012, impairment losses resulted mainly from revised estimates of the recoverable amount of goodwill related to the France hotel business (€4 million impairment loss).

At December 31, 2011, impairment losses resulted mainly from revised estimates of the recoverable amount of goodwill related to the Portuguese hotel business (€8 million impairment loss), the French hotel business (€5 million impairment loss) and the Egyptian hotel business (€4 million impairment loss).

Sensitivity analysis:

At December 31, 2011 and June 30, 2012, an increase in the discount rate of 25, 50 or 100 basis points would not have had any impact on recognized impairment losses.

The CGU's value in use is estimated by the discounted cash flows method. The discount rate is the main key assumption used by the Group to determine the CGU's recoverable amount.

In both 2011 and 2012, analyses showed that, in the case of CGUs for which no impairment was recorded during the year, only a substantial, improbable change in the discount rate in the next twelve months would have caused their net carrying amount to exceed their recoverable amount.

B. Impairment of intangible assets

At June 30, 2012, a €10 million impairment loss was recognized in first-half 2012 on the Mirvac brand portfolio, as follows:

- Partial write-down of the following brands due to impairment:
  - Sebel: €7 million impairment loss
  - Quay West: €1 million impairment loss
- Total write-down of the following brands that the Group does not intend to use:
  - Sea Temple: €1 million impairment loss
  - Quay Grand and Citigate: €1 million impairment loss.

At December 31, 2011, following the periodic review of the recoverable amount of intangible assets, a €5 million impairment loss was recognized.

C. Impairment of property, plant and equipment

In € millions	2011 (*)	June 2011 (*)	June 2012	June 2011 Published	2011 Published
HOTELS	**(34)**	**(17)**	**(36)**	**(18)**	**(83)**
Upscale and Midscale Hotels	(20)	(7)	(19)	(7)	(20)
Economy Hotels	(14)	(10)	(17)	(10)	(14)
Economy Hotels US	-	-	-	(1)	(49)
OTHER BUSINESSES	**(2)**	**(0)**	**(2)**	**(0)**	**(2)**
TOTAL	**(36)**	**(17)**	**(38)**	**(18)**	**(85)**

(*) In accordance with IFRS 5, impairment losses on the property, plant and equipment of the Economy Hotels US and Onboard train Services businesses have been reported in profit or loss from discontinued operations (see Note 17)

At June 30, 2012, impairment losses on property, plant and equipment amounted to €38 million, of which €4 million on assets held for sale. Impairment losses recognized during the period concerned 65 hotels for €36 million. No impairment losses were reversed.

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

At December 31, 2011, impairment losses on property, plant and equipment amounted to €85 million, of which €35 million on assets held for sale.
Impairment losses recognized during the year concerned 128 hotels for €86 million, of which €49 million related to the Economy Hotels US business and impairment losses reversed during the year concerned 2 hotels for €3 million.
The €49 million in impairment losses on Economy Hotels US assets have been reported in profit or loss from discontinued operations in the 2011 adjusted financial statements presented above.

Note 14. Gains and Losses on Management of Hotel Properties

In € millions	2011 (*)	June 2011 (*)	June 2012	June 2011 Published	2011 Published
Disposal gains and losses	113	38	47	37	111
Provisions for losses on hotel properties	(8)	(1)	5	(7)	(51)
Total	**105**	**37**	**52**	**30**	**60**

(*) In accordance with IFRS 5, gains and losses on management of hotel properties of the Economy Hotels US and Onboard Train Services businesses have been reported in profit or loss from discontinued operations (see Note 17)

In first-half 2012, the total mainly included:

- ✓ A net gain of €18 million generated by sale & franchise-back transactions in South Africa, corresponding to the sale of 20 Hotel Formula 1 units (1,474 rooms) and a 52.6% stake in seven Hotel Formule 1 properties (see Note 2.A.2.3).
- ✓ A net gain of €16 million generated by sale & management-back transactions in the United States, corresponding to the sale of the New York Novotel (see Note 2.A.2.2).
- ✓ A net gain of €12 million generated by sale & franchise-back transactions in France (14 hotels).

In first-half 2011, the total included:

- ✓ A €11 million gain on the sale of units in France under sale and variable lease-back arrangements (26 hotels).
- ✓ A €13 million gain on the sale of units in Poland, Belgium, Spain and France under outright sale (7 hotels).
- ✓ A €3 million loss in write-offs on Economy Hotels US assets have been reported in profit or loss from discontinued operations in the June 30, 2011 adjusted statements presented above.

In 2011, the total included:

- ✓ A €46 million gain on the outright sale of units in Poland and France essentially (38 hotels) (see Note 2.A.2.3).
- ✓ A €31 million gain on the sale of Pullman Paris Bercy under a sale and management-back arrangement (see Note 2.A.2.2).
- ✓ A €25 million gain on the sale of units in France under sale and franchise-back arrangements (36 hotels) (see Note 2.A.2.3).
- ✓ A €7 million gain on the sale of Sofitel Arc de Triomphe under a sale and management-back arrangement (see Note 2.A.2.2).
- ✓ A €5 million loss on the sale of units in France under sale and variable lease-back arrangements (7 hotels) (see Note 2.A.2.1).
- ✓ A €35 million loss corresponding to asset write-offs in the United States that have been reported in profit or loss from discontinued operations in the 2011 adjusted financial statements presented above.

Note 15. Gains and Losses on Management of Other Assets

In € millions	2011 (*)	June 2011 (*)	June 2012		June 2011 Published	2011 Published
Disposal gains and losses	20	(1)	0		(1)	20
Provision movements	2	(0)	(9)		(0)	1
Gains and losses on non-recurring transactions	(16)	(6)	(18)		(10)	(40)
Total	**6**	**(7)**	**(27)**		**(11)**	**(19)**

(*) In accordance with IFRS 5, the gains and losses on management of other assets of the Economy Hotels US and Onboard Train Services businesses have been reported in profit or loss from discontinued operations (see Note 17)

In first-half 2012, the total mainly included €18 million in costs related to the Ibis Megabrand project, to overhaul the entire Economy brand line-up under the umbrella of the Ibis brand.

In first-half 2011, the total mainly included:

- ✓ a €3 million loss from the costs of exercising call options in France.
- ✓ a €4 million loss from the costs of exercising call options in the United States that has been reported in profit or loss from discontinued operations in the June 30, 2011 adjusted financial statements presented above.

At December 31, 2011, the total mainly included:

- ✓ A €23 million gain realized on the sale of Lenôtre (see Note 2.A.1.3).
- ✓ €3 million in costs related to the Ibis Megabrand project.
- ✓ A €24 million loss arising from the exercise of call options on 56 hotels in the United States that has been reported in profit or loss from discontinued operations in the 2011 adjusted financial statements presented above.

Note 16. Income Tax Expense

Note 16.1 Income tax expense for the period

In € millions	2011 (*)	June 2011 (*)	June 2012	June 2011 Published	2011 Published
Current tax	(174)	(70)	(51)	(71)	(174)
Sub-total, current tax	**(174)**	**(70)**	**(51)**	**(71)**	**(174)**
Deferred taxes (expense) income on new temporary differences and reversals of temporary differences arising in prior periods	6	0	(5)	(1)	(102)
Deferred taxes arising from changes in tax rates or tax laws	2	1	2	1	2
Sub-total, deferred tax	**8**	**1**	**(3)**	**(0)**	**(100)**
Income tax expense (excluding tax on the profits of associates and discontinued operations)	**(166)**	**(69)**	**(54)**	**(71)**	**(274)**
Tax on profits of associates	(2)	(2)	(1)	(2)	(2)
Tax on profits of discontinued operations	(109)	(3)	(1)	(1)	(1)
Tax of the period	**(277)**	**(74)**	**(56)**	**(74)**	**(277)**

(*) In accordance with IFRS 5, income tax expense of the Economy Hotels US and Onboard Train Services businesses have been reported in profit or loss from discontinued operations (see Note 17)

Note 16.2. Effective tax rate

In € millions		2011 (*)	June 2011 (*)	June 2012	June 2011 Published	2011 Published
Operating profit before tax	**(a)**	**436**	**141**	**143**	**122**	**326**
Non deductible impairment losses		15	1	20	1	15
Elimination of intercompany capital gains		28	52	5	52	28
Tax on share of profit (loss) of associates		2	2	1	2	2
Other		63	53	5	53	62
Total permanent differences (non-deductible expenses)	**(b)**	**108**	**108**	**31**	**108**	**107**
Untaxed profit and profit taxed at a reduced rate	**(c)**	**(106)**	**(84)**	**(69)**	**(83)**	**(104)**
Profit taxed at standard rate	**(d) = (a) + (b) + (c)**	**438**	**165**	**105**	**147**	**329**
Standard tax rate in France (**)	**(e)**	**36,10%**	**34,43%**	**36,10%**	**34,43%**	**36,10%**
Tax at standard French tax rate	**(f) = (d) x (e)**	**(158)**	**(57)**	**(38)**	**(51)**	**(119)**
Effects on tax at standard French tax rate of:						
. Differences in foreign tax rates		32	13	9	14	36
. Unrecognized tax losses for the period		(30)	(15)	(21)	(24)	(50)
. Utilization of tax loss carryforwards		21	9	9	9	21
. Deferred tax assets recognized for tax loss carryforwards arising in prior years		15	-	-	-	15
. Share of profit (loss) of associates		2	2	1	2	2
. Net charges to/reversals of provisions for tax risks		(11)	(9)	(0)	(9)	(11)
. Effect of new CET business tax in France in 2010 (replacing taxe professionnelle)(see Note 1.L)		(26)	(12)	(12)	(12)	(26)
. Other items		(11)	(0)	(2)	(0)	(10)
Total effects on tax at standard French tax rate	**(g)**	**(8)**	**(12)**	**(16)**	**(20)**	**(155)**
Tax at standard rate	**(h) = (f) + (g)**	**(166)**	**(69)**	**(54)**	**(71)**	**(274)**
Tax at reduced rate	**(i)**	**-**	**-**	**-**	**-**	**-**
Income tax expense	**(j) = (h) + (i)**	**(166)**	**(69)**	**(54)**	**(71)**	**(274)**

	2011 (*)	June 2011 (*)	June 2012	June 2011 Published	2011 Published
Pre-tax operating profit taxed at standard rate	438	165	105	147	329
Income tax expense	(126)	(44)	(29)	(37)	(83)
Group effective tax rate	**28,8%**	**26,9%**	**27,5%**	**25,4%**	**25,3%**

(*) In accordance with IFRS 5, income tax expense of the Economy Hotels US and Onboard Train Services businesses have been reported in profit or loss from discontinued operations (see Note 17)

(**) At December 31, 2011 and June 30, 2012, the Group took into account the 5% increase in corporate income tax introduced in France's amended Finance Bill for 2011.

Note 16.3 Details of deferred tax (Balance Sheet)

In € millions	June 2011	Dec. 2011	June 2012
Timing differences between company profit and taxable profit	131	70	67
Timing differences between consolidated profit and company profit	30	23	29
Recognized tax losses	63	54	55
Sub-total, deferred tax assets	**224**	**147**	**151**
Timing differences between company profit and taxable profit	35	66	34
Timing differences between consolidated profit and company profit	84	85	76
Recognized tax losses	-	5	-
Sub-total, deferred tax liabilities	**119**	**156**	**110**
Deferred tax assets, net (liabilities)	**105**	**(9)**	**41**

At December 31, 2011, €103 million worth of deferred tax assets were cancelled in the accounts following a change in the expected timing of tax loss recoveries in the United States.

Note 16.4 Unrecognized deferred tax assets

Unrecognized deferred tax assets at June 30, 2012 amounted to €165 million (December 31, 2011: €360 million of which €201 million of deferred tax assets corresponding to tax loss carryforwards and temporary differences related to the Economy Hotels US business).

Unrecognized deferred tax assets at June 30, 2012 will expire in the following periods if not utilized:

In € millions	Deductible temporary differences	Tax loss carryforwards	Tax credits	Total
Y+1	-	7	-	**7**
Y+2	-	5	-	**5**
Y+3	-	5	-	**5**
Y+4	10	22	-	**32**
Y+5 and beyond	2	40	-	**42**
Evergreen	21	53	-	**74**
Deferred tax, net	**33**	**132**	**-**	**165**

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

Note 17. Profit or Loss from Discontinued Operations

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

In € millions	2011 (*)	June 2011 (*)	June 2012	June 2011 Published	2011 Published
Profit or loss from discontinued operations before tax	(118)	(23)	(475)	(3)	(7)
Tax on profit or loss from discontinued operations	(108)	(3)	(1)	(1)	(0)
Profit or loss from discontinued operations during the period	**(226)**	**(26)**	**(476)**	**(4)**	**(7)**
Profit or loss recognized on disposal or on mark-to-market ajustments of the assets constituting the discontinued operations	5	5	(136)	5	5
Tax on profit or loss from discontinued operations	-	-	-	-	-
Impact of realized gains or losses and mark-to-market adjustments	**5**	**5**	**(136)**	**5**	**5**
PROFIT OR LOSS FROM DISCONTINUED OPERATIONS	**(221)**	**(21)**	**(612)**	**1**	**(2)**

(*) In accordance with IFRS 5, the profit or loss of the Economy Hotels US and Onboard Train Services businesses have been reported in profit or loss from discontinued operations.

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

- In first-half 2012,
  - The profit from the Economy Hotels US Business, which has been classified as a discontinued operation at June 30, 2012 and the loss arising from the remeasurement at fair value of the US Economy Hotels business (see Note 2.A.3).
  - The profit generated by the Italian Onboard day Train Services business, which remained classified as a "discontinued operations" at June 30, 2012 (see Note 2.A.1.2).

- In 2011 and in first-half 2011,
  - In the originally published accounts:
    - The profit or loss from Onboard Train Services business, which was maintained in discontinued operations since 2010 (see Note 2.A.1.2).
    - the €5 million gain recognized on the disposal of Groupe Lucien Barrière, classified as a discontinued operation in 2010 and sold at the beginning of 2011 (see Note 2.A.1.1).
  - In the restated accounts at December 31, 2011 and June 30, 2011, the profit of the US Economy Hotels business has been reclassified under "Profit or loss from discontinued operations", in order to permit meaningful comparisons with the profit from discontinued operations reported in first-half 2012 (i.e. including the profit of the US Economy Hotels business).

The consolidated income statements of discontinued operations (including the profit or loss recognized on the disposal) classified in 2011 and 2012 in profit or loss from discontinued operations in Accor's consolidated financial statements are presented below:

A. First-half 2012

In € millions	Economy Hotels US business	Onboard Train Services	Total June 2012
CONSOLIDATED REVENUE	**276**	**30**	**306**
Operating expense	(189)	(31)	(220)
EBITDAR	**87**	**(1)**	**86**
Rental expense	(42)	(1)	(43)
EBITDA	**45**	**(2)**	**43**
Depreciation, amortization and provision expense	(28)	(0)	(28)
EBIT	**17**	**(2)**	**15**
Net financial expense	(4)	1	(3)
Share of profit of associates after tax	-	-	-
OPERATING PROFIT BEFORE TAX AND NON RECURRING ITEMS	**13**	**(1)**	**12**
Restructuring costs	-	-	-
Impairment losses	(47)	-	(47)
Gains and losses on management of hotel properties	(10)	-	(10)
Gains and losses on management of other assets (*)	(432)	2	(430)
OPERATING PROFIT BEFORE TAX	**(476)**	**1**	**(475)**
Income tax expense	(0)	(1)	(1)
NET PROFIT	**(476)**	**(0)**	**(476)**
Impact of realized gains or losses and mark-to-market adjustments	**(136)**	**0**	**(136)**
NET PROFIT FROM DISCONTINUED OPERATIONS	**(612)**	**(0)**	**(612)**

(*) Including:

- Costs associated with the exercise of purchase options on leased hotels for €(265) million
- Cancellation of accounting entries recognizing rents on a straight-line basis following the purchase of the leased hotels, for €(118) million.

B. First-half 2011

In € millions	Groupe Lucien Barrière	Economy Hotels US business	Onboard Train Services	Total June 2011
CONSOLIDATED REVENUE	**-**	**253**	**26**	**279**
Operating expense	-	(182)	(30)	(212)
EBITDAR	**-**	**71**	**(4)**	**67**
Rental expense	-	(47)	(0)	(47)
EBITDA	**-**	**24**	**(4)**	**20**
Depreciation, amortization and provision expense	-	(29)	(1)	(30)
EBIT	**-**	**(5)**	**(5)**	**(10)**
Net financial expense	-	(2)	1	(1)
Share of profit of associates after tax	-	-	-	-
OPERATING PROFIT BEFORE TAX AND NON RECURRING ITEMS	**-**	**(7)**	**(4)**	**(11)**
Restructuring costs	-	(1)	-	(1)
Impairment losses	-	(1)	-	(1)
Gains and losses on management of hotel properties	-	(7)	-	(7)
Gains and losses on management of other assets	-	(4)	1	(3)
OPERATING PROFIT BEFORE TAX	**-**	**(20)**	**(3)**	**(23)**
Income tax expense	-	(2)	(1)	(3)
NET PROFIT	**-**	**(22)**	**(4)**	**(26)**
Impact of realized gains or losses and mark-to-market adjustments	**5**	**-**	**-**	**5**
NET PROFIT FROM DISCONTINUED OPERATIONS	**5**	**(22)**	**(4)**	**(21)**

C. 2011

In € millions	Groupe Lucien Barrière	Economy Hotels US business	Onboard Train Services	Total 2011
CONSOLIDATED REVENUE	**-**	**532**	**54**	**586**
Operating expense	-	(368)	(63)	(431)
EBITDAR	**-**	**164**	**(9)**	**155**
Rental expense	-	(92)	(2)	(94)
EBITDA	**-**	**72**	**(11)**	**61**
Depreciation, amortization and provision expense	-	(57)	(1)	(58)
EBIT	**-**	**15**	**(12)**	**3**
Net financial expense	-	(5)	2	(3)
Share of profit of associates after tax	-	-	-	-
OPERATING PROFIT BEFORE TAX AND NON RECURRING ITEMS	**-**	**10**	**(10)**	**-**
Restructuring costs	-	(2)	(1)	(3)
Impairment losses	-	(49)	-	(49)
Gains and losses on management of hotel properties	-	(45)	-	(45)
Gains and losses on management of other assets	-	(25)	4	(21)
OPERATING PROFIT BEFORE TAX	**-**	**(111)**	**(7)**	**(118)**
Income tax expense	-	(108)	(0)	(108)
NET PROFIT	**-**	**(219)**	**(7)**	**(226)**
Impact of realized gains or losses and mark-to-market adjustments	**5**	**-**	**0**	**5**
NET PROFIT FROM DISCONTINUED OPERATIONS	**5**	**(219)**	**(7)**	**(221)**

Note 18. Goodwill

In € millions	June 2011	Dec. 2011	June 2012
Goodwill (gross value)	984	1 017	842
Less impairment losses	(278)	(305)	(111)
Goodwill, net	**706**	**712**	**731**

In € millions	Notes	June 2011	Dec. 2011	June 2012
HOTELS				
Australia	2.B.1.5	182	193	222
Upscale and Midscale France	13.2.A	154	157	152
Germany		180	180	180
Economy (excluding Motel 6)		81	71	70
Economy US		0	0	-
Asia		41	46	47
Egypt	13.2.A	24	19	19
Poland	2.B.1.2	12	9	11
Switzerland		11	11	11
Portugal	13.2.A	8	-	-
The Netherlands		8	8	8
Other hotels (< €6 million)		5	18	11
Sub-total Hotels		***706***	***712***	***731***
OTHER BUSINESSES		-	-	-
Goodwill, net		**706**	**712**	**731**

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

In € millions	Notes	June 2011	Dec. 2011	June 2012
Carrying amount at beginning of period		**743**	**743**	**712**
Goodwill recognized on acquisitions for the period and other increases		**-**	**17**	**22**
HOTELS				
. Hotels, Asia Pacific	(*)	-	-	22
. Hotels, France	(**)	-	4	-
. Hotels, Africa	(***)	-	13	-
Disposals	(****)	**(2)**	**(27)**	**(1)**
Impairment losses	13	**(1)**	**(21)**	**(4)**
Translation adjustment		**(8)**	**4**	**10**
Reclassifications to Property, Plant and Equipment	(***)	**-**	**-**	**(6)**
Reclassifications to Assets held for sale	32	**(21)**	**-**	**0**
Other reclassifications and movements		**(5)**	**(4)**	**(2)**
Carrying amount at end of period		**706**	**712**	**731**

(*) In 2012, acqusition of Mirvac by Accor, generating goodwill of €22 million in the Accor Group's accounts (see Note 2.B.1.5).

(**) In 2011, acquisition of Citéa by Adagio, a company that is 50%-owned by Accor, generating goodwill of €4 million in the Accor Group's accounts (see Note 2.B.1.3).

(***) In 2011, acquisition of SCI Cocoma, owner of the land and buildings of the Abidjan Pullman. The difference between the cost of the business combination and the provisional fair value of the net assets acquired was €13 million.
At June 30, 2012, acquisition accounting adjustments totalling €6 million were recorded as follows:

- €2 million to land.
- €6 million to property, plant and equipment.
- €2 million to deferred tax liabilities.

And €7 million was recognized as goodwill.

(****) In 2011, disposals mainly correspond to the write-off of Lenôtre goodwill for €21 million following the refocusing of the Group on Hotels (see Note 2.A.1.3).

Note 19. Intangible Assets

In € millions		June 2011	Dec. 2011	June 2012
Gross value				
Motel 6 brand	(1)	140	156	-
Other brands and rights	(2)	77	59	73
Licenses, software		144	147	141
Other intangible assets	(3)	219	226	226
Total intangible assets at cost		**580**	**588**	**440**
Accumulated amortization and impairment losses				
Licenses, software		(119)	(121)	(118)
Other intangible assets	(3)	(80)	(94)	(72)
Total accumulated amortization and impairment losses		**(199)**	**(215)**	**(190)**
Intangible assets, net		**381**	**373**	**250**

(1) The Motel 6 brand was reclassified under "Assets held for sale" at June 30, 2012 (see Note 32).

(2) Including €23 million corresponding to land use rights for Ibis and Novotel hotels in China and €19 million corresponding to Mirvac brands in Australia (see. Note 2.B.1.5).

(3) At June 30, 2012, the net book value of other intangible assets amounted to €154 million, including

i) €100 million in lease premiums, of which €88 million corresponding to the value attributed to Orbis's land use rights, including €22 million for Orbis Novotel and €12 million for Orbis Mercure.
ii) €58 million corresponding to the value attributed to management contracts (of which, €30 million for Mirvac's Australian management network, €9 million for Sofitel contracts in Australia and €8 million for initial fees and franchise contracts in the United Kingdom).

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

In € millions		June 2011	Dec. 2011	June 2012
Carrying amount at beginning of period		**409**	**409**	**373**
Acquisitions		2	5	3
Internally-generated assets	(1)	6	21	9
Intangible assets of newly consolidated companies	(2)	-	-	49
Amortization for the period		(11)	(25)	(11)
Impairment losses for the period	(3)	(0)	(5)	(10)
Disposals	(4)	(4)	(33)	(5)
Translation adjustment		(17)	(1)	(8)
Reclassification of Economy Hotels US business to "Assets held for sale"		-	-	(147)
Reclassification of Onboard Train Services business to "Assets held for sale"		(1)	1	-
Reclassifications of Assets held for sale (See Note 32)		**(1)**	**1**	**(147)**
Other reclassifications		(3)	1	(3)
Carrying amount at end of period		**381**	**373**	**250**

(1) In 2011, acquisitions of licenses and software for €21 million (including €11 million in Worldwide Structures and €4 million in France).

(2) Intangible assets of newly consolidated companies consist of assets recognized on the business combination with the Mirvac Group (see Note 2.B.1.5), as follows:

a. Value attributed to the management contract: €30 million
b. Value attributed to the brand: €19 million.

(3) Including impairment losses (€10 million) on the Mirvac brands that Accor does not intend to use (see Note 13.2.B)

(4) In 2011, disposals mainly corresponded to several hotels in China that were reclassified under « Assets held for sale » at the year-end.

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

In € millions	June 2011	Dec. 2011	June 2012
Motel 6 brand	140	156	-
Other brands and rights	77	59	73
Carrying amount at end of period	**217**	**215**	**73**

The Motel 6 brand was reclassified under "Assets held for sale" at June 30, 2012 (see Note 32).

At June 30, 2012, 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 2011	Dec. 2011	June 2012
Land	345	341	190
Buildings	2 150	2 126	1 665
Fixtures	1 782	1 821	1 551
Equipment and furniture	1 519	1 478	1 405
Constructions in progress	214	272	205
Property, plant and equipment, at cost	**6 010**	**6 038**	**5 016**

In € millions	June 2011	Dec. 2011	June 2012
Buildings	(650)	(659)	(496)
Fixtures	(889)	(909)	(816)
Equipment and furniture	(955)	(989)	(944)
Constructions in progress	(3)	(4)	(6)
Total of depreciation	**(2 497)**	**(2 561)**	**(2 262)**
Land	(9)	(9)	(10)
Buildings	(114)	(126)	(82)
Fixtures	(59)	(51)	(44)
Equipment and furniture	(32)	(28)	(30)
Constructions in progress	(7)	(6)	(6)
Total of impairment losses	**(221)**	**(220)**	**(172)**
Accumulated depreciation and impairment losses	**(2 718)**	**(2 781)**	**(2 434)**

In € millions	June 2011	Dec. 2011	June 2012
Land	336	332	180
Buildings	1 386	1 341	1 087
Fixtures	834	861	691
Equipment and furniture	532	461	431
Constructions in progress	204	262	193
Property, plant and equipment, net	**3 292**	**3 257**	**2 582**

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

In € millions	June 2011	Dec. 2011	June 2012
Net carrying amount at beginning of period	**3 682**	**3 682**	**3 257**
Property, plant and equipment of newly acquired companies	0	10	51
Capital expenditure	174	576	147
Disposals	(40)	(336)	(17)
Depreciation for the period	(187)	(373)	(152)
Impairment losses for the period	(16)	(50)	(34)
Translation adjustment	(84)	(18)	32
Reclassifications of Lenôtre in "Assets held for sale"	(25)	-	-
Reclassifications of the "Onboard Train Services business" in "Assets held for sale"	-	(1)	-
Reclassifications of the Economy Hotels US business" in "Assets held for sale"	-	-	(683)
Other reclassifications of assets held for sale	(209)	(241)	(7)
Reclassification of assets held for sale (see Note 32)	**(234)**	**(242)**	**(690)**
Other reclassifications	(3)	8	(12)
Net carrying amount at end of period	**3 292**	**3 257**	**2 582**

Property, plant and equipment of newly acquired companies correspond to the 43 hotels in Australia and New Zealand owned by the Mirvac Group that was acquired during the period (see Note 2.B.1.5).

At June 30, 2012, contracts totaling €93 million have been signed for the purchase of property, plant and equipment (see Note 40). They are not recognized in the balance sheet. At December 31, 2011, contracts totalized €103 million and at June 30, 2011, contracts totalized €114 million.

Note 20.2 Finance leases

At June 30, 2012, the carrying amount of finance leases recognized in the balance sheet in net value is €5 million (December 31, 2011: €24 million and June 30, 2011: €32 million), as follows:

In € millions	June 2011	Dec. 2011	June 2012
Land	7	6	4
Buildings	62	60	38
Fixtures	20	16	14
Equipment and furniture	9	5	5
Property, plant and equipment, at cost	**98**	**87**	**61**
Buildings	(43)	(41)	(30)
Fixtures	(20)	(18)	(17)
Equipment and furniture	(3)	(4)	(9)
Cumulated depreciation and impairment losses	**(66)**	**(63)**	**(56)**
Property, plant and equipment, net	**32**	**24**	**5**

Finance lease liabilities can be analyzed as follows by maturity:

	Debt in € millions Non Discounted
2012	60
2013	58
2014	55
2015	44
2016	43
2017	42
2018	36
2019	35
2020	29
2021	28
2022	28
2023	27
2024	26
2025	26
> 2025	51

Note 21. Long-Term Loans

In € millions	June 2011	Dec. 2011	June 2012
Gross value	149	158	158
Accumulated impairment losses	(21)	(20)	(11)
Long-term loans, net	**128**	**138**	**147**

In € millions		June 2011	Dec. 2011	June 2012
Hotels, Asia-Pacific	(1)	80	90	101
Other		48	48	46
Total		**128**	**138**	**147**

(1) Loans to hotels in the Asia-Pacific region mainly include loans to Tahl (an Australian property company) for €61 million at June 30, 2012, paying interest at an average rate of 7%. Part of the loan has been reimbursed during the period (€ 12 million). In addition, Accor granted a new loan to A.P.V.C. Finance Pty Limited for an amount of €27 million.

Note 22. Investments in Associates

In € millions			June 2011	Dec. 2011	June 2012
Accor Asia Pacific subsidiaries (*)			137	137	194
Moroccan investment fund (RISMA)		(1)	31	41	39
Société Hôtelière Paris Les Halles		(2)	11	11	11
Egyptian investment fund			8	6	6
The Grand Real Estate (Sofitel The Grand, Hotels, Netherlands)	(Note 2.A.2.2)	(3)	7	6	16
Sofitel London St James (Hotels, United Kingdom)			5	5	6
Sofitel Hotels, USA (25%)	(Note 2.A.2.2)	(4)	(15)	(19)	(12)
Other			21	23	24
Total			**205**	**210**	**284**

(*) The Asia-Pacific investments primarily include 21.9% stake in Mirvac funds in Singapour for €49 million, Interglobe Hotels Entreprises Limited for €38 million, other companies for development partnerships in Asia Pacific for €31 million, Blue Ridge Hotels (Sofitel and Novotel Mumbai) for €24 million, Ambassador Inc, Ambasstel and Ambatel Inc (South Korea) for €23 million, Caddie Hotels (Novotel and Pullman Delhi) for €15 million and a joint-venture for development partnerships in India (Triguna) for €14 million.

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

Risma (Moroccan investment fund) (In € millions)	June 2011	Dec. 2011	June 2012
Revenue	57	109	61
Net profit (loss)	(1)	2	(6)
Net cash/(Net debt)	(221)	(209)	(206)
Equity	82	116	110
Market capitalization	123	143	119
Total assets	371	382	397
% interest held	35,32%	33,46%	33,46%

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

Société Hôtelière Paris Les Halles (In € millions)	June 2011	Dec. 2011	June 2012
Revenue	42	86	60
Net profit (loss)	(2)	(1)	0
Net cash/(Net debt)	(106)	(106)	(91)
Equity	30	29	38
Market capitalization	N/A	N/A	N/A
Total assets	163	165	167
% 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 2011	Dec. 2011	June 2012	
Revenue	11	23	12	
Net profit (loss)	(3)	(5)	(3)	
Net cash/(Net debt)	(29)	(29)	(2)	
Equity	12	9	34	
Market capitalization	N/A	N/A	N/A	
Total assets	48	46	44	
% 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 2011	Dec. 2011	June 2012
Revenue	60	128	65
Net profit (loss) (a)	(4)	-	31
Net cash/(Net debt)	(355)	(404)	(341)
Equity	(58)	(76)	(46)
Market capitalization	N/A	N/A	N/A
Total assets	359	381	361
% interest held	25,00%	25,00%	25,00%

(a) In 2012, the Sofitel San Fransisco disposal had a positive impact of €34 million on 2012 profit.

Note 23. Other Financial Investments

In € millions	June 2011	Dec. 2011	June 2012
Investments in non-consolidated companies (*Available for sale financial assets*)	117	119	120
Deposits (*Loans and Receivables*)	63	147	140
Other financial investments, at cost	**180**	**266**	**260**
Accumulated impairment losses	(66)	(65)	(65)
Other financial investments, net	**114**	**201**	**195**

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

Other financial investments break down as follows:

In € millions		June 2011	Dec. 2011	June 2012
Deposit for the purchase of the Sofitel Rio de Janeiro	(*)	-	73	67
Tahl (Australian property company)		24	24	26
Deposit paid following the claim under the loan guarantee issued to the owner of the Los Angeles Sofitel		-	-	21
Stone (French property company)		11	11	11
Deposit for phases 6 to 10 of the Motel 6 project in the United States		20	23	-
Deposit for hotels in France sold in 2008		10	10	10
Other investments and deposits		49	60	60
Other financial investments, net		**114**	**201**	**195**

(*) Deposit paid in 2011 in preparation for Accor's exercise of its pre-emptive right to purchase the building occupied by the Sofitel Rio de Janeiro Copacabana.

At June 30, 2012, December 31, 2011 and June 30, 2011, the fair value reserve for assets classified as available-for-sale had a nil balance (see Note 26).

Note 24. Receivables and Payables

Note 24.1. Trade receivables and related provision

In € millions	June 2011	Dec. 2011	June 2012
Gross value	432	400	455
Provisions	(44)	(36)	(34)
Net	**388**	**364**	**421**

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 2011	Dec. 2011	June 2012
Recoverable VAT	126	156	115
Prepaid wages and salaries and payroll taxes	8	3	8
Other prepaid and recoverable taxes (*)	262	301	311
Other receivables	300	309	252
Other prepaid expenses	196	198	89
Other receivables and accruals, at cost	**892**	**967**	**775**
Provisions (*)	**(267)**	**(287)**	**(288)**
Other receivables and accruals, net	**625**	**680**	**487**

(*) Including €263 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 2011	Dec. 2011	June 2012
VAT payable	62	110	67
Wages and salaries and payroll taxes payable	340	408	307
Other taxes payable (1)	278	276	222
Other payables	399	428	450
Deferred income	125	111	81
Other payables	**1 204**	**1 333**	**1 127**

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

Note 24.4. Analysis of other receivables / payables' periods

In € millions at June 30, 2012	Due within 1 year	Due in 1 to 5 years	Due beyond 5 years	**June 2012**	**Dec. 2011**	**June 2011**
Inventories	47	-	-	47	41	36
Trade receivables	420	1	-	421	364	388
Recoverable VAT	111	4	0	115	156	126
Prepaid payroll taxes	8	-	-	8	3	8
Other prepaid and recoverable taxes	32	17	-	49	60	20
Other receivables	226	0	-	226	264	275
CURRENT ASSETS	**844**	**22**	**0**	**866**	**888**	**853**
Trade payables	582	0	-	582	642	577
VAT payable	67	0	-	67	110	62
Wages and salaries and payroll taxes payable	306	0	1	307	408	340
Other taxes payable	222	0	-	222	276	278
Other payables	450	0	-	450	428	399
CURRENT LIABILITIES	**1 627**	**0**	**1**	**1 628**	**1 864**	**1 656**

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, 2012, the Company's share capital was made up of 227,258,294 ordinary shares. The average number of ordinary shares outstanding during the period was 227,253,513. **The number of outstanding shares at June 30, 2012 was 227,258,294.**

In addition, employee stock options exercisable for 11,868,191 ordinary shares, representing 5.22% of the capital, were outstanding at June 30, 2012 (see Note 25.3).

Lastly, 554,893 performance shares have been granted but have not yet vested.

Conversion of all of the potential shares presented above would have the effect of increasing the number of shares outstanding to 239,681,378.

Note 25.2. Diluted earnings per share

Based on the above number of potential shares and the average Accor share price for first-half 2012 of €24.59, the diluted weighted average number of shares outstanding in first-half 2012 was 227,680,514. Diluted earnings per share were therefore calculated as follows:

In € millions	**Dec. 2011**	**June 2011**	**June 2012**
Net profit, Group share *(continuing operations and discontinued operations)*	**27**	**41**	**(532)**
Weighted average number of ordinary shares (in thousands)	227 107	226 994	227 254
Number of shares resulting from the exercise of stock options (in thousands)	686	1 107	292
Number of shares resulting from performance shares grants (in thousands)	135	-	135
Fully diluted weighted average number of shares (in thousands)	227 928	228 101	227 681
Diluted earnings per share (in €)	**0,12**	**0,18**	**(2,34)**

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 2012 are all of the stock options outstanding under the plans 12, 13, 14, 15, 16, 17, 18, 20, 21, 22, 23, 24, 25 and 26 in force at June 30, 2012 (see Note 25.3).

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, 2012, 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	1 990 485	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	1 750 528	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
Plan 25	March 27, 2012	8 years	529 115	from 03/27/16 until 03/27/20	392	26,41 €	Equity
Plan 26	March 27, 2012	8 years	47 375	from 03/27/16 until 03/27/20	8	26,41 €	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 44,615 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. In 2011, only some of the performance criteria were met.

Stock options granted under Plan 24 and Plan 26 are subject to an external performance measure. During each year of the vesting period (from 2011 to 2014 for Plan 24 and from 2012 to 2015 for Plan 26) 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. In 2011, the Plan 24's performance criteria were not met.

Changes in outstanding stock options during 2011 and 2012 are as follows:

	June 30, 2011		December 31, 2011		June 30, 2012	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options	Weighted average exercise
Options outstanding at beginning of period	**12 949 693**	**29,84 €**	**12 949 693**	**29,84 €**	**12 997 382**	**30,13 €**
Options granted during the period	674 879	31,72 €	675 540	31,71 €	576 490	26,41 €
Options cancelled or expired during the period	(92 236)	33,43 €	(278 377)	30,16 €	(1 698 833)	22,86 €
Options exercised during the period	(254 638)	22,70 €	(349 474)	22,46 €	(6 848)	21,88 €
Options outstanding at end of period	**13 277 698**	**30,05 €**	**12 997 382**	**30,13 €**	**11 868 191**	**30,99 €**
Options exercisable at end of period	**6 642 181**	**33,31 €**	**6 458 072**	**33,52 €**	**6 705 205**	**35,41 €**

Outstanding options at June 30, 2012 are as follows:

	Exercise price	**Number of outstanding options**	**Remaining life of the options**
Plan 10	22,51 €	101 017	9 days
Plan 12	30,60 €	1 784 420	6 months
Plan 13	32,56 €	840 531	9 months
Plan 14	45,52 €	1 983 099	1.8 years
Plan 15	47,56 €	85 079	1.9 years
Plan 16	40,08 €	2 139	3.2 years
Plan 17	30,81 €	1 908 920	2.8 years
Plan 18	28,32 €	102 544	3.3 years
Plan 19	18,20 €	1 310 872	4.8 years
Plan 20	26,66 €	2 272 065	5.8 years
Plan 21	26,66 €	137 228	5.8 years
Plan 22	30,49 €	92 448	6.5 years
Plan 23	31,72 €	618 214	6.9 years
Plan 24	31,72 €	53 125	6.9 years
Plan 25	26,41 €	529 115	7,9 years
Plan 26	26,41 €	47 375	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	Plan 17
Accor share price at the option grant date	35,18 €	33,71 €	31,64 €	49,80 €	48,30 €	70,95 €	70,45 €	62,35 €	47,10 €
Option exercise price	35,68 €	33,94 €	32,42 €	46,15 €	49,10 €	68,65 €	71,72 €	60,44 €	46,46 €
Expected volatility (*)	39,68%	39,18%	37,64%	35,36%	34,60%	31,73%	31,60%	27,57%	27,87%
Contractual life of the options	8 years	8 years	7 years	7 years	7 years	7 years	7 years	8 years	7 years
Expected share yield (**)	3,44%	3,55%	2,94%	3,13%	3,74%	3,94%	4,25%	4,15%	3,84%
Fair value of options (***)	10,52 €	10,07 €	8,48 €	14,11 €	12,57 €	20,38 €	19,36 €	16,66 €	11,55 €

	Plan 18	Plan 19	Plan 20	Plan 21	Plan 22	Plan 23	Plan 24	Plan 25	Plan 26
Accor share price at the option grant date	37,12 €	25,49 €	41,47 €	41,47 €	32,19 €	31,96 €	31,96 €	26,55 €	26,55 €
Option exercise price	42,70 €	27,45 €	40,20 €	40,20 €	30,49 €	31,72 €	31,72 €	26,41 €	26,41 €
Expected volatility (*)	26,72%	31,91%	33,96%	33,96%	34,99%	35,74%	35,74%	39,71%	39,71%
Contractual life of the options	7 years	8 years	8 years	8 years	8 years	8 years	8 years	8 years	8 years
Expected share yield (**)	4,03%	2,63%	2,29%	2,29%	1,98%	2,90%	2,60%	1,67%	1,67%
Fair value of options (***)	7,00 €	5,78 €	10,28 €	9,44 €	9,25 €	9,40 €	8,89 €	7,88 €	6,50 €

(*) 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,
- 2.19% for plan 23 and 24,
- 2.42% for plan 25 and 26.

For the plans granted before 2011, these rates correspond to the average payout rate for the previous two, three or four years.

For the plans granted in 2011, this rate corresponds to the expected payout rate for 2011. For the plans granted in 2012, this rate corresponds to the payout rate for 2011.

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 €7.4 million at June 30, 2012 (June 30, 2011: €7.3 million and December 31, 2011: €12.9 million).

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

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.

<u>At December 31, 2009</u>

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>

108,023 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 €1.5 million, of which €0.4 million was recognized in the 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.

<u>At December 31, 2011</u>

In 2011, the performance criteria were met. Plan costs recognized in 2011 amounted to €2.5 million.

2012 Plan

On March 27, 2012, Accor granted 285,876 performance shares to senior executives and certain employees. Of these:

- 170,722 have a two-year vesting period followed by a two-year lock-up period and are subject to two vesting conditions.
- 67,779 have a four-year vesting period with no subsequent lock-up period, and are subject to two vesting conditions.
- 47,375 have a two-year vesting period followed by a two-year lock-up period and are subject to three vesting conditions.

The performance shares are subject to vesting conditions based on EBIT margin, operating cash flow and disposals' plan for each of the years 2012 and 2013. 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 €7.2 million at March 27, 2012 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 2011	Dec. 2011	June 2012
Convertible bonds	-	-	-
Equity notes	-	-	-
Mutual fund units	-	-	-
Interest rate and currency swaps	(7)	(7)	(6)
Fair value adjustments to non-consolidated investments	-	-	-
Fair value adjustments to available-for-sale investments	-	-	-
Impact on equity	**(7)**	**(7)**	**(6)**

Fair value adjustments to financial instruments recognized in equity

In € millions	June 2011	Dec. 2011	June 2012
Available for sale Financial Assets	**-**	**-**	**-**
Gains (losses) recognised in Equity during the period	-	-	-
Gains (losses) reclassified to profit or loss	-	-	-
Cash flow hedges	**3**	**3**	**1**
Gains (losses) recognised in Equity during the period	3	3	1
Gains (losses) reclassified to profit or loss	-	-	-
Changes in Reserve	**3**	**3**	**1**

Note 27. Minority interests

Changes in minority interests break down as follows:

In € millions	
At December 31, 2010	**299**
Minority interests in net profit for the period	23
Dividends paid to minority interests	(14)
Increase in capital	3
Translation adjustment	(28)
Changes in scope of consolidation (1)	(52)
At December 31, 2011	**231**
Minority interests in net profit for the period	9
Dividends paid to minority interests	(10)
Capital increase	1
Translation adjustment	8
Changes in scope of consolidation (2)	(14)
At June 30, 2012	**225**

(1) Including €(42) million corresponding to the buyout of minority interests in the Italian hotels business
Including €(7) million corresponding to the buyout of minority interests in Orbis (1.54% - see Note 2.B.1.2)

(2) Including €(8) million corresponding to the sale of the Formule 1 Hotels in South Africa (see Note 2.A.2.3)
Including €(5) million corresponding to the buyout of minority interests in Orbis (1.13% - see Note 2.B.1.2)

Note 28. Comprehensive Income

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

In € millions	Dec. 2011			June 2011			June 2012		
	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	(47)	-	(47)	(143)	-	(143)	64	-	64
Effective portion of gains and losses on hedging instruments in a cash flow hedge	3	-	3	3	-	3	1	-	1
Actuarial gains and losses on defined benefits plans	(3)	1	(2)	(1)	-	(1)	(21)	6	(15)
Share of the other comprehensive income of associates and joint ventures accounted for using the equity method	-	-	-	-	-	-	-	-	-
Total Other Comprehensive income	**(48)**	**1**	**(47)**	**(141)**	**-**	**(141)**	**44**	**6**	**50**

Note 29. Debt by Currency and Maturity

Note 29.A Long and short-term debt

Long and short-term debt at June 30, 2012 breaks down as follows by currency and interest rate after hedging transactions:

In € millions	June 2011	Effective rate June 2011 %	Dec. 2011	Effective rate Dec. 2011 %	June 2012	Effective rate June 2012 %
EUR	1 360	6,83	1 294	6,80	1 668	6,27
USD	8	0,57	6	1,32	176	0,77
AUD	4	8,00	4	8,04	55	4,76
CNY	93	5,75	55	6,57	47	6,52
JPY	35	0,22	42	0,85	42	0,56
MUR	24	7,87	26	7,87	26	7,95
Other currencies (1)	205	5,19	137	5,44	148	5,59
Long and short-term borrowings	**1 729**	**6,43**	**1 564**	**6,51**	**2 162**	**5,66**
Long and short-term finance lease liabilities	91		82		60	
Purchase commitments	4		4		7	
Liability derivatives	26		15		19	
Other short-term financial liabilities and bank overdrafts	32		52		34	
Long and short-term debt	**1 882**		**1 717**		**2 282**	

(1) including about CZK €22 million and CHF €21 million as at June 30, 2012.

In € millions	June 2011	Dec. 2011	June 2012
Long-term debt	1 709	1 593	1 778
Short-term debt	173	124	504
Total long and short-term debt	**1 882**	**1 717**	**2 282**

Note 29.B Maturities of debt

At June 30, 2012, maturities of debt were as follows:

In € millions	June 2011	Dec. 2011	June 2012
Year Y+1	173	122	504
Year Y+2	515	761	756
Year Y+3	790	435	29
Year Y+4	24	25	29
Year Y+5	17	20	609
Year Y+6	12	262	278
Beyond	351	92	77
Total long and short-term debt	**1 882**	**1 717**	**2 282**

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 ».

On June 30, 2012, unused long term committed lines are amounting to €1,680 million, expiring between July 2013 and May 2016 (see Note 2.E).

First-half 2012 financial costs amounted to €37 million. Future financial costs are estimated at €258 million for the period from July 2012 to June 2016 and €50 million thereafter.

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.

2011 financial costs amounted to €99 million. Future financial costs were estimated at €221 million for the period from January 2012 to December 2015 and €38 million thereafter.

These estimates are based on the average cost of debt of the end 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, 2012, long and short-term debt breaks down as follows before hedging transactions:

In € millions	Total debt		
	Amount	Rate	% of total debt
EUR	1 983	4,98%	92%
CNY	47	6,52%	2%
MUR	26	7,95%	1%
AUD	4	7,83%	0%
Other currencies	102	6,94%	5%
Total long and short-term debt	**2 162**	**5,15%**	**100%**

Long and short-term debt after currency and interest rate hedging breaks down as follows at June 30, 2012:

In € millions	Total debt		
	Amount	Rate	% of total debt
EUR	1 668	6,27%	77%
USD	176	0,77%	8%
AUD	55	4,76%	3%
CNY	47	6,52%	2%
JPY	42	0,56%	2%
MUR	26	7,95%	1%
Other currencies	148	5,59%	7%
Total long and short-term debt	**2 162**	**5,66%**	**100%**

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

In € millions	Total debt	
	Amount	Rate
June 2011	1 729	6,43%
December 2011	1 564	6,51%
June 2012	2 162	5,66%

At June 30, 2012, 78% of long and short-term debt was fixed rate, with an average rate of 6.36%, and 22% was variable rate, with an average rate of 3.22%.

At June 30, 2012, fixed rate debt was denominated primarily in EUR (97%), while variable rate debt was denominated mainly in USD (36%), AUD (11%) and CNY (10%).

None of the loan agreements include any rating triggers. However, certain loan agreements include acceleration clauses that may be triggered in the event of a change of control, following the acquisition of more than 50% of outstanding voting rights. Of the overall gross debt of €2,162 million, a total of €1,637 million worth is subject to such clauses. In the case of bonds, the acceleration clause can be triggered only if the change of control leads to Accor's credit rating being downgraded to non-investment grade.

Note, however, that in the case of the syndicated loan negotiated in May 2011, the acceleration clause can be triggered if Accor does not comply with the leverage ratio covenant (consolidated net debt to consolidated EBITDA).

None of the loan agreements include a cross default clause requiring immediate repayment in the event of default on another facility. Cross acceleration clauses only concern loans for periods of at least three years; these clauses would be triggered solely for borrowings and only if material amounts were concerned.

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, 2012:

Forward sales and currency swaps In € millions	Maturity 2012	Maturity 2013	June 30,2012 Nominal amount	June 30,2012 Fair value
USD	176	-	176	(2)
AUD	51	-	51	2
JPY	42	-	42	1
CZK	22	-	22	-
HUF	10	-	10	-
Other	15	-	15	-
				-
Forward sales	**316**	**-**	**316**	**1**

Forward purchases and currency swaps In € millions	Maturity 2012	Maturity 2013	June 30,2012 Nominal amount	June 30,2012 Fair value
GBP	37	127	164	(2)
HKD	128	-	128	(1)
CHF	12	5	17	-
PLN	8	-	8	-
Other	2	-	2	-
Forward purchases	**187**	**132**	**319**	**(3)**
TOTAL CURRENCY HEDGING	**503**	**132**	**635**	**(2)**

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, 2012, currency instruments had a positive fair value of €2 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, 2012:

In € millions	2012	2013	2014	Beyond	June 30,2012 Notional amount	June 30,2012 Fair value
EUR: Fixed-rate borrower swaps and caps	-	352	4	-	356	18
Interest rate hedges	**-**	**352**	**4**	**-**	**356**	**18**

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, 2012, interest rate instruments had a negative fair value of €18 million.

3. Fair value

3.1 Fair value of financial instruments

The carrying amount and fair value of financial instruments at June 30, 2012 are as follows:

In € millions		June 30,2012 Carrying amount	June 30,2012 Fair value
FINANCIAL LIABILITIES		**2 282**	**2 443**
Bonds	(1)	1 637	1 798
Bank borrowings		320	320
Finance lease liabilities		60	60
Other financial liabilities		246	246
Interest rate derivatives *(Cash Flow Hedge)*	(2)	18	18
Currency derivatives (*Fair Value Hedge*)	(2)	1	1
FINANCIAL ASSETS		**(1 478)**	**(1 478)**
Marketable securities		(1 200)	(1 200)
Cash		(129)	(129)
Other		(146)	(146)
Interest rate derivatives (*Cash Flow Hedge*)	(2)	-	-
Currency derivatives (*Fair Value Hedge*)	(2)	(3)	(3)
NET DEBT		**804**	**965**

(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).

3.2 Fair value of marketable securities

The carrying amount and fair value of marketable securities at June 30, 2012 are as follows:

In € millions		June 30,2012 Carrying amount	June 30,2012 Fair value
Other negotiable debt securities	(a)	-	-
Money market securities	(b)	(1 176)	(1 176)
Mutual fund units convertible into cash in less than three months (*)	(c)	(18)	(18)
Other (accrued interest)		(6)	(6)
Total marketable securities		**(1 200)**	**(1 200)**

(*) 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, 2012, 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	Stable	March 9, 2012
Fitch Ratings	BBB-	F-3	May 25, 2011	Stable	May 25, 2011

Standard & Poor's reaffirmed Accor's ratings on March 9, 2012 whereas Fitch reaffirmed Accor's ratings and outlooks on May 23, 2012

Note 30. Net Debt and Net Cash

Net debt breaks down as follows:

In € millions	June 2011	Dec. 2011	June 2012
Other long-term financial debt (1)	1 624	1 524	1 719
Long-term finance lease liabilities	81	69	58
Short-term borrowings	151	106	483
Bank overdrafts	-	3	3
Liabilities derivatives	26	15	19
Total debt	**1 882**	**1 717**	**2 282**
Short-term loans	(20)	(26)	(36)
Marketable securities (2)	(1 171)	(1 279)	(1 200)
Cash	(84)	(85)	(129)
Asset derivatives	-	(6)	(3)
Short-term receivables on disposals of assets	(48)	(95)	(110)
Financial Assets	**(1 323)**	**(1 491)**	**(1 478)**
Net debt	**559**	**226**	**804**

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

In € millions	June 2011	Dec. 2011	June 2012
Net debt at beginning of period	**730**	**730**	**226**
Change in long-term debt	(78)	(191)	185
Change in short-term financial liabilities	(28)	(81)	380
Cash and cash equivalents change	(112)	(220)	38
Changes in other current financial assets	47	(12)	(25)
Changes for the period	**(171)**	**(504)**	**578**
Net debt at end of period	**559**	**226**	**804**

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 2011	Dec. 2011	June 2012
Balance sheet cash and cash equivalents	**1 255**	**1 370**	**1 332**
Bank overdrafts	-	(3)	(3)
Derivatives included in liabilities	(26)	(15)	(19)
Cash flow Statement cash and cash equivalents	**1 229**	**1 352**	**1 310**

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

At December 31, 2011, and June 30, 2012, financial assets and liabilities broke down as follows by category:

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										
Bonds and other negotiable debt securities										
Loans and receivables						**2 026**				
Short-term loans		26				**26**				
Long-term loans		138				**138**				
Receivables on disposals of assets			95			**95**				
Deposits				145		**145**				
Trade receivables					364	**364**				
Money Market securities	1 252					**1 252**				
Other	6					**6**				
Available for sale financial assets						**77**				**77**
Investments in non-consolidated companies				56		**56**			56	**56**
Mutual fund units convertible into cash	21					**21**	21			**21**
Other										
Financial assets at fair value						**6**				**6**
Interest rate derivatives	-					**-**		-		**-**
Currency derivatives	6					**6**		6		**6**
Cash at bank	85					**85**				
Financial assets at December 31, 2011	**1 370**	**164**	**95**	**201**	**364**	**2 194**	**21**	**6**	**56**	**83**

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										
Other negotiable debt securities										
Loans and receivables						**2 036**				
Short-term loans		36				**36**				
Long-term loans		147				**147**				
Receivables on disposals of assets			110			**110**				
Deposits				140		**140**				
Trade receivables					421	**421**				
Money Market securities	1 176					**1 176**				
Other	6					**6**				
Available for sale financial assets						**73**				**73**
Investments in non-consolidated companies				55		**55**			55	**55**
Mutual fund units convertible into cash	18					**18**	18			**18**
Other										
Financial assets at fair value						**3**				**3**
Interest rate derivatives	-					**-**		-		**-**
Currency derivatives	3					**3**		3		**3**
Cash at bank	129					**129**				
Financial assets at June 30, 2012	**1 332**	**183**	**110**	**195**	**421**	**2 241**	**18**	**3**	**55**	**76**

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						**15**				**15**
Currency derivatives	-					**-**		-		**-**
Interest rate derivatives	15					**15**		15		**15**
Financial liabilities at amortised cost						**2 341**				
Other bonds		1 042				**1 042**				
Bank Borrowings		286	34			**320**				
Finance lease liabilities			13	69		**82**				
Other debts		196	59			**255**				
Trade payables					642	**642**				
Cash at bank	**3**					**3**				
Financial liabilities at December 31, 2011	**18**	**1 524**	**106**	**69**	**642**	**2 359**	**-**	**15**	**-**	**15**

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						**19**				**19**
Currency derivatives	1					**1**		1		**1**
Interest rate derivatives	18					**18**		18		**18**
Financial liabilities at amortised cost						**2 842**				
Other bonds		1 244	393			**1 637**				
Bank Borrowings		276	44			**320**				
Finance lease liabilities			2	58		**60**				
Other debts		200	43			**243**				
Trade payables					582	**582**				
Cash at bank	**3**					**3**				
Financial liabilities at June 30, 2012	**22**	**1 720**	**482**	**58**	**582**	**2 864**	**-**	**19**	**-**	**19**

* 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 2011	Dec. 2011	June 2012
Economy Hotels US business	-	-	1 567
Onboard Train Services business	35	28	31
Lenôtre	77	-	-
Disposal groups classified as held for sale	42	151	92
Non-current assets classified as held for sale	269	207	37
Total Assets classified as Assets held for sale	**423**	**386**	**1 727**
Economy Hotels US business	-	-	1 046
Onboard Train Services business	32	26	23
Lenôtre	34	-	-
Liabilities related to Disposal Groups classified as held for sale	3	63	7
Total Liabilities classified as liabilities of assets classified as held for sale	**69**	**89**	**1 076**

A. Economy Hotels US Business

In May 2012, Accor decided to sell all of its Economy Hotels US Business. The disposal to Blackstone Real Estate Partners VII will be completed in October 2012 (see Note 2.A.3).

At June 30, 2012, in accordance with IFRS 5 "Non-current assets held for sale and discontinued operations", all of the Economy Hotels US assets and liabilities (excluding equity and intra-group debt amounting to €521 million) were reclassified in the consolidated accounts as "Assets held for sale" and "Liabilities related to assets held for sale".

In € millions	June 2012
Non-current assets	1 518
Current assets	49
Total assets classified as Assets held for sale	**1 567**
Non-bank debt related to the acquisition of leased hotels following the exercise of purchase options	876
Other liabilities	170
Total liabilities classified as liabilities held for sale	**1 046**

It was highly probable at June 30, 2012 that the purchase options on the leased hotels would be exercised and firm agreements had been signed before the interim accounts had been closed. Consequently, the assets, liabilities and costs related to the acquisition of the hotels for which the purchase options are expected to be exercised before the sale of the Economy Hotels US business has been completed are recognized in the first-half 2012 consolidated financial statements.

B. Onboard Train Services

On July 7, 2010, as part of its strategic refocusing on hotels, Accor sold Onboard rail catering businesses in France, Austria and Portugal and part of the Italian business to Newrest through a joint venture that was 60% owned by Newrest and 40% by Accor. The sale was completed in the second half of 2010.

At December 31, 2010, as Accor also intended to sell its 40% stake in the joint venture, the underlying assets and liabilities were classified under “Assets held for sale" and "Liabilities related to assets held for sale". An active program to locate a buyer for the 40% stake had been initiated at December 31, 2011. Consequently, the Group considered that the continued classification of the underlying assets and liabilities under “Assets held for sale" and "Liabilities related to assets held for sale" at the end of 2011 was justified based on IFRS 5 “Non-Current Assets Held for Sale and Discontinued Operations”.

During the first-half of 2012, the 40% stake in the joint venture and Accor’s remaining 17% direct interest in the Austrian subsidiary were sold to Newrest (see Note 2.A.1.2). As Accor still intends to sale its Italian Onboard day Train Services business, the related assets and liabilities remained classified under "Assets held for sale" and "Liabilities related to assets held for sale" at June 30, 2012.

In € millions	June 2011	Dec. 2011	June 2012
Property, plant and equipment and intangible assets	4	5	4
Other assets	31	23	27
Total assets classified as Assets held for sale	**35**	**28**	**31**
Financial debt	0	-	-
Other liabilities	32	26	23
Total liabilities classified as liabilities held for sale	**32**	**26**	**23**

C. 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 (see Note 2.A.1.3).

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
Property, plant and equipment and intangible assets	51
Other assets	26
Total assets classified as Assets held for sale	**77**
Financial debt	-
Other liabilities	34
Total liabilities classified as liabilities held for sale	**34**

D. Other assets held for sale

In € millions		June 2011	Dec. 2011	June 2012
Disposal group to be sold in China	(a)	10	79	50
Disposal group to be sold in Germany	(b)	32	31	31
Disposal group to be sold in Poland		-	7	11
Disposal group to be sold in South Africa	(c)	-	34	-
Disposal groups classified as "held for sale"		**42**	**151**	**92**
Hotels to be sold in France	(d)	180	83	10
Hotels to be sold in the Netherlands	(e)	-	1	16
Hotels to be sold in Poland		7	5	6
Hotels to be sold in the United States	(f)	78	113	-
Hotels to be sold in China	(a)	-	2	-
Land to be sold in Brazil		-	1	4
Land to be sold in Hungary		3	-	-
Other		1	2	1
Non-current assets classified as held for sale		**269**	**207**	**37**

In accordance with IFRS 5, these assets were reclassified in the consolidated balance sheet under “Assets held for sale”.

(a) At December 31, 2011, the Group planned to sell two Ibis units and one Novotel unit in China. The hotels will be sold in the second-half of 2012.

(b) At December 31, 2010, the Group planned to sell one Novotel unit in Germany. The carrying amount of this asset at that date was €31 million. The hotel will be sold in the second-half of 2012.

(c) At December 31, 2011, the Group planned to sell 20 Formule 1 units in South Africa. The €34 million carrying amount of these hotels was reclassified under “Assets held for sale”. The hotels were sold on April, 1st, 2012.

(d) At December 31, 2011, 12 hotels had been reclassified as assets held for sale, for an aggregate carrying amount of €83 million of which €73 million concerned the Pullman Paris Rive Gauche. The hotels were sold in the first-half of 2012.
At June 30, 2012, 8 hotels had been reclassified as assets held for sale, for an aggregate carrying amount of €10 million of which €5 million concerned the Mercure Lyon Beaux Arts.

(e) At June 30, 2012, the Group planned to sell the MGallery Amsterdam. The carrying amount of this asset at that date was €16 million.

(f) In 2011, in line with the asset management policy, the Group planned to sell 53 Motel 6 units and one Novotel unit in the United States. In accordance with IFRS 5, the €113 million carrying amount of these hotels was reclassified under “Assets held for sale”, of which €52 million concerned the Novotel New-York Times Square. Novotel New York was sold during the first-half of 2012 (see Note 2.A.2.2). The other assets have been reclassified in assets held for sale in the framework of the sale of the Economy Hotels US business (see Note 2.A.3).

Note 33. Provisions

Movements in long-term provisions between December 31, 2011 and June 30, 2012 can be analyzed as follows:

In € millions	December 31, 2011	Equity impact	Increases	Utilizations	Reversals of unused provisions	Translation adjustment	Reclassifications and changes in scope	June 30, 2012
- Provisions for pensions (*)	74	21	5	(3)	(1)	1	(0)	97
- Provisions for loyalty bonuses (*)	20	-	2	(1)	(0)	(1)	0	20
- Provisions for claims and litigation and others contingencies	7	-	-	-	(0)	1	(1)	7
TOTAL LONG-TERM PROVISIONS	**101**	**21**	**7**	**(4)**	**(1)**	**1**	**(1)**	**124**

(*) See Note 33.C

Movements in short-term provisions between December 31, 2011 and June 30, 2012 can be analyzed as follows:

In € millions	December 31, 2011	Increases	Utilizations	Reversals of unused provisions	Translation adjustment	Reclassifications and changes in scope	June 30, 2012
- Tax provisions	30	1	-	(1)	(1)	-	29
- Restructuring provisions	23	11	(16)	(1)	0	(0)	17
- Provisions for claims and litigation and others contingencies	141	10	(8)	(7)	(1)	0	135
TOTAL SHORT-TERM PROVISIONS	**194**	**22**	**(24)**	**(9)**	**(2)**	**(0)**	**181**

At June 30, 2012, ordinary provisions for claims and litigation and others include:

- €38 million provisions for various claims ;
- €6 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 2011	Dec. 2011	June 2012
EBIT	10	0	2
Finance cost, net	-	(0)	1
Provision for losses on hotel properties	(2)	3	(7)
Provision on other assets and restructuring provisions	(6)	2	(5)
Provision for tax	9	(9)	0
TOTAL	**11**	**(4)**	**(9)**

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 benefits).

Short-term benefit obligations are recognized in the balance sheets of the Group entities concerned.
Post-employment benefits are provided under either defined contribution or defined benefit plans.

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 (49% of the obligation), in the Netherlands (22% of the obligation), and in Switzerland (9% 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.

2011	France	Europe excluding France						Worldwide Structures	Other countries
		Netherlands	Germany	Belgium	Poland	Switzerland	Italy		
Rate of future salary increases	3,0%	2,0%	1,5%	3,0%	3%	1,5%	N/A	3%-4%	2%-10%
Discount rate	4,6%	4,6%	4,6%	4,6%	5,5%	2,2%	4,6%	4,6%	4% - 8,7%
Expected Rates of return on 2011 plan assets	N/A	4%- 4,5%	4,0%	4,5%	N/A	3,25%	N/A	4,5%	N/A
Expected Rates of return on 2012 plan assets	N/A	4%- 4,5%	4,0%	4,5%	N/A	3,25%	N/A	4,5%	N/A

June 2012	France	Europe excluding France						Worldwide Structures	Other countries
		Netherlands	Germany	Belgium	Poland	Switzerland	Italy		
Rate of future salary increases	3,0%	2,0%	1,5%	3,0%	3%	1,5%	N/A	3%-4%	2%-10%
Discount rate	3,4%	3,4%	3,4%	3,4%	5,5%	2,2%	3,4%	3,4%	4% - 8,7%
Expected Rates of return on 2011 plan assets	N/A	4%- 4,5%	4,0%	4,5%	N/A	3,25%	N/A	4,5%	N/A
Expected Rates of return on 2012 plan assets	N/A	4%- 4,5%	4,0%	4,5%	N/A	3,25%	N/A	4,5%	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.

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, 2012

In € millions	Pensions	Other post-employment benefits (*)	Total
Present value of funded obligation	127	-	**127**
Fair value of plan assets	(89)	-	**(89)**
Excess of benefit obligation/(plan assets)	**38**	**-**	**38**
Present value of unfunded obligation	-	70	**70**
Unrecognized past service cost	-	9	**9**
Liability recognized in the balance sheet	**38**	**79**	**117**

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

At December 31, 2011

In € millions	Pensions	Other post-employment benefits (*)	Total
Present value of funded obligation	118	-	**118**
Fair value of plan assets	(88)	-	**(88)**
Excess of benefit obligation/(plan assets)	**30**	**-**	**30**
Present value of unfunded obligation	-	54	**54**
Unrecognized past service cost	-	10	**10**
Liability recognized in the balance sheet	**30**	**64**	**94**

(*) 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	France	Netherlands	Germany	Belgium	Poland	Switzerland	Italy	Worldwide structures	Other	Total	Other benefits	Total	Total
	Pensions										Other benefits		
	June 2012										June 2012	June 2012	Dec. 2011
		Europe excluding France											
Projected benefit obligation at the beginning of the period	**18**	**34**	**10**	**12**	**1**	**13**	**4**	**56**	**5**	**152**	**20**	**172**	**184**
Current service cost	1	0	0	0	0	0	-	2	0	**4**	**1**	**5**	**11**
Interest Cost	0	1	0	0	0	0	0	1	0	**3**	**0**	**4**	**8**
Employee contributions for the period	-	0	-	0	-	0	-	-	-	**1**	**-**	**1**	**1**
Past services costs not recognized	-	-	-	-	-	-	-	-	-	**-**	**-**	**-**	**(10)**
(Gains) losses on curtailments/settlements	(0)	-	-	-	(0)	-	-	-	(0)	**(1)**	**(0)**	**(1)**	**(8)**
Effect of changes in scope of consolidation	(0)	-	-	-	-	-	-	-	-	**(0)**	**-**	**(0)**	**(5)**
Benefits paid during the period	(0)	(1)	(0)	-	(0)	(1)	(0)	(1)	(0)	**(4)**	**(1)**	**(5)**	**(10)**
Actuarial (gains)/losses recognised during the period	-	-	-	-	-	-	-	21	-	**21**	**-**	**21**	**1**
Exchange differences	-	-	-	-	0	0	-	-	(0)	**0**	**0**	**0**	**(1)**
Transfers at beginning of period	-	-	-	-	-	-	-	0	-	**0**	**-**	**0**	**-**
Other	0	-	-	-	-	-	-	-	-	**0**	**-**	**0**	**(0)**
Reclassification of Onboard Train Services in "Assets held for sale"	-	-	-	-	-	-	0	-	-	**0**	**-**	**0**	**(0)**
Projected benefit obligation at the end of the period	**18**	**34**	**10**	**13**	**1**	**12**	**4**	**80**	**5**	**177**	**20**	**197**	**172**

In € millions	France	Netherlands	Germany	Belgium	Poland	Switzerland	Italy	Worldwide structures	Other	Total	Other benefits	Total	Total
		Europe excluding France											
Fair value of plan assets at the beginning of the period	**-**	**34**	**5**	**9**	**-**	**9**	**-**	**32**	**-**	**89**	**-**	**89**	**85**
Actual return on plan assets	-	1	0	0	-	0	-	1	-	**2**	**-**	**2**	**1**
Employers contributions for the period	-	0	0	1	-	0	-	0	-	**1**	**-**	**1**	**3**
Employee contributions for the period	-	0	-	0	-	0	-	-	-	**1**	**-**	**1**	**1**
Benefits paid during the period	-	(1)	(0)	-	-	(1)	-	(1)	-	**(3)**	**-**	**(3)**	**(5)**
Liquidation of plan	-	-	-	-	-	-	-	-	-	**-**	**-**	**-**	**-**
Effect of changes in scope of consolidation	-	-	-	-	-	-	-	-	-	**-**	**-**	**-**	**(0)**
Exchange differences	-	-	-	-	-	0	-	-	-	**0**	**-**	**0**	**0**
Transfers at beginning of period	-	-	-	-	-	-	-	-	-	**-**	**-**	**-**	**2**
Other	-	-	-	-	-	-	-	-	-	**-**	**-**	**-**	**-**
Fair value of plan assets at the end of the period	**-**	**34**	**5**	**10**	**-**	**9**	**-**	**32**	**-**	**90**	**-**	**90**	**88**

In € millions	France	Netherlands	Germany	Belgium	Poland	Switzerland	Italy	Worldwide structures	Other	Total	Other benefits	Total	Total
		Europe excluding France											
Unfunded obligation at the end of the period	**18**	**-**	**5**	**3**	**1**	**3**	**4**	**49**	**5**	**88**	**20**	**108**	**84**
Reclassification of Onboard Train Services in "Assets held for sale"	-	-	-	-	-	-	0	-	-	**0**	**-**	**0**	**(0)**
Past services cost not recognized	3	-	-	-	-	-	-	6	-	**9**	**-**	**9**	**10**
Provision at the end of the exercice	**21**	**-**	**5**	**3**	**1**	**3**	**4**	**55**	**5**	**97**	**20**	**117**	**94**

In € millions	France	Netherlands	Germany	Belgium	Poland	Switzerland	Italy	Worldwide structures	Other	Total	Other benefits	Total	Total
		Europe excluding France											
Current service cost	1	0	0	0	0	0	-	2	0	**4**	**1**	**5**	**11**
Interest cost	0	1	0	0	0	0	0	1	0	**3**	**0**	**4**	**8**
Expected return on plan assets	-	(1)	(0)	(0)	-	(0)	-	(1)	-	**(2)**	**-**	**(2)**	**(4)**
Past service cost recognized during the period	(0)	-	-	-	-	-	-	(0)	-	**(0)**	**-**	**(0)**	**-**
(Gains) losses on curtailments/settlements	(0)	-	-	-	(0)	-	-	-	(0)	**(1)**	**(0)**	**(1)**	**(9)**
Others	-	-	-	-	-	-	-	-	-	**-**	**-**	**-**	**-**
Actuarial (gains)/losses recognised during the period for long-term employee benefits	(0)	-	-	-	-	-	-	-	0	**-**	**-**	**-**	**-**
Expense for the period	**0**	**0**	**0**	**1**	**0**	**0**	**0**	**2**	**1**	**4**	**2**	**6**	**7**

In € millions	France	Netherlands	Germany	Belgium	Poland	Switzerland	Italy	Worldwide structures	Other	Total	Other benefits	Total	Total
		Europe excluding France											
Actuarial (gains) losses recognized in equity	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**21**	**-**	**21**	**-**	**21**	**3**

Reconciliation of provisions for pensions between January 1, 2011 and June 30, 2012

In € millions	Amount
Provision at January 1, 2011	**99**
Charge for the year	7
Benefits paid	(8)
Actuarial gains and losses recognized in equity	3
Changes in scope of consolidation	(1)
Other	(2)
Sale of Lenôtre	(4)
Provision at December 31, 2011	**94**
Charge for the year	6
Benefits paid	(4)
Actuarial gains and losses recognized in equity	21
Changes in exchange rates	0
Other	-
Provision at June 30, 2012	**117**

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

In € millions	June 2011	Dec. 2011	June 2012
Actuarial debt			
Actuarial gains and losses related to experience adjustment	-	11	-
Actuarial gains and losses related to changes in assumptions	1	(8)	21
Fair value on assets			
Actuarial gains and losses related to experience adjustment	-	(2)	-

Detail of plan assets

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

Sensitivity analysis

At December 31, 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 €8.3 million reduction in the projected benefit obligation, a 0.5-point decrease in the discount rate would lead to a €9.1 million increase in the projected benefit obligation. The impact on the cost for the year would not be material.

At June 30, 2012, 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 €8.2 million reduction in the projected benefit obligation, a 0.5-point decrease in the discount rate would lead to a €8.8 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	2011 (*)	June 2011 (*)	June 2012	June 2011 Published	2011 Published
Net Profit, Group share	248	62	80	40	29
Minority interests	23	11	9	11	23
Depreciation, amortization and provision expense	333	178	163	207	391
Share of profit of associates, net of dividends received	7	8	(7)	8	7
Deferred tax	(8)	(1)	3	0	100
Change in financial provisions and provisions for losses on asset disposals	102	40	53	48	194
Funds from operations from discontinued operations	25	6	(394)	(10)	(14)
FUNDS FROM OPERATIONS INCLUDING NON-RECURRING TRANSACTIONS	**730**	**304**	**(93)**	**304**	**730**
(Gains) losses on disposals of assets, net	(133)	(37)	(47)	(36)	(131)
(Gains) losses on non-recurring transactions (included restructuring costs and exceptional taxes)	98	42	56	46	124
Non-recurring items from discontinued activities	33	10	434	5	5
FUNDS FROM OPERATIONS EXCLUDING NON-RECURRING TRANSACTIONS	**728**	**319**	**350**	**319**	**728**

(*) In accordance with IFRS 5 "Non-Current Assets Held for Sale and Discontinued Operations" in the reconciliation of Funds from operations for the six months ended June 30, 2011 and the year ended December 31, 2011, the income statement items of 2012 discontinued operations are reported on a separate line (see Note 17)

Note 35. Change in Working Capital

The change in working capital can be analyzed as follows:

In € millions	Dec. 2011	June 2012	Change
Inventories	41	47	6
Trade receivables	364	421	57
Other receivables and accruals	680	487	(193)
WORKING CAPITAL ITEMS - ASSETS	**1 085**	**955**	**(130)**
Trade payables	642	582	(60)
Other payables	1 333	1 127	(206)
WORKING CAPITAL ITEMS - LIABILITIES	**1 975**	**1 709**	**(266)**
WORKING CAPITAL	**890**	**754**	**(136)**

December 31, 2011 WORKING CAPITAL	**890**
Change in operating working capital	(167)
Change in operating working capital of discontinued operations	59
Working capital items included in development expenditure	(3)
Working capital items included in asset disposals and assets reclassified as held for sale	(46)
Translation adjustment	6
Provisions	(0)
Reclassifications	15
NET CHANGE IN WORKING CAPITAL	**(136)**
June 30, 2012 WORKING CAPITAL	**754**

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	2011 (*)	June 2011 (*)	June 2012	June 2011 published	2011 published
HOTELS	**261**	**79**	**93**	**92**	**296**
- Upscale and Midscale Hotels	148	40	55	40	148
- Economy	113	39	38	39	113
- Economy US	-	-	-	13	35
OTHER BUSINESSES	**7**	**2**	**2**	**2**	**7**
RENOVATION AND MAINTENANCE EXPENDITURE	**268**	**81**	**95**	**94**	**303**

(*) In line with IFRS 5, renovation and maintenance expenditure of the Economy Hotels US and Onboard train services businesses is not presented in this table. Renovation and maintenance expenditure of the Economy Hotels US business amounted to €11 million at June, 30, 2012.

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 "Statement of cash flows") 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 2012 (*)	June 2011 (*)	Dec. 2011 (*)
HOTELS		**3**	**47**	**21**	**3**	**187**	**8**	**269**	**72**	**275**
Upscale and Midscale Hotels	(1)	2	15	21	0	174	8	**220**	**45**	**205**
Economy Hotels		1	32	-	3	13	-	**49**	**27**	**70**
Economy Hotels US		-	-	-	-	-	-	-	-	-
OTHER BUSINESSES		**-**	**5**	**-**	**-**	**-**	**-**	**5**	**10**	**16**
Total June 30, 2012		**3**	**52**	**21**	**3**	**187**	**8**	**274**		
Total June 30, 2011		**23**	**18**	**-**	**9**	**22**	**10**		**82**	
Total December 31, 2011		**54**	**70**	**-**	**97**	**70**	**-**			**291**

(*) In accordance with IFRS 5, development expenditure of the Economy Hotels US and Onboard Train Services businesses is not presented in this note.
(**) "Worldwide Structures" corresponds to development expenditure that is not specific to a single geographic region.

Development expenditure in first-half 2012 amounted to €274 million:

(1) Including:
  a. €167 million related to the Mirvac acquisition (see Note 2.B.1.5)
  b. €21 million deposit related to the Sofitel Los Angeles (see Note 23)

Development expenditure related to discontinued operations

Development expenditure of the Economy Hotels US and Onboard Train Services businesses amounted to:
- €15 million at June 30, 2011, of which €14 million related to the Economy Hotels US business.
- €98 million at December 31, 2011, of which €96 million related to the Economy Hotels US business.
- €805 million at June 30, 2012, related to the Economy Hotels US business (see Note 2.A.3).

Note 38. Segment Information

A. Chief operating decision maker

Accor's chief operating decision maker is Executive management, assisted by the Executive Committee. Executive management assesses the results and performance of each operating segment and makes resource allocation decisions.

B. Operating segments

In line with its strategy of refocusing on the hotel business, in 2010 and 2011 Accor withdrew from the following operating segments:

- Prepaid services, which has been managed independently by Edenred since July 2, 2010.
- Casinos. This business segment was organized around casino management company Groupe Lucien Barrière. Accor sold its 49% interest in Groupe Lucien Barrière in the first quarter of 2011 (see Note 2.A.1.1).
- Onboard train services. This business, specialized in onboard food and hotel services, was sold on July 7, 2010 to a joint venture owned 60% by Newrest and 40% by Accor. The 40% interest held by Accor was subsequently sold to Newrest (see Note 2.A.1.2).
- Food services, consisting mainly of Lenôtre. Accor sold Lenôtre in September 2011 (see Note 2.A.1.3).

In light of these developments, the Group reanalyzed its operating segments in the second half of 2011 based on IFRS 8 – Operating Segments.

1) Hotels

Considering the way in which:

a. The internal reporting system is organized (by country in Europe, by region in the rest of the world, i.e. North America, Latin America & Caribbean, and Asia-Pacific)
b. The chief operating decision-maker analyzes the Group's performance and results (by country in Europe, by region in the rest of the world, i.e. North America, Latin America & Caribbean, and Asia-Pacific)
c. The Group is organized and managed (by country in Europe, by region in the rest of the world, i.e. North America, Latin America & Caribbean, and Asia-Pacific)

based on the principles set out in IFRS 8, the Group's operating segments consist of geographical areas that can be broadly defined as:

- Countries in Europe, and
- Region in the rest of the world.

Under IFRS 8, two or more operating segments may be aggregated into a single operating segment if they exhibit similar economic characteristics and are similar in respect of the nature of their products and services and the type or class of customer they have for their products and services, but also in respect of the methods used to distribute their products or provide their services. Therefore, following an analysis of each of its operating segments, the Group has aggregated all of the European countries except for France in the "Rest of Europe" segment. France, where the entity's headquarters are located, is treated as a separate segment.

The other operating segments correspond to the following regions:

- North America
- Latin America & Caribbean
- Other Countries, corresponding to the Asia-Pacific region

To improve the quality of its disclosures, the Group has decided to continue publishing segment information for the following three hotel sub-segments:

- o Upscale and Midscale hotels, comprising the Sofitel, Pullman, Novotel, Mercure, Adagio and Suite Novotel brands.
- o Economy hotels, comprising the Formule 1, HotelF1, Etap Hôtel/Ibis Budget, All Seasons/Ibis Styles, Adagio Access and Ibis brands.
- o Economy hotels in the United States, comprising the Motel 6 and Studio 6 brands. As of June 30, 2012, the business was being held for sale and was therefore no longer included in the Group's segment reporting (see Note 2.A.3).

2) Other businesses

Other businesses, which are not material compared with the hotel business, include the Group's corporate departments, the food services business sold in 2011 and the casinos business. These are presented as part of the "Other" segment.

C. Segment information

For each of the segments presented, management monitors the following indicators:

- Revenue
- EBITDAR
- Rents
- EBIT

No balance sheet information by segment is reported to the chief operating decision maker.

The above indicators are presented by operating segment in the following notes:

- Note 3 for revenue.
- Note 5 for EBITDAR.
- Note 6 for rents.
- Note 9 for EBIT.

Note that the Group's revenue is derived from a very large number of transactions, of which less than 10% involve a single external customer.

Total assets break down as follows:

At June 30, 2012 In € millions	Hotels	Other Businesses	Total consolidated
Goodwill	731	-	731
Intangible assets	245	5	250
Property, plant and equipment	2 522	60	2 582
Total non-current financial assets	604	22	626
Deferred tax assets	129	22	151
TOTAL NON-CURRENT ASSETS	4 231	109	4 340
TOTAL CURRENT ASSETS	1 400	1 033	2 433
Assets held for sale	1 680	47	1 727
TOTAL ASSETS	**7 311**	**1 189**	**8 500**
SHAREHOLDERS' EQUITY & MINORITY INTERESTS	4 748	(1 730)	3 018
TOTAL NON-CURRENT LIABILITIES	421	1 590	2 011
TOTAL CURRENT LIABILITIES	1 094	1 301	2 395
Liabilities related to assets classified as held for sale	1 048	28	1 076
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**7 311**	**1 189**	**8 500**

At December 31, 2011 En € millions	Hotels	Other Businesses	Total consolidated
TOTAL ASSETS	**6 731**	**1 269**	**8 000**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**6 731**	**1 269**	**8 000**

At June 30, 2012 In € millions	Up and Midscale Hotels	Economy Hotels	Economy Hotels US	Total Hotels
Goodwill	661	70	-	731
Intangible assets	186	59	-	245
Property, plant and equipment	1 465	1 057	-	2 522
Total non-current financial assets	565	39	-	604
Deferred tax assets	114	15	-	129
TOTAL NON-CURRENT ASSETS	2 991	1 240	-	4 231
TOTAL CURRENT ASSETS	1 055	345	-	1 400
Assets held for sale	84	29	1 567	1 680
TOTAL ASSETS	**4 130**	**1 614**	**1 567**	**7 311**
SHAREHOLDERS' EQUITY & MINORITY INTERESTS	3 712	923	113	4 748
TOTAL NON-CURRENT LIABILITIES	305	116	-	421
TOTAL CURRENT LIABILITIES	113	573	408	1 094
Liabilities related to assets classified as held for sale	-	2	1 046	1 048
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**4 130**	**1 614**	**1 567**	**7 311**

At December 31, 2011 En € millions	Up and Midscale	Economy Hotels	Economy Hotels US	Total Hotels
TOTAL ASSETS	**4 019**	**1 620**	**1 092**	**6 731**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**4 019**	**1 620**	**1 092**	**6 731**

At June 30, 2012 In € millions	France	Europe (excl. France)	North America	Latin America & Caribbean	Worldwide Structures	Other countries	Total June 30, 2012
Goodwill	163	218	-	-	54	296	731
Intangible assets	8	111	-	4	31	96	250
Property, plant and equipment	711	1 154	36	173	32	476	2 582
Non-current financial assets	52	59	20	87	19	389	626
Total non-current assets excluding deferred tax assets	934	1 542	56	264	136	1 257	4 189
Deferred tax assets	38	63	1	14	23	12	151
Other assets	530	520	1 581	104	1 040	385	4 160
TOTAL ASSETS	**1 502**	**2 125**	**1 638**	**382**	**1 199**	**1 654**	**8 500**

At December 31, 2011 In € millions	France	Europe (excl. France)	North America	Latin America & Caribbean	Worldwide Structures	Other countries	Total December 31, 2011
Goodwill	169	217	-	-	54	272	712
Intangible assets	8	107	167	4	31	56	373
Property, plant and equipment	744	1 182	703	174	36	418	3 257
Non-current financial assets	53	60	6	94	292	44	549
Total non-current assets excluding deferred tax assets	*974*	*1 566*	*876*	*272*	*413*	*790*	*4 891*
Other assets	*593*	*541*	*287*	*98*	*1 422*	*168*	*3 109*
TOTAL ASSETS	**1 567**	**2 106**	**1 163**	**370**	**1 835**	**959**	**8 000**

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 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 (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 €2.7 million in late interest was 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 had not yet been paid to the tax authorities. Following payment of the tax deficiency in July and August 2011, a tax receivable was recognized as an asset in the balance sheet in an amount of €20.2 million. The asset was immediately written down in full by transferring the same amount from the existing €20.6 million provision, of which the remainder, i.e. €0.4 million, was reversed.

There were no developments in this matter in the first-half of 2012.

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 (ECJ) 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 ECJ on October 19, 2009.

In parallel, Accor was notified of the ECJ's preliminary ruling on September 14, 2009, and filed its observations on November 23.

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

The hearing before the ECJ took place on October 27, 2010 and the Advocate General's opinion was issued on December 22, 2010. The ECJ's final ruling was expected to be handed down on September 15, 2011.

In this ruling, the ECJ held that the French précompte/tax credit system restricts the freedom of establishment and free movement of capital as it treats foreign-sourced dividends differently from nationally-sourced dividends. The Court also ruled that under EU law the French government cannot refuse to reimburse the amount of précompte dividend withholding tax paid by a parent company on the grounds either that (i) such reimbursement would lead to the unjust enrichment of the parent company, or (ii) the sum paid by the parent company does not constitute an accounting or tax charge. The Court further held that the principles of equivalence and effectiveness do not preclude the French government from requiring that any reimbursement of the précompte be subject to the taxpayer furnishing evidence which is in its sole possession, and particularly information relating to the rate of taxation actually applied and the amount of tax actually paid on profits made by subsidiaries and distributed to the parent company. However, the ruling goes on to state that the requirement to produce such information may only apply if it does not prove virtually impossible or excessively difficult to furnish evidence of the payment of the tax and the tax rate applied. No excessive formalities may be imposed in relation to the documents to be supplied. In addition, the Court held that any request for production of such information should be made within the statutory period applicable for holding administrative documents or accounts, as laid down by the law of the Member State in which the subsidiary is established.

On October 26, 2011, Accor filed a statement of case with the French Supreme Court of Appeal to set out its position following the decision of the ECJ. The French State then filed its statement of case on December 8, 2011.

On April 12, 2012, the French Supreme Court of Appeal organized a working session among all the parties involved, including the judges who will be ruling on the case, Accor and its advisors and representatives of the tax authorities, with a view to issuing a ruling. Following this meeting, at the end of June 2012 Accor produced documentary evidence of the EU source dividends and of the tax paid by its European subsidiaries on the distributed amounts. It also returned the tables prepared by the Court after adding the required information based on the documents provided. At the end of July 2012, Accor received the tax authorities' reply to its statement of case issued in March 2012.

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.

Tax dispute in Italy

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

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

The reassessment notices required settlement of the tax deficiencies within 60 days and the companies concerned therefore paid the amounts claimed on December 16, 2011. The cost was shared equally between Accor and Edenred pursuant to an agreement assigning the risk and any resulting costs to the two parties on a 50/50 basis.

The companies believe that the tax reassessment is without merit and, after consulting with their legal and tax advisors, consider that their challenges have a reasonable chance of success. No related impact was recorded in Accor's 2011 and first-half 2012 consolidated income statements.

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, 2012

Note 40.1 Off-balance sheet commitments given

Off-balance sheet commitments (not discounted) given at June 30, 2012 break down as follows:

In € millions		Less than 1 year	1 to 5 years	Beyond 5 years	June 2012 (*)	Dec. 2011	June 2011
Security interests given on assets	(1)	5	60	84	150	**151**	**121**
Purchase commitments	(2)	**57**	**2**	**-**	**59**	**31**	**14**
. Renovation commitment Netherlands	(3)	1	20	-	21	16	21
. Construction performance bonds for Ibis, Etap and Novotel properties (Poland)	(4)	9	-	-	9	9	9
. Renovation commitments under the Predica and Foncière des Murs transaction (France and Belgium)	(5)	1	-	-	1	17	9
. Construction commitments Novotel and Ibis (China)	(6)	1	1	-	2	7	11
. Construction commitments Novotel and Ibis (Algeria)	(7)	3	-	-	3	3	3
. Other renovation commitments	(8)	24	22	12	58	51	61
Capex Commitments		**39**	**42**	**12**	**94**	**103**	**114**
Loan guarantees given		**2**	**11**	**42**	**55**	**34**	**32**
Commitments given in the normal course of business		**10**	**27**	**14**	**51**	**78**	**76**
Contingent liabilities		**4**	**4**	**-**	**8**	**8**	**8**
Total June 30, 2012		**118**	**147**	**151**	**417**		
Total December 31, 2011		**121**	**139**	**145**		**405**	
Total June 30, 2011		**79**	**141**	**145**			**365**

(*) In line with IFRS 5, off-balance sheet commitments given by the Economy Hotels US and Onboard Train Services businesses are not presented in this note. At June 30, 2012, off-balance sheet commitments given by the Onboard Train Services business amounted to €6 million and off-balance sheet commitments given by the Economy Hotels US business amounted to €27 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 (€48 million at June 30, 2012) were given as collateral for a loan used to finance 50% of the hotel’s construction cost.

(2) In connection with property development projects,

a. Accor is committed to carrying out €25 million worth of renovation work on the Sofitel Arc de Triomphe in its capacity as developer. As of June 30, 2012, the remaining work amounted to €23 million.

b. Other purchase commitments correspond mainly to the commitment given in connection with the Mirvac acquisition to purchase two Australian hotels for a total of €22 million. The purchase of the two hotels was completed on August 1, 2012.

(3) Also, in connection with property development projects, Accor is committed to financing renovation of the Novotel Den Haag Forum for €2 million and renovation of the Pullman Eindhoven Cocagne for €16 million. As of June 30, 2012, the work had been completed. In addition, Accor is committed to financing construction of the Suite Novotel Den Haag for €13 million and the Ibis Rotterdam Center for €10 million. Commitments for work in progress at June 30, 2012 amounted to €21 million.

(4) In connection with development plans in Poland, Accor agreed to finance construction of two Ibis Budget hotels (Warzawa Reduta and Krakow Stare Miasto) for €5 million (work completed during first-half 2012), of two Ibis hotels (Warzawa Reduta and Krakow Stare Miasto) for €7 million (work completed during first-half 2012), and of the Novotel Lodz for €9 million. The outstanding commitment concerning Novotel Lodz at June 30, 2012 amounted to €9 million.

(5) In connection with the Predica and Foncière des Murs sale-and-variable leaseback transactions in 2010 (see Note 2.A.2.1), Accor agreed to finance €10 million and €4 million worth of renovation work respectively in France and Belgium. Commitments for work in progress at June 30, 2012 amounted to €1 million.

(6) In connection with development plans in China, Accor issued performance bonds to the developers of 28 Ibis hotels and one Novotel hotel. The Novotel development was completed during first-half 2012. The commitments related to the Ibis hotels at June 30, 2012 amounted to €2 million.

(7) In connection with development plans in Algeria, Accor agreed to finance four hotel projects (Tlemcen, Oran, Bab Ezzouar and Constantine) representing a total of €15 million. As of June 30, 2012, the remaining work amounted to €3 million. As of June 30, 2012, commitments for work in progress amounted to €3 million and concerned only the Constantine Ibis and Constantine Novotel.

(8) Other commitments mainly include €30 million in committed capital expenditure on Australian hotels.

Most sale and leaseback contracts include a commitment by the Group to spend a specified amount on hotel maintenance, generally expressed as a percentage of revenue. These commitments are not included in the above table due to the difficulty of estimating the amounts involved.

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 discounted) received at June 30, 2012 break down as follows:

In € millions	Less than 1 year	1 to 5 years	Beyond 5 years	June 2012 (*)	Dec. 2011	June 2011
Irrevocable commitments received for the purchase of intangible assets and property, plant and equipment (1)	11	-	-	11	11	-
Irrevocable commitments received for the purchase of financial assets (2)	-	-	16	16	8	8
Purchase commitments received	11	-	16	27	19	8
Sellers' warranties received	0	1	-	1	1	0
Other guarantees received in the normal course of business (3) + (4) + (5) + (6)	35	33	0	68	87	104
Other commitments and guarantees received	35	34	0	69	87	104
Total June 30, 2012	46	34	16	96		
Total December 31, 2011	54	44	8		106	
Total June 30, 2011	19	83	10			112

(*) In line with IFRS 5, off-balance sheet commitments received by the Onboard Train Services and Economy Hotels US businesses are not presented in this note. As of June 30, 2012, off-balance sheet commitments received by the Onboard Train Services business amounted to €1 million.

(1) In connection with the Sofitel Arc de Triomphe sale-and-management back transaction (see Note 2.A.2.2), Accor is committed to carrying out renovation work on the hotel in its capacity as developer. The investor is committed to paying €25 million for these renovations. As of June 30, 2012, the remaining amount due by the investor stood at €11 million.

(2) Under the sale-and-management-back transaction concerning the Sofitel The Grand in Amsterdam with SHPH, 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.

(3)

a. Under the second transaction with Accor in 2006 (see Note 2.A.2.1), Foncière des Murs agreed to finance €39 million worth of work. As of June 30, 2012, the remaining work amounted to €0.5 million.
b. In an addendum signed in 2010, Foncière des Murs agreed to finance an additional €39 million work program over the period to end-2014. At the end of December 2011, the related budget was increased by €10 million, raising the total work program to €49 million. As of June 30, 2012, the remaining work amounted to €27 million.

(4) In connection with the sale-and-variable leaseback transactions in France, Belgium and Germany in 2010-2011 (see Note 2.A.2.1), Predica and Foncière des Murs agreed to finance €31 million worth of renovation work in the period to end-2012. As of June 30, 2012, the remaining work amounted to €4 million.

(5) In connection with the early-2011 takeover of the Pullman Paris Montparnasse (ex Méridien Montparnasse), Accor and the lessor (Lehwood Montparnasse) agreed to jointly finance a program of renovation work. Lehwood Montparnasse's commitment amounted to €18 million. As of June 30, 2012, the remaining work to be financed by Lehwood Montparnasse amounted to €18 million, payable in 2013.

(6) At June 30, 2012, there were no other outstanding commitments to finance work programs representing individually more than €2 million.

Purchase options under finance leases are not included in this table.

Note 41. Main Consolidated Companies at June 30, 2012

The main subsidiaries and associates represent 96% of consolidated revenue, 94% of EBITDAR and 86% of EBIT. The many other subsidiaries and associates represent individually less than 0.7% of consolidated revenue, EBITDAR and EBIT.

IG : fully consolidated
IP : consolidated using the proportional method
MEE : accounted for by the equity method
The percentages correspond to the Group's percentage interest

ACCOR SA

HOSPITALITY

France			
Académie France	France	IG	100,00%
Adagio	France	IP	50,00%
All Seasons Hotels	France	IG	100,00%
Devimco	France	IG	99,99%
Ecotel	France	IG	99,45%
Etap Hotels	France	IG	96,00%
Exhotel	France	IG	100,00%
Hotexco	France	IG	100,00%
Mer & Montagne	France	IG	100,00%
Mercure International hotels	France	IG	100,00%
Paris Berthier	France	IG	100,00%
Paris Porte de Saint Cloud	France	IG	100,00%
Pradotel	France	IG	100,00%
Profid	France	IG	100,00%
SNC Exploitation Hôtels Suitehotels	France	IG	100,00%
SNC NMP France	France	IG	100,00%
So Luxury HMC SARL	France	IG	100,00%
Société Commerciale des Hôtels Economiques	France	IG	99,96%
Société de Management Intermarques	France	IG	100,00%
Société d'Etude et de Promotion Hôtelière Internationale	France	IG	100,00%
Société d'exploitation Hôtel Monegasque	Monaco	IG	100,00%
Société Porte de Montreuil	France	IG	99,96%
SIGEST	France	IG	100,00%
Société Hôtelière 18 Suffren	France	IG	100,00%
Société Hôtelière 61 quai de Grenelle	France	IG	100,00%
Société Hôtelière Danton Michelet	France	IG	100,00%
Société Hôtelière de la Porte de Sèvres	France	IG	100,00%
Société Hôtelière Défense Grande Arche	France	IG	100,00%
Société Hôtelière d'Exploitation Marseille	France	IG	100,00%
Société Hôtelière Paris Eiffel Suffren	France	IG	75,00%
Société Hôtelière Toulouse	France	IG	51,44%
Société Parisienne des Hôtels Economiques	France	IG	100,00%
Sofitel Luxury Hotels France	France	IG	100,00%
SOGECA	France	IG	100,00%
Thalamer	France	IG	99,91%
WBA	France	IG	75,01%
Europe Hors France			
Accor Hotelbetriebs GMBH	Austria	IG	100,00%
Pannonia Hotelbetriebs	Austria	IG	99,94%
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	100,00%
Hekon-Hotele Ekonomiczne	Poland	IG	51,55%
Orbis	Poland	IG	51,55%
Portis	Portugal	IG	100,00%
Accor Hoteles Espana	Spain	IG	100,00%
Accor Hospitality Nederland	The Netherland	IG	100,00%
The Grand Real Estate	The Netherland	MEE	40,00%
Berne Messe	Switzerland	IG	60,00%
Accor Gestion Hôteliere & Services	Switzerland	IG	99,88%
Société d'exploitation Hôtelière	Switzerland	IG	99,77%
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%
Accor Canada	Canada	IG	100,00%
Hotelaria de Mexico	Mexico	IG	100,00%
Accor Business And Leisure North America	USA	IG	100,00%
Universal Commercial Credit 5	USA	Operations held for sale	100,00%
IBL Limited LLC	USA		100,00%
Amérique Latine et Caraïbes			
Accor Hospitality Arg	Argentina	IG	100,00%
Accor Chile	Chile	IG	100,00%
Sociedad de desarollo de hoteles peruanos (SDHP)	Peru	IG	100,00%
Hotelaria Accor Brasil	Brazil	IG	100,00%
Autres Pays			
Accor Hotel SAE	Egypt	IG	99,76%
Accor Asia Pacific Corp	Asia/Australia	IG	100,00%
Accor Australia and New Zealand Hospitality	Australia /New Zealand	IG	100,00%
AAPC India Hotel Management Private	India	IG	70,00%
Accor Gestion Maroc	Marocco	IG	83,35%
RISMA	Marocco	MEE	33,46%
Société immobilière d'exploitation algérienne	Algeria	IP	50,00%
Safari club	French Polynesia	IG	100,00%
Compagnie Hoteliere du Pacifique	French Polynesia	IG	100,00%
Société Hoteliere La Lagune	Ivory Coast	IG	100,00%
Société Abidjannaise Hoteliere	Ivory Coast	IG	99,99%

OTHER SERVICES

Soc. d'Exploitation des Résidences Hôtelières Rail	France	IP	50,00%
COMPAGNIE INTERNATIONALE DES WAGONS LITS & TOURISME (*) - Belgium			
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 Companie Internationale des Wagons Lits & Tourisme

Note 42. Additional Information about Jointly-controlled Entities

In € millions	Current assets	Non-current assets	Current liabilities	Non-current liabilities (excluding shareholders' equity and minority interests)	Revenue for the Group	Costs for the Group
Reef Casinos	6	32	(9)	47	10	(9)
Adagio	18	11	29	(1)	10	(9)
Société d'Exploitation des Résidences Hôtelières Rail	10	0	8	2	20	(18)
Société Immobilière d'Exploitation Hôtelière Algérienne	6	16	4	18	5	(5)
Ibis Colombie	0	6	0	6	1	(1)
Blaha (Nemzeti hotel)	0	(1)	0	(1)	-	(0)

The above figures correspond to Group share.

Accor has not incurred any material contingent liabilities or entered into any binding capital commitments in relation to these investments.

Note 43. 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 2012.

✓ **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 44.

✓ **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 2011 and 2012.

Note 44. Corporate Officers' Compensation

In € millions	June 2011		2011		June 2012	
	Expenses	Balance sheet amount	Expenses	Balance sheet amount	Expenses	Balance sheet amount
Short-term benefits received	4	2	10	6	3	3
Post-employment benefits	1	3	2	4	1	6
Other long-term benefits	-	-	-	-	-	-
Compensation for loss of office	2	0	3	0	-	-
Share-based payments	1	-	2	-	2	-
Total compensation	**8**	**5**	**17**	**10**	**6**	**9**

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, 2012.

Members of the Board of Directors do not receive any compensation and receive only fees. Directors' fees paid in 2012 by the Group to the members of the Supervisory Board for year 2011 amounted to €512,800.

Note 45. Fees Paid to the Auditors

The table below shows the total fees billed by the Auditors recognized in the income statements in 2012 and prior year.

In € millions	**June 2011 (*)**	**2011 (*)**	**June 2012 (*)**
Statutory and contractual audit fees	(5)	(9)	(5)
Fees for audit-related services	(0)	(0)	(0)
Total fees billed by the Auditors	**(5)**	**(9)**	**(5)**

(*) The fees paid by companies reclassified as discontinued operations according to IFRS 5 are included in this chart.

Note 46. Subsequent Events

Accor consolidates its leadership in emerging market with the acquisition of the South American portfolio of Grupo Posadas

On July 16, 2012, Accor acquired the hotel portfolio of Grupo Posadas. Completion of the deal should occur by the end of 2012. The total amount paid by Accor for this acquisition is $275 million. The transaction includes 15 hotels, of which 4 owned hotels, 4 variable leased hotels and 7 hotels under Management contract. The transaction also includes a secured pipeline of 14 hotels under Management contract and the acquisition of two brands operated by Grupo Posadas in South America: Ceasar Park and Caesar Business.

Continuation of the Asset-Management strategy

Sale of Accor's stake in Mirvac Wholesale Fund and the Novotel/ibis Sanyuan in Beijing to A-HTRUST

On July 30, 2012, Accor sold to A-HTRUST:

- The 21.9% stake in Ascendas Australia Hospitality Fund, formely known as Mirvac Wholesale Fund, that holds 7 properties, out of which 6 are operated by Accor in Australia and New-Zealand, sold for €56 million.
- The Novotel and ibis in Beijing Sanyuan, sold under a sale and management back contract for a total amount of €54 million.

In the frame of this sale, Accor took a 6.9% stake, near Ascendas, in the new entity A-HTRUST for an investment of €32 million. As agreed with Ascendas, who will hold up to 35% of A-HTRUST, Accor will be granted a right of first offer to manage future acquisitions when the hotels are not operated under a pre-existing management contract. In return, A-HTRUST will benefit from a right of first offer to purchase hotel properties put on sale by Accor in the Asia-Pacific region (excluding Australia and India).

Sale & Variable lease-back of two MGallery hotels in Germany and the Netherlands

In addition, at the end of August, 2012, Accor signed a sale and lease back agreement concerning the MGallery Mondial Am Dom in Cologne (207 rooms) for €20.5 million and the MGallery Convent Hotel in Amsterdam (148 rooms) for €23.5 million. The transaction includes a renovation program of €12.4 million, €7.3 million of which will be invested by the buyer, who is the hotel real estate investment fund of Internos Real Investors, a major player in the real estate and hotel sector in Europe.

Both hotels will remain operated by Accor through a 15 year commercial lease agreement that will be renewable at Accor's option. The turnover rent averages 21.5% of the annual revenue of the hotels.

Auditors’ Report on the Interim Financial Information

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92524 Neuilly-sur-Seine Cedex

ERNST & YOUNG ET AUTRES
1/2 place des Saisons
92400 Courbevoie – Paris-La Défense 1

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, 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 half-year consolidated financial statements of ACCOR, for the six months ended June 30, 2012 ;
- 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 ans Paris-La Défense, August 31, 2012

The statutory auditors

French original signed by

DELOITTE & ASSOCIES	ERNST & YOUNG ET AUTRES
Pascale CHASTAING-DOBLIN	Jacques PIERRES

Statement by the Person Responsible for the Interim Financial Report

Statement by the Person Responsible for the 2012 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 29, 2012

Denis Hennequin
Chairman and Chief Executive Officer