



Interim financial report

August 2014

2014 Interim Financial Report

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2014 Interim Consolidated Results

Income statement

(in millions of euros)	H1 2013 restated ⁽¹⁾	H1 2014	% change restated ⁽¹⁾	% change like-for-like ⁽²⁾
Revenue	2,640	2,593	-1.8%	+2.8%
EBITDAR⁽³⁾	804	807	+0.4%	+3.8%
<i>EBITDAR margin</i>	<i>30.4%</i>	<i>31.1%</i>	<i>+0.7 pt</i>	<i>+0.3 pt</i>
EBIT	191	219	+14.5%	+17.6%
Operating profit before tax and non-recurring items	146	192	+31.4%	+38.6%
Net profit before profit/(loss) from discontinued operations	33	62	-	-
Profit/(loss) from discontinued operations	1	(2)	-	-
Net profit, Group share	34	60	-	-

(1) Revenue figures restated from the IFRS 11 impacts.

(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, 2014 totaled €2,593 million, up 2.8% like-for-like from first-half 2013 (down 1.8% on a reported basis), thanks to robust demand in the majority of the Group's key markets (with Mediterranean, Middle East, Africa (MMEA) up 8.4%, Americas up 7.6%, Northern, Central and Eastern Europe (NCEE) up 3.2% and Asia Pacific up 2.0%). In France, revenue dipped by 0.9% due to the increase in the VAT rate that came into effect on January 1, 2014, sluggish demand and an unfavorable calendar effect in May and June.

First-half 2014 revenue performance reflected the following factors:

- Development, which added €19.4 million to revenue and 0.7% to growth, with the opening of 12,284 rooms (92 hotels), of which 90% under management and franchise agreements.
- Changes in the scope of consolidation, which reduced revenue by €65 million and growth by 2.5%.
- The negative €75.1-million currency effect, which lowered reported growth by 2.8%. This was mainly due to declines in the Australian dollar and the Brazilian real against the euro, which reduced revenue by €29.6 million and €29.4 million, respectively.

Ninety-two hotels (**12,284 rooms**) were opened during the period, of which:

- 90%¹ under management contracts and franchise agreements.
- 69% in emerging markets.

¹ In number of rooms.

Net profit of €60 million

Consolidated **EBITDAR**² amounted to €807 million in first-half of 2014, up 3.8% like-for-like on the year-earlier period and 0.4% as reported. **EBITDAR margin** was up 0.3 point on a like-for-like basis, at 31.1%.

EBIT rose by 17.6% like-for-like to €219 million from €191 million in first-half 2013, lifted by strong demand in all regions except France, and by the positive effects of the cost savings plan.

Operating profit before tax and non-recurring items amounted to €192 million in first-half 2014, versus €146 million in the year-earlier period, a 38.6% like-for-like increase.

Rental expense rose to **€431 million** from €442 million in first-half 2013, due to the transformation of HotelInvest.

Depreciation, amortization and provision expense stood at **€157 million** for the period.

Net financial expense amounted to €30 million, versus €48 million in first-half 2013. The Group optimized its borrowing costs by issuing €750 million in 2.625% bonds and CHF 150 million in 1.75% bonds, and redeeming 7.5% bonds in an amount of €402.3 million. These operations **significantly reduced the cost of debt** from 4.48% to 3.17%.

Restructuring costs for first-half 2014 totaled **€6 million** and mainly concerned various reorganization measures.

Gains and losses on the management of hotel properties represented a net gain of **€12 million**

Asset impairment losses amounted to **€25 million**, of which €22 million concerned property, plant and equipment. This compared with the first-half 2013 figure of €59 million.

Income tax expense amounted to **€51 million**, compared with €43 million in first-half 2013. The effective tax rate (expressed as a percentage of operating profit before tax) was 27.5% versus 28.2%.

After deducting **minority interests** of €7 million and the €2 million **loss from discontinued operations**, **net profit, Group share** amounted to **€60 million**, versus €34 million in first-half 2013.

Net profit, Group share was therefore sharply higher at €60 million and, based on the weighted average number of shares outstanding during the period (228,952,231), **earnings per share** came to **€0.26** in first-half 2014, versus €0.15 in the prior-year period.

² Earnings before interest, taxes, depreciation, amortization and rental expense.

Financial flows

<i>(in millions of euros)</i>	June 2013 restated⁽¹⁾	June 2014
Funds from operations before non-recurring items	288	296
Renovation and maintenance expenditure	(80)	(61)
Free cash flow	208	235
Recurring development expenditure	(97)	(84)
Recurring free cash flow	111	151
Acquisitions	4	(900)
Proceeds from disposals of assets	155	65
Dividends	(183)	(135)
Hybrid instrument issuance (net of issue expenses)	-	887
Capital increase/ reduction	1	31
Change in operating working capital	(3)	(15)
Change in non-operating working capital	(185)	-
Other	(53)	(116)
Cash flow from discontinued operations	-	(1)
(Increase)/decrease in net debt	(153)	(33)

(1) Revenue figures restated from the IFRS 11 impacts.

Funds from operations rose to €296 million from €288 million in first-half 2013.

Renovation and maintenance expenditure totaled **€61 million**, compared with €80 million in first-half 2013. The gap is linked to a lag observed in CAPEX expenditures which will be offset in the second-half 2014. **Recurring development expenditure** stood at **€84 million**, versus €97 million in the year earlier period.

Acquisitions carried out in first-half 2014 amounted to **€900 million**, and concern the **Moor Park and Axa Real Estate** property portfolios, acquired at the end of June 2014. These acquisitions will positively impact the income statement from second-half 2014.

Proceeds from disposal of assets totaled **€65 million**, of which €43 million in disposals of hotel properties, versus €154 million in hotel property disposals in the prior-year period.

Financial ratios

In first-half 2014, **recurring cash flow** was a solid €151 million.

Net debt increased by €33 million in the first-half 2014 to €259 million at 30 June 2014. This slight increase is linked to the acquisitions of the Moor Park and Axa Real Estate hotel portfolios for €900 million, offset by the €900 million proceeds from the June 2014 perpetual subordinated notes issue, the total amount of which is treated as equity under IFRS.

There was a clear improvement in consolidated **return on capital employed (ROCE)**, which stood at 14.4% in first-half 2014 compared with 13.6% in the year earlier period.

As of June 30, 2014, Accor had an unused €1.8 billion confirmed long-term line of credit.

The Group optimized its borrowing costs by issuing €750 million in 2.625% bonds and CHF 150 million in 1.75% bonds, and redeeming 7.5% bonds in an amount of €402.3 million. These operations **significantly reduced the cost of debt** from 4.28% at the December-end 2013 to 3.17% as of 30 June 2014.

Development

The development plan is well underway, with **144,000** rooms in the **pipeline** as of June 30, 2014, of which 87% under management and franchise contracts.

Analysis of first-half 2014 financial indicators by strategic business

In line with its new organization, Accor now reports the main financial indicators for its two strategic businesses, HotelServices and HotelInvest, to provide more clarity and improve strategic management.

As of June 30, 2014, hotel operator and brand franchiser **HotelServices** had 3,645 hotels and 470,000 rooms operated under franchise agreements and management contracts, as well as a development pipeline of close to 144,000 rooms. This business, which enjoys leadership positions in four continents, represents an annual business volume of €11.5 billion (€5.7 billion in first-half 2014).

As of June 30, 2014, hotel owner and investor **HotelInvest** had 1,369 owned and leased hotels, representing almost 188,000 rooms. Some 90% of these hotels are in the economy and midscale segments, 67% are in France and the Northern, Central and Eastern Europe (NCEE) region.

All HotelInvest's hotels are operated by HotelServices under management contracts. In first-half 2014, these hotels generated 44% of the fees received by HotelServices.

Income statement by strategic business

<i>(in millions of euros)</i>	HotelServices	HotelInvest	Corporate & Interco	Accor
Revenue	582	2,286	(275)	2,593
EBITDAR⁽²⁾	200	643	(36)	807
<i>EBITDAR margin</i>	34.3%	28.1%	N/A	31.1%
EBITDA	188	222	(34)	376
<i>EBITDA margin</i>	32.3%	9.7%	N/A	14.5%
EBIT	172	83	(36)	219
<i>EBIT margin</i>	29.6%	3.6%	N/A	8.4%
<i>First-half 2013 EBIT (restated(1))</i>	161	60	(30)	191
<i>First-half 2013 margin (restated(1))</i>	26.8%	2.6%	N/A	7.2%

(1) Figures restated from the IFRS 11 impacts

Both HotelServices and HotelInvest performed well in first-half 2014, delivering **significant improvements in their operating margins, which rose by 2.8 points and 1.0 point** respectively.

EBIT by region and by business line

In M€	HotelServices		HotelInvest		Accor		change (like-for-like)
	H1 2013 restated ⁽¹⁾	H1 2014	H1 2013 restated ⁽¹⁾	H1 2014	H1 2013 restated ⁽¹⁾	H1 2014	
France	50	59	30	18	80	77	-3.6%
NCEE	53	46	26	48	79	94	+17.2%
MMEA	15	20	(16)	(7)	(1)	13	N/A
Asia-Pacific	17	21	(2)	(2)	15	19	+23.3%
Americas	18	15	3	7	21	22	+21.5%
Worldwide Structures	8	11	19	19	(3)	(6)	-25.2%
Total	161	172	60	83	191	219	+17.6%

(1) Figures restated from the IFRS 11 impacts

Accor delivered highly satisfactory gains in its markets, with the exception of France. All other regions enjoyed double-digit EBIT growth, led by a strong operating dynamic.

Thanks notably to HotelServices, particularly strong performances were recorded in emerging markets. The biggest improvements were seen in the Asia-Pacific region (up 23.3% like-for-like), and the Americas (up 21.5%) which benefited from the favourable effects of the Football World Cup in Brazil throughout the first half.

The Northern, Central and Eastern Europe region also delivered a very good performance (up 17.5% like-for-like), driven by solid demand in the UK and Benelux.

HotelServices

The satisfactory performance of HotelServices was led by **development and demand in emerging markets**.

HotelServices income statement

<i>(in millions of euros)</i>	<i>H1 2013 restated⁽¹⁾</i>	<i>H1 2014</i>
Business volume	5,600	5,700
Revenue	603	582
EBITDA	178	188
<i>EBITDA margin</i>	<i>29.5%</i>	<i>32.3%</i>
<i>Margin excluding Sales & Marketing Fund and loyalty program</i>	<i>44.6%</i>	<i>47.1%</i>
EBIT	161	172
<i>EBIT margin</i>	<i>26.8%</i>	<i>29.6%</i>

(1) Figures restated from the IFRS 11 impacts

HotelServices reported €5.7 billion in **business volume**³, an increase of 5.0% at constant exchange rates, led by the development of emerging markets.

Revenue rose by 5.7% like-for-like to €582 million, with strong gains in the Americas (up 10.8%), the Mediterranean-Africa-Middle East (MMEA, up 10.1%) and Northern, Central and Eastern Europe (NCEE, up 5.0%), and to a lesser extent in Asia-Pacific (ASPAC, +3.7%) and France (+0.5%).

These favorable trends positively impacted **EBITDA**, which increased 14.8% like-for-like to €188 million, lifting the EBITDA margin to 32.3%.

HotelServices recorded **EBIT** of €172 million, an increase of 16.5% like-for-like that boosted EBIT margin by 2.8 points. This improvement was mainly due to robust hotel demand in all regions except France.

HotelServices Cash flow

<i>(in millions of euros)</i>	<i>H1 2013 restated⁽¹⁾</i>	<i>H1 2014</i>
EBITDA	178	188
Maintenance expenditure	(14)	(13)
Recurring development expenditure	(16)	(15)
EBITDA less Capex	148	160
<i>% of EBITDA</i>	<i>83%</i>	<i>85%</i>

(1) Figures restated from the IFRS 11 impacts

The increase in HotelServices's cash flow is driven by the improvement in EBITDA between June 2013 and June 2014.

³ Business volume corresponds to revenue from owned, leased and managed hotels and to room revenue from franchised hotels. Change is as reported.

HotelServices's P&L Performance in first-half 2014 is as follows:

H1 2014 Figures	Managed & franchised	Sales & Marketing Fund	Other activities	Hotel Services
Revenue	321	176	85	582
EBITDAR	175	7	17	200
<i>EBITDAR margin</i>	<i>54,6%</i>	<i>4,2%</i>	<i>20,3%</i>	<i>34,3%</i>
EBITDA	172	4	13	188
<i>EBITDA margin</i>	<i>53,4%</i>	<i>2,1%</i>	<i>15,3%</i>	<i>32,3%</i>
EBIT	164	(1)	9	172
<i>EBIT margin</i>	<i>51,3%</i>	<i>-0,7%</i>	<i>10,7%</i>	<i>29,6%</i>
H1-2013 EBIT margin	48.5%	(5.0%)	11.8%	26.8%

This reflects a sharp improvement in margins, led by solid demand (EBIT up 16.5% like-for-like) and the sustained development of franchise (66%) and management (24%) activities in fast-growing regions (ASPAC: 24%, NCEE: 23%, MMEA: 19% and Americas: 16%).

HotellInvest

On a like-for-like basis, HotellInvest's **revenue** rose 1.6% to €2,286 million. Revenue increased in all regions apart from France (down 1.8% like-for-like), which was adversely affected by a three-point increase in the VAT rate. The Northern, Central and Eastern Europe region was lifted by robust demand in the UK and Benelux, while the Mediterranean-Africa-Middle East region clearly benefited from the confirmed recovery in Southern Europe.

Revenue growth was reflected in **EBITDAR**, which advanced 1.2% like-for-like to €643 million.

HotellInvest income statement

(in millions of euros)	H1 2013 restated ⁽¹⁾	H1 2014
Revenue	2,336	2,286
EBITDAR	645	643
<i>EBITDAR margin</i>	<i>27.6%</i>	<i>28.1%</i>
EBITDA	212	222
<i>EBITDA margin</i>	<i>9.1%</i>	<i>9.7%</i>
EBIT	60	83
<i>EBIT margin</i>	<i>2.6%</i>	<i>3.6%</i>

(1) Figures restated from the IFRS 11 impacts

HotellInvest's EBIT rose by a like-for-like 21.1% to €83 million, lifting the EBIT margin by 1.0 point year-on-year to 3.6%, reflecting sustained hotel demand in the first-half.

HotellInvest Cash-flow

(in millions of euros)	H1 2013 restated ⁽¹⁾	H1 2014
EBITDA	212	222
Maintenance expenditure	(64)	(46)
Net operating income (EBITDA less maintenance capital expenditure)	148	176
% EBITDA	69.6%	79.3%
Recurring development expenditure	(94)	(89)
EBITDA less Capex	54	87
% EBITDA	25.3%	39.2%

(1) Figures restated from the IFRS 11 impacts

HotellInvest's cash flow improved in step with the increase in EBITDA. **Net operating profit** rose €28 million, lifting the EBITDA margin 9.7 points from 69.6% to 79.3%.

HotellInvest's P&L Performance in first-half 2014 is as follows:

H1-2014 Figures	Owned	Fixed lease	Var. lease	Others	Total
Number of hotels	271	336	762		1,369
Revenue	385	614	1 242	44	2 286
EBITDAR	91	192	359	1	643
EBITDAR margin	23.6%	31.3%	28.9%	1.5%	28.1%
Rents	(5)	(159)	(257)	N/A	(421)
Depreciations & amort.	(50)	(28)	(51)	N/A	(129)
EBIT	35	5	51	(8)	83
EBIT margin	9.1%	0.8%	4.1%	(18.3)%	3.6%
Restated H1 2013 EBIT margin	7.2%	(0.2)%	3.3%		2.6%

The gross value of HotellInvest's assets, which was assessed by three independent experts who each valued a part of the portfolio in the first-half, came up to an indicative range of between **€5.0 and 5.5 billion**. This indicative valuation includes the assets acquired from Moor Park and Axa Real Estate, as these operations were closed by the end of June 2014.

HotellInvest's EBITDA over a 12 rolling-month period at the end of June, was restated from the rents attached to those acquisitions, amounting to €557 million. This restated EBITDA, reported to the mid-

range valuation of the experts leads to a **return on investment (ROI)** ratio of **10.6%** for HotellInvest's assets.

Changes in HotellInvest's asset portfolio

A total of **25 hotels** were restructured in first-half 2014, including **18 leased hotels** and **7 owned properties**. These transactions had the effect of reducing **adjusted net debt** by €52 million.

At the same time, HotellInvest acquired **two portfolios of hotels** that were previously operated by the Group under variable leases. These portfolios (Moor Park and Axa Real Estate) were acquired for €900 million and represent 97 hotels and more than 12,000 rooms.

Acquisition of Tritax in the United Kingdom

On 26 August 2014, Accor announced the acquisition of a portfolio of 13 ibis hotels in United-Kingdom for €89 million (£71 million).

Outlook for 2014

With a dedicated organisation and adequate funding capacity to restructure and develop its business, **HotellInvest** will continue to optimise its real estate portfolio in accordance with its strategy.

The strategic roadmap of **HotelServices**, covering digital services, distribution and brands, is currently being finalised and will be presented at a Digital Day to be held in London on 30 October 2014.

The €100 million cost saving plan launched in first-half 2013 continues to be rolled out. This plan includes several pillars: the optimisation and pooling of some European headquarters, the prioritisation and strategic review of projects, and reduction in hotel operating costs.

Summer season business trends

Business trends remained stable during the summer season, particularly in July, with RevPAR increasing across all geographies (NCEE up 5.4%, MMEA up 6.4%, ASPAC up 6.1%, Americas up 12.4%) except France (down 1.7%).

Initial indicators for August are encouraging. At this stage, there has not been any sign of a change in the business trends observed since the beginning of the year.

Full-year EBIT target

In view of these factors, the Group expects to report full-year EBIT **of €575 to 595 million**, compared with adjusted 2013 EBIT of €521 million.

Highlights of the period - Press releases

Appointment of Vivek Badrinath – January 27, 2014

Vivek Badrinath joins Accor as Deputy Chief Executive Officer. He will be responsible for marketing, digital solutions, distribution and information systems. Vivek Badrinath will be a member of the Group's Executive Committee. This appointment will be effective as of March 1, 2014.

Launch of bond offering – January 31, 2014

On January 31, Accor successfully placed €750 million in seven-year 2.625% bonds. Despite an unstable market environment, the order book totaled more than €3 billion, i.e. more than six times the initial targeted amount. The transaction could therefore be completed in a short time, at a very favorable price, and with a final issue of €750 million worth of bonds.

Accor sells its stake in Reef Casino in Australia for AU\$85 million – February 24, 2014

As part of its asset management strategy, Accor announces the sale of its stake in Reef Casino in Australia. The interest includes a 29% stake in Reef Casino Trust (RCT), a listed entity, as well as a 50% stake in RCT's related businesses, Casinos Australia Cairns and Reef Corporate Service. Total proceeds for Accor will amount to AU\$85 million (€55.5 million).

John Ozinga is appointed COO of HotellInvest – April 15, 2014

John Ozinga joins Accor as COO of HotellInvest. He will be a member of the Group's Executive Committee, effective June 18, 2014.

Accor deploys HotellInvest's strategy with the purchase of 97 hotels in Europe – May 27, 2014

Accor announces that its HotellInvest business has agreed to purchase two property portfolios representing 86 hotels and 11 hotels respectively (12,838 rooms) for a total consideration of about €900 million.

The first portfolio, representing 86 hotels (11,286 rooms) across Germany (67) and the Netherlands (19), had been operated by Accor since 2007 under variable leases under the ibis (29 hotels), ibis *budget* (31), Mercure (17) and Novotel (9) brands. The hotels were acquired at a total cost of €722 million. The sellers are two funds, Moor Park Fund I and II, advised by Moor Park Capital Partners, a pan-European real-estate private equity investment advisory business.

The second, previously owned by Axa Real Estate, represents 11 hotels in Switzerland (1,592 rooms) and has been operated by Accor under variable contracts under the ibis (5 hotels), ibis *budget* (2), Novotel (3) and MGallery (1) brands.

Signature of a €1.8 billion syndicated line of credit – June 12, 2014

As part of the Group's financial optimization process, Accor announces the signature of a €1.8 billion syndicated line of credit with a group of 18 banks.

The new facility replaces the €1.5 billion undrawn syndicated credit facility signed in May 2011, which was scheduled to expire in May 2016. This new five-year facility will lengthen the average maturity of Accor's financial resources, in line with the Group's cautious policy on liquidity management.

Accor successfully places €900-million perpetual hybrid bond issue – June 23, 2014

On June 23, 2014, Accor successfully placed an issue of perpetual hybrid bonds in an amount of €900 million. The securities have no maturity date, but are first callable as from June 30, 2020. They will pay a return of 4.125% until that date, with the rate reset every five years thereafter. At close to €5 billion, the order book was more than 5 times oversubscribed, reflecting investor confidence and the high quality of the Accor signature.

In accordance with IFRS, the securities will rank junior to all senior debt and will be recognized as equity. They will also be assigned “intermediate” equity content by Standard & Poor’s and Fitch, i.e., 50% of the securities will be recognized as equity.

The issue has strengthened Accor’s flexibility in deploying its strategy.

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 2013 Registration Document under “Risk Factors”.

Main related-party transactions

The main related-party transactions are presented in detail in Note 42 to the interim consolidated financial statements.

Subsequent events

Post-balance sheet events are presented in Note 45 to the interim consolidated financial statements.

2014 Interim Consolidated Financial Statements

CONSOLIDATED FINANCIAL STATEMENTS AND NOTES

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➤ Consolidated Income Statements

In millions of euros	Notes	2013 Adjusted (*)	June 2013 Adjusted (*)	June 2014
CONSOLIDATED REVENUE	3	5 425	2 640	2 593
Operating expense	4	(3 694)	(1 836)	(1 786)
EBITDAR	5	1 731	804	807
Rental expense	6	(885)	(442)	(431)
EBITDA	7	846	362	376
Depreciation, amortization and provision expense	8	(325)	(171)	(157)
EBIT	9	521	191	219
Net financial expense	10	(90)	(48)	(30)
Share of profit of associates after tax	11	11	3	3
OPERATING PROFIT BEFORE TAX AND NON RECURRING ITEMS		442	146	192
Restructuring costs	12	(132)	(49)	(6)
Impairment losses	13	(89)	(59)	(25)
Gains and losses on management of hotel properties	14	68	54	12
Gains and losses on management of other assets	15	(33)	(12)	(53)
OPERATING PROFIT BEFORE TAX		256	80	120
Income tax expense	16	(120)	(43)	(51)
Profit from continuing operations		136	37	69
Net Profit or Loss from discontinued operations	17	1	1	(2)
NET PROFIT OR LOSS		137	38	67
Net Profit, Group Share from continuing operations		125	33	62
Net Profit or Loss, Group Share from discontinued operations		1	1	(2)
Net Profit or Loss, Group Share		126	34	60
Net Profit, Minority interests from continuing operations		11	4	7
Net Profit or Loss, Minority interests from discontinued operations		0	0	-
Net Profit, Minority interests		11	4	7
Weighted average number of shares outstanding (in thousands)	25	227 613	227 402	228 952
EARNINGS PER SHARE (in €)		0,55	0,15	0,26
Diluted earnings per share (in €)	25	0,55	0,15	0,26
Earnings per share from continuing operations (in €)		0,55	0,15	0,27
Diluted earnings per share from continuing operations (in €)		0,55	0,15	0,27
Earnings per share from discontinued operations (in €)		0,00	0,00	(0,01)
Diluted earnings per share from discontinued operations (in €)		0,00	0,00	(0,01)

(*) The financial statements have been restated to exclude the impact of the January 1, 2014 adoption of IFRS 11 – Joint Arrangements, which has been applied retrospectively to all periods presented (see Note 1, page 16 for explanations and impacts).

Income statement indicators are explained in Note 1.S.

➤ Statements of profit or loss and other comprehensive income

In millions of euros	Notes	June 2013 Adjusted (*)	2013 Adjusted (*)	June 2014
NET PROFIT OR LOSS		38	137	67
Currency translation adjustment		(124)	(208)	58
Effective portion of gains and losses on hedging instruments in a cash flow hedge		3	0	0
Change in fair value resulting from "Available-for-sale financial assets"		-	-	-
<i>Other comprehensive income that will be reclassified subsequently to profit or loss</i>		(121)	(208)	58
Actuarial gains and losses on defined benefit plans, net of deferred taxes		1	1	(8)
<i>Other comprehensive income that will never be reclassified subsequently to profit or loss</i>		1	1	(8)
Other comprehensive income, net of tax	28	(121)	(207)	50
TOTAL PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME		(83)	(70)	117
Profit or loss and other comprehensive income, Group share		(74)	(75)	109
Profit or loss and other comprehensive income, Minority interests		(9)	5	8

(*) The financial statements have been restated to exclude the impact of the January 1, 2014 adoption of IFRS 11 – Joint Arrangements, which has been applied retrospectively to all periods presented (see Note 1, page 16 for explanations and impacts).

Note: the amounts in the table are in millions of euros. The sum of these amounts may be slightly different from the totals shown due to rounding differences.

► Statements of financial position

Assets

ASSETS In millions of euros	Notes	Dec. 2012 Adjusted (*)	June 2013 Adjusted (*)	Dec. 2013 Adjusted (*)	June 2014
GOODWILL	18	823	739	691	799
INTANGIBLE ASSETS	19	263	269	281	277
PROPERTY, PLANT AND EQUIPMENT	20	2 542	2 365	2 396	3 138
Long-term loans	21	147	150	98	101
Investments in associates	22	306	288	276	269
Other financial investments	23	222	211	174	127
TOTAL NON-CURRENT FINANCIAL ASSETS		675	649	548	497
Deferred tax assets	16	153	147	149	171
TOTAL NON-CURRENT ASSETS		4 456	4 169	4 065	4 882
Inventories	24	46	47	41	32
Trade receivables	24	390	438	379	459
Other receivables and accruals	24	512	488	473	491
Receivables on disposals of assets	29 & 30	48	22	41	36
Short-term loans	29 & 30	32	31	30	29
Cash and cash equivalents	29 & 30	1 863	1 880	1 913	2 307
TOTAL CURRENT ASSETS		2 891	2 906	2 877	3 354
Assets held for sale	32	156	158	61	96
TOTAL ASSETS		7 503	7 233	7 003	8 332

(*) The financial statements have been restated to exclude the impact of the January 1, 2014 adoption of IFRS 11 – Joint Arrangements, which has been applied retrospectively to all periods presented (see Note 1, page 16 for explanations and impacts).

Equity and Liabilities

EQUITY AND LIABILITIES In millions of euros	Notes	Dec. 2012 Adjusted (*)	June 2013 Adjusted (*)	Dec. 2013 Adjusted (*)	June 2014
Share capital		682	683	684	694
Additional paid-in capital and reserves		2 682	1 809	1 728	2 694
Net profit or loss, Group share	25	(599)	34	126	60
Ordinary Shareholders' Equity, Group Share		2 765	2 526	2 538	2 561
Hybrid capital	25.4	-	-	-	887
SHAREHOLDERS' EQUITY, GROUP SHARE		2 765	2 526	2 538	3 448
Minority interests	27	228	207	214	209
TOTAL SHAREHOLDERS' EQUITY AND MINORITY INTERESTS		2 993	2 733	2 752	3 657
Other long-term financial debt	29 & 30	1 478	1 657	1 651	2 504
Long-term finance lease liabilities	29 & 30	56	49	48	48
Deferred tax liabilities	16	119	119	118	112
Non-current provisions	33	122	118	108	123
TOTAL NON-CURRENT LIABILITIES		1 775	1 943	1 925	2 787
Trade payables	24	569	559	599	602
Other payables and income tax payable	24	1 120	949	946	995
Current provisions	33	185	212	244	192
Short-term debt and finance lease liabilities	29 & 30	806	781	494	57
Bank overdrafts and liability derivatives	29 & 30	19	15	17	22
TOTAL CURRENT LIABILITIES		2 699	2 516	2 300	1 868
Liabilities associated with assets classified as held for sale	32	36	41	26	20
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		7 503	7 233	7 003	8 332

(*) The financial statements have been restated to exclude the impact of the January 1, 2014 adoption of IFRS 11 – Joint Arrangements, which has been applied retrospectively to all periods presented (see Note 1, page 16 for explanations and impacts).

► Consolidated Cash Flow Statements

In millions of euros	Notes	2013 Adjusted (*)	June 2013 Adjusted (*)	June 2014
+ EBITDA	7	846	362	376
+ Net financial expense	10	(90)	(48)	(30)
+ Income tax expense		(131)	(57)	(73)
- Non cash revenue and expense included in EBITDA		20	7	5
- Elimination of provision movements included in net financial expense and non-recurring taxes		45	19	12
+ Dividends received from associates		13	6	6
+ Impact of discontinued operations		4	3	(1)
= Funds from operations excluding non-recurring transactions	34	707	292	295
+ Decrease (increase) in operating working capital	35	136	(3)	(15)
+ Impact of discontinued operations	35	5	(3)	6
= Net cash from operating activities		848	286	286
+ Cash received (paid) on non-recurring transactions (included restructuring costs and non-recurring taxes)		(145)	(49)	(133)
+ Decrease (increase) in non-operating working capital (1)		(185)	(185)	-
+ Impact of discontinued operations		(2)	(1)	-
= Net cash from operating activities including non-recurring transactions (A)		516	51	153
- Renovation and maintenance expenditure	36	(264)	(80)	(61)
- Development expenditure	37	(190)	(94)	(984)
+ Proceeds from disposals of assets		334	155	65
+ Impact of discontinued operations		1	(0)	-
= Net cash used in investments/ divestments (B)		(120)	(19)	(981)
+ Proceeds from issue of share capital		13	1	32
- Dividends paid		(187)	(183)	(134)
+ Issue of hybrid capital		-	-	887
- Repayment of long-term debt		(4)	(5)	(15)
- Payment of finance lease liabilities		(7)	(7)	-
+ New long term debt		607	605	880
= Increase (decrease) in long-term debt		596	593	865
+ Increase (decrease) in short-term debt		(725)	(415)	(448)
+ Impact of discontinued operations		(2)	-	1
= Net cash from financing activities (C)		(305)	(4)	1 203
+ Effect of changes in exchange rates (D)		(37)	(12)	19
= Net change in cash and cash equivalents (E)=(A)+(B)+(C)+(D)		54	16	394
- Cash and cash equivalents at beginning of period		1 844	1 844	1 896
- Effect of changes in fair value of cash and cash equivalents		5	5	-
- Net change in cash and cash equivalents for discontinued operations		(7)	0	(5)
+ Cash and cash equivalents at end of period	30	1 896	1 865	2 285
= Net change in cash and cash equivalents		54	16	394

(*) The financial statements have been restated to exclude the impact of the January 1, 2014 adoption of IFRS 11 – Joint Arrangements, which has been applied retrospectively to all periods presented (see Note 1, page 16 for explanations and impacts).

(1) In 2013, this amount corresponds to the payment of ‘precompte’ dividend withholding tax for €184.7 million (see Note 39.2).

► Changes in Consolidated Shareholders' Equity

In millions of euros	Number of shares outstanding	Share capital	Additional paid-in capital	Currency translation reserve (1)	Fair value adjustments on Financial 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, 2013	227 277 972	682	1 318	79	(4)	(49)	148	591	2 765	230	2 995
Changes in accounting policies (*)	-	-	-	-	-	-	-	-	-	(2)	(2)
Restated January 1, 2013 (*)	227 277 972	682	1 318	79	(4)	(49)	148	591	2 765	228	2 993
Issue of share capital											
- Performance share grants	202 838	1	-	-	-	-	-	(1)	-	-	-
- On exercise of stock options	99 011	0	2	-	-	-	-	-	2	0	2
- Cancellation of treasury stock (2)	(25 000)	(0)	(1)	-	-	-	-	-	(1)	-	(1)
Dividends paid in cash (3)	-	-	-	-	-	-	-	(173)	(173)	(10)	(183)
Change in reserve related to employee benefits	-	-	-	-	-	-	7	-	7	-	7
Effect of scope changes	-	-	-	-	-	(0)	-	(0)	(0)	(3)	(3)
Other Comprehensive Income	-	-	(199)	(111)	3	1	-	199	(108)	(13)	(121)
Net Loss	-	-	-	-	-	-	-	34	34	4	38
Total Loss and other comprehensive Income	-	-	(199)	(111)	3	1	-	233	(74)	(9)	(83)
Restated June 30, 2013 (*)	227 554 821	683	1 120	(32)	(1)	(48)	155	650	2 526	207	2 733
Issue of share capital											
- Performance share grants	150	0	-	-	-	-	-	(0)	-	-	-
- On exercise of stock options	473 131	1	9	-	-	-	-	-	10	1	11
- Cancellation of treasury stock (2)	25 000	0	1	-	-	-	-	-	1	-	1
Dividends paid in cash (3)	-	-	-	-	-	-	-	0	0	(4)	(4)
Change in reserve related to employee benefits	-	-	-	-	-	-	7	-	7	-	7
Effect of scope changes	-	-	-	-	-	(0)	-	(4)	(4)	(4)	(8)
Other Comprehensive Income	-	-	-	(91)	(3)	1	-	(0)	(93)	7	(86)
Net Profit	-	-	-	-	-	-	-	92	92	7	99
Total Profit and other comprehensive Income	-	-	-	(91)	(3)	1	-	92	(1)	14	13
Restated December 30, 2013 (*)	228 053 102	684	1 129	(123)	(4)	(48)	162	737	2 538	214	2 752
Issue of share capital											
- Performance share grants	203 015	1	-	-	-	-	-	(1)	-	-	-
- On exercise of stock options	1 208 855	4	29	-	-	-	-	-	33	(1)	32
Issue of hybrid capital (See Note 2.F)	-	-	-	-	-	-	-	887	887	-	887
Dividends paid (3)	1 895 293	6	54	-	-	-	-	(183)	(123)	(11)	(134)
Change in reserve related to employee benefits	-	-	-	-	-	-	4	-	4	-	4
Effect of scope changes	-	-	-	-	-	(0)	-	0	(0)	(1)	(1)
Other Comprehensive Income	-	-	(76)	57	0	(8)	-	76	49	1	50
Net Profit	-	-	-	-	-	-	-	60	60	7	67
Total Profit and other comprehensive Income	-	-	(76)	57	0	(8)	-	136	109	8	117
At June 30, 2014	231 360 265	694	1 137	(66)	(3)	(56)	166	1 577	3 448	209	3 657

(*) The financial statements have been restated to exclude the impact of the January 1, 2014 adoption of IFRS 11 – Joint Arrangements, which has been applied retrospectively to all periods presented (see Note 1, page 16 for explanations and impacts).

Note: the amounts in the table are in millions of euros. The sum of these amounts may be slightly different from the totals shown due to rounding differences.

- (1) Exchange differences on translating foreign operations between December 31, 2013 and June 30, 2014, representing a positive impact of €57 million, mainly concern changes in exchange rates against the euro of the US Dollar (€27 million positive impact), the Australian Dollar (€25 million positive impact), the Brazilian Real (€18 million positive impact), the Pound Sterling (€12 million positive impact) and the Chinese Yuan (€21 million negative impact).

Exchange differences on translating foreign operations between December 31, 2012 and December 31, 2013, representing a negative impact of €202 million, mainly concern changes in exchange rates against the euro of the Australian Dollar (€85 million negative impact), the US Dollar (€41 million negative impact), the Brazilian Real (€40 million negative impact) and the Argentinian Peso (€11 million negative impact).

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

	USD	AUD	BRL	GBP	CNY
June 2013	1,3080	1,4171	2,8899	0,8572	8,0280
December 2013	1,3791	1,5423	3,2576	0,8337	8,3491
June 2014	1,3658	1,4537	3,0002	0,8015	8,4722

(2) Treasury shares assigned to the liquidity contract with an investment bank appointed as market maker for Accor shares on the NYSE Euronext Paris market.

(3) The 2012 and 2013 dividends were as follows:

In euros	2012	2013
Dividend per share	0,76	0,80
Special dividend per share	NA	NA

Part of the 2013 dividend was paid in cash and part in stock.

Number of Accor's shares is detailed as follows:

Details on shares	June 2013	Dec. 2013	June 2014
Total number of shares authorized	227 579 821	228 053 102	231 360 265
Number of fully paid shares issued and outstanding	227 579 821	228 053 102	231 360 265
Number of shares issued and outstanding not fully paid	-	-	-
Per value per share (in euros)	3	3	3
Treasury stock	25 000	-	-
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:

Number of issued shares at January 1, 2014	228 053 102
Performance shares granted	203 015
Shares issued on exercise of stock options	1 208 855
Shares issued in payment of dividends	1 895 293
Number of issued shares at June 30, 2014	231 360 265
Accor's share capital at June 30, 2014	231 360 265
Shares in treasury at June 30, 2014	-
Outstanding shares at June 30, 2014	231 360 265
Stock option plans (see Note 25.3)	5 035 796
Performance shares plans (see Note 25.3)	353 168
Potential number of shares	236 749 229

Full conversion would have the effect of reducing debt at June 30, 2014 as follows:

	In millions of euros
Theoretical impact of exercising stock options (*)	138
Theoretical impact on net debt of exercising all equity instruments	138

(*) assuming exercise of all options outstanding

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

Outstanding shares at June 30, 2014		231 360 265
Effect of share issues on the weighted average number of shares		(97 213)
Adjustment for stock option plans exercised during the period		(698 250)
Effect of stock dividends on weighted average number of shares		(1 612 570)
Weighted average number of ordinary shares during the period	(See Note 25)	228 952 231
Impact of dilutive stock options plans at June 30, 2014		1 350 213
Impact of dilutive performance shares at June 30, 2014		259 759
Weighted average number of shares used to calculate diluted earning per share		230 562 203

► Key Management Ratios

	Note	June 2013 Adjusted (*)	Dec. 2013 Adjusted (*)	June 2014 (*)
Gearing	(a)	20,8%	8,2%	7,1%
Adjusted Funds from Ordinary Activities / Adjusted Net Debt	(b)	27,1% (**)	31,1%	28,2%
Return On Capital Employed	(c)	13,6%	14,0%	14,4%
Economic Value Added (EVA) (in millions of euros)	(d)	157 (**)	160	217

(*) Based on continuing operations: i.e. excluding the Onboard Train Services business reclassified as a discontinued operation and restated to exclude the impact of the January 1, 2014 adoption of IFRS 11 – Joint Arrangements, which has been applied retrospectively to all periods presented.

(**) Based on June 2013 Published

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:

	Note	June 2013 Published (*)	Dec. 2013 Adjusted (*)	June 2014 (*)
Net debt at end of the period (see Note 30)		581	226	259
Restatement of perpetual subordinated notes	(1)	-	-	443
Restatement of the debt of sold and acquired businesses prorated over the period	(2)	(122)	78	10
Average net debt		459	304	712
Rental commitments discounted at 7%	(3)	2 818	2 649	2 565
Total Adjusted net debt		3 277	2 953	3 277
Funds from Ordinary Activities		676	703	712
Rental amortization (see Note 6.C)		214	216	211
Adjusted Funds from Ordinary Activities		890	919	923
Adjusted Funds from Ordinary Activities / Adjusted Net Debt		27,1%	31,1%	28,2%

(*)Based on continuing operations: i.e. excluding the Onboard Train Services business reclassified as a discontinued operation and restated to exclude the impact of the January 1, 2014 adoption of IFRS 11 – Joint Arrangements, which has been applied retrospectively to all periods presented.

- (1) For the calculation of the ratio, the perpetual subordinated notes (see Note 2.F) have been allocated for 50% to debt and for 50% to equity in line with the treatment applied by the rating agencies.
- (2)
 - a. At June 30, 2014, including a €(948) million adjustment related to the acquisition of hotel portfolios from Moor Park and Axa Real Estate (see Notes 2.B.1 and 2.B.2), a €887 million adjustment for the June 2014 perpetual subordinated notes issue (see Note 2.F.) and a €71 million adjustment for disposals.
 - b. At December 31, 2013, including €126 million in adjustments for disposals and a €(48) million adjustment related to the "precompte" dividend withholding tax refund paid back to the French State (see Note 39.2).
 - c. At June 30, 2013, including €19 million in adjustments for disposals and a €(141) million adjustment related to the "precompte" dividend withholding tax refund paid back to the French State (see Note 39.2).

- (3) 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.

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

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

2013 and 2014 Economic Value Added (EVA) have been calculated as follows:

	Jun 2013 Adjusted (*)	Dec 2013 Adjusted (*)	June 2014 (*)
Weighted Average Cost of Capital (WACC)	8,82%	8,80%	8,34%
ROCE after tax (1)	11,09%	11,34%	11,84%
Capital Employed (in millions of euros)	6 456	6 314	6 190
Economic Value Added (in millions of euros) (2)	157 (**)	160	217

(*) Based on continuing operations: i.e. excluding the Onboard Train Services business reclassified as a discontinued operation and restated to exclude the impact of the January 1, 2014 adoption of IFRS 11 – Joint Arrangements, which has been applied retrospectively to all periods presented.

(**) Based on June 2013 Published

- 1) ROCE after tax is determined as follows:

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

For example, at June 30, 2014 the data used in the formula were as follows:

Adjusted EBITDA	€893 million (see ROCE hereafter)
Depreciation, amortization and provisions	€311 million
Effective tax rate	27.5% (see Note 16.2)
Capital employed	€6,190 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 €34 million impact on June 2014 EVA, a €38 million impact on December 2013 EVA and a €36 million impact on June 2013 EVA.

► Return On Capital Employed (ROCE)

Return On Capital Employed (ROCE) is a key management indicator used internally to measure the performance of the Group. 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:** EBITDA plus revenue from financial assets and investments in associates (dividends and interests).
- **Capital Employed:** The average cost of 2013 and 2014 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 2014, ROCE stood at 14.4%, when it stood at 14.0% as of December 31, 2013 and at 13.6% at June 30, 2013.

In millions of euros	Jun 2013 Adjusted (12 months) (*)	Dec 2013 Adjusted (*)	June 2014 (12 months) (*)
Capital employed	6 659	6 511	6 362
Adjustments on capital employed (a)	(212)	(198)	(201)
Effect of exchange rate on capital employed (b)	9	1	29
Average Capital Employed	6 456	6 314	6 190
EBITDA (see Note 7)	827	846	859
Interest income on external loans and dividends	25	19	16
Share of profit of associates before tax (see Note 11)	24	18	18
Published Adjusted EBITDA	876	883	893
ROCE (Adjusted EBITDA/Capital Employed)	13,6%	14,0%	14,4%

(*) Based on continuing operations: i.e. excluding the Onboard Train Services business reclassified as a discontinued operation and restated to exclude the impact of the January 1, 2014 adoption of IFRS 11 – Joint Arrangements, which has been applied retrospectively to all periods presented.

- (a) For the purpose of ROCE calculation, 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.

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► Notes to the Consolidated Financial Statements

Note 1. Summary of Significant Accounting Policies

General Framework

In accordance with European Commission regulation 1606/2002 dated July 19, 2002 on the application of international financial reporting standards, the Accor Group consolidated financial statements for the 2014 first semester have been prepared in accordance with the International Financial Reporting Standards (IFRSs) adopted by the European Union as of that date. They include comparative 2013 first semester and 2013 annual financial information, prepared in accordance with the same standards.

At June 30, 2014, all of the International Financial Reporting Standards (including IFRSs, IASs and Interpretations) published by the International Accounting Standards Board ("IASB") had been adopted by the European Union, with the exception of IFRIC 21 – Levies. This interpretation is applicable in Europe in financial periods beginning on or after January 1, 2015 and the Group has decided to apply it as from that date. The effects of applying this interpretation on the consolidated financial statements taken as a whole will not be material. 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, 2014:

- IFRS 10 – Consolidated Financial Statements, IFRS 11 – Joint Arrangements, IFRS 12 – Disclosure of Interests in Other Entities, IAS 27R – Separate Financial Statements, IAS 28R – Investments in Associates and Joint Ventures, and their amendments. These standards introduce a new definition of control and no longer allow joint ventures to be consolidated by the proportionate method. Consequently, joint arrangements that are classified as joint ventures are now accounted for by the equity method, which is now the only recognized method. For joint arrangements that are classified as joint operations, the Group accounts for its contractual share of the assets and liabilities, revenues and expenses of the joint operation on the corresponding lines of the consolidated statement of financial position and income statement. The following companies are qualified as joint ventures based on the criteria in IFRS 11: Adagio, Reef Casinos, Société d'Exploitation des Résidences Hôtelières Rail and Société Immobilière d'Exploitation Hôtelière Algérienne. These companies have been accounted for by the equity method as from January 1, 2014. They were all previously consolidated by the proportionate method.

The first-time adoption of these standards represented a change in accounting policy under IAS 8 and the new policy has therefore been applied retrospectively to all periods presented. The effects on the consolidated financial statements are as follows:

In millions of euros	June 2013 Published	Impact IFRS 11	June 2013 Adjusted	Dec. 2013 Published	Impact IFRS 11	Dec. 2013 Adjusted
Consolidated revenue	2 694	(54)	2 640	5 536	(111)	5 425
Operating Expense	(1 877)	41	(1 836)	(3 777)	83	(3 694)
EBIT	198	(7)	191	536	(15)	521
Net financial expense	(48)	-	(48)	(92)	2	(90)
Share of profit of associates after tax	(2)	5	3	2	9	11
Operating Profit before tax and non recurring items	148	(2)	146	446	(4)	442
Operating Profit before tax	83	(3)	80	259	(3)	256
Income tax expense	(45)	2	(43)	(121)	1	(120)
Net Profit or Loss	39	(1)	38	139	(2)	137
Net Profit or Loss, Group Share	34	-	34	126	-	126

In millions of euros	Dec. 2012			June 2013			Dec. 2013		
	Published	Impact IFRS 11	Adjusted	Published	Impact IFRS 11	Adjusted	Published	Impact IFRS 11	Adjusted
Goodwill	840	(17)	823	754	(15)	739	707	(16)	691
Intangible Assets	264	(1)	263	271	(2)	269	283	(2)	281
Property, Plant and Equipment	2 592	(50)	2 542	2 414	(49)	2 365	2 448	(52)	2 396
Financial Assets	632	43	675	604	45	649	502	46	548
Deferred tax assets	151	2	153	145	2	147	148	1	149
Current Assets	2 925	(34)	2 891	2 939	(33)	2 906	2 911	(34)	2 877
Assets held for sale	156	-	156	158	-	158	61	-	61
Total Assets	7 560	(57)	7 503	7 285	(52)	7 233	7 060	(57)	7 003
Share capital	682	-	682	683	-	683	684	-	684
Additional paid-in capital and reserves	2 682	-	2 682	1 809	-	1 809	1 729	(1)	1 728
Net Profit or Loss, Group share	(599)	-	(599)	34	-	34	126	-	126
Minority interests	230	(2)	228	208	(1)	207	217	(3)	214
Total Shareholders' Equity	2 995	(2)	2 993	2 734	(1)	2 733	2 756	(4)	2 752
Non current Liabilities	1 793	(18)	1 775	1 961	(18)	1 943	1 945	(20)	1 925
Current Liabilities	2 736	(37)	2 699	2 549	(33)	2 516	2 333	(33)	2 300
Liabilities associated with assets classified as held for sale	36	-	36	41	-	41	26	-	26
Total liabilities and Shareholders' Equity	7 560	(57)	7 503	7 285	(52)	7 233	7 060	(57)	7 003

- Amendment to IAS 32 – Offsetting Financial Assets and Financial Liabilities, which clarifies IAS 32's offsetting requirements. As Accor does not offset financial assets and financial liabilities, this amendment has no impact on the consolidated financial statements.
- Amendment to IAS 39 – Novation of Derivatives and Continuation of Hedge Accounting. This amendment provides an exception to IAS 39's requirement to discontinue hedge accounting in situations where derivatives designated in hedging relationships are directly or indirectly novated to a central counterparty as a consequence of laws or regulations. This amendment has no impact on the consolidated financial statements.
- In addition, the Group decided in 2013 to early adopt the amendment to IAS 36 - Recoverable Amount Disclosures for Non-Financial Assets. This amendment, which has been applied retrospectively to all periods presented, restricts the requirement to disclose the recoverable amount of a cash-generating unit (CGU) that includes goodwill or intangible assets with an indefinite useful life to those periods in which an impairment loss has been recognized or reversed.

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, 2014 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”	01/01/2018*	Impacts on the consolidated financial statements being analyzed
IFRS 15	« Revenue from Contracts with Customers »	01/01/2017*	
IFRS 14	“Regulatory Deferral Accounts”	01/01/2016*	
Amendments to IAS 16 and IAS 38	« Property, Plant and Equipment » and « Intangible assets » - clarification of acceptable methods of depreciation and amortisation	01/01/2016*	These standards and amendments to existing standards are currently not expected to have a material impact on the consolidated financial statements.

Standard or Interpretation		Application Date (period beginning on or after)	Measurement of the possible impact on the Accor Group consolidated financial statements in the period of initial application
Amendment to IFRS 11	“Accounting for Acquisitions of Interests in Joint Operations”	01/01/2016*	Impacts on the consolidated financial statements being analyzed
Amendment to IAS 19	“Defined Benefit Plans: Employee Contributions	07/01/2014*	
Annual Improvements to IFRS 2010-2012 Cycle		07/01/2014*	
Annual Improvements to IFRS 2011-2013 Cycle		07/01/2014*	
IFRIC 21	“Levies”	01/01/2014**	These standards and amendments to existing standards are currently not expected to have a material impact on the consolidated financial statements.

* Standard, amendment or interpretation not yet adopted for use in the European Union.

** These standards are applicable in the European Union for annual periods beginning after January 1, 2015, with early adoption allowed from January 1, 2014.

First-time adoption of IFRSs

The following options adopted by Accor in the opening IFRS statement of financial position 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 statements

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 fiscal year-end, except for certain Indian companies that have a March 31 fiscal year-end and are therefore consolidated based on financial statements for the six months ended March 31.

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 2014.

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"). 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. Long-term loans, made primarily to hotel owners and to certain companies in which Accor holds a minority interest with the aim of developing long-term investments, are treated as cash flows from investing activities and not financing activities. Consequently, they are excluded from the net debt calculation.

Equity includes the Group's share of reserves and retained earnings, 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 2014 of maintaining the Adjusted funds from ordinary activities/Adjusted net debt ratio at more than 25%.

The main accounting methods applied are as follows:

A. Consolidation methods

The Group's organizational policy consists of creating subsidiaries in France and, generally, in all of its host countries. These subsidiaries are set up for the sole purpose of operating Accor Group hotels. In most cases, they are wholly owned by Accor and controlled exclusively by the Group. They are therefore fully consolidated.

IFRS 10 – Consolidated Financial Statements states that an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. No account is taken of the potential ability to direct the relevant activities arising from rights that cannot yet be exercised or that are subject to the occurrence of a future event. The investor must have the current, practical ability to direct the relevant activities that most significantly affect the returns of the investee. In the hotel business, an investor has power over a hotel operator, i.e. existing rights that give the investor the current ability to direct the relevant activities that significantly affect the hotel's returns, when it has the ability to make all operational, financial and strategic management decisions. In practice, this means that the investor has the power to appoint the hotel operator's management and to approve the operator's business plan and annual budget. In the case of managed and franchised hotels, Accor has no such power and is not in a position to decide on the business plan or the annual budget. In the case of managed hotels, Accor acts on behalf and for the benefit of the hotel owner and as such is a representative of the owner.

The Group has not identified any companies that it controls despite holding less than half of the voting rights. Similarly, The Group has not identified any companies that it does not control despite holding more than half of the voting rights.

In connection with the development of certain hotel businesses, Accor may set up partnerships with other companies to pool their complementary skills. In all cases, the partnerships are organized as separate, independently managed vehicles in which both partners have rights to the net assets. All of these companies are controlled jointly by Accor and the partner under a contractual arrangement, according to which decisions about the relevant activities require the unanimous consent of the parties sharing control. They qualify as joint ventures based on the criteria in IFRS 11 – Joint Arrangements, and have therefore been accounted for by the equity method in the consolidated financial statements as from January 1, 2014 in line with the requirements of IFRS 11.

In some countries, Accor may choose to acquire a minority interest (generally less than 40%) in a local company that is then used as a vehicle for developing hotel projects. In exchange for its investment Accor generally acquires the right to manage the hotels concerned. In most cases, Accor has a seat on the Board, allowing it to participate in decisions proportionately to its percentage interest in the company's capital. However, the power to control the company remains in the hands of the other

investors. These companies over which Accor exercises significant influence, directly or indirectly, are qualified as associates and are accounted for by the equity method in the consolidated financial statements.

Accor may also acquire minority interests in real estate companies that own the hotel properties (land and buildings) operated by the Group under a lease or management contract. These interests do not entitle Accor to a seat on the real estate company's Board, and Accor has no right to participate in the process for developing financial and operating policies. Consequently, they are classified as investments in non-consolidated companies under "Other financial investments" in the consolidated financial statements.

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 statement of financial position (see Note 1.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 analysed 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 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 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.

C.3. REALLOCATION OF GOODWILL FOLLOWING REORGANIZATIONS

IAS 36, paragraph 87, states that if an entity reorganizes its reporting structure in a way that changes the composition of one or more cash-generating units to which goodwill has been allocated, the goodwill must be reallocated to the units affected based on the relative values of the units' discounted cash flows.

D. Foreign currency translation

The presentation currency is the euro.

The statements of financial position 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.

Accor did not have any subsidiaries operating in hyperinflationary economies in any of the periods presented.

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 in France (droit au bail) 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 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.

At the time of signature of management or franchise contracts, Accor may have to pay key money to the owners of the hotels. These payments are necessary to obtain the contracts and are qualified as intangible assets under IAS 38. Key money is amortized over the life of the contracts to which it relates.

E.2. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are measured at purchase 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:

	Luxury 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 LEASE BACK 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 Lease Back" 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 recognized at acquisition cost, including any goodwill. Their carrying amount is then increased or decreased to recognize 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.

Application of the requirements of IAS 36 described in paragraph C.3 above following the reorganization described in Note 2.A led to the reallocation of goodwill between the HotelInvest and HotelServices businesses effective January 1, 2014.

Goodwill impairment tests are performed separately for each individual hotel for the HotelInvest business. The HotelInvest CGUs comprise all allocated property and equipment and intangible assets.

Goodwill impairment tests are performed by region or country for the HotelServices business. The HotelServices CGUs comprise all allocated property and equipment and intangible assets.

Other assets, notably intangibles, are tested individually when they generate separately identifiable cash inflows.

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.

For property, plant and equipment and goodwill, the recoverable value of all the assets or the CGUs is determined by two methods, the EBITDA multiples method (fair value approach) and the after-tax discounted cash flows method (value in use approach).

For intangible assets except goodwill, the recoverable value of an intangible asset is determined according to the discounted cash flow method only, due to the absence of an active market and comparable transactions.

Description of the methods:

1. Valuation by the EBITDA multiples method.

For hotels, the EBITDA multiples method is 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 for the HotelInvest business, 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	Coefficients
Luxury and Upscale Hotels	$8 < x < 10.5$
Midscale Hotels	$7.5 < x < 9$
Economy Hotels	$6.5 < x < 8.5$

For impairment tests performed by country or region for the HotelServices business, recoverable amount is determined by applying to the country/region's, at the strategic axis level, average EBITDA for the last two years a multiple based on its geographic location and a country/region 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/region's specific characteristics. The projected long-term rate of revenue growth reflects each country/region's economic outlook.

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.S.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

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.

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 statement of financial position, at the lower of their carrying amount and fair value less costs to sell.

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 expense corresponds 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 expense is included in "Other receivables and accruals".

H. Employee benefits expense

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

A “Crédit d’Impôt pour la Compétitivité et l’Emploi” (CICE) tax credit was introduced in the 3rd 2012 Rectified Finance Act with the aim of making French businesses more competitive by reducing labor costs for certain employees. The CICE consists in substance of a government grant to be spent by companies on measures to improve their competitiveness. It is therefore accounted for in accordance with IAS 20 “Accounting for Government Grants and Disclosure”. As allowed under IAS 20, the Group has chosen to record it as a deduction from the related expenses, i.e. as a deduction from payroll costs. The CICE recorded in the June 30, 2014 financial statements in respect of previously recognized payroll costs amounts to €8.3 million; it amounted to €10.5 million at December 31, 2013 and to €5.3 million at June 30, 2013.

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 supplementary pension, length-of-service award and other post-employment benefit plans, in accordance with the laws and practices of the countries where it operates. These plans are either defined contribution or defined benefit plans.

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

For defined benefit plans, under which the Group has a legal or constructive obligation to provide agreed benefits to current and future employees in exchange for a given level of service (including multi-employer plans when the manager is able to provide the necessary information), the Group’s obligations are 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 statement of financial position 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.

Current service cost, past service cost, administrative expense, taxes for the year, and paid contributions and benefits are recognized in operating expense, whereas net interest on the net defined benefit liability (asset) is recognized in financial expense (income).

For post-employment benefits, actuarial gains and losses arising from changes in actuarial assumptions and experience adjustments are recognized immediately in equity. However, actuarial gains and losses on long-term benefit obligations towards active employees (such as jubilees, seniority bonuses...) are recognized directly in profit or loss in net financial expense.

The net defined benefit obligation is recognized in the statement of financial position 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 last tax rates (and tax laws) that have been enacted or substantively enacted. 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 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 was replaced in the 2010 Finance Act by the "*Contribution Economique Territoriale*" tax (CET). The CET comprises two separate taxes, a tax assessed on the rental value of real estate ("*CFE*") and a tax assessed on the value added by the business ("*CVAE*"). In its 2012 and 2013 financial statements, Accor decided therefore to classify CVAE as income tax.

The second Amended 2012 Finance Act introduced a 3% surtax on dividends and other distributions paid by companies that are subject to French corporate income tax. The surtax is treated as an income tax expense arising as of the date of the Annual Shareholders' Meeting at which the dividend is approved. In 2014, the Group therefore recognized additional income tax expense of €3.7 million in its financial statements in respect of the 2013 dividends paid in 2014. In 2013, the Group recognized additional income tax expense of €5.2 million in its financial statements in respect of the 2012 dividends paid in 2013.

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, 2014. 12 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:

- For eight plans, grantees must still be employed by the Group at the starting date of the exercise period.
- Four other plans are a performance option plan with vesting conditions based on performance in relation to the market.

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".

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.

M.3 PERPETUAL SUBORDINATED NOTES

Perpetual subordinated notes are accounted for in accordance with IAS 32 taking into account their specific characteristics. They are recorded in equity at historical cost when Accor has an unconditional right to avoid delivering cash or another financial asset to settle the contractual obligation.

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 statement of financial position 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 money market 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: see Note 1.R) and the fair value of unlisted equities and mutual funds corresponds to their net asset value (level 1 valuation technique: see Note 1.R). 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: see Note 1.R). Securities that are not traded on an active market, for which fair value cannot be reliably estimated, are carried in the statement of financial position 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 both 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 associated with 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 or to a discontinued operation (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 statement of financial position, 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. Fair value

The fair value corresponds to the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In accordance with IFRS 13 “Fair value measurement”, 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).

S. Income statement and cash flow statement presentation

S.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 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.

The Group applies the guidance provided in IAS 18 to determine whether it acts as the principal or an agent in its contractual hotel management relationships. For the purpose of applying IAS 18, the Group is considered as acting as the principal when it has exposure to the significant risks and rewards associated with the rendering of services. In this case, the revenue and related expenses are reported separately in the income statement. When the above criterion is not met, the Group is considered as acting as an agent and only the remuneration corresponding to the agency fee is recognized in revenue.

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 recognized 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.

S.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 $1 - (\text{change in like-for-like EBITDAR} / \text{change in like-for-like revenue})$.

S.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:

1. EBITDA corresponds to gross profit after the operating costs of holding leased assets.
2. EBIT corresponds to gross operating profit after the operating costs of holding both leased and owned assets. 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.

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.

S.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 indicators used by the Group.

S.5. RESTRUCTURING COSTS

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

S.6. IMPAIRMENT LOSSES

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

S.7. GAINS AND LOSSES ON MANAGEMENT OF HOTEL PROPERTIES

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

S.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.

S.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.

S.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:

- Represents a separate major line of business or geographical area of operations;

- Is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations or;
- 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.

S.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 adjustment for 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.

T. Earnings per share

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

U. 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 at June 30, 2014 have been prepared under the responsibility of Accor's Chairman and Chief Executive Officer. They were approved by the Board of Directors of August 25, 2014.

Note 2. Significant Events and Changes in Scope of Consolidation

A. Change of strategy

On November 27, 2013, led by newly appointed Chairman and Chief Executive Officer Sébastien Bazin, Accor decided to redefine its business model around two strategic businesses:

- Hotel operator and brand franchiser HotelServices, with a business model focused on generating revenue from fees and optimizing the income statement.
- Hotel owner and investor HotelInvest, with a business model aimed at improving the return on assets and optimizing the statement of financial position.

The new structure reaffirms the strategic nature of Accor's two traditional areas of expertise – asset management and owner services – by separating the relevant functions, responsibilities and objectives to build a more efficient business model. The hotels owned by HotelInvest are operated by HotelServices under management contracts.

HotelServices' main challenges are to:

- Implement a business model based on generating fees, with a portfolio of services adapted to owners' needs, focusing on contract profitability and optimizing cost management to enhance the financial performance of Accor and its partners.
- Optimize sales and marketing strategies, with projects planned in such areas as customer relationship management, loyalty programs and, more generally, digital services to enable more agile revenue management and more effective use of distribution channels, including online travel agencies.
- Strengthen the brands, which have now been reorganized into three segments: Luxury & Upscale, which focuses on service excellence and a development strategy that targets high-profile hotels in strategic cities; Midscale, where a particular emphasis is placed on innovation to more effectively differentiate the brands; and Economy, where the aim is to capitalize on the successful creation of the ibis megabrand to consolidate market leadership and capitalize on economies of scale.

HotelInvest's main challenges are to:

- Strengthen its position as the leading hotel investor in the economy and midscale segments in Europe, with strategic positions in emerging markets.
- Optimize cash flow generation and reduce earnings volatility, particularly by reducing the number of lease contracts. To achieve this objective, certain hotels could be subject to restructuring and lease contracts will not be systematically renewed when they expire. In addition, hotel development will no longer take place via lease contracts, except for contracts on which Accor has already made a commitment.
- Manage and rationalize the asset portfolio, with a focus on value creation through the strategic allocation of capital expenditure.
- Support the Group's growth strategy, by holding a selective portfolio of profitable hotel property assets.

With this new strategy, Accor has a solid base for maximizing operational performance and creating value for shareholders and all other stakeholders.

Deployment of this strategy during 2014 first half led to:

- Changes in the presentation of segment information in the consolidated financial statements (see Note 38)
- Reallocation of goodwill to the two businesses, based on discounted cash flow projections.

B. Management of hotel assets, acquisitions and disposals

B.1 ACQUISITION OF AN 86-HOTEL PORTFOLIO FROM MOOR PARK

On May 27, 2014, Accor announced the acquisition by Hotellinvest of a portfolio of 86 hotels (11,286 rooms) – 67 in Germany and 19 in the Netherlands – that had been operated by Accor since 2007 under variable leases under the ibis, ibis *budget*, Mercure and Novotel brands. The hotels were acquired at a total cost of €721 million, of which €668 million for the repayment of debt and €53 million for the shares. The vendors are two funds, Moor Park Fund I and II. The transaction was completed on June 30, 2014.

The net book value of the acquired assets was €(3) million and the provisional goodwill recognized in Accor's consolidated financial statements at June 30, 2014 was €56 million. The purchase price allocation process had not been completed at that date.

As the deal closed on June 30, 2014, the acquired hotels did not make any contribution to revenue or profit for the first half.

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

In millions of euros	Cost before purchase price allocation
Property and equipment	640
Receivables	31
Long- and short-term debt	(668)
Other liabilities	(6)
TOTAL	(3)

B.2 ACQUISITION OF AN 11-HOTEL PORTFOLIO FROM AXA REAL ESTATE

Accor also announced on May 27, 2014 the acquisition by Hotellinvest of a portfolio of 11 Swiss hotels (1,592 rooms) that had been operated by Accor since 2008 under variable leases under the ibis, ibis *budget*, Novotel and MGallery brands. The hotels were acquired at a total cost of €179 million, of which €105 million for the repayment of debt and €74 million for the shares.. The transaction was completed on June 27, 2014.

The net book value of the acquired assets was €12 million and the provisional goodwill recognized in Accor's consolidated financial statements at June 30, 2014 was €62 million. The purchase price allocation process had not been completed at that date.

As the deal closed on June 27, 2014, the acquired hotels did not make any contribution to revenue or profit for the first half.

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

In millions of euros	Cost before purchase price allocation
Property and equipment	118
Receivables	1
Cash	2
Long- and short-term debt	(108)
Other liabilities	(1)
TOTAL	12

B.3 SALE OF ACCOR'S INTEREST IN REEF CASINO IN AUSTRALIA

In February 2014, Accor announced the sale of its interest in Reef Casino in Australia. The interest included a 29% stake in Reef Casino Trust (RCT), a listed entity, as well as a 50% stake in RCT's related businesses, Cairns Australia Casinos and Reef Corporate Service. Total proceeds for Accor amounted to AU\$ 85 million (€55.5 million).

Reef Casino is a resort located in Cairns (Northern Queensland, Australia) comprising a 128-room hotel and a casino with over 500 gaming machines. The buyer is Hong Kong-based investment company Aquis.

The transaction depends on 90% of RCT shares being tendered to the offer and is also subject to administrative approvals. The investment (previously accounted for by the equity method) and the related goodwill were reclassified in the consolidated statement of financial position at June 30, 2014 as "Assets held for sale" for €36 million (see Note 32).

B.4. SALE OF ACCOR'S STAKE IN ONBOARD TRAIN SERVICES

In 2010 and 2012, Accor sold Compagnie des Wagons Lits' onboard rail catering businesses in France, Austria and Portugal and part of the Italian business.

The Italian Onboard Day Train Services business remained classified under "Assets held for sale" at June 30, 2014 (see Note 32) in view of the ongoing liquidation process of the company.

B.5. OTHER REAL ESTATE TRANSACTIONS

To meet its strategic goals, HotellInvest is rationalizing the hotel portfolio through restructuring and disposal programs.

The main real estate transactions carried out by the Group at June 30, 2014 are as follows:

2014	Number of transactions	Sale price	Debt impact	Adjusted debt impact
"Sale & Variable Lease Back" transactions	2	0	(9)	(8)
"Sale & Management Back" transactions	1	18	17	17
"Sale & Franchise Back" transactions and outright sales	22	37	35	43
TOTAL	25	55	43	52

"Sale & Variable Lease Back" transactions consisted of selling the hotel property while continuing to manage the business, under a variable-rent lease based on a percentage of revenue without any guaranteed minimum. Following adoption of the HotellInvest strategy (see Note 2 A), the practice of leasing hotels has been discontinued, with only the transactions in progress being finalized. In addition, negotiations are conducted with hotel owners to convert fixed-rent leases into variable rent leases. At the end of June 2014, Accor paid €10 million to the consortium of French institutional investors in the OPCI property investment fund managed by ATREAM under the performance bond issued in connection with a 2009 "Sale & Variable Lease Back" transaction.

"Sale and Management Back" transactions consist of selling the hotel properties while continuing to manage the business, retaining a minority interest depending on the circumstances. The main "Sale and Management Back" transaction carried out in first-half 2014 is the disposal of the Venice MGallery in Italy for €12 million.

"Sale & Franchise Back" transactions and outright sales consist of selling hotels, through outright asset sales, lease terminations at or before the expiry date and sale & franchise-back transactions.

The main "Sale and Franchise Back" transactions carried out in first-half 2014 were as follows:

- Five ibis units in China were sold separately. These sales led to an €8 million reduction in net debt and a €13 million reduction in adjusted net debt.
- Five ibis units in France were also sold separately, leading to an €8 million reduction in net debt and adjusted net debt.

B.6 TRANSACTIONS CARRIED OUT IN PRIOR PERIODS

Accor sells its 19.4% stake in TAHL in 2013

In November 2013, Accor sold its 19.4% stake in the Tourism Asset Holdings Ltd. (TAHL), Australia's largest hotel owning Company, to the Abu Dhabi Investment Authority (ADIA) for a value of AU\$66 million (€46 million), and a repayment of AU\$76 million (€53 million) loans.

At the end of December 2013, the impact of this transaction amounts to €2 million on net result and the transaction enabled Accor to reduce adjusted net debt by a cumulative €101 million.

TAHL owned 31 hotels in Australia (4,097 rooms), all of which are operated by Accor through lease or management contracts under the ibis, ibis *budget*, ibis Styles, Mercure, Novotel and Pullman brands.

Other real estate transactions in 2013

A total of 53 hotels were sold or restructured in 2013, leading to a €408 million reduction in adjusted net debt and a €331 million increase in cash.

This included the sale of 23 hotels and the restructuring of 30 lease contracts.

2013	Number of transactions	Sale price	Debt impact	Adjusted debt impact
"Sale & Variable Lease Back" transactions	9	15	10	21
"Sale & Management Back" transactions	12	160	141	166
"Sale & Franchise Back" transactions and outright sales	32	152	180	221
TOTAL	53	327	331	408

Acquisition of the South American hotel portfolio of Grupo Posadas in 2012

On July 16, 2012, Accor signed a contract for the acquisition of the South American hotel portfolio of Grupo Posadas. The sale was completed on October 10, 2012. The final amount paid by Accor for this acquisition was €195 million but a total of €10 million was refunded to the Group in 2013 following two price adjustments that reduced the final price to €185 million. The transaction included 13 hotels, of which three owned hotels, three hotels leased under variable-rent leases and seven hotels under management contracts. The transaction also included a secured pipeline of 18 hotels under management contracts and the acquisition of two brands operated by Grupo Posadas in South America: Caesar Park and Caesar Business.

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

In millions of euros	Cost before purchase price allocation	Purchase price allocation	Cost after purchase price allocation
Intangible assets	30	23	53
Property, plant and equipment	23	54	77
Other receivables	6	-	6
Deferred tax assets/liabilities	5	(25)	(20)
Cash and cash equivalents	7	-	7
Debt	(27)	-	(27)
Other payables	(9)	(2)	(11)
TOTAL	35	50	85

The fair value of property, plant and equipment is based on independent valuations (Level 2 inputs as defined in IFRS 13: see Note 1.R). The fair value of intangible assets is estimated by discounting estimated fee revenues up to the next contract renewal date (Level 3 inputs as defined in IFRS 13: see Note 1.R), based on the data used to determine the acquisition price.

C. Organic growth: Hotel portfolio and pipeline

The Group is pursuing its expansion plan in line with its strategy.

During 2014, the Group added 92 hotels (12,284 rooms) to its portfolio through acquisitions and organic growth. In addition, 23 hotels (3,045 rooms) were closed during the period.

Hotel portfolio by segment and type of management at June 30, 2014

June 30, 2014	Managed		Franchised		HotelInvest (Owned and leased)		Total	
	Nb Hotels	Nb Rooms	Nb Hotels	Nb Rooms	Nb Hotels	Nb Rooms	Nb Hotels	Nb Rooms
Luxury and Upscale Hotels	202	49 663	73	8 846	57	11 244	332	69 753
Midscale Hotels	353	63 605	427	43 669	413	67 845	1 193	175 119
Economy Hotels	247	38 613	947	75 319	891	107 043	2 085	220 975
No brand	26	3 349	1	78	8	1 604	35	5 031
Total	828	155 230	1 448	127 912	1 369	187 736	3 645	470 878
<i>Total (in %)</i>	<i>22,7%</i>	<i>33,0%</i>	<i>39,7%</i>	<i>27,2%</i>	<i>37,6%</i>	<i>39,9%</i>	<i>100,0%</i>	<i>100,0%</i>

Hotel portfolio by region and type of management at JUNE 30, 2014

June 30, 2014	Managed		Franchised		HotelInvest (Owned and leased)		Total	
	Nb Hotels	Nb Rooms	Nb Hotels	Nb Rooms	Nb Hotels	Nb Rooms	Nb Hotels	Nb Rooms
France	113	13 835	930	68 789	515	58 195	1 558	140 819
Europe (Excluding France and Mediterranean)	104	14 832	248	27 169	535	80 053	887	122 054
Africa, Middle East, Mediterranean	115	23 000	83	8 665	150	20 520	348	52 185
Asia Pacific	377	83 168	139	17 626	72	11 324	588	112 118
Americas	119	20 395	48	5 663	97	17 644	264	43 702
Total	828	155 230	1 448	127 912	1 369	187 736	3 645	470 878
<i>Total in %</i>	<i>22,7%</i>	<i>33,0%</i>	<i>39,7%</i>	<i>27,2%</i>	<i>37,6%</i>	<i>39,9%</i>	<i>100,0%</i>	<i>100,0%</i>

Hotel portfolio by region and segment at June 30, 2014

In number of hotels	France	Europe (excl. France/ Mediterranean)	Mediterranean Middle East and Africa	Asia Pacific	Americas	Total
Luxury and Upscale Hotels	42	42	55	171	22	332
Midscale Hotels	389	383	131	186	104	1 193
Economy Hotels	1 126	456	160	209	134	2 085
No Brand	1	6	2	22	4	35
Total	1,558	887	348	588	264	3,645
<i>Total (in %)</i>	<i>42,7%</i>	<i>24,3%</i>	<i>9,5%</i>	<i>16,1%</i>	<i>7,2%</i>	<i>100,0%</i>

In number of rooms	France	Europe (excl. France/ Mediterranean)	Mediterranean Middle East and Africa	Asia Pacific	Americas	Total
Luxury and Upscale Hotels	6,520	9,471	11 721	36 900	5 141	69,753
Midscale Hotels	43,491	56,649	20 190	38,738	16 051	175,119
Economy Hotels	90 757	54 946	20 102	33,728	21,442	220,975
No brand	51	988	172	2,752	1,068	5,031
Total	140,819	122,054	52,185	112,118	43,702	470,878
<i>Total (in %)</i>	<i>29,9%</i>	<i>25,9%</i>	<i>11,1%</i>	<i>23,8%</i>	<i>9,3%</i>	<i>100,0%</i>

Hotel pipeline at June 30, 2014

The number of new rooms in the pipeline represented by ownership at June 30, 2014 and scheduled to be completed in the next four years is as follows:

In number of rooms	Managed	Franchised	HotelInvest (Owned and leased)	Total
Total	97 427	27 499	18 759	143 685

D. Colony Capital / Eurazeo

Colony Capital acquired an initial stake in the Accor Group in March 2005 by investing €1 billion in Accor equity notes and convertible bonds that were redeemed for/converted into shares in 2007. In exchange for this investment, Colony was given two seats on the Accor Board of Directors.

In May 2008, Colony Capital and investment group Eurazeo announced a five-year shareholders' agreement under which they would increase their combined stake in the Group's capital. After this five-year term, the concert arrangement may be terminated with 30 days' notice. The agreement was followed by an increase in Eurazeo's interest in Accor and led to Eurazeo being given a seat on the Accor Board of Directors.

In 2009, the concert group represented by Colony Capital and Eurazeo purchased new Accor shares and 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.

In 2010, in connection with the demerger, Colony Capital and Eurazeo gave a commitment to support the demerged entities Accor and Edenred, by retaining their shares in the two companies. This commitment 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 December 31, 2012, the concert group held 48,673,442 shares, representing 21.4% of the capital and 30.08% of the voting rights following (i) the allocation, during 2012, of double voting rights to shares held for more than two years and (ii) the reduction in the number of shares held by Fonds Stratégique d'Investissement and Caisse des Dépôts et Consignations, leading to the cancellation of a certain number of double voting rights and a resulting decrease in the total number of voting rights. The proportion of voting rights was above the level at which French securities laws require a takeover bid to be presented. Representatives of Colony Capital and Eurazeo asked the French securities regulator (Autorité des Marchés Financiers - AMF) to waive this requirement in the case of Accor, considering that (i) the threshold had been crossed solely due to a reduction in the number of Accor voting rights that was not the result of any action by them and (ii) they had given an undertaking not to take any action themselves to raise their interest to above this threshold. On January 16, the AMF informed Colony Capital and Eurazeo that they would not be required to present a takeover bid.

At December 31, 2013, the concert group held 48,673,442 shares, representing 21.3% of the capital and 31.2% of the voting rights.

At June 30, 2014, the concert group holds 48,673,442 shares representing 21.0% of the capital and 31.2% of the voting rights.

E. Bond Issues

During the period, Accor placed the following bond issues:

- January 31, 2014: €750 million 2.625% 7-year bond issue due January 31, 2021.
- June 17, 2014: CHF 150 million 1.75% 8-year bond issue due June 17, 2022.

On February 4, 2014, €402.25 million worth of 7.50% five-year bonds matured and were redeemed. The bonds formed part of a €600 million issue carried out on February 4, 2009, of which €197.75 million was repaid early in 2010 and 2011.

Bond issues carried out and redeemed in first-half 2013 were as follows:

- March 21, 2013: €600 million 2.50% 6-year bond issue due March 21, 2019.
- May 5, 2013: redemption of €393.7 million worth of 6.50% four-year bonds. The bonds formed part of a €600 million issue carried out on May 5, 2009, of which €206.3 million was repaid early in 2010 and 2011.
- June 19, 2012: €600 million 2.875% 5-year bond issue due June 19, 2017, augmenting by €100 million 2.875% 5 year tap issue on September 28, 2012.
- August 24, 2009: €250 million 6.039% 8-year and 3 month bond issue due November 6, 2017

F. Perpetual subordinated notes issue

On June 30, 2014, Accor issued €900 million worth of subordinated notes. The interest rate on the notes is set at 4.125% up until June 30, 2020 and will be re-set every five years thereafter.

The notes have no fixed maturity. The first repayment option is on June 30, 2020.

Due to their characteristics and in accordance with IAS 32 (see Note 1.M.3), the notes were recorded in equity upon receipt of the issue proceeds for €887 million (net of transaction costs).

G. Signature of a syndicated line of credit

In June 2014, Accor signed a €1.8 billion syndicated line of credit that replaced the €1.5 billion syndicated credit facility signed in May 2011 and scheduled to expire in May 2016.

The five-year facility will lengthen the average maturity of Accor's financing.

H. Voluntary redundancy plans

In 2013, Accor launched a voluntary redundancy plan at the Group's Paris headquarters. This plan concerned 165 persons, leading to the recognition of a total expense of €47 million in the 2013 financial statements. Plan implementation will be completed in 2014.

Following Accor's announcement of its new strategic roadmap on November 27, 2013, the Group stated at the end of 2013 that a new voluntary redundancy plan would be launched to address the human resources implications of the resulting organizational changes. A total expense of €22 million was recorded in the 2013 financial statements for this plan.

The plan is currently in progress, with most separations expected to take place during the second half of the year.

Note 3. Consolidated Revenue by Strategic Business and by Region

In millions of euros	France	Europe (excl. France/ Mediterranean)	Mediterranean Middle East and Africa	Asia Pacific	Americas	Worldwide Structures (1)	June 2014	June 2013 Adjusted	2013 Adjusted
HOTELSERVICES	159	140	60	147	52	24	582	603	1 254
HOTELINVEST	786	986	195	127	192	-	2 286	2 336	4 798
CORPORATE & INTERCOS	(99)	(111)	(22)	(10)	(20)	(13)	(275)	(299)	(627)
Total June 2014	846	1 015	233	264	224	11	2 593		
Total June 2013 Adjusted	874	989	227	295	240	15		2 640	
Total 2013 Adjusted	1 799	2 070	458	598	473	27			5 425

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

Consolidated revenue at June, 30, 2014, totalled 2 593 million, compared with 2 640 million at June, 30, 2013.

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

• Like-for-like growth	+74	m€	+2,8%
• Business expansion (owned and leased hotels only)	+19	m€	+0,7%
• Currency effects	(75)	m€	(2,8)%
• Disposals	(65)	m€	(2,5)%
Decrease in 2014 Revenue	(47)	m€	(1,8)%

Change in consolidated revenue by strategic business:

	Δ June 2014 / June 2013 Adjusted		Like-for-like change	
	In millions of euros		In millions of euros	
HOTELSERVICES	(21)		+34	+5,7%
HOTELINVEST	(50)		+39	+1,6%
CORPORATE & INTERCOS	+24		+1	+0,3%
Group Total	(47)		+74	+2,8%

Change in consolidated revenue by region:

	Δ June 2014 / June 2013 Adjusted		Like-for-like change	
	In millions of euros		In millions of euros	
France	(28)		(8)	(0,9)%
Europe (excl. France/Mediterranean)	+26		+32	+3,2%
Mediterranean, Middle-East, Africa	+6		+19	+8,4%
Asia Pacific	(31)		+6	+2,0%
Americas	(16)		+18	+7,6%
Worldwide Structures	(4)		+7	+44,5%
Group Total	(47)		+74	+2,8%

At June 30, 2014, HotelServices revenue breaks down as follows:

In millions of euros	Management fees	Franchise fees	Subsidiary fees	Other Revenues	Total
June 2014	169	75	257	81	582
June 2013 Adjusted	160	65	279	99	603
2013 Adjusted	330	144	588	192	1 254

Total fees for Managed and Franchised hotels only, excluding currency and acquisitions, increased by 14.9%

First-half 2013 revenue by strategic business and by region was as follows:

In millions of euros	France	Europe (excl. France/Mediterranean)	Mediterranean Middle East and Africa	Asia Pacific	Americas	Worldwide Structures (1)	June 2013 Adjusted
HOTELSERVICES	159	151	57	156	54	26	603
HOTELINVEST	821	965	192	152	206	-	2 336
CORPORATE & INTERCOS	(106)	(127)	(22)	(13)	(20)	(11)	(299)
Total June 2013 Adjusted	874	989	227	295	240	15	2 640

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

Note 4. Operating Expense

In millions of euros		2013 Adjusted	June 2013 Adjusted	June 2014
Cost of goods sold	(1)	(382)	(180)	(173)
Employee benefits expense	(2)	(1 963)	(980)	(947)
Energy, maintenance and repairs		(289)	(147)	(137)
Taxes, insurance and service charges (co-owned properties)		(193)	(104)	(98)
Other operating expense	(3)	(867)	(425)	(431)
TOTAL OPERATING EXPENSE		(3 694)	(1 836)	(1 786)

(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		2013 Adjusted	June 2013 Adjusted	June 2014
Full-time equivalent (*)		48 710	48 684	46 572
Ratio employee benefits expense / FTE (€k)		(40)	(40)	(41)

(*) 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. There is no employee number for associates.

At June 30, 2014, employee benefits expense includes €4.1 million related to stock option plans and performance share plans (see Note 25).

(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 Strategic Business and Region

In millions of euros	France	Europe (excl. France/ Mediterranean)	Mediterranean Middle East and Africa	Asia Pacific	Americas	Worldwide Structures (1)	June 2014	June 2013 Adjusted	2013 Adjusted
HOTELSERVICES	61	50	21	29	16	23	200	190	434
HOTELINVEST	182	312	44	34	52	19	643	645	1 354
CORPORATE & INTERCOS	-	-	-	-	-	(36)	(36)	(31)	(57)
Total June 2014	243	362	65	63	68	6	807		
Total June 2013 Adjusted	252	347	54	70	75	6		804	
Total 2013 Adjusted	537	743	104	157	152	38			1 731

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

Consolidated EBITDAR at June, 30, 2014, totalled €807 million compared with €804 million at June, 30, 2013.

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

• Like-for-like growth	+31	m€	+3,8%
• Business expansion (owned and leased hotels only)	+4	m€	+0,6%
• Currency effects	(20)	m€	(2,6)%
• Disposals	(12)	m€	(1,4)%
Increase in 2014 EBITDAR	+3	m€	+0,4%

Change in EBITDAR by Strategic Business:

	Δ June 2014 / June 2013 Adjusted		Like-for-like change	
	In millions of euros	In millions of euros	In millions of euros	%
HOTELSERVICES	+10	+28	+14,6%	
HOTELINVEST	(2)	+8	+1,2%	
CORPORATE & INTERCOS	(5)	(5)	(15,1)%	
Group Total	+3	+31	+3,8%	

Change in EBITDAR by region:

	Δ June 2014 / June 2013 Adjusted		Like-for-like change	
	In millions of euros	In millions of euros	In millions of euros	%
France	(9)	(5)	(1,9)%	
Europe (excl. France/Mediterranean)	+15	+13	+3,7%	
Mediterranean, Middle-East, Africa	+11	+16	+29,4%	
Asia Pacific	(7)	+1	+1,2%	
Americas	(7)	+4	+4,9%	
Worldwide Structures	+0	+2	+36,5%	
Group Total	+3	+31	+3,8%	

First-half 2013 EBITDAR by strategic business and by region was as follows:

In millions of euros	France	Europe (excl. France/ Mediterranean)	Mediterranean Middle East and Africa	Asia Pacific	Americas	Worldwide Structures (1)	June 2013 Adjusted
HOTELSERVICES	54	56	16	28	19	17	190
HOTELINVEST	198	291	38	42	56	20	645
CORPORATE & INTERCOS	-	-	-	-	-	(31)	(31)
Total June 2013 Adjusted	252	347	54	70	75	6	804

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

Note 6. Rental Expense

Rental expense amounted to €431 million at June, 30, 2014 compared with €442 million at June, 30, 2013 and €885 million at December, 31, 2013.

In accordance with the policy described in Note 1.E.4, the expense reported on this line only concerns operating leases. Finance leases are recognized in the statement of financial position as an asset and a liability. The amount of the liability at June 30, 2014 is €49 million (see Note 29.1).

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 €431 million in rental expense corresponds to 987 leased hotels, including less than 1% 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 Strategic Business

Rental expense can be analyzed as follows by Strategic Business:

In millions of euros	2013 Adjusted	June 2013 Adjusted	June 2014
HOTELSERVICES	(22)	(12)	(12)
HOTELINVEST	(868)	(433)	(421)
CORPORATE & INTERCOS	5	3	2
Total	(885)	(442)	(431)

B. Rental expense by type of contract

Rental expense breaks down as follows by type of contract:

In millions of euros	Number of hotels (1)	2014 rental (6 months)	Fixed rental expense (6 months)	Variable rental expense
Fixed rent with purchase option	10	(7)	(7)	-
Fixed rent without purchase option	253	(114)	(114)	-
Fixed rent with a variable portion (2)	63	(36)	(31)	(5)
Land rent	-	(5)	(3)	(2)
Office rental expenses (Hotels business)	-	(11)	(11)	(0)
Fees on intragroup rent guarantees on Hotels business	-	(6)	(6)	(0)
Total hotel fixed rental expense	326	(179)	(172)	(7)
Variable rent with a minimum (3)	105	(44)	(37)	(7)
Variable rent with a minimum and cap (4)	14	(12)	(5)	(7)
Variable rent without a minimum (5)	542	(198)	-	(198)
Total hotel variable rental expense	661	(254)	(42)	(212)
Total hotel rental expense	987	(433)	(214)	(219)
Rental expense not related to hotels	-	(5)	(5)	(0)
Internal lease guarantee fees	-	7	6	1
Total rental expense	987	(431)	(213)	(218)

(1) Rental expense by brand and type of contract at June 30, 2014 is presented as follows:

Leased hotels at June 30, 2014	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
Luxury and Upscale Hotels	2	13	4	7	1	9	36
Midscale Hotels	4	80	24	32	8	147	295
Economy Hotels	4	159	35	66	5	386	655
No brand	-	1	-	-	-	-	1
Total	10	253	63	105	14	542	987

(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 capped.

(5) Variable rents without a minimum are generally based on a percentage of revenue (504 hotels) or a percentage of EBITDAR (38 hotels). None of the leases contains any minimum rent clause. Variable rents based on a percentage of EBITDAR amounted to €23 million in first-half 2014. Rents on the 97 hotels in the portfolios acquired from Moor Park and Axa Real Estate in first-half 2014 (see Notes 2.B.1 and 2.B.2) are presented on the line "Variable rents without a minimum" in the above table, although the hotels are no longer included in the 542 hotels under variable leases at June 30, 2014.

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 of euros	Years	In millions of euros
2014 (6 months)	(201)	2023	(201)
2015	(391)	2024	(186)
2016	(374)	2025	(164)
2017	(349)	2026	(146)
2018	(333)	2027	(98)
2019	(324)	2028	(80)
2020	(288)	2029	(64)
2021	(240)	2030	(44)
2022	(220)	> 2030	(298)
		Total	(4 001)

At June 30, 2014, 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 €(2,565) million.

Interest expense on adjusted net debt, estimated at 7%, amounted to €180 million. The difference between the minimum rent (€391 million) and interest expense (€180 million) amounted to €211 million. This corresponds to the implicit repayment of adjusted debt (“Standard & Poor’s method) and therefore constitutes an adjustment for the calculation of the adjusted funds from operations/adjusted net debt ratio (see Note (b) in the Key Management Ratios).

Note 7. EBITDA by Strategic Business and Region

In millions of euros	France	Europe (excl. France/ Mediterranean)	Mediterranean Middle East and Africa	Asia Pacific	Americas	Worldwide Structures (1)	June 2014	June 2013 Adjusted	2013 Adjusted
HOTELSERVICES	59	48	20	26	15	20	188	178	412
HOTELINVEST	59	113	7	7	16	20	222	212	486
CORPORATE & INTERCOS	-	-	-	-	-	(34)	(34)	(28)	(52)
Total June 2014	118	161	27	33	31	6	376		
Total June 2013 Adjusted	124	149	14	34	34	7		362	
Total 2013 Adjusted	277	341	25	91	73	39			846

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

Consolidated EBITDA at June 30, 2014 totalled €376million compared with €362 million at June 30, 2013.

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

• Like-for-like growth	+28	m€	+7,8%
• Business expansion (owned and leased hotels only)	+0	m€	+0,1%
• Currency effects	(9)	m€	(2,6)%
• Disposals	(5)	m€	(1,3)%
Increase in 2014 EBITDA	+14	m€	+4,0%

Change in EBITDA by Strategic business:

	Δ June 2014 / June 2013 Adjusted		Like-for-like change	
	In millions of euros		In millions of euros	
				%
HOTELSERVICES	+10	+26	+14,8%	
HOTELINVEST	+10	+7	+3,5%	
CORPORATE & INTERCOS	(6)	(5)	(19,0)%	
Group Total	+14	+28	+7,8%	

Change in EBITDA by region:

	Δ June 2014 / June 2013 Adjusted		Like-for-like change	
	In millions of euros		In millions of euros	
				%
France	(7)	(4)	(3,0)%	
Europe (excl. France/Mediterranean)	+13	+12	+8,0%	
Mediterranean, Middle-East, Africa	+13	+15	+109,0%	
Asia Pacific	(1)	+1	+4,2%	
Americas	(3)	+2	+6,7%	
Worldwide Structures	(1)	+2	+22,1%	
Group Total	+14	+28	+7,8%	

First-half 2013 EBITDA by strategic business and by region was as follows:

In millions of euros	France	Europe (excl. France/ Mediterranean)	Mediterranean Middle East and Africa	Asia Pacific	Americas	Worldwide Structures (1)	June 2013 Adjusted
HOTELSERVICES	51	54	15	25	18	15	178
HOTELINVEST	73	95	(1)	9	16	20	212
CORPORATE & INTERCOS	-	-	-	-	-	(28)	(28)
Total June 2013 Adjusted	124	149	14	34	34	7	362

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

Note 8. Depreciation, Amortization and Provision Expense

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

In millions of euros	2013 Adjusted	June 2013 Adjusted	June 2014
Depreciation and amortization	(324)	(164)	(152)
Provision	(1)	(7)	(5)
Total	(325)	(171)	(157)

Note 9. EBIT by Strategic Business and Region

In millions of euros	France	Europe (excl. France/ Mediterranean)	Mediterranean Middle East and Africa	Asia Pacific	Americas	Worldwide Structures (1)	June 2014	June 2013 Adjusted	2013 Adjusted
HOTELSERVICES	59	46	20	21	15	11	172	161	380
HOTELINVEST	18	48	(7)	(2)	7	19	83	60	197
CORPORATE & INTERCOS	-	-	-	-	-	(36)	(36)	(30)	(56)
Total June 2014	77	94	13	19	22	(6)	219		
Total June 2013 Adjusted	80	79	(1)	15	21	(3)		191	
Total 2013 Adjusted	192	209	(5)	56	51	18			521

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

Consolidated EBIT at June, 30, 2014 totalled €219 million compared with €191 million at June, 30, 2013

The period on-period increase breaks down as follows:

• Like-for-like growth	+34	m€	+17,6%
• Business expansion (owned and leased hotels only)	(1)	m€	(0,8)%
• Currency effects	(6)	m€	(3,2)%
• Disposals	+1	m€	+0,9%
Increase in 2014 EBIT	+28	m€	+14,5%

Change in EBIT by Strategic Business:

	Δ June 2014 / June 2013 Adjusted		Like-for-like change	
	In millions of euros	In millions of euros	In millions of euros	%
HOTELSERVICES	+11	+27	+16,5%	
HOTELINVEST	+23	+13	+21,1%	
CORPORATE & INTERCOS	(6)	(6)	(18,7)%	
Group Total	+28	+34	+17,6%	

Change in EBIT by region:

	Δ June 2014 / June 2013 Adjusted		Like-for-like change	
	In millions of euros	In millions of euros	In millions of euros	%
France	(3)	(3)	(3,6)%	
Europe (excl. France/Mediterranean)	+15	+14	+17,2%	
Mediterranean, Middle-East, Africa	+14	+16	+1627,1%	
Asia Pacific	+4	+4	+23,3%	
Americas	+1	+4	+21,5%	
Worldwide Structures	(3)	(1)	(25,2)%	
Group Total	+28	+34	+17,6%	

First-half 2013 EBIT by strategic business and by region was as follows:

In millions of euros	France	Europe (excl. France/ Mediterranean)	Mediterranean Middle East and Africa	Asia Pacific	Americas	Worldwide Structures (1)	June 2013 Adjusted
HOTELSERVICES	50	53	15	17	18	8	161
HOTELINVEST	30	26	(16)	(2)	3	19	60
CORPORATE & INTERCOS	-	-	-	-	-	(30)	(30)
Total June 2013 Adjusted	80	79	(1)	15	21	(3)	191

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

Note 10. Net Financial Expense

In millions of euros	2013 Adjusted	June 2013 Adjusted	June 2014
Finance costs (1)	(83)	(47)	(31)
Other financial income and expenses (2)	(7)	(1)	1
Net financial expense	(90)	(48)	(30)

(1) Finance costs can be analyzed as follows between cash and non-cash items:

In millions of euros	2013 Adjusted	June 2013 Adjusted	June 2014
Finance costs, net - cash	(84)	(49)	(32)
Finance costs, net - non-cash	1	2	1
Total Finance costs	(83)	(47)	(31)

Finance costs net include interest received or paid on loans, receivables and debts measured at amortized cost.

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

In millions of euros	2013 Adjusted	June 2013 Adjusted	June 2014
Dividend income from non-consolidated companies (Available-for-sale financial assets)	7	5	1
Exchange gains and losses (excl. financial instruments at fair value)	(6)	(3)	(1)
Movements in provisions	(8)	(3)	1
Total Other financial income and expenses	(7)	(1)	1

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

In millions of euros	2013 Adjusted	June 2013 Adjusted	June 2014
Share of profit of associates before tax	17	6	6
Share of tax of associates	(6)	(3)	(3)
Share of profit of associates after tax	11	3	3

The main contributions are as follows:

In millions of euros	2013 Adjusted	June 2013 Adjusted	June 2014
Asia Pacific Hotels	(3)	1	1
The Grand Real Estate (Sofitel The Grand, Hotels Netherlands)	(2)	1	(0)
Sofitel Hotels US (25%)	(1) 6	(1)	(1)
Other (including Risma)	1	(3)	0
Associates	2	(2)	0
Reef Casinos	3	1	0
Adagio	1	1	0
Société Immobilière d'Exploitation Hôtelière Algérienne	1	1	1
Société d'Exploitation des Résidences Hôtelières Rail	4	2	2
Other	-	(0)	(0)
Joint ventures	9	5	3
Share of profit of associates after tax	11	3	3

- (1) In 2013, the profit of the Sofitel US Hotels Strategic Axis was boosted by the €6 million gain on the sale of Minneapolis Sofitel.

Note 12. Restructuring Costs

Restructuring costs can be analyzed as follows:

In millions of euros	2013 Adjusted	June 2013 Adjusted	June 2014
Movements in restructuring provisions	(36)	(23)	36
Restructuring costs	(96)	(26)	(42)
Total Restructuring costs	(132)	(49)	(6)

Restructuring costs correspond mainly to the costs linked to the reorganization of the Group.

In 2013, they resulted for the most part from the various changes in strategy introduced during the period, the reorganization of the Executive Committee and the restructuring of the various European headquarters. These costs of €(69) million were incurred during the year for voluntary separation plans at the different headquarters units in Paris, including €(34) million at June 30, 2013 (see Note 2.H).

Note 13. Impairment Losses

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

A. Definition of cash-generating units

Goodwill has been reallocated between the two businesses, HotelServices and HotelInvest, created in connection with the change in the Group's strategy and its reorganization. Prior to the reorganization, goodwill was allocated by region, country or hotel. The reallocation has been based on discounted cash flow projections. Within the HotelInvest business, each hotel is considered as representing a separate CGU and impairment tests are therefore performed at the hotel level. The CGU's carrying amount corresponds to the carrying amount of the hotel (i.e. the property and equipment and intangible assets) including the goodwill allocated to it (see Note 1.E.6).

HotelServices CGUs correspond to either regions or countries and goodwill is allocated on the same basis as in prior periods.

At June 30, 2014 and at December 31, 2013, the main values (before any impairment losses recognized during the period) of goodwill in the carrying amounts of the CGUs tested for impairment at those dates were as follows:

In millions of euros	Net Goodwill June 2014	Net Goodwill December 2013 Adjusted
HOTELSERVICES		
Australia	131	123
France	111	111
Germany	84	84
Americas	60	60
Asia	38	38
HOTELINVEST		
Germany	81	86
France	61	62
Americas	40	40
Australia	7	22
Asia	4	4
Net goodwill included in cash-generating units (*)	617	630

(*) This amount (before any impairment losses recognized during the year) represents 77 % of goodwill recognized at June 30, 2014. Restated from Moor Park and Axa Real Estate goodwill, which are not allocated at that date, the amount represents 90%. This amount represented 90% of goodwill at December 31, 2013 adjusted. The CGUs' carrying amounts do not include any intangible assets with indefinite useful lives.

B. Assumptions applied

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

At June 30, 2014, the main other assumptions used to estimate recoverable amounts were as follows:

June 2014	Germany	France	Asia	Australia	Americas
Growth rate	2,00%	N/A	2,00%	2,60%	4,24%
Discount rate	8,34%	N/A	9,24%	7,74%	12,34%

At December 31, 2013, the main other assumptions used to estimate recoverable amounts were as follows:

December 2013	Germany	France	Asia	Australia	Americas
Growth rate	2,00%	N/A	2,00%	2,60%	N/A
Discount rate	8,80%	N/A	10,40%	8,20%	N/A

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

Impairment losses recognized in 2013 and 2014 can be analyzed as follows:

In millions of euros	2013 Adjusted	June 2013 Adjusted	June 2014
Goodwill	(7)	(6)	(2)
Intangible assets	(1)	(1)	(1)
Property, plant and equipment	(81)	(52)	(22)
Financial assets	-	-	-
Impairment Losses	(89)	(59)	(25)

The main assets and cash generating units for which impairment losses were recognized in 2013 and 2014 were as follows:

A. Impairment of goodwill

Impairments of goodwill concern only HotelInvest.

At June 30, 2014, impairment losses resulted from revised estimates of the recoverable amount of goodwill related to the French hotel business (€1 million impairment loss), to the German hotel business (€1 million impairment loss).

At December 31, 2013, impairment losses resulted mainly from revised estimates of the recoverable amount of goodwill related to the French hotel business (€1million impairment loss), to the German hotel business (€5 million impairment loss) and to the Dutch hotel business (€1 million impairment loss).

At June 30, 2013, impairment losses resulted from revised estimates of the recoverable amount of goodwill related to the French hotel business (€1 million impairment loss), to the German hotel business (€4 million impairment loss).

Sensitivity analysis:

The CGUs' value in use is estimated by the discounted cash flows method. The discount rate and the growth rate are the main key assumptions used by the Group to determine the CGUs' recoverable amount.

In 2013 and in 2014, analyses showed that, in the case of CGUs for which no impairment was recorded during the period, only a substantial, improbable change in the discount rate in the next twelve months would have caused their recoverable amount to fall to below their carrying amount.

Sensitivity tests performed on the main CGUs at June 30, 2014 showed that:

- In Germany, the CGU's carrying amount would exceed its recoverable amount if the discount rate increased by 2,752 basis points. As the enterprise value would be recovered in five years based on projected discounted cash flows, its carrying amount would represent less than its recoverable amount whatever the growth rate to perpetuity used for the calculation.
- In Asia, the CGU's carrying amount would exceed its recoverable amount if the discount rate increased by 5,080 basis points. As the enterprise value would be recovered in five years based on projected discounted cash flows, its carrying amount would represent less than its recoverable amount whatever the growth rate to perpetuity used for the calculation.
- In Australia, the CGU's carrying amount would exceed its recoverable amount if the discount rate increased by 842 basis points or the growth rate to perpetuity was reduced by 1,599 basis points.
- In America, the CGU's carrying amount would exceed its recoverable amount if the discount rate increased by 7,306 basis points. As the enterprise value would be recovered in five years based on projected discounted cash flows, its carrying amount would represent less than its recoverable amount whatever the growth rate to perpetuity used for the calculation.

B. Impairment of intangible assets

At June 30, 2014, impairment losses of €(0.2) million were recorded on intangible assets.

At June 30, 2013 and at December 31, 2013, impairment losses of €(1) million were recorded on intangible assets.

C. Impairment of property, plant and equipment

In millions of euros	France	Europe (excl. France/ Mediterranean)	Mediterranean Middle East and Africa	Asia Pacific	Americas	Worldwide Structures (1)	June 2014	June 2013 Adjusted	2013 Adjusted
HOTELSERVICES	-	-	-	-	-	-	-	-	-
HOTELINVEST	(7)	(7)	(2)	(6)	(0)	-	(22)	(52)	(81)
CORPORATE/INTERCOS	-	-	-	-	-	-	-	-	-
Total June 2014	(7)	(7)	(2)	(6)	(0)	-	(22)		
Total June 2013 Adjusted	(18)	(12)	(15)	(1)	(6)	-		(52)	
Total 2013 Adjusted	(17)	(20)	(32)	(6)	(6)	-			(81)

At June 30, 2014, impairment losses on property, plant and equipment concerned 85 hotels for €20 million. No impairment losses were reversed.

Impairment losses of €2 million were recognized on the Novotel Nottingham East Midlands, Novotel Stevenage and ibis Shanghai Waigaoqiao hotels, based on the prices offered by potential buyers (level 2 valuation technique under IFRS 13: see Note 1.R).

At June 30, 2013, impairment losses on property, plant and concerned 113 hotels for €52 million. No impairment losses were reversed.

Impairment losses were recognized on the Novotel Novotel Mississauga in Canada (€1 million), based on the prices offered by potential buyers (level 2 valuation technique under IFRS 13: see Note 1.R).

At December 31, 2013, impairment losses on property, plant and equipment concerned 136 hotels for €80 million. No impairment losses were reversed.

Impairment losses were recognized on the Novotel Mississauga in Canada (€1 million), the Mercure Rosmalen Hertogenbosch in the Netherlands (€2 million), non-operating assets in Portugal (€0.2 million) and three ibis hotels in China – Dongguan Dongcheng, Dongguan Qingxi et Guangzhou Huangshi – (€4 million), based on the prices offered by potential buyers (level 2 valuation technique under IFRS 13: see Note 1.R).

Note 14. Gains and Losses on Management of Hotel Properties

In millions of euros	2013 Adjusted	June 2013 Adjusted	June 2014
Disposal gains and losses	78	56	9
Provisions for losses on hotel properties	(10)	(2)	3
Total	68	54	12

At June 30, 2014, the total mainly included:

- a net gain of €7 million on the "Sale & Management Back" of the Venice MGallery in Italy.
- a net gain of €6 million on the contingent consideration received from the sale of the New York Times Square Novotel in 2012 under a "Sale & Management Back" contract and on the compensation for waiving a pre-emptive right owned management contract in connection with the sale of the hotel by its owner, Chartres & Appollo, to Millenium.
- a net gain of €5 million on "Sale and Franchise Back" transaction on 3 ibis in France.
- an estimated net loss of €(7) million on the expected termination of the lease of Novotel Firenze in Italy.

At June 30, 2013 and December 31, 2013, the total mainly included a net gain of €56 million on the "Sale & Management Back" of Sofitel Paris Le Faubourg.

Note 15. Gains and Losses on Management of Other Assets

In millions of euros	2013 Adjusted	June 2013 Adjusted	June 2014
Disposal gains and losses	0	(1)	(16)
Provision movements	(6)	1	44
Gains and losses on non-recurring transactions	(27)	(12)	(81)
Total	(33)	(12)	(53)

At June 30 2014, the total mainly included €(41) million in costs mostly related to a non-recurring transaction indemnity.

At June 30, 2013, the total mainly included €(7) million in costs related to the ibis Megabrand project, to overhaul the entire Economy brand line-up under the umbrella of the ibis brand.

At December 31, 2013, the total mainly included €(15) million in costs related to the ibis Megabrand project.

Note 16. Income Tax Expense

Note 16.1. Income tax expense for the period

In millions of euros	2013 Adjusted	June 2013 Adjusted	June 2014
Current tax	(136)	(57)	(71)
Sub-total, current tax	(136)	(57)	(71)
Deferred taxes (expense) income on new temporary differences and reversals of temporary differences arising in prior periods	14	14	19
Deferred taxes arising from changes in tax rates or tax laws	2	(0)	1
Sub-total, deferred tax	16	14	20
Income tax expense (excluding tax on the profits of associates and discontinued operations)	(120)	(43)	(51)
Tax on profits of associates	(6)	(3)	(3)
Tax on profits of discontinued operations	(0)	0	(0)
Tax of the period	(126)	(46)	(54)

Note 16.2. Effective tax rate

In millions of euros	2013 Adjusted	June 2013 Adjusted	June 2014
Operating profit before tax (a)	256	80	120
Non deductible impairment losses	44	29	2
Elimination of intercompany capital gains	-	-	-
Tax on share of profit (loss) of associates	6	3	3
Other	1	1	5
Total permanent differences (non-deductible expenses) (b)	51	33	10
Untaxed profit and profit taxed at a reduced rate (c)	12	(14)	22
Profit taxed at standard rate (d) = (a) + (b) + (c)	319	99	152
Standard tax rate in France (*) (e)	38,00%	36,10%	38,00%
Tax at standard French tax rate (f) = (d) x (e)	(121)	(36)	(58)
Effects on tax at standard French tax rate of:			
. Differences in foreign tax rates	26	8	16
. Unrecognized tax losses for the period	(36)	(17)	(10)
. Utilization of tax loss carryforwards	11	2	5
. Share of profit (loss) of associates	6	3	3
. Net charges to/reversals of provisions for tax risks	(4)	1	2
. Effect of CET business tax in France (see Note 1.L)	(22)	(11)	(10)
. Other items	20	7	1
Total effects on tax at standard French tax rate (g)	1	(7)	7
Tax at standard rate (h) = (f) + (g)	(120)	(43)	(51)
Tax at reduced rate (i)	-	-	-
Income tax expense (j) = (h) + (i)	(120)	(43)	(51)
Pre-tax operating profit taxed at standard rate	319	99	152
Income tax expense	(95)	(28)	(42)
Group effective tax rate	29,9%	28,2%	27,5%

(*) At December 31, 2013, and at June 20, 2014, the standard tax rate in France includes the 3.3% "contribution sociale de solidarité" tax and the 10.7% "contribution additionnelle" surtax, both calculated on the 33.3% corporate income tax.

At June 30, 2013, the standard tax rate in France includes the 3.3% "contribution sociale de solidarité" tax and the 5% "contribution additionnelle" surtax, both calculated on the 33.3% corporate income tax.

Note 16.3. Details of deferred tax (Statement of financial position)

In millions of euros	June 2013 Adjusted	2013 Adjusted	June 2014
Timing differences between company profit and taxable profit	68	79	80
Timing differences between consolidated profit and company profit	31	32	25
Recognized tax losses	48	38	66
Sub-total, deferred tax assets	147	149	171
Timing differences between company profit and taxable profit	26	21	19
Timing differences between consolidated profit and company profit	93	97	93
Recognized tax losses	-	-	-
Sub-total, deferred tax liabilities	119	118	112
Deferred tax assets, net (liabilities)	28	31	59

Note 16.4. Unrecognized deferred tax assets

Unrecognized deferred tax assets at June 30, 2014 amounted to €726 million. Unrecognized deferred tax assets at December 31, 2013 amounted to €721 million and at June 30, 2013 amounted to €763 million.

Unrecognized deferred tax assets at June 30, 2014 will expire in the following periods if not utilized:

In millions of euros	Deductible temporary differences	Tax loss carryforwards	Tax credits	Total (*)
Y+1	-	6	-	6
Y+2	-	2	0	2
Y+3	-	2	0	2
Y+4	-	4	0	4
Y+5 and beyond	13	518	3	534
Evergreen	26	152	-	178
Deferred tax, net	39	684	3	726

(*) In line with IFRS 5, unrecognized deferred tax assets of the Onboard Train Services business are not presented in this note

In accordance with IAS 12, deferred tax assets are recognized for ordinary and evergreen tax loss carry forwards 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 of euros	2013 Adjusted	June 2013 Adjusted	June 2014
Profit or loss from discontinued operations before tax	1	1	(2)
Tax on profit or loss from discontinued operations	(0)	0	(0)
Profit or loss from discontinued operations during the period	1	1	(2)
Impact of realized losses or fair value adjustments	-	-	-
NET PROFIT OR LOSS FROM DISCONTINUED OPERATIONS	1	1	(2)

Profit or loss from discontinued operations includes the profit generated by the Italian Onboard day Train Services business, which remained classified as a “discontinued operations” because of the ongoing liquidation process of the company (see Note 2.B.4).

The consolidated income statements of discontinued operations classified in profit or loss from discontinued operations in Accor’s consolidated financial statements are presented below:

In millions of euros	2013	June 2013	June 2014
CONSOLIDATED REVENUE	69	42	0
Operating expense	(65)	(39)	(2)
EBITDAR	4	3	(2)
Rental expense	(1)	(1)	(0)
EBITDA	3	2	(2)
Depreciation, amortization and provision expense	(0)	(0)	-
EBIT	3	2	(2)
Net financial expense	1	0	1
Share of profit of associates after tax	-	-	-
OPERATING PROFIT BEFORE TAX AND NON RECURRING ITEMS	4	2	(2)
Restructuring costs	(0)	(0)	-
Impairment losses	(1)	(1)	-
Gains and losses on management of hotel properties	-	-	-
Gains and losses on management of other assets	(2)	(0)	(0)
OPERATING PROFIT BEFORE TAX	1	1	(2)
Income tax expense	(0)	0	0
NET LOSS FROM DISCONTINUED OPERATIONS	1	1	(2)

Note 18. Goodwill

In millions of euros	June 2013 Adjusted	2013 Adjusted	June 2014
Goodwill (gross value)	840	785	895
Less impairment losses	(101)	(94)	(96)
Goodwill, net	739	691	799

In millions of euros	Notes	June 2013 Adjusted	2013 Adjusted	June 2014
Australia		134	123	131
France		111	111	111
Germany		84	84	84
Americas	2.B.6	62	60	60
Asia		40	38	38
Other		8	9	9
HOTELSERVICES		439	425	433
Germany	13.2.A	82	81	80
Switzerland(*)		11	11	73
France	13.2.A	63	60	60
Moor Park	2.B.1	-	-	56
Americas	2.B.6	42	40	40
Egypt		19	19	19
Australia		51	23	7
The Netherlands		8	8	7
Côte d'Ivoire		6	6	6
Autres		18	18	18
HOTELINVEST		300	266	366
Goodwill, net		739	691	799

(*) Including €62 million linked to the acquisition of a portfolio of 11 Swiss hotels from Axa Real Estate (See Note 2.B.2)

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

In millions of euros	Notes	June 2013 Adjusted	2013 Adjusted	June 2014
Carrying amount at beginning of period		823	823	691
Goodwill recognized on acquisitions for the period and other increases		2	1	118
. Hotels, Asia Pacific	(a)	2	1	-
. Hotels, Europe	(b)	-	-	118
Disposals	(c)	(1)	(30)	(1)
Impairment losses	Note 13	(6)	(7)	(2)
Translation adjustment	(d)	(21)	(38)	8
Reclassifications to Property, Plant and Equipment	(e)	(56)	(60)	-
Reclassifications to Assets held for sale	Note 32	-	3	(16)
Other reclassifications and movements		(2)	(1)	1
Carrying amount at end of period		739	691	799

- (a) In 2012, Accor bought Mirvac, generating goodwill of €19.7 million. An additional €1.5 million in goodwill was recorded in 2013, after Accor took over the Sea Temple management contract.
- (b) In first-half 2014, acquisition of 97 hotels in Europe, including 86 from Moor Park and 11 from Axa Real Estate, leading to the recognition of provisional goodwill of €56 million and €62 million respectively in the statement of financial position at June 30, 2014.
- (c) In 2013, disposals include the Group's interest in TAHL, Australia (see Note 2.B.6), leading to the write-off of net goodwill in the amount of (€24.1 million).
- (d) At June 30, 2014, this amount is due to the rise of the Australian dollar. In 2013, this amount is due to the fall in the Australian dollar.
- (e) In 2012, the difference between the cost of Grupo Posadas' hotel network in South America and the book value of the net assets acquired amounted to €160 million. In 2013, part of the difference (€50 million) was allocated to the assets and liabilities acquired (see Note 2.B.6) and (€10 million) in price adjustment were obtained.

Note 19. Intangible Assets

In millions of euros	HotelServices	HotelInvest	Corporate/ Intercos	June 2014	Dec. 2013 Adjusted	June 2013 Adjusted
Gross value						
Brands and rights (1)	28	18	12	58	59	66
Licenses, software	77	45	56	178	173	158
Other intangible assets (2)	165	117	3	285	276	264
Total intangible assets at cost	270	180	71	521	508	488
Accumulated amortization and impairment losses						
Brands and rights (1)	(23)	(3)	(11)	(37)	(36)	(39)
Licenses, software	(54)	(36)	(51)	(141)	(132)	(128)
Other intangible assets (2)	(50)	(16)	(0)	(66)	(59)	(52)
Total accumulated amortization and impairment losses	(127)	(55)	(62)	(244)	(227)	(219)
Intangible assets, net	143	125	9	277	281	269

(1) The carrying amount of other brands and rights was €21 million at June 30, 2014, as follows:

- a. €15 million related to ibis in China.
- b. €5 million for the Sebel brand in Australia.

(2) At June 30, 2014, the net book value of other intangible assets amounted to €219 million, including:

- a. €94 million in lease premiums, of which €82 million corresponding to the value attributed to Orbis's land use rights in Poland;
- b. €42 million corresponding to the value attributed to management contracts for HotelServices of which:
 - i. €22 million for Mirvac's Australian management contracts.
 - ii. €20 million for Grupo Posadas' network of hotels in Brazil, Argentina and Chile (see Note 2.B.6);
- c. €42 million in key money for HotelInvest of which:
 - i. €18 million for 24 management contracts and 24 franchise contracts in the United Kingdom;
 - ii. €8 million for management contracts in Australia.

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

In millions of euros	HotelServices	HotelInvest	Corporate/ Intercos	June 2014	Dec. 2013 Adjusted	June 2013 Adjusted
Carrying amount at beginning of period	134	140	7	281	263	263
Acquisitions	3	0	-	3	24	6
Internally-generated assets (1)	9	1	1	11	32	11
Intangible assets of newly consolidated companies (2)	-	-	-	-	23	25
Amortization for the period	(10)	(4)	(2)	(16)	(32)	(16)
Impairment losses for the period	-	(1)	-	(1)	(2)	(1)
Disposals of the period	(0)	(1)	-	(1)	(8)	(2)
Translation adjustment	3	1	-	4	(18)	(13)
Reclassifications of Assets held for sale (See Note 32)	-	(3)	-	(3)	(3)	(4)
Other reclassifications	4	(8)	3	(1)	2	-
Carrying amount at end of period	143	125	9	277	281	269

(1) At June 30, 2014, acquisitions of licenses and software for €11 million (including €9 million in Worldwide Structures HotelServices and €1 million in Holding entities).

In 2013, acquisitions of licenses and software for €32 million (including €26 million in Worldwide Structures).

(2) In 2013, intangible assets of newly consolidated companies corresponded to assets recognized following the 2012 acquisition of Grupo Posadas' hotel network in South America (see Note 2.B.6).

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

In millions of euros	HotelServices	HotelInvest	Corporate/ Intercos	June 2014	Dec. 2013 Adjusted	June 2013 Adjusted
Sebel brand (Australia)	5	-	-	5	4	5
Other brands and rights with indefinite useful life	-	-	1	1	1	1
Carrying amount at end of period	5	-	1	6	5	6

Note 20. Property, Plant and Equipment

Note 20.1. Property, plant and equipment by nature

In millions of euros	HotelServices	HotelInvest	Corporate/ Intercos	June 2014	Dec. 2013 Adjusted	June 2013 Adjusted
Land	6	200	-	206	177	183
Buildings	42	2 303	-	2 345	1 589	1 586
Fixtures	42	1 533	10	1 585	1 545	1 520
Equipment and furniture	43	1 377	16	1 436	1 423	1 409
Constructions in progress	2	224	0	226	243	171
Property, plant and equipment, at cost	135	5 637	26	5 798	4 977	4 869

In millions of euros	HotelServices	HotelInvest	Corporate/ Intercos	June 2014	Dec. 2013 Adjusted	June 2013 Adjusted
Buildings	(7)	(534)	-	(541)	(527)	(504)
Fixtures	(28)	(848)	(4)	(880)	(833)	(812)
Equipment and furniture	(33)	(973)	(6)	(1 012)	(985)	(962)
Constructions in progress	-	(4)	-	(4)	(3)	(2)
Total of depreciation	(68)	(2 359)	(10)	(2 437)	(2 348)	(2 280)
Land	(1)	(9)	-	(10)	(10)	(6)
Buildings	-	(109)	-	(109)	(116)	(114)
Fixtures	(0)	(60)	-	(60)	(62)	(60)
Equipment and furniture	-	(36)	-	(36)	(36)	(36)
Constructions in progress	-	(8)	-	(8)	(9)	(8)
Total of impairment losses	(1)	(222)	-	(223)	(233)	(224)
Accumulated depreciation and impairment losses	(69)	(2 581)	(10)	(2 660)	(2 581)	(2 504)

In millions of euros	HotelServices	HotelInvest	Corporate/ Intercos	June 2014	Dec. 2013 Adjusted	June 2013 Adjusted
Land	5	191	-	196	167	177
Buildings	35	1 660	-	1 695	946	968
Fixtures	14	625	6	645	650	648
Equipment and furniture	10	368	10	388	402	411
Constructions in progress	2	212	0	214	231	161
Property, plant and equipment, net	66	3 056	16	3 138	2 396	2 365

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

In millions of euros	HotelServices	HotelInvest	Corporate/ Intercos	June 2014	Dec. 2013 Adjusted	June 2013 Adjusted
Net carrying amount at beginning of period	64	2 317	15	2 396	2 542	2 542
Property, plant and equipment of newly acquired companies (1)	-	757	-	757	54	54
Capital expenditure (2)	5	97	1	103	366	140
Depreciation for the period	(6)	(130)	(1)	(137)	(293)	(148)
Impairment losses for the period recognized in impairment losses or in net loss from discontinued operations (see Note 13.2 and Note 17)	-	(22)	-	(22)	(80)	(52)
Translation adjustment	3	19	-	22	(89)	(63)
Disposals for the period	(0)	(22)	(0)	(22)	(118)	(63)
Reclassification of assets held for sale (see Note 32)	0	(16)	-	(16)	13	(45)
Other reclassifications (3)	0	56	1	57	1	-
Net carrying amount at end of period	66	3 056	16	3 138	2 396	2 365

- (1) At June 30, 2014, property, plant and equipment of newly acquired companies correspond mainly to Moor Park portfolio for €640 million and to Axa Real Estate portfolio for €118 million (see Note 2.B.1 and 2.B.2).

In 2013, the €54 million in property, plant and equipment of newly acquired companies corresponded to the allocation of the purchase price of Grupo Posadas' hotel network in South America acquired in 2012 (see Note 2.B.6).

- (2) At June 30, 2014, capital expenditure included refurbishment work for €51 million, for the most part in France, Germany and Australia, as well as new buildings for €52 million for the most part in Brazil and in the United Kingdom.

Capital expenditure in 2013 included refurbishment work for €232 million, for the most part in France, Germany and the United Kingdom, as well as new buildings for €134 million including the acquisition of a €28 million plot of land in the Canary Wharf district of London, United Kingdom, for the construction of a Novotel unit.

Capital expenditure at June 30, 2013 included refurbishment work for €69 million, for the most part in France, Germany and the United Kingdom, as well as new buildings for €71 million including the acquisition of a €28 million plot of land in the Canary Wharf district of London, United Kingdom, for the construction of a Novotel unit.

- (3) Other adjustments at June 30, 2014 mainly concern the reclassification of the deposit paid in 2011 for the exercise of Accor's pre-emptive right to acquire the building housing the Sofitel Rio de Janeiro Copacabana. The deposit was reclassified to property and equipment following a May 2014 court ruling that Accor was the rightful owner of the property.

At June 30, 2014, contracts totaling €68 million have been signed for the purchase of property, plant and equipment. They are not recognized in the statement of financial position. At December 31, 2013, contracts totalized €83 million and €103 million at June 30, 2013.

Note 20.2. Finance leases

At June 30, 2014, the carrying amount of finance leases recognized in the statement of financial position in net value is €37 million (December 31, 2013: €40 million, June 30, 2013: €43 million), breaks down as follows:

In millions of euros	June 2013 Adjusted	Dec. 2013 Adjusted	June 2014
Land	6	6	6
Buildings	54	51	52
Fixtures	26	26	26
Equipment and furniture	4	4	4
Property, plant and equipment, at cost	90	87	88
Buildings	(28)	(27)	(29)
Fixtures	(16)	(17)	(18)
Equipment and furniture	(3)	(3)	(4)
Cumulated depreciation and impairment losses	(47)	(47)	(51)
Property, plant and equipment, net	43	40	37

Finance lease liabilities can be analyzed as follows by maturity:

	Debt in millions of euros Non Discounted
2014	49
2015	47
2016	37
2017	37
2018	36
2019	35
2020	29
2021	28
2022	28
2023	27
2024	26
2025	26
2026	26
2027	26
> 2027	51

Note 21. Long-Term Loans

In millions of euros	HotelServices	HotelInvest	Corporate/ Intercos	June 2014	Dec. 2013 Adjusted	June 2013 Adjusted
Gross value	56	98	(46)	108	112	163
Accumulated impairment losses	(2)	(4)	(1)	(7)	(14)	(13)
Long-term loans, net	54	94	(47)	101	98	150

In millions of euros	HotelServices	HotelInvest	Corporate/ Intercos	June 2014	Dec. 2013 Adjusted	June 2013 Adjusted
Hotels, Asia-Pacific (1)	22	17	-	39	39	93
Other (2)	32	77	(47)	62	59	57
Total	54	94	(47)	101	98	150

(1) At June 30, 2014, loans to hotels in the Asia-Pacific region mainly consist of:

- For HotelServices, a loan to A.P.V.C. Finance Pty Limited (a timeshare financing company) for an amount of €21 million at June 30, 2014 (€19 million at December 31, 2013), paying interest at an average rate of 14.75%. During 2013, part of the loan was repaid early (€7 million).
- For HotelInvest, a loan to Shree Naman Hotels Private to finance the development of the Sofitel Mumbai in India. The total loan amounts to €17 million at June 30, 2014 (at December 31, 2013: €16 million).

(2) At June 30, 2014, loans to hotels excluding Asia-Pacific region mainly consist of a minimum guaranteed of €17 million for the Pullman Paris Tour Eiffel under management contract and a loan to SHTE to finance the development of the Pullman Paris Tour Eiffel for an amount of €12 million.

At June 30, 2014, loans to hotels include € 44 million of internal loans between HotelInvest entities in the USA and Accor Holding.

The decrease in long-term loan between June 30, 2013 and December 31, 2013 was mainly due to the repayment of the loan accorded to TAHL following the sale of Accor's stake in TAHL (see Note 2.B.6.).

Note 22. Investment in Associates

This caption includes investments in joint ventures, which have been accounted for by the equity method effective from January 1, 2014. Details of investments in associates and joint ventures are as follows:

In millions of euros	June 2013 Adjusted	2013 Adjusted	June 2014
Asia Pacific Hotels (*)	(1) (2) (3) (4) 146	129	141
The Grand Real Estate (Sofitel The Grand)	(5) 14	14	13
Société Hôtelière Paris Les Halles	(6) 12	12	11
Investment fund Egypt	6	6	6
Sofitel London St James (Hotel UK)	6	6	6
Hotels Sofitel US (25%)	(7) 2	6	6
Other (Including Risma)	58	57	60
Associates	244	230	243
Reef Casinos	19	18	0
Société Immobilière d'Exploitation Hôtelière Algérienne	(8) 19	19	20
Société d'exploitation des Résidences Hôtelières Rail	(9) 2	5	2
Adagio	(10) 2	2	2
Other	2	2	2
Joint Ventures	44	46	26
Total	288	276	269

(*) The Asia-Pacific investments primarily include Interglobe Hotels Entreprises Limited (the development company for ibis hotel in India) for €45 million, Caddie Hotels (the development company for a Novotel and a Pullman in New Delhi) for €17 million, a joint-venture for development partnerships under ibis and Novotel brands in India (Triguna) for €14 million and Ambassador Inc., Ambasstel and Ambatel Inc (South Korea) for €27 million. Beijing Peace Hotel Ltd (Novotel Beijing) previously owned was sold in 2013.

Note 22.1 Information about material associates

The following associates have a material impact on the consolidated financial statements:

- (1) Interglobe Hotels, which owns and operates ibis hotels in India that are run by Accor under management contracts. Key figures for Interglobe Hotels as follows:

Interglobe Hotels (Hotels ibis India) Development ibis India (In millions of euros)	March 2012 (*)	March 2013 (*)
Revenue	10	12
Net profit (loss)	1	(3)
Total current Assets	9	6
Total non-current Assets	125	145
Equity (including currency translation reserve)	79	95
Total current Liabilities	7	8
Total non-current Liabilities	48	49
Net cash/(Net debt)	(20)	(21)
Market capitalization	N/A	N/A
Dividends paid by the company to Accor during the period	-	-
% interest held	40,00%	40,00%

(*) As Interglobe Hotels has a March 31 year-end and Accor is only minority shareholder, the Group is not authorized to disclose details of the Interglobe accounts included in its consolidated financial statements. The key figures shown above are extracted from Interglobe's latest audited and published financial statements.

- (2) Ambassador, which owns and operates Novotel Seoul Ambassador Gangnam that is run by Accor under management contract. Key figures for Ambassador Inc are as follows:

Hotels Korea Ambassador (Novotel Seoul Ambassador Gangnam) (In millions of euros)	June 2013	2013	June 2014
Revenue	12	24	11
Net profit (loss)	1	3	1
Total current Assets	4	5	4
Total non-current Assets	63	64	70
Equity (including currency translation reserve)	48	51	53
Total current Liabilities	10	9	10
Total non-current Liabilities	9	10	11
Net cash/(Net debt)	(10)	(7)	(10)
Market capitalization	N/A	N/A	N/A
Dividends paid by the compagny to Accor during the period	1	1	0
% interest held	30,19%	30,19%	30,19%

- (3) Ambasstel which owns and operates Ibis Séoul Myeong Dong, Ibis Séoul and ibis Seoul Ambassador Insadong that are run by Accor under management contract. Key figures Ambasstel are as follows:

Hotels Korea Ambasstel (ibis in Seoul) (In millions of euros)	June 2013	2013	June 2014
Revenue	11	23	13
Net profit (loss)	2	3	2
Total current Assets	10	12	14
Total non-current Assets	23	25	26
Equity (including currency translation reserve)	30	33	35
Total current Liabilities	3	3	4
Total non-current Liabilities	1	1	1
Net cash/(Net debt)	9	2	13
Market capitalization	N/A	N/A	N/A
Dividends paid by the compagny to Accor during the period	0	0	0
% interest held	20,00%	20,00%	20,00%

- (4) Ambatel which owns and operates Novotel Seoul Ambassador Doksan that is run by Accor under management contract. Key figures for Ambatel Inc are as follows:

Hotels Korea Ambatel (Novotel Seoul Ambassador Doksan) (In millions of euros)	June 2013	2013	June 2014
Revenue	5	10	4
Net profit (loss)	0	1	0
Total current Assets	1	2	2
Total non-current Assets	48	49	52
Equity (including currency translation reserve)	35	37	39
Total current Liabilities	5	5	5
Total non-current Liabilities	9	9	9
Net cash/(Net debt)	(7)	(7)	(7)
Market capitalization	N/A	N/A	N/A
Dividends paid by the compagny to Accor during the period	-	-	-
% interest held	21,83%	21,83%	21,83%

- (5) The Grand Real Estate Bv in the Netherlands, which owns and operates Sofitel Amsterdam The Grand that is run by Accor under management contract. Key figures for The Grand Real estate Bv are as follows:

The Grand Real Estate (Hotels, Netherlands) Sofitel The Grand (In millions of euros)	June 2013	2013	June 2014
Revenue	11	24	12
Net profit (loss)	(2)	(4)	(1)
Total current Assets	2	2	3
Total non-current Assets	37	35	33
Equity (including currency translation reserve)	30	28	27
Total current Liabilities	9	9	9
Total non-current Liabilities	-	-	0
Net cash/(Net debt)	(2)	(1)	(1)
Market capitalization	N/A	N/A	N/A
Dividends paid by the compagny to Accor during the period	-	-	-
% interest held	58,71%	58,71%	58,71% (*)

(*) The percentage of control is 40 %

- (6) Société Hôtelière Paris les Halles, which owns and operates the Novotel Paris Les Halles and also holds interests in various other hotel companies such as The Grand Real Estate BV and Saint James Ltd, owner and operator of the Sofitel Saint James in the United Kingdom. Key figures for Société Hôtelière Paris Les Halles are as follows:

Société Hôtelière Paris Les Halles (In millions of euros)	June 2013	2013	June 2014
Revenue	43	90	46
Net profit (loss)	1	2	(2)
Total current Assets	27	29	38
Total non-current Assets	139	134	124
Equity (including currency translation reserve)	40	40	37
Total current Liabilities	16	14	22
Total non-current Liabilities	110	109	102
Net cash/(Net debt)	(89)	(86)	(70)
Market capitalization	N/A	N/A	N/A
Dividends paid by the compagny to Accor during the period	-	0	-
% interest held	31,19%	31,19%	31,19%

- (7) Platinum Ownerco LLC and Platinum Leaseco LLC which own and operate Sofitel New York and Sofitel Los Angeles, that are run by Accor under management contracts. Key figures for Sofitel Hotels, USA are as follows:

Sofitel Hotels USA (In millions of euros)	June 2013	2013	June 2014
Revenue	38	77	33
Net profit (loss) (a)	(3)	22	(2)
Total current Assets	38	28	30
Total non-current Assets	205	185	185
Equity (including currency translation reserve)	6	23	22
Total current Liabilities	237	190	194
Total non-current Liabilities	-	-	-
Net cash/(Net debt)	(174)	(146)	(147)
Market capitalization	N/A	N/A	N/A
Dividends paid by the compagny to Accor during the period	-	2	0
% interest held	25,00%	25,00%	25,00%

(a) At December 31, 2013, the Sofitel Minneapolis disposal had a positive impact of €6 million on December 2013 profit.

Note 22.2 Information about material joint ventures

The following joint ventures have a material impact on the consolidated financial statements:

- (8) Société Immobilière d'Exploitation Hôtelière Algérienne (SIEHA), which operates a hotel network in Algeria, mainly under the ibis brand. Key figures for SIEHA are as follows:

Société Immobilière d'Exploitation Hôtelière Algérienne (In millions of euros)	June 2013	2013	June 2014
Revenue	13	24	10
Net profit (loss)	2	3	2
Total current Assets	36	38	41
Total non-current Assets	69	68	70
Equity (including currency translation reserve)	38	38	40
Total current Liabilities	27	27	29
Total non-current Liabilities	40	41	42
Net cash/(Net debt)	(29)	(26)	(27)
Market capitalization	N/A	N/A	N/A
Dividends paid by the company to Accor during the period	-	-	-
% interest held	50,00%	50,00%	50,00%

- (9) Société d'Exploitation des Résidences Hôtelières Rail (SERHR), which supplies hotel services for the service apartments made available to SNCF employees. Key figures for SERHR are as follows:

Société d'Exploitation des Résidences Hôtelières Rail (In millions of euros)	June 2013	2013	June 2014
Revenue	44	86	41
Net profit (loss)	3	8	3
Total current Assets	23	27	23
Total non-current Assets	1	1	1
Equity (including currency translation reserve)	5	9	5
Total current Liabilities	19	19	19
Total non-current Liabilities	-	-	1
Net cash/(Net debt)	4	12	6
Market capitalization	N/A	N/A	N/A
Dividends paid by the company to Accor during the period	4	4	4
% interest held	49,99%	49,99%	49,99%

- (10) Adagio, owned with Pierre & Vacances, which develops, manages and distributes urban rental apartments under the Adagio and Adagio access brands. Key figures for Adagio are as follows:

Adagio (In millions of euros)	June 2013	2013	June 2014
Revenue	18	38	19
Net profit (loss)	1	2	(0)
Total current Assets	38	33	34
Total non-current Assets	28	28	28
Equity (including currency translation reserve)	5	5	5
Total current Liabilities	60	55	56
Total non-current Liabilities	1	1	1
Net cash/(Net debt)	(19)	(12)	(15)
Market capitalization	N/A	N/A	N/A
Dividends paid by the company to Accor during the period	-	-	-
% interest held	50,00%	50,00%	50,00%

Note 22.3 Information about non-material associates and joint ventures

The Group also holds interests in other associates and joint ventures whose individual contribution to the consolidated financial statements is not material. Aggregate key figures for these associates and joint ventures are as follows:

(In millions of euros)	June 2013 Adjusted	2013 Adjusted	June 2014
Associates			
Aggregate book value of Accor's interests	138	122	129
Total Comprehensive Income	(3)	4	2
Joint Ventures			
Aggregate book value of Accor's interests	2	2	2
Total Comprehensive Income	(0)	(0)	(0)

Note 22.4. Other information about associates and joint ventures

To the best of the Group's knowledge, there are no material restrictions on the ability of any associate or joint venture to transfer funds to Accor in the form of cash dividends or to repay any loans or other liabilities.

Adequate provisions have been recorded in the consolidated financial statements for the Group's liability for part of the losses of associates or joint ventures where applicable.

Irrevocable purchase commitments received by Accor that relate to associates and joint ventures are described in the note on off-balance sheet commitments (see Note 40.2).

Note 23. Other Financial Investments

In millions of euros	June 2013 Adjusted	2013 Adjusted	June 2014
Investments in non-consolidated companies (Available for sale financial assets)	145	118	91
Deposits (Loans and Receivables)	131	120	75
Other financial investments, at cost	276	238	166
Accumulated impairment losses	(65)	(64)	(39)
Other financial investments, net	211	174	127

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

Other financial investments break down as follows:

In millions of euros	Note	June 2013 Adjusted	2013 Adjusted	June 2014
Pullman Tour Eiffel receivable		20	20	20
A-HTrust (Singapore investment fund)		25	19	20
Deposit paid following the claim under the loan guarantee issued to the owner of the Los Angeles Sofitel		20	19	20
Stone (French property company)		11	11	11
Deposit for hotels in France sold in 2008		10	10	10
Deposit for the purchase of the Sofitel Rio de Janeiro	(1)	55	47	-
TAHL (Australian property company)	(2)	23	-	-
Other investments and deposits		47	48	46
Other financial investments, net		211	174	127

(1) The decrease in investments in non-consolidated companies between December 31, 2013 and June 30, 2014 is due to the reclassification to property, plant and equipment of the 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 following the court decision of May 2014 that gives ownership of the hotel to Accor.

(2) The decrease in investments in non-consolidated companies between June 30, 2013 and December 31, 2013 was due to the November 2013 sale of the Group's interest in TAHL for €23 million (see Note 2.B.6.)

At June 30, 2014, the fair value reserve for assets classified as available-for-sale amounts to €(3) million (see Note 26), and amounted to €(4)million at December 31, 2013 and to €(1)million June 30, 2013.

Note 24. Receivables and Payables

Note 24.1. Trade receivables and related provision

In millions of euros	June 2013 Adjusted	2013 Adjusted	June 2014
Gross value	472	413	495
Provisions	(34)	(34)	(36)
Net	438	379	459

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 of euros	June 2013 Adjusted	2013 Adjusted	June 2014
Recoverable VAT	116	140	131
Prepaid wages and salaries and payroll taxes	13	7	6
Other prepaid and recoverable taxes	53	57	56
Other receivables	266	253	250
Other prepaid expenses	84	61	87
Other receivables and accruals, at cost	532	518	530
Provisions	(44)	(45)	(39)
Other receivables and accruals, net	488	473	491

Note 24.3. Details of other payables

In millions of euros	June 2013 Adjusted	2013 Adjusted	June 2014
VAT payable	81	81	98
Wages and salaries and payroll taxes payable	287	335	282
Other taxes payable	59	76	93
Other payables	438	388	442
Deferred income	84	66	80
Other payables	949	946	995

Note 24.4. Analysis of other receivables / payables' periods

In millions of euros at June 30, 2014	< 1 year	1 to 5 years	> 5 years	June 2014	2013 Adjusted	June 2013 Adjusted
Inventories	32	-	-	32	41	47
Trade receivables	459	0	-	459	379	438
Recoverable VAT	118	13	-	131	140	116
Prepaid payroll taxes	6	-	-	6	7	13
Other prepaid and recoverable taxes	56	-	-	56	57	53
Other receivables	211	-	-	211	208	222
CURRENT ASSETS	882	13	0	895	832	889
Trade payables	602	0	-	602	599	559
VAT payable	98	0	-	98	81	81
Wages and salaries and payroll taxes payable	282	0	-	282	335	287
Other taxes payable	92	1	-	93	76	59
Other payables	438	4	0	442	388	438
CURRENT LIABILITIES	1 512	5	0	1 517	1 479	1 424

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 for plans dating back prior to July 2010 are therefore adjusted figures.

Note 25.1. Number of potential shares

At June 30, 2014, the Company's share capital was made up of 231 360 265 ordinary shares. The average number of ordinary shares outstanding during the period was 228 952 231. **The number of outstanding shares at June 30, 2014 was 231 360 265.**

In addition, employee stock options exercisable for 5 035 796 ordinary shares, representing 2,18 % of the capital, were outstanding at June 30, 2014 (see Note 25.3).

Lastly, 353 168 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 236 749 229.

Note 25.2. Diluted earnings per share

Based on the above number of potential shares and the average Accor share price for the last 6 months of €36,67, the diluted weighted average number of shares outstanding at June 30, 2014 was 230 562 203. Diluted earnings per share were therefore calculated as follows:

In millions of euros	2013 Adjusted	June 2013 Adjusted	June 2014
Net profit, Group share (continuing operations and discontinued operations)	126	34	60
Weighted average number of ordinary shares (in thousands)	227 613	227 402	228 952
Number of shares resulting from the exercise of stock options (in thousands)	549	345	1 350
Number of shares resulting from performance shares grants (in thousands)	417	148	260
Fully diluted weighted average number of shares (in thousands)	228 579	227 895	230 562
Diluted earnings per share (in euros)	0,55	0,15	0,26

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 2014 first semester are all of the stock options outstanding under the plans 16 and 27 (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, 2014, 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 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	527 515	from 03/28/16 until 03/27/20	390	26,41 €	Equity
Plan 26	March 27, 2012	8 years	47 375	from 03/28/16 until 03/27/20	8	26,41 €	Equity
Plan 27	September 26, 2013	8 years	40 000	from 09/27/17 until 09/26/21	1	30,13 €	Equity

(*) Plan 16 is 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, was adjusted following the demerger of the Hotels and Services businesses. The options vest after four years, depending on the annual performance of the Accor share versus the CAC 40 index. The number of options that may be exercised after the four-year vesting period may not exceed 100% of the initial award. The performance criteria were met in 2010. In 2011 and 2012, the performance criteria were only partly met. In 2013, the performance criteria were not met. Grantees received 77,191 stock options in 2014.

Stock options granted under Plan 24, Plan 26 and Plan 27 are subject to a market-based performance criterion. During each year of the vesting period (from 2011 to 2014 for Plan 24, from 2012 to 2015 for Plan 26 and from September 2013 to September 2017 for Plan 27) 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. In 2012, the Plan 24's performance criteria were met and the Plan 26's performance criteria were partially met. In 2013, the Plan 24's performance criteria were partially met and the Plan 26's performance criteria were not met.

Changes in outstanding stock options during 2013 and 2014 are as follows:

	June 30, 2013		December 31, 2013		June 30, 2014	
	Number of options	Weighted average	Number of options	Weighted average	Number of options	Weighted average
Options outstanding at beginning of period	11 587 420	31,07 €	8 813 700	31,19 €	8 300 398	31,77 €
Options granted during the period	-	- €	40 000	30,13 €	-	- €
Options cancelled or expired during the period	(2 674 709)	31,17 €	(80 171)	31,08 €	(2 055 747)	45,20 €
Options exercised during the period	(99 011)	18,20 €	(473 131)	21,47 €	(1 208 855)	27,25 €
Options outstanding at end of period	8 813 700	31,19 €	8 300 398	31,77 €	5 035 796	27,38 €
Options exercisable at end of period	5 182 697	33,69 €	4 704 861	34,91 €	3 705 129	26,66 €

Outstanding options at June 30, 2014 are as follows:

	Exercise price	Number of outstanding options	Remaining life of the options
Plan 16	40,08 €	2 139	1 year and 2 months
Plan 17	30,81 €	1 216 236	9 months
Plan 18	28,32 €	60 320	1 year and 2 months
Plan 19	18,20 €	611 345	2 years and 9 months
Plan 20	26,66 €	1 737 898	3 year and 9 months
Plan 21	26,66 €	77 191	3 year and 9 months
Plan 22	30,49 €	92 448	4 year and 5 months
Plan 23	31,72 €	589 214	4 years and 9 months
Plan 24	31,72 €	53 125	4 years and 9 months
Plan 25	26,41 €	508 505	5 years and 9 months
Plan 26	26,41 €	47 375	5 years and 9 months
Plan 27	30,13 €	40 000	7 years and 3 months

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 14 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 14	Plan 15	Plan 16	Plan 17	Plan 18	Plan 19	Plan 20
Accor share price at the option grant date	70,95 €	70,45 €	62,35 €	47,10 €	37,12 €	25,49 €	41,47 €
Option exercise price	68,65 €	71,72 €	60,44 €	46,46 €	42,70 €	27,45 €	40,20 €
Expected volatility (1)	31,73%	31,60%	27,57%	27,87%	26,72%	31,91%	33,96%
Contractual life of the options	7 years	7 years	8 years	7 years	7 years	8 years	8 years
Expected share yield (2)	3,94%	4,25%	4,15%	3,84%	4,03%	2,63%	2,29%
Dividend rate (3)	2,29%	2,29%	2,29%	2,53%	2,53%	2,53%	3,24%
Fair value of options (4)	20,38 €	19,36 €	16,66 €	11,55 €	7,00 €	5,78 €	10,28 €

	Plan 21	Plan 22	Plan 23	Plan 24	Plan 25	Plan 26	Plan 27
Accor share price at the option grant date	41,47 €	32,19 €	31,96 €	31,96 €	26,55 €	26,55 €	30,88 €
Option exercise price	40,20 €	30,49 €	31,72 €	31,72 €	26,41 €	26,41 €	30,13 €
Expected volatility (1)	33,96%	34,99%	35,74%	35,74%	39,71%	39,71%	37,16%
Contractual life of the options	8 years	8 years	8 years	8 years	8 years	8 years	8 years
Expected share yield (2)	2,29%	1,98%	2,90%	2,60%	1,67%	1,67%	1,20%
Dividend rate (3)	3,24%	2,22%	2,19%	2,19%	2,42%	2,42%	3,04%
Fair value of options (4)	9,44 €	9,25 €	9,40 €	8,89 €	7,88 €	6,50 €	6,30 €

(1) Weighted volatility based on exercise periods

(2) Expected share yield based on exercise periods

(3) For the plans granted before 2011, the dividend rate used to measure the fair value of options 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 since 2012, this rate corresponds to the payout rate for the previous year.

(4) Fair value of options based on exercise periods

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 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.

PERFORMANCE SHARE PLANS

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.

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

In 2012, the performance criteria were almost met. Plan costs recognized in 2012 amounted to €3.3 million.

At December 31, 2013, plan costs recognized amounted to €1 million.

During 2014 first semester, plan costs recognized amounted to €0.1 million.

2012 Plan

On March 27, 2012, Accor granted 284,976 performance shares to senior executives and certain employees. Of these:

- 170,332 have a two-year vesting period followed by a two-year lock-up period and are subject to two vesting conditions.
- 67,269 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 €7.1 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 Accor opening share price on the grant date less the present value of dividends unpaid multiplied by the number of shares granted under the plan.

In 2012, the performance criteria were almost met. Plan costs recognized in 2012 amounted to €2.4 million.

In 2013, the performance criteria were met. Plan costs recognized in 2013 amounted to €2.6 million.

During 2014 first semester, plan costs recognized amounted to €0.6 million.

2013 Plan

On April 15, 2013, Accor granted 290,550 performance shares to senior executives and certain employees. Of these:

- 169,605 have a two-year vesting period followed by a two-year lock-up period and are subject to two vesting conditions.
- 48,445 have a four-year vesting period with no subsequent lock-up period, and are subject to two vesting conditions.
- 72,500 have a two-year vesting period followed by a two-year lock-up period and are subject to four vesting conditions.

The performance shares are subject to vesting conditions based on EBIT margin, operating cash flow from operating activities, disposals’ plan and an external vesting condition for each of the years 2013 and 2014. 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 €6.6 million at April 15, 2013 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 Accor opening share price on the grant date less the present value of dividends unpaid multiplied by the number of shares granted under the plan.

In 2013, the performance criteria were almost met. Plan costs recognized in 2013 amounted to €2.6 million.

During 2014 first semester, plan costs recognized amounted to €1.3 million.

2014 Plan

On June 18, 2014, Accor granted 484,400 performance shares to senior executives and certain employees. Of these:

- 176,500 have a two-year vesting period followed by a two-year lock-up period and are subject to four vesting conditions.
- 22,000 have a four-year vesting period with no subsequent lock-up period and are subject to four vesting conditions.
- 206,050 have a two-year vesting period followed by a two-year lock-up period and are subject to two vesting conditions.
- 79,850 have a four-year vesting period with no subsequent lock-up period and are subject to two vesting conditions.

The performance shares are subject to vesting conditions based on EBIT margin, operating cash flow from operating activities, completion of planned asset disposals and an external vesting condition for each of the years 2014 and 2015. 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 €16.6 million at June 18, 2014 and is 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 Accor opening share price on the grant date less the present value of unpaid dividends multiplied by the number of shares granted under the plan.

Plan costs recognized in first-half 2014 amounted to €0.2 million.

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 €4.4 million at June 30, 2014 when it amounted to €7.2 million at June 30, 2013 and €13.5 million at December 31, 2013 of which €2.7 million due to changes in the Executive Management.

Note 25.4 Perpetual subordinated notes issue

On June 30, 2014, Accor issued €887 million (net of transaction costs) worth of perpetual subordinated notes (see Note 2.F. for details).

Note 26. Fair value adjustments on Financial Instruments reserve

Fair value adjustments on financial instruments reserve break down as follows:

In millions of euros	June 2013 Adjusted	2013 Adjusted	June 2014
Interest rate and currency swaps	(1)	(0)	(0)
Fair value adjustments to non-consolidated investments	-	(4)	(3)
Total Fair Value Adjustments on Financial Instruments Reserve	(1)	(4)	(3)

Changes in this reserve break down as follows:

In millions of euros	June 2013 Adjusted	2013 Adjusted	June 2014
Cash flow hedges	3	4	(0)
<i>Gains (losses) recognized in Equity during the period</i>	3	4	(0)
<i>Gains (losses) reclassified to profit or loss</i>	-	-	-
Available for sale Financial Assets	-	(4)	0
<i>Gains (losses) recognized in Equity during the period</i>	-	(4)	0
<i>Gains (losses) reclassified to profit or loss</i>	-	-	-
Changes in Fair Value Adjustments on Financial Instruments Reserves	3	0	0

Note 27. Minority interests

Note 27.1. Changes in Minority Interests

Changes in minority interests break down as follows:

In millions of euros	
At December 31, 2012 Adjusted	228
Minority interests in net profit for the period	11
Dividends paid to minority interests	(14)
Increase in capital	1
Translation adjustment	(6)
Changes in scope of consolidation	(6)
At December 31, 2013 Adjusted	214
Minority interests in net profit for the period	7
Dividends paid to minority interests	(11)
Capital increase	(1)
Translation adjustment	1
Changes in scope of consolidation	(1)
At June 30, 2014	209

There are no significant changes in scope of consolidation, corresponding to changes in Accor's percent interest without any loss of control.

Note 27.2 Information about material minority interests

Material minority interests are as follows:

Subsidiary	Country	Minority interests				Dividends paid by Accor to minority interests during the period
		% interests	% voting rights	Minority interests in net profit for the period	Minority interests in equity at period-end	
Orbis / Hekon	Poland	47,31%	47,31%	(7)	172	7
AAPC India Hotel Management	India	30,00%	30,00%	2	10	0
El Gezirah	Egypt	34,99%	34,99%	(0)	9	1
December 31, 2013 Adjusted				(6)	191	8
Orbis / Hekon	Poland	47,31%	47,31%	(3)	167	8
AAPC India Hotel Management	India	30,00%	30,00%	(0)	11	0
El Gezirah	Egypt	34,99%	34,99%	(0)	8	0
June 30, 2014				(4)	186	8

Nom de la filiale	Selected financial information about the subsidiary					
	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Revenue	Net Profit or Loss
Orbis / Hekon (*)	432	542	403	571	163	12
AAPC India Hotel Management (*)	55	30	53	32	6	(5)
El Gezirah	23	20	17	26	3	1
December 31, 2013 Adjusted	510	593	473	629	172	8
Orbis / Hekon (*)	452	532	424	559	78	6
AAPC India Hotel Management (*)	46	33	43	35	3	1
El Gezirah	23	19	19	23	2	1
June 30, 2014	520	584	487	618	83	8

(*)Financial information presented above are before intercompany transactions elimination.

To the best of the Group's knowledge, no minority shareholders have any particular protective rights that could materially affect Accor's ability to use and dispose of its subsidiaries' assets or use and settle their liabilities.

Note 28. Comprehensive Income

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

In millions of euros	2013 Adjusted			June 2013 Adjusted			June 2014		
	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	(124)	-	(124)	(208)	-	(208)	58	-	58
Effective portion of gains and losses on hedging instruments in a cash flow hedge	3	-	3	0	-	0	0	-	0
Actuarial gains and losses on defined benefits plans	1	(0)	1	1	(0)	1	(12)	4	(8)
Share of the other comprehensive income of associates and joint ventures accounted for using the equity method	-	-	-	-	-	-	-	-	-
Total Other Comprehensive income	(120)	(0)	(121)	(207)	(0)	(207)	46	4	50

Note: the amounts in the table are in millions of euros. The sum of these amounts may be slightly different from the totals shown due to rounding differences.

Note 29. Debt by Currency and Maturity

Note 29.1. Long and short-term debt

Long and short-term debt at June 30, 2014 breaks down as follows by currency and interest rate after hedging transactions:

In millions of euros	June 2013 Adjusted	Effective rate June 2013 Adjusted %	Dec. 2013 Adjusted	Effective rate Dec. 2013 Adjusted %	June 2014	Effective rate June 2014 %
EUR	2 202	4,47	1 906	4,24	2 168	3,17
CHF	19	1,23	16	1,47	197	1,73
JPY	33	0,22	30	0,14	32	0,13
CNY	32	6,31	30	6,32	29	5,35
MUR	24	7,95	23	7,94	24	7,69
COP	11	8,70	16	9,06	14	9,17
Other currencies	75	5,00	57	4,82	66	5,11
Long and short-term borrowings	2 396	4,48	2 078	4,28	2 530	3,17
Long and short-term finance lease liabilities	50		49		49	
Purchase commitments	8		9		10	
Liability derivatives	14		-		-	
Other short-term financial liabilities and bank overdrafts	34		74		42	
Long and short-term debt	2 502		2 210		2 631	

In millions of euros	June 2013 Adjusted	2013 Adjusted	June 2014
Long-term debt	1 706	1 699	2 552
Short-term debt	796	511	79
Total long and short-term debt	2 502	2 210	2 631

Note 29.2. Maturities of debt

At June 30, 2014, maturities of debt were as follows:

In millions of euros	June 2013 Adjusted	2013 Adjusted	June 2014
Year Y+1	796	511	79
Year Y+2	38	29	33
Year Y+3	23	21	709
Year Y+4	715	959	265
Year Y+5	262	12	614
Year Y+6	605	612	14
Beyond	63	66	917
Total long and short-term debt	2 502	2 210	2 631

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 closure date. Interest rate and currency hedging instruments are analysed by maturity in Note 29.5 « Financial Instruments ».

On June 30, 2014, unused long-term committed line is amounting to €1,800 million, expiring in June 2019.

June 2014 financial costs amounted to €31 million. Future financial costs are estimated at €286 million for the period from July 2014 to June 2018 and €89 million thereafter.

June 2013 financial costs amounted to €47 million. Future financial costs were estimated at €247 million for the period from July 2013 to June 2017 and €41 million thereafter.

2013 financial costs amounted to €83 million. Future financial costs were estimated at €294 million for the period from January 2014 to December 2017 and €90 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 29.3. Long and short-term debt before and after hedging

At June 30, 2014, long and short-term debt breaks down as follows before hedging transactions:

In millions of euros	Total debt		
	Amount	Rate	% of total debt
EUR	2 291	3,03%	91%
CHF	137	1,73%	5%
JPY	-	0,00%	0%
CNY	20	6,49%	1%
MUR	24	7,69%	1%
COP	14	9,17%	0%
Other currencies	44	7,51%	2%
Total long and short-term debt	2 530	3,14%	100%

Long and short-term debt after currency and interest rate hedging breaks down as follows:

In millions of euros	Total debt		
	Amount	Rate	% of total debt
EUR	2 168	3,17%	86%
CHF	197	1,73%	8%
JPY	32	0,13%	1%
CNY	29	5,35%	1%
MUR	24	7,69%	1%
COP	14	9,17%	0%
Other currencies	66	5,11%	3%
Total long and short-term debt	2 530	3,17%	100%

Note 29.4. Long and short-term debt by interest rate after hedging

In millions of euros	Total debt	
	Amount	Rate
June 2014	2 530	3,17%
December 2013	2 078	4,28%
June 2013	2 396	4,48%

At June 30, 2014, 97% of long and short-term debt was fixed rate, with an average rate of 3.05%, and 3% was variable rate, with an average rate of 6.91%.

At June 30, 2014, fixed rate debt was denominated primarily in EUR (88%), while variable rate debt was denominated mainly in CNY (25%), COP (18%) and MUR (15%).

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 €2,530 million, a total of €2,406 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 renegotiated in June 2014, 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 29.5. Financial instruments

1. Currency hedges

The following tables analyzes the nominal amount of currency hedges by maturity and the carrying amount of these instruments in the statement of financial position, corresponding to their fair value, at June 30, 2014:

Forward sales and currency swaps In millions of euros	Maturity 2014	Maturity 2015	June 30, 2014 Nominal amount	June 30,2014 Fair value
JPY	31	-	31	-
CZK	13	-	13	-
HUF	7	-	7	-
CNY	9	-	9	-
Other	3	-	3	-
Forward sales	63	-	63	-

Forward purchases and currency swaps In millions of euros	Maturity 2014	Maturity 2015	June 30, 2014 Nominal amount	June 30,2014 Fair value
GBP	132	-	132	-
HKD	96	-	96	-
AUD	37	-	37	1
USD	20	-	20	-
PLN	9	-	9	-
Other	10	-	10	-
Forward purchases	304	-	304	1

TOTAL CURRENCY HEDGING	367	-	367	1
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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, 2014, the total fair value of currency derivatives was a positive €1 million, recorded in assets.

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 statement of financial position, corresponding to their fair value, at June 30, 2014:

In millions of euros	2014	2015	2016	Beyond	June 30, 2014 Nominal amount	June 30, 2014, Fair value
EUR: Fixed-rate borrower swaps and caps	4	-	-	59	63	0
Interest rate hedges	4	-	-	59	63	0

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, 2014, the total fair value of rates derivatives was €0 million, recorded in assets.

3. Fair value

3.1 Fair value of financial instruments

The carrying amount and fair value of financial instruments at June 30, 2014 are as follows:

In millions of euros	June 30, 2014 Carrying amount	June 30, 2014 Fair value
FINANCIAL LIABILITIES	2 631	2 791
Bonds (1)	2 406	2 566
Bank borrowings	109	109
Finance lease liabilities	49	49
Other financial liabilities	67	67
Interest rate derivatives (Cash Flow Hedge) (2)	-	-
Currency derivatives (Fair Value Hedge) (2)	-	-
FINANCIAL ASSETS	(2 372)	(2 371)
Money market securities	(2 117)	(2 117)
Cash	(189)	(188)
Other	(65)	(65)
Interest rate derivatives (Cash Flow Hedge) (2)	-	-
Currency derivatives (Fair Value Hedge) (2)	(1)	(1)
NET DEBT	259	420

- (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 (level 1 valuation technique: see Note 1.R).
- (2) The fair value of forward foreign exchange contracts and interest rate and currency swaps corresponds to the market price that the Group would have to pay or receive to unwind these contracts (level 2 valuation technique: see Note 1.R).

3.2 Fair value of money market securities

The carrying amount and fair value of money market securities at June 30, 2014 are as follows:

In millions of euros		June 30, 2014 Carrying amount	June 30, 2014 Fair value
Other negotiable debt securities	(a)	-	-
Money market securities	(b)	(1 518)	(1 518)
Mutual fund units convertible into cash in less than three months (*)	(c)	(587)	(587)
Mutual fund units convertible into cash in more than three months (*)	(c)	-	-
Other (accrued interest)		(12)	(12)
Total Money market securities		(2 117)	(2 117)

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

(a) Held to maturity investments

(b) Loans and receivables issued by the Group

(c) Available-for-sale financial assets

Note 29.6. Credit rating

At June 30, 2014, Accor's credit ratings are 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	February 24, 2010	Stable	March 9, 2012
Fitch Ratings	BBB-	F-3	July 2, 2009	Stable	May 25, 2011

Standard & Poor's reaffirmed Accor's ratings on June 30, 2014 whereas Fitch reaffirmed Accor's ratings and outlooks on June 12, 2014.

Note 30. Net Debt and Net Cash

Net debt breaks down as follows:

In millions of euros	June 2013 Adjusted	2013 Adjusted	June 2014
Other long-term financial debt (1)	1 657	1 651	2 504
Long-term finance lease liabilities	49	48	48
Short-term borrowings	781	494	57
Bank overdrafts	1	17	22
Liabilities derivatives	14	-	-
Total debt	2 502	2 210	2 631
Short-term loans	(31)	(30)	(29)
Money market securities (2)	(1 745)	(1 791)	(2 117)
Cash	(135)	(122)	(189)
Asset derivatives	-	-	(1)
Short-term receivables on disposals of assets	(22)	(41)	(36)
Financial Assets	(1 933)	(1 984)	(2 372)
Net debt	569	226	259

(1) see Note 31.

(2) see Note 29.5.

In millions of euros	June 2013 Adjusted	2013 Adjusted	June 2014
Net debt at beginning of period	416	416	226
Change in long-term debt	172	167	853
Change in short-term financial liabilities	(29)	(316)	(432)
Cash and cash equivalents change	(17)	(53)	(393)
Changes in other current financial assets	27	12	5
Changes for the period	153	(190)	33
Net debt at end of period	569	226	259

The following table reconciles cash and cash equivalents in the statement of financial position to cash and cash equivalents in the cash flow statement:

In millions of euros	June 2013 Adjusted	2013 Adjusted	June 2014
Balance sheet cash and cash equivalents	1 880	1 913	2 307
Bank overdrafts	(1)	(17)	(22)
Derivatives included in liabilities	(14)	-	-
Cash flow Statement cash and cash equivalents	1 865	1 896	2 285

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

At June 30, 2014, and December 31, 2013, financial assets and liabilities broke down as follows by category:

In millions of euros	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
Bonds and other negotiable debt securities										
Held to maturity financial assets										
Short-term loans		29				29				
Long-term loans		101				101				
Receivables on disposals of assets			36			36				
Deposits				73		73				
Trade receivables					459	459				
Money market securities	1 530					1 530				
Other										
Loans and receivables	1 530	130	36	73	459	2 228				
Investments in non-consolidated companies				54		54			54	54
Mutual fund units convertible into cash	587					587	587			587
Other										
Available for sale financial assets	587			54		641	587		54	641
Interest rate derivatives										
Currency derivatives	1					1		1		1
Financial assets at fair value	1					1		1		1
Cash at bank	189					189				
Financial assets at June 30, 2014	2 307	130	36	127	459	3 059	587	1	54	642

In millions of euros	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
Bonds and other negotiable debt securities										
Held to maturity financial assets										
Short-term loans		30				30				
Long-term loans		98				98				
Receivables on disposals of assets			41			41				
Deposits				119		119				
Trade receivables					379	379				
Money market securities	1 753					1 753				
Other										
Loans and receivables	1 753	128	41	119	379	2 420				
Investments in non-consolidated companies				55		55			55	55
Mutual fund units convertible into cash	38					38	38			38
Other										
Available for sale financial assets	38			55		93	38		55	93
Interest rate derivatives										
Currency derivatives	0					0				
Financial assets at fair value	0					0				
Cash at bank	122					122				
Financial assets at December 31, 2013	1 913	128	41	174	379	2 635	38	-	55	93

En millions of euros	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
Currency derivatives	-					-				-
Interest rate derivatives										
Financial liabilities at fair value through profit or loss										
Other bonds		2 406				2 406				
Bank Borrowings		84	26			110				
Finance lease liabilities			1	48		49				
Other debts		14	30			44				
Trade payables					602	602				
Financial liabilities at amortised cost		2 504	57	48	602	3 211				
Cash at bank	22					22				
Financial liabilities at June 30, 2014	22	2 504	57	48	602	3 233	-		-	

En millions of euros	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
Currency derivatives	-					-				-
Interest rate derivatives										
Financial liabilities at fair value through profit or loss										
Other bonds		1 542	402			1 944				
Bank Borrowings		97	28			125				
Finance lease liabilities			1	48		49				
Other debts		12	63			75				
Trade payables					599	599				
Financial liabilities at amortised cost		1 651	494	48	599	2 792				
Cash at bank	17					17				
Financial liabilities at December 31, 2013	17	1 651	494	48	599	2 809	-		-	

* The fair value hierarchies have three levels: see Note 1.R. 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 million of euros	June 2013 Adjusted	2013 Adjusted	June 2014
Onboard Train Services business	36	24	17
Disposal groups classified as held for sale	69	21	56
Non-current assets classified as held for sale	53	16	23
Total Assets classified as Assets held for sale	158	61	96
Onboard Train Services business	(25)	(16)	(9)
Liabilities related to Disposal groups classified as held for sale	(16)	(10)	(11)
Total Liabilities classified as Liabilities associated with assets classified as held for sale	(41)	(26)	(20)

A. Onboard Train Services

In 2010 and 2012, Accor sold Onboard rail catering businesses in France, Austria and Portugal and part of the Italian business to Newrest.

Following the end of the contract with the grantor of the concession which took place in October 2013 and the ongoing liquidation process of the company, the related assets and liabilities remained classified under "Assets held for sale" and "Liabilities associated with assets held for sale" at June 30, 2014.

In million of euros	June 2013 Adjusted	2013 Adjusted	June 2014
Property, plant and equipment and intangible assets	1	0	0
Other assets	35	24	17
Total Assets classified as Assets held for sale	36	24	17
Financial debt	-	-	-
Other liabilities	(25)	(16)	(9)
Total Liabilities classified as Liabilities associated with assets classified as held for sale	(25)	(16)	(9)

B. Other assets held for sale

In million of euros		June 2013 Adjusted	2013 Adjusted	June 2014
Disposal group to be sold in Australia	(a)	-	-	36
Disposal group to be sold in China	(b)	36	21	12
Disposal group to be sold in Germany	(c)	33	-	-
Other		-	-	8
Total Disposal groups classified as held for sale		69	21	56
Hotels to be sold in Canada	(d)	10	9	9
Hotels to be sold in the United Kingdom		-	-	5
Land to be sold in Poland		1	1	3
Hotels to be sold in the Netherlands		-	2	3
Hotels to be sold in France	(e)	24	3	1
Hotels to be sold in Belgium	(f)	15	-	-
Hotels to be sold in China	(b)	2	-	1
Other		1	1	1
Non-current assets classified as held for sale		53	16	23

In accordance with IFRS 5, these assets are reclassified in the statement of financial position under “Assets held for sale” and measured at the lower of their carrying amount and fair value less costs to sell.

- (a) At June 30, 2014, the Group had agreed to sell Reef Casino in Australia for an aggregate carrying amount of €36 million.
- (b) At June 30, 2014, four ibis units are classified as held for sale, for an aggregate carrying amount of €12 million. At June 30, 2013, the Group planned to sell eight ibis units in China for an aggregate carrying amount of €38 million. Four of these hotels were sold in 2013 second semester for an aggregate carrying amount of €17 million.
- (c) At December 31, 2010, the Group planned to sell one Novotel unit in Germany, carried in the statement of financial position for €33 million at June 30, 2013. The sale was cancelled in 2013 and the assets are no longer classified as held for sale.
- (d) At December 31, 2012, the Novotel Mississauga in Canada was classified as held for sale, for a carrying amount of €10 million. At December 31, 2013 and June 30, 2014 its carrying amount was €9 million.
- (e) At June 30, 2013, in France 9 hotels had been reclassified as held for sale, for an aggregate carrying amount of €24 million of which €13 million concerned the Suite Novotel Roissy Paris Nord 2 and the Mercure Lyon Perrache.
- (f) At June 30, 2013, the Group had agreed to sell Sofitel Louise and 3 Formule 1 in Belgium. These hotels have been sold during first-half 2013.

Note 33. Provisions

Movements in long-term provisions between December 31, 2013 and June 30, 2014 can be analysed as follows:

In millions of euros	2013 Adjusted	Equity impact	Increases	Utilizations	Reversals of unused provisions	Translation adjustment	Reclassification s and changes in scope	June 2014
- Provisions for pensions (*)	19	2	1	(1)	(0)	0	(0)	21
- Provisions for loyalty bonuses (*)	1	-	0	(0)	(0)	(0)	0	1
- Provisions for claims and litigation and others contingencies	0	-	-	-	-	(0)	(0)	0
HotelServices	20	2	1	(1)	(0)	(0)	(0)	22
- Provisions for pensions (*)	36	7	2	(1)	(0)	0	(1)	43
- Provisions for loyalty bonuses (*)	18	-	1	(1)	(0)	(0)	-	18
- Provisions for claims and litigation and others contingencies	5	-	-	-	-	(0)	(1)	4
HotelInvest	59	7	3	(2)	(0)	(0)	(2)	65
Corporate/Intercos	29	4	2	-	-	-	1	36
TOTAL LONG-TERM PROVISIONS	108	13	6	(3)	(0)	(0)	(1)	123

(*) see Note 33.C

Movements in short-term provisions between December 31, 2013 and June 30, 2014 can be analysed as follows:

In millions of euros	2013 Adjusted	Increases	Utilizations	Reversals of unused provisions	Translation adjustment	Reclassifications and changes in scope	June 2014
-Tax provisions	0	-	-	(0)	0	3	3
-Restructuring provisions	32	5	(19)	(3)	0	3	18
-Provisions for claims and litigation and others contingencies	16	1	(1)	(1)	0	(0)	15
HotelServices	48	6	(20)	(4)	0	6	36
-Tax provisions	11	0	(0)	(0)	0	(3)	8
-Restructuring provisions	11	0	(7)	(0)	0	(1)	3
-Provisions for claims and litigation and others contingencies	91	16	(22)	(6)	1	10	90
HotelInvest	113	16	(29)	(6)	1	6	101
Corporate/Intercos	83	1	(14)	(4)	-	(11)	55
TOTAL SHORT-TERM PROVISIONS	244	23	(63)	(14)	1	1	192

At June 30, 2014, ordinary provisions for claims and litigation and others include:

- €41 million provisions for various claims;
- €6 million in provisions for various litigations;
- €8 million provision for employee-related claims;
- Other provisions for unit amounts that are not material.

At December 31, 2013, ordinary provisions for claims and litigation and others included:

- €36 million in provisions for various claims;
- €10 million in provisions for various litigations;
- €10 million in provisions for performance bonds issued in connection with real estate transactions;
- €9 million in provisions for employee-related claims;
- Other provisions for unit amounts that are not material.

Restructuring provisions at December 31, 2013 included €42 million in provisions for voluntary separation plans within the Group (see Note 2.H).

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 of euros	HotelServices	HotelInvest	Corporate/ Intercos	June 2014
EBIT	(1)	6	1	6
Finance cost, net	(0)	1	1	2
Provision for losses on hotel properties	-	(9)	-	(9)
Provision on other assets and restructuring provisions	(17)	(16)	(14)	(47)
Provision for tax	-	0	(3)	(3)
TOTAL	(18)	(18)	(15)	(51)

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 statements of financial position 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 statement of financial position.

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 and region.

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 once a year during the second half. 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 (51% of the obligation), in the Netherlands (22% of the obligation), in Belgium (8% of the obligation) and in Switzerland (7% of the obligation). The plan in the Netherlands is closed to new participants and is fully funded, with the result that no provision has been recognized in the statement of financial position 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. In the Worldwide Structures, the pension plan concerns senior executives. Pension rights are unvested and plan participants receive a regular pension, not a lump sum. In the Netherlands, the plan concerns all employees and provides for the payment of a lump sum to participants on retirement

In 2013, the implementation of voluntary separation plans and the departure of certain Executive Committee members led to the recognition of a curtailment gain.

B. Actuarial assumptions

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

2014	France	Europe excluding France						Worldwide Structures	Other countries
		Netherlands	Germany	Belgium	Poland	Switzerland	Italy		
Rate of future salary increases	3,0%	3,0%	1,5%	3,0%	3,0%	1,5%	2,0%	3,0%	2%-10%
Discount rate	2,5%	2,5%	2,5%	2,5%	4,5%	2,0%	2,5%	2,5%	4% - 8,7%
Weighted average duration of the obligation	14	19	13,2	11,85		12,5	10	14	

2013	France	Europe excluding France						Worldwide Structures	Other countries
		Netherlands	Germany	Belgium	Poland	Switzerland	Italy		
Rate of future salary increases	3,0%	3,0%	1,5%	3,0%	3,0%	1,0%	N/A	4,0%	2%-10%
Discount rate	3,0%	3,0%	3,0%	3,0%	3,0%	2,0%	3,0%	3,0%	4% - 8,7%
Weighted average duration of the obligation	14	19	13,2	11,85		12,5	10	14	

The assumptions concerning 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 Corporate AA 10+ 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. In all other cases, the discount rate is based on government bond rates.

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. Since January 1st, 2013, in line with IAS 19 (revised), the expected long-term return on plan assets had been matched to the discount rate (see Note 1 page 15).

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, 2014

In millions of euros	Pensions	Other post-employment benefits (*)	Total
Present value of funded obligation	147	-	147
Fair value of plan assets	(102)	-	(102)
Excess of benefit obligation/(plan assets)	45	-	45
Present value of unfunded obligation	-	73	73
Liability recognized in the balance sheet	45	73	118

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

At December 31, 2013

In millions of euros	Pensions	Other post-employment benefits (*)	Total
Present value of funded obligation	143	-	143
Fair value of plan assets	(102)	-	(102)
Excess of benefit obligation/(plan assets)	41	-	41
Present value of unfunded obligation	-	63	63
Liability recognized in the balance sheet	41	63	104

(*) 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 of euros	Europe excluding France							Worldwide structures	Other	Total	Other benefits	Total June 2014	Total Dec. 2013 Adjusted
	France	Netherlands	Germany	Belgium	Poland	Switzerland	Italy						
Projected benefit obligation at the beginning of the period	26	44	12	17	1	14	4	62	7	186	19	206	216
Current service cost	1	0	0	0	0	0	-	1	0	3	1	4	12
Interest Cost	0	0	0	0	0	0	0	1	0	2	0	2	6
Employee contributions for the period	-	-	-	-	-	1	-	-	-	1	-	1	1
(Gains) losses on curtailments/settlements	(0)	-	-	-	-	-	-	-	(0)	(0)	-	(0)	(19)
Taxes and administrative expenses	-	-	-	-	-	(0)	-	(0)	-	(0)	-	(0)	(1)
Effect of changes in scope of consolidation	0	-	-	-	-	-	-	-	-	0	-	0	0
Benefits paid during the period	-	-	(0)	-	(0)	(1)	(1)	-	(0)	(2)	(1)	(3)	(9)
Actuarial (gains)/losses recognised during the period	-	-	-	-	-	-	-	12	-	12	(0)	12	(1)
Exchange differences	-	-	-	-	(0)	0	-	-	0	0	(0)	0	(1)
Transfers at beginning of period	-	-	-	(0)	-	(0)	-	0	-	0	(0)	(0)	1
Other	-	-	-	-	-	-	-	-	-	-	-	-	(0)
Reclassification of Onboard Train Services in "Assets held for sale"	-	-	-	-	-	-	0	-	-	0	-	0	-
Projected benefit obligation at the end of the period	27	44	12	17	1	14	3	76	7	202	20	222	206
Fair value of plan assets at the beginning of the period	-	44	5	13	-	11	-	29	-	102	-	102	101
Return on plan assets, excluding interest income	-	-	-	-	-	-	-	-	-	-	-	-	0
Interest income	-	0	0	0	-	0	-	0	-	1	-	1	3
Employer contributions for the period	-	-	0	-	-	1	-	-	0	1	-	1	2
Employee contributions for the period	-	-	-	-	-	1	-	-	-	1	-	1	1
Benefits paid during the period	-	-	(0)	-	-	(1)	-	-	-	(1)	-	(1)	(5)
(Gains) losses on curtailments/settlements	-	-	-	-	-	-	-	-	-	-	-	-	(1)
Taxes and administrative expenses	-	-	-	-	-	(0)	-	-	-	(0)	-	(0)	(1)
Exchange differences	-	-	-	-	-	0	-	-	-	0	-	0	(0)
Fair value of plan assets at the end of the period	-	44	5	13	-	11	-	29	0	103	-	103	102
Unfunded obligation at the beginning of the period	26	0	7	4	1	3	4	33	7	84	19	104	115
Current service cost	1	0	0	0	0	0	-	1	0	3	1	4	12
Interest cost	0	0	0	0	0	0	0	1	0	1	0	1	3
(Gains) losses on curtailments/settlements	(0)	-	-	-	-	-	-	-	(0)	(0)	-	(0)	(19)
Expense for the period	-	-	(0)	-	(0)	(0)	(1)	-	(0)	(1)	(1)	(2)	(4)
Benefits paid during the period	-	-	(0)	-	-	(1)	-	-	(0)	(1)	-	(1)	(2)
Employer contributions for the period	-	-	-	-	-	-	-	-	-	-	-	-	0
Employee contributions for the period	-	-	-	-	-	0	-	(0)	-	0	-	0	0
Taxes and administrative expenses	0	-	-	-	-	-	-	-	-	0	-	0	0
Effect of changes in scope of consolidation	-	-	-	-	(0)	0	-	-	0	0	(0)	0	(1)
Exchange differences	-	-	-	-	-	-	-	12	-	12	(0)	12	(1)
Actuarial (gains)/losses recognised during the period	-	-	-	-	-	-	-	0	-	0	(0)	(0)	1
Transfers at beginning of period	-	-	-	-	-	-	-	-	-	-	-	-	(0)
Other	-	-	-	-	-	-	0	-	-	0	-	0	-
Unfunded obligation at the end of the period	27	0	6	4	1	3	3	47	7	98	20	118	104
Provision at the end of the period	27	0	6	4	1	3	3	47	7	98	20	118	104
Current service cost	1	0	0	0	0	0	-	1	0	3	1	4	12
Interest cost	0	0	0	0	0	0	0	1	0	1	-	1	3
(Gains) losses on curtailments/settlements	(0)	-	-	-	-	-	-	-	(0)	(0)	-	(0)	(19)
Others	-	-	-	-	-	0	-	(0)	-	0	-	0	0
Expense for the period	1	0	0	0	0	0	0	2	0	4	1	5	(4)
Actuarial (gains) losses recognized in equity	-	-	-	-	-	-	-	12	-	12	-	12	(1)

Reconciliation of provisions for pensions between January 1, 2013 and June 30, 2014

In millions of euros	Amount
Provision at January 1, 2013 Adjusted	115
Expense for the period	(4)
Benefits paid	(6)
Actuarial gains and losses recognized in equity	(1)
Changes in exchange rates	(0)
Other	0
Provision at December 31, 2013 Adjusted	104
Expense for the period	5
Benefits paid	(3)
Actuarial gains and losses recognized in equity	12
Changes in scope of consolidation	(0)
Changes in exchange rates	0
Other	(0)
Provision at June 30, 2014	118

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

In millions of euros	June 2013 Adjusted	2013 Adjusted	June 2014
Actuarial debt			
Actuarial gains and losses related to experience adjustment	-	(1)	-
Actuarial gains and losses related to changes in demographic assumptions	-	0	-
Actuarial gains and losses related to changes in financial assumptions	0	(0)	12
Fair value on assets			
Actuarial gains and losses related to experience adjustment	-	(0)	-

Detail of plan assets

The assets of insured defined benefit plans are invested in investment funds held by insurance companies in each of the countries concerned except for Worldwide Structures.

The following table shows the breakdown of these plan assets by country (except for the Netherlands for which no information is available):

Detail of plan assets	Germany	Belgium	Switzerland	Worldwide Structures
Bonds	4	11	3	23
Real Estate	1	1	3	2
Shares	0	1	3	4
Liquidity	-	0	2	0
Other	0	0	0	0
Total value of plan assets	5	13	11	29

Sensitivity analysis

At June 30, 2014, 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 €9.7 million reduction in the projected benefit obligation, a 0.5 point decrease in the discount rate would lead to a €10.7 million increase in the projected benefit obligation. The impact on the cost for the year would not be material.

At December 31, 2013, 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 €9.8 million reduction in the projected benefit obligation, a 0.5 point decrease in the discount rate would lead to a €10.7 million increase in the projected benefit obligation. The impact on the cost for the year would not be material.

Expected cash flows

The following table shows expected cash outflows for the coming years, without taking account any cash inflows generated by plan assets:

Expected cash flows in millions of euros	France	Netherlands	Germany	Belgium	Poland	Switzerland	Italy	Worldwide Structures	TOTAL
Expected benefits payment in 2014	1	1	0	0	1	2	0	2	7
Expected benefits payment in 2015	1	2	1	0	0	1	0	2	7
Expected benefits payment in 2016	2	1	1	-	0	1	0	2	7
Expected benefits payment from 2017 to 2023	10	13	5	5	3	5	2	16	59
Expected contributions in 2014	-	0	1	1	-	1	-	-	3

Note 34. Reconciliation of Funds from Operations

In millions of euros	2013 Adjusted	June 2013 Adjusted	June 2014
Net Profit, Group share	125	33	62
Minority interests	11	4	7
Depreciation, amortization and provision expense	329	169	157
Share of profit of associates, net of dividends received	1	3	3
Deferred tax	(16)	(14)	(20)
Change in financial provisions and provisions for losses on asset disposals	81	36	(81)
Impairment losses	89	59	25
Funds from operations from discontinued operations	2	2	(2)
FUNDS FROM OPERATIONS INCLUDING NON-RECURRING TRANSACTIONS	622	292	151
(Gains) losses on disposals of assets, net	(78)	(56)	7
(Gains) losses on non-recurring transactions (included restructuring costs and exceptional taxes)	161	55	137
Non-recurring items from discontinued activities	2	1	0
FUNDS FROM OPERATIONS EXCLUDING NON-RECURRING TRANSACTIONS	707	292	295

Note 35. Change in Working Capital

The change in working capital can be analyzed as follows:

In millions of euros	June 2013 Adjusted	Dec. 2013 Adjusted	June 2014	Change
Inventories	47	41	32	(9)
Trade receivables	438	379	459	80
Other receivables and accruals	488	473	491	18
WORKING CAPITAL ITEMS - ASSETS	973	893	982	89
Trade payables	559	599	602	3
Other payables	949	946	995	49
WORKING CAPITAL ITEMS - LIABILITIES	1 508	1 545	1 597	52
WORKING CAPITAL	535	652	615	(37)

December 31, 2013 Adjusted WORKING CAPITAL	652
Change in operating working capital	(15)
Change in operating working capital of discontinued operations	6
Working capital items included in development expenditure	(25)
Working capital items included in assets disposals and assets reclassified as held for sale	(15)
Translation adjustment	8
Change in provisions	(5)
Reclassifications	9
NET CHANGE IN WORKING CAPITAL	(37)
June 30, 2014 WORKING CAPITAL	615

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 1) 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 of euros	2013 Adjusted	June 2013 Adjusted	June 2014
HOTELSERVICES	36	14	13
HOTELINVEST	224	64	46
CORPORATE & INTERCOS	4	2	2
RENOVATION AND MAINTENANCE EXPENDITURE	264	80	61

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 of euros		France	Europe (excl. France/ Mediterranean)	Mediterranean Middle East and Africa	Asia Pacific	Americas	Worldwide Structures (*)	June 2014	June 2013 Adjusted	2013 Adjusted
HOTELSERVICES	(1)	8	3	2	2	0	0	15	16	39
HOTELINVEST	(2)	6	936	7	6	34	-	989	90	175
CORPORATE & INTERCOS	(3)	0	0	(0)	-	(20)	0	(20)	(12)	(24)
Total June 2014		14	939	9	8	14	0	984		
Total June 2013 Adjusted		9	62	(0)	11	22	(10)		94	
Total 2013 Adjusted		24	110	12	19	24	1			190

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

(1) Including €8 million related to the minimum guaranteed on Pullman Paris Tour Eiffel

(2) Including :

- a. €721 million related to the acquisition of an 86-hotel portfolio from Moor Park in Germany and in the Netherlands (see Note 2.B.1)
- b. €179 million related to the acquisition of an 11-hotel portfolio from Axa Real Estate in Switzerland (see Note 2.B.2)
- c. €20 million of internal loans between HotelInvest entities in the USA and Accor Holding

(3) Including €20 million of internal loans between Accor Holding and HotelInvest entities in the USA

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

At the end of 2013, Accor announced a plan to redefine the Group's business model around two strategic businesses:

- Hotel operator and brand franchisor HotelServices, with a business model focused on generating revenue from fees and optimizing the income statement.
- Hotel owner and investor HotelInvest, with a business model aimed at improving the return on assets and optimizing the statement of financial position.

To support the new business model, each strategic business has been reorganized by region, as follows:

- France
- Europe (excluding France/Mediterranean)
- Mediterranean, Middle East and Africa
- Asia-Pacific
- Americas, comprising Latin America, the Caribbean and North America.

The reorganization has led to a change in the Group's internal reporting presentation which is now based on the Strategic business/Region matrix. The Executive Committee now assesses the performance of each Strategic business/Region and makes resource allocation decisions based on their respective results.

As a result, the segment information presented in the consolidated financial statements concerns redefined operating segments that correspond to the segments whose operating results are regularly reviewed by the chief operating decision maker for resource allocation purposes. Prior period segment information has been restated on the same basis.

HotelServices

HotelServices corresponds to Accor's business as a hotel operator and franchisor. It comprises all of the Group's hotels, as the hotels owned by HotelInvest are operated by HotelServices under management contracts. Its business model focuses entirely on generating fee revenue, including fees received by hotel-owning subsidiaries that are eliminated in consolidation. HotelServices spans Management and Franchising activities, sales and marketing, distribution and information systems as well as other activities such as a timeshare business in Australia, Strata, a company that operates the common areas of hotels in Oceania, and the Accor loyalty program.

HotelInvest

HotelInvest is the Group's hotel owner and investor. It comprises the Group's owned and leased hotels. Its business model aims to improve the return on assets and optimize the impact on the statement of financial position. HotelInvest spans all asset portfolio management activities, hotel design, construction, refurbishment and maintenance activities, the legal and finance functions, as well as various non-strategic businesses such as the casinos, Orféa (business conducted in partnership with SNCF) and Orbis Transport.

HotelInvest hotels are classified in three sub-segments:

- Owned hotels
- Fixed-lease hotels, i.e. leased hotels for which the rent corresponds to a fixed amount
- Variable-lease hotels, i.e. leased hotels for which the rent is determined as a percentage of revenue or EBITDA.

HotelServices operates HotelInvest's hotels under management contracts and is paid a fee for this service. The management fees are aligned with market prices in the region or country concerned.

In addition, Service Level Agreements (SLAs) have been signed to allocate the cost of the services supplied to themselves and each other by HotelServices and HotelInvest (corresponding to the costs of the finance, human resources, purchasing, IT and legal functions).

C. Segment information

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

- Revenue (see Note 3)
- EBITDAR (see Note 5)
- EBITDA (see Note 7)
- EBIT (see Note 9)

The following selected balance sheet information by operating segment is reported to the chief operating decision maker:

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.

Revenue and earnings indicators by segment are as follows:

First-half 2014 In millions of euros	HotelServices	HotelInvest	Including Owned	Including Fixed Lease	Incl.Variable Lease	Corporate/ Interco	Total
Revenue	582	2 286	385	614	1 242	(275)	2 593
EBITDAR	200	643	91	192	359	(36)	807
EBITDAR Margin	34,3%	28,1%	23,7%	31,3%	28,9%	N/A	31,1%
EBITDA	188	222	86	33	102	(34)	376
EBITDA Margin	32,3%	9,7%	22,3%	5,4%	8,2%	N/A	14,5%
EBIT	172	83	35	5	51	(36)	219
EBIT Margin	29,6%	3,6%	9,1%	0,8%	4,1%	N/A	8,4%

At June 30, 2013 Adjusted In millions of euros	HotelServices	HotelInvest	Including Owned	Including Fixed Lease	Incl.Variable Lease	Corporate/ Interco	Total
Revenue	603	2 336	413	636	1 250	(299)	2 640
EBITDAR	190	645	96	193	353	(31)	804
EBITDAR Margin	31,4%	27,6%	23,4%	30,4%	28,2%	N/A	30,4%
EBITDA	178	212	88	29	93	(28)	362
EBITDA Margin	29,5%	9,1%	21,4%	4,5%	7,5%	N/A	13,7%
EBIT	161	60	29	(1)	41	(30)	191
EBIT Margin	26,8%	2,6%	7,1%	(0,2)%	3,3%	N/A	7,2%

To provide more meaningful information for users of the consolidated financial statements, the Group has chosen to disclose revenue and earnings indicators for each of the HotelInvest sub-segments.

First-half 2014 In millions of euros	France	Europe (excl. France/ Mediterranean)	Mediterranean Middle East and Africa	Asia Pacific	Americas	Worldwide Structures	Total
Revenue	846	1 015	233	264	224	11	2 593
EBITDAR	243	362	65	63	68	6	807
EBITDAR Margin	28,7%	35,6%	28,0%	23,8%	30,3%	55,8%	31,1%
EBITDA	118	161	27	33	31	6	376
EBITDA Margin	13,9%	15,9%	11,5%	12,5%	14,0%	54,2%	14,5%
EBIT	77	94	13	19	22	(6)	219
EBIT Margin	9,1%	9,2%	5,6%	7,2%	9,9%	N/A	8,4%

At June 30, 2013 Adjusted In millions of euros	France	Europe (excl. France/ Mediterranean)	Mediterranean Middle East and Africa	Asia Pacific	Americas	Worldwide Structures	Total
Revenue	874	989	227	295	240	15	2 640
EBITDAR	252	347	54	70	75	6	804
EBITDAR Margin	28,9%	35,1%	23,9%	23,6%	31,0%	39,1%	30,4%
EBITDA	125	148	14	34	34	7	362
EBITDA Margin	14,2%	15,0%	6,1%	11,6%	14,2%	43,4%	13,7%
EBIT	80	79	(1)	15	21	(3)	191
EBIT Margin	9,2%	8,0%	(0,4)%	5,1%	8,7%	N/A	7,2%

For information, revenue in Germany amounts to €386 million at June 30, 2014 and to €391 million at June 30, 2013.

Total assets and liabilities by strategic business break down as follows:

First-half 2014 In millions of euros	HotelServices	HotelInvest	Corporate & Interco	Total
Goodwill	433	366	-	799
Intangible assets	143	125	9	277
Property, plant and equipment	66	3 056	16	3 138
Non-current financial assets	83	460	(46)	497
<i>Total non-current assets excl. Deferred tax assets</i>	<i>725</i>	<i>4 007</i>	<i>(21)</i>	<i>4 711</i>
Deferred tax assets	15	54	102	171
<i>Total non-current assets</i>	<i>740</i>	<i>4 062</i>	<i>80</i>	<i>4 882</i>
Cash, short-term debt and receivables on disposals of assets	-	-	-	2 372
Other current assets	1 118	1 052	(1 188)	982
Assets held for sale	-	96	-	96
TOTAL ASSETS	-	-	-	8 332
Shareholders' Equity & Minority Interests	-	-	-	3 657
Long-term debt	-	-	-	2 552
Deferred tax liabilities	3	64	46	112
Other non-current liabilities	22	65	36	123
Short-term debt	-	-	-	79
Other current liabilities	1 024	1 914	(1 149)	1 789
Liabilities associated to assets classified as held for sale	-	17	3	20
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	-	-	-	8 332

At December 31, 2013 Adjusted In millions of euros	HotelServices	HotelInvest	Corporate & Interco	Total
Goodwill	425	266	-	691
Intangible assets	134	140	7	281
Property, plant and equipment	64	2 317	16	2 396
Non-current financial assets	77	494	(24)	548
<i>Total non-current assets excl. Deferred tax assets</i>	<i>700</i>	<i>3 218</i>	<i>(1)</i>	<i>3 916</i>
Deferred tax assets	13	57	79	149
<i>Total non-current assets</i>	<i>713</i>	<i>3 275</i>	<i>78</i>	<i>4 065</i>
Cash, short-term debt and receivables on disposals of assets	-	-	-	1 984
Other current assets	773	708	(588)	893
Assets held for sale	-	61	-	61
TOTAL ASSETS	-	-	-	7 003
Shareholders' Equity & Minority Interests	-	-	-	2 752
Long-term debt	-	-	-	1 699
Deferred tax liabilities	3	69	46	118
Other non-current liabilities	20	59	29	108
Short-term debt	-	-	-	511
Other current liabilities	795	1 533	(539)	1 789
Liabilities associated to assets classified as held for sale	-	23	3	26
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	-	-	-	7 003

Total assets by region break down as follows:

First-half 2014 In millions of euros	France	Europe (excl. France/ Mediterranean)	Mediterranean Middle East and Africa	Asia Pacific	Americas	Worldwide Structures	Total
Goodwill	172	320	27	180	100	-	799
Intangible assets	2	116	8	62	31	59	277
Property, plant and equipment	579	1 757	302	170	297	33	3 138
Non-current financial assets	92	56	618	209	77	(555)	497
<i>Total non-current assets excl. Deferred tax assets</i>	<i>844</i>	<i>2 249</i>	<i>954</i>	<i>621</i>	<i>506</i>	<i>(463)</i>	<i>4 711</i>
Deferred tax assets	27	42	5	9	24	65	171
<i>Total non-current assets</i>	<i>871</i>	<i>2 291</i>	<i>959</i>	<i>630</i>	<i>529</i>	<i>(398)</i>	<i>4 882</i>
<i>Total current assets</i>	<i>1 568</i>	<i>977</i>	<i>207</i>	<i>447</i>	<i>173</i>	<i>(17)</i>	<i>3 354</i>
Actifs destinés à être cédés	2	11	17	48	18	0	96
<i>Other Assets</i>	<i>1 570</i>	<i>987</i>	<i>224</i>	<i>495</i>	<i>191</i>	<i>(17)</i>	<i>3 449</i>
TOTAL ASSETS	2 441	3 278	1 183	1 125	720	(415)	8 332

At December 31, 2013 Adjusted In millions of euros	France	Europe (excl. France/ Mediterranean)	Mediterranean Middle East and Africa	Asia Pacific	Americas	Worldwide Structures	Total
Goodwill	172	202	27	189	100	-	691
Intangible assets	2	118	7	65	32	57	281
Property, plant and equipment	608	1 016	319	181	236	35	2 396
Non-current financial assets	76	53	77	213	128	1	548
<i>Total non-current assets excl. Deferred tax assets</i>	<i>858</i>	<i>1 390</i>	<i>431</i>	<i>647</i>	<i>497</i>	<i>93</i>	<i>3 916</i>
Deferred tax assets	32	44	3	9	22	40	149
<i>Total non-current assets</i>	<i>890</i>	<i>1 434</i>	<i>435</i>	<i>656</i>	<i>519</i>	<i>133</i>	<i>4 065</i>
<i>Total current assets</i>	<i>749</i>	<i>988</i>	<i>186</i>	<i>483</i>	<i>134</i>	<i>339</i>	<i>2 877</i>
Actifs destinés à être cédés	4	3	24	21	9	0	61
<i>Other Assets</i>	<i>753</i>	<i>991</i>	<i>210</i>	<i>504</i>	<i>143</i>	<i>339</i>	<i>2 938</i>
TOTAL ASSETS	1 642	2 424	644	1 159	662	471	7 003

For information, total non-current assets (excluding deferred tax assets) in Germany amount to €355 million at June 30, 2014 and to €359 million at December 31, 2013.

Note 39. Claims and litigation

Note 39.1. CIWLT tax audit

Following tax audits covering the years 1998 to 2002 and the year 2003 of the French branch of Compagnie Internationale des Wagons Lits et du Tourisme (CIWLT), a Belgian company that is 99.78%-owned by Accor SA, the French tax authorities concluded that CIWLT's seat of management was in France, not Belgium.

The authorities therefore added CIWLT's profit to the profit taxable in France. CIWLT contested this reassessment before the competent French courts.

The reassessment for the period 1998 to 2002 became final and the matter was closed in 2012.

Concerning the 2003 reassessment, the tax and related penalties totaling €17.5 million were paid in July 2011 and late interest of €2.7 million was paid in August 2011. Receivables for the same amounts were recorded in the consolidated statement of financial position at December 31, 2011, offset in full by provisions. The Versailles Administrative Court of Appeal found against CIWLT in a ruling handed down on May 21, 2013 and in August 2013 CIWLT filed a summary motion to institute proceedings before the French Supreme Court of Appeal (Conseil d'Etat). The motion was accepted and the appeal is currently being heard.

Note 39.2. Dividend withholding tax (précompte)

In 2002, Accor mounted a legal challenge to its obligation to pay "précompte" dividend withholding tax 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" dividend 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 had not yet exhausted all avenues of appeal, a liability was recognized for the amounts received and the financial impact of the rulings by the Versailles Administrative Court and Court of Appeal was not 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.

After reviewing the matter, the ECJ's final ruling was 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.

In its ruling handed down on December 10, 2012, the French Supreme Court of Appeal considered that the dividend tax credit and précompte withholding tax systems had been shown to be incompatible. However, the Court also considered that the

amount to be refunded was subject to strict rules which, to all intents and purposes, restricted Accor's right to a refund. Accordingly, the Court found that Accor was entitled to only approximately €6.3 million of the €156 million in principal already refunded.

In addition to the €149.7 million to be returned to the French State, Accor was also required to repay the late interest received in 2007, amounting to approximately €36.4 million, less the portion related to the retained refund of €6.3 million. In all, €184.7 million in principal and interest was repaid to the French State during first-half 2013.

In the 2012 financial statements, the €6.3 million "précompte" dividend withholding tax refunded to Accor and not repayable to the French State was credited to a reserve account (see Changes in Consolidated Shareholders' Equity). The estimated €1.4 million in late interest received on this amount was considered as offsetting the early payment of tax, and was therefore recorded as a tax benefit in the income statement. Accor has noted the Supreme Court of Appeal's decision and intends to continue to use the avenues available to it to defend its position in the dispute with the French tax authorities.

On February 7, 2007, Accor filed an application originating proceedings before the Cergy Pontoise Court on the same grounds, to obtain a refund of the €187 million in "precompte" dividend withholding tax paid in the period 2002 to 2004. In a ruling handed down on May 27, 2014, the Cergy Pontoise Court applied the restrictive principles governing the calculation of refunds described by the French Supreme Court of Appeal (Conseil d'Etat) in a decision dated December 10, 2012. In line with these principles, the Court found that Accor was entitled to a refund of €7.1 million in respect of the "précompte" dividend withholding tax for the years 2002, 2003 and 2004 together with interest of €3.3 million.

These amounts were recorded in the statement of financial position at June 30, 2014. They had no impact on the income statement as Accor appealed the decision before the Versailles Administrative Court of Appeal on July 23, 2014 and the ruling is therefore not final.

Note 39.3. 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.

Consequently, no provision was set aside in the consolidated financial statements for either 2011 or 2012. The matter was brought before the court of first instance which, in a ruling handed down on March 11, 2014, found in favor of Edenred and Accor and cancelled the total amount of the reassessments. The Italian tax authorities appealed this decision on June 25, 2014.

Note 39.4. Tax audit at Accor SA

A tax audit is currently in progress at Accor SA. On December 26, 2013, the tax authorities notified the Company of proposed adjustments to its 2010 accounts. The proposal was timed to interrupt the statute of limitations that was due to expire for claims by the tax authorities on December 31, 2013. The tax authorities have not yet provided any indication of the financial consequences of the proposed adjustments for the tax group of which Accor SA is the filing entity, but the total risk including late interest is estimated at €26 million.

The tax authorities are challenging the independent valuation of the Accor Services brands that was used by Accor SA to calculate the taxable capital gain on the brands contributed at the time of the Group's demerger in 2010. They have also queried the alleged waiver by Accor SA of income due by its wholly-owned Brazilian subsidiary, Hotelaria Accor Brasil S.A., which they say had corporate income tax and withholding tax implications. This represents a relatively minor risk.

Accor SA wrote to the tax authorities in February 2014 contesting the proposed adjustments, but has nevertheless recorded a contingency provision of €11 million in its 2013 financial statements.

Note 39.5. 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 at Group level 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, 2014

Off-balance sheet commitments have been restated for the effect of applying IFRS 11 by excluding commitments given to and received by joint ventures. However, commitments given by Accor on behalf of joint ventures are included, in accordance with IFRS 12.

Note 40.1. Off-balance sheet commitments given

Off-balance sheet commitments (not discounted) given at June 30, 2014 break down as follows:

In millions of euros		Less than 1 year	1 to 5 years	Beyond 5 years	June 30, 2014	Dec. 31, 2013 Adjusted	June 30, 2014 Adjusted
Security interests given on assets	(1)	8	7	67	82	84	96
Purchase commitments	(2)	22	98	-	120	40	74
. Renovation commitment in Germany	(3)	25	-	0	25	29	35
. Renovation commitment in the Netherlands	(4)	6	-	-	6	12	20
. Renovation commitment in Switzerland	(5)	5	-	-	5	8	12
. Renovation commitment in Poland	(6)	3	-	-	3	6	4
. Other renovation commitments	(7)	8	13	7	28	28	32
Capex Commitments		47	13	7	67	83	103
Loan guarantees given		2	19	0	21	22	29
Commitments given in the normal course of business		15	19	23	57	51	62
Contingent liabilities		2	2	0	4	4	2
Total June 30, 2014 (*)		96	158	97	351		
Total December 31, 2013 Adjusted (*)		104	104	76		284	
Total June 30, 2013 Adjusted (*)		105	174	87			366

(*) In line with IFRS 5, off-balance sheet commitments given by the Onboard Train Services business are not presented in this note. Off-balance sheet commitments given by the Onboard Train Services business amounted to €6 million at June 30, 2013 and at December 31, 2013. These commitments had been extinguished during 2014 first semester.

- (1) Security interests given on assets correspond to pledges and mortgages valued at the net book value of the underlying assets.
 - a. Collateral for loans obtained from Banque Cantonale de Genève and UBS in Switzerland, consisting of pledges on all the assets of the Novotel Bern, ibis Bern and ibis *budget* Bern. The pledged assets had a total net book value of €17 million at June 30, 2014.
 - b. A repayment guarantee for the mortgage loan from Zürcher Kantonalbank for the purchase of the ibis Basel Bahnhof hotel in Switzerland. The mortgage covers the hotel's net book value, in the amount of €11 million at June 30, 2014.
- (2) In connection with property development projects:
 - a. A commitment to purchase furniture, fixtures and equipment in a Pullman hotel and an ibis Styles hotel at Roissypole in France, for €5 million. Accor is also committed to purchasing the hotel complex from developer Eiffage at a discounted price (roughly equal to the construction cost) if Eiffage fails to find a buyer by the time the construction work is completed in May 2015. At June 30, 2014, the commitment – corresponding to the estimated construction costs – amounted to €74 million.
 - b. A commitment to acquire the ibis Frankfurt Centrum hotel for €16 million.
 - c. The Group is committed to carrying out €11 million worth of renovation work under the Moorfield contract concerning the management and rebranding of 24 Mercure units in the United Kingdom.

- (3) In connection with development plans in Germany, commitments to carry out work mainly concerned development plans of the ibis and Novotel Arnulfstrasse (€20 million) and renovation of the Mercure Frankfurt Residenz and the MGallery Köln Mondial that began in late 2012.
- (4) In the Netherlands, in 2012, Accor was committed to financing construction of the Suite Novotel Den Haag for €13 million, construction of the ibis Rotterdam Center for €10 million and renovation works of the MGallery Amsterdam The Convent for €3 million.
Commitments for work in progress in the Netherlands as of June 30, 2014 amounted to €6 million of which €2 million for the ibis Rotterdam Center, €1 million for the Suite Novotel Den Haag and €3 million for the MGallery Amsterdam The Convent.
- (5) In connection with development plans in Switzerland, commitments to carry out work concerned construction of the ibis *budget* Glattbrugg (€5 million) that began in late 2012.
- (6) In connection with development plans in Poland, Accor agreed to finance mainly renovation work on the Novotel Warsaw and on the Sofitel Victoria Warszawa for €1million. In addition, a €2-million project for the refurbishment of the Orbis Gdynia was undertaken in first-half 2014.
- (7) Other commitments mainly include €22 million in committed capital expenditure on Australian hotels.

The Group commits in most of the cases 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.

From time to time the Group may also issue performance guarantees to the owners of managed hotels. The guarantee may include a clawback clause applicable if the hotel's performance improves in subsequent years.

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, 2014 break down as follows:

In millions of euros	Less than 1 year	1 to 5 years	Beyond 5 years	June 30, 2014	Dec. 31, 2013 Adjusted	June 30, 2014 Adjusted
Irrevocable commitments received for the purchase of intangible assets and property, plant and equipment (1)	2	-	-	2	11	32
Irrevocable commitments received for the purchase of financial assets (2)	1	-	17	18	20	20
Purchase commitments received	3	-	17	20	31	52
Sellers' warranties received	0	1	-	1	1	1
Other guarantees received in the normal course of business (3) + (4) + (5) + (6)	16	17	6	39	46	35
Other commitments and guarantees received	16	18	6	40	47	36
Total June 30, 2014 (*)	19	18	23	60		
Total December 31, 2013 Adjusted (*)	32	15	31		78	
Total June 30, 2013 Adjusted (*)	22	48	18			88

(*) In line with IFRS 5, off-balance sheet commitments received by the Onboard Train Services business are not presented in this note. Off-balance sheet commitments received by the Onboard Train Services business amounted to €1 million at June 30, 2014 and at December 31, 2013 and 0 million at June 30, 2014.

- (1) In connection with irrevocable commitments received for the purchase of intangible assets and property, plant and equipment :
- In connection with the Pullman Paris Tour Eiffel "Sale and Management Back" transaction in 2012, Accor is committed to carrying out renovation work on the hotel in its capacity as developer. The investor is

committed to paying €47 million for these renovations. As of December 31, 2013, the remaining amount due by the investor stood at €10 million. As of June 30, 2014, the remaining amount due by the investor stood at €1,4 million.

- b. In connection with the Sofitel Arc de Triomphe "Sale & Management Back" transaction in 2011, 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 December 31, 2013, the remaining amount due by the investor stood at €0.9 million. As of June 30, 2014, the remaining amount due by the investor stood at €0.9 million.
- (2) In connection with irrevocable commitments received for the purchase of financial assets:
- a. Under the "Sale and Management Back" transaction concerning the Sofitel The Grand in Amsterdam with Société Hôtelière Paris Les Halles (SHPH), Accor has an option to sell its 40% interest in this hotel to SHPH for €14 million at June 30, 2014 in the event that SHPH decides not to renew the 25-year management agreement.
 - b. In connection with the Orféa joint venture with SNCF (set up to supply hotel services for the service apartments made available to SNCF employees), in the event of a disagreement between the partners:
 - SNCF Participations would have the option of buying out Accor's stake in Orféa (held through its Soparfi 1 subsidiary), in which case Accor would be obliged to sell.
 - If SNCF Participations decided not to exercise its call option, Soparfi 1 would have the option of selling its entire stake to SNCF Participations, which would be obliged to buy the shares.
 - In both cases, the sale price would be equal to Soparfi 1's equity in Orféa's net assets plus its share of outstanding dividends.
- (3) In connection with two properties transactions between Accor and Foncière des Murs in 2005 and 2006, Foncière des Murs, in an addendum signed in 2010, agreed to finance an additional €39 million work program over the period to end-2014. At the end of December 2011, a new addendum has been signed, raising the total work program to €49 million. As of June 30, 2014, the remaining work amounted to €8 million.
- (4) In connection with the sale of the Pullman Paris Rive Gauche hotel property to Bouygues Immobilier in 2012, the Group has received a commitment from Bouygues Immobilier to pay an additional amount of up to €10 million when the building permit is obtained.
- (5) In connection with the "Sale and Variable Lease Back" transactions in France, Belgium and Germany in 2010-2011, Predica and Foncière des Murs agreed to finance €31 million worth of renovation work. As of June 2014, the remaining work amounted to €1 million.
- (6) Other commitments received consist mainly of guarantees related to hotels in the Netherlands, Germany and Italy for €14 million.

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

Note 41. Main Consolidated Companies at June 30, 2014

The main subsidiaries and associates represent 98% of consolidated revenue, 96% of EBITDAR and 92% of EBIT. The many other subsidiaries and associates represent individually less than 0.08% of consolidated revenue, EBITDAR and EBIT.

To the best of the Group's knowledge, there are no material restrictions on the use and sale by Accor of the assets of subsidiaries controlled by the Group.

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

ACCOR SA			
HOSPITALITY			
France			
ACADEMIE FRANCE	France	IG	100,00%
ACCOR REDEVANCES FRANCE	France	IG	100,00%
ADAGIO	France	MEE	50,00%
COMPAGNIE ETAP HOTEL ROISSY	France	IG	96,00%
ECOTEL	France	IG	99,45%
EXHOTEL	France	IG	100,00%
GESTAL	France	IG	96,00%
GOUPE D'AJACCIO	France	IG	100,00%
IBIS BUDGET	France	IG	96,00%
IBIS STYLES HOTELS	France	IG	100,00%
MER & MONTAGNE	France	IG	100,00%
PARIS CLUCHY	France	IG	100,00%
PARIS PORTE DE SAINT CLOUD	France	IG	100,00%
PRADOTEL	France	IG	100,00%
PROFID	France	IG	100,00%
SH DEFENSE GRANDE ARCHE	France	IG	100,00%
SHHM	France	IG	100,00%
SIGEST I	France	IG	100,00%
SNC EXPLOITATION HOTELS SUITEHOTEL	France	IG	100,00%
SNC NMP FRANCE	France	IG	100,00%
SOCIETE COMMERCIALE DES HOTELS ECONOMIQUES (SCHE)	France	IG	99,96%
SOCIETE DE MANAGEMENT INTERMARQUES	France	IG	100,00%
SOCIETE D'ETUDE ET DE PROMOTION HOTELIERE INTERNATIONALE (SEPHI)	France	IG	100,00%
SOCIETE HOTELIERE DE MONTPARNASSE (SHDM)	France	IG	100,00%
SOCIETE HOTELIERE D'EXPLOITATION ECONOMIQUE (HOTEXCO)	France	IG	100,00%
SOCIETE HOTELIERE DU FORUM	France	IG	100,00%
SOCIETE HOTELIERE TOULOUSE CENTRE	France	IG	51,44%
SOFTTEL LUXURY HOTELS FRANCE	France	IG	100,00%
SOGECA	France	IG	100,00%
SOLLUXURY HMC SARL	France	IG	100,00%
SHORET	France	IG	100,00%
SPARHE	France	IG	100,00%
STE DU DOMAINE DE MARLOZ ET EXTENSIONS	France	IG	100,00%
STE EXPLOITATION HOTEL MONEGASQUE (SEHM)	France	IG	100,00%
STE HOT EXPLOITATION MARSEILLE	France	IG	100,00%
STE HOTELIERE 61 QUAI DE GRENELLE	France	IG	100,00%
STE HOTELIERE PARIS EIFFEL SUFFREN	France	IG	75,00%
Société Hôtelière Paris Les Halles	France	MEE	31,19%
STE PORTE MONTREUIL	France	IG	99,96%
THALAMER	France	IG	100,00%
VAROISE SHTCV	France	IG	100,00%
OTHER SERVICES			
France			
Soc. d'Exploitation des Résidences Hôtelières Rail	France	MEE	50,00%
Compagnie Internationale des Wagons Lits & du Tourisme (*) - Belgium			
Italy			
Treno (*)	Italy	Asset held for sale	99,78%
(*) These entities are not held directly by Accor SA, except for Compagnie Internationale des Wagons Lits & du Tourisme			
MMEA			
ACCOR AFRIQUE SUPPORT HS	Maroc	IG	100,00%
ACCOR GESTION MAROC	Maroc	IG	77,99%
ACCOR HOSPITALITY ITALIA SRL	Italie	IG	100,00%
ACCOR HOTEL SAE	Egypte	IG	99,77%
ACCOR HOTELES ESPAÑA S.A.	Espagne	IG	100,00%
BELLE RIVIERE HOTEL (BRH)	Ile Maurice	IG	100,00%
CIE HOTELIERE PLATEAU ABIDJAN	Cote d'Ivoire	IG	90,85%
HOTEL UNION PULLMAN	Senegal	IG	100,00%
PIERRE LOTI S.A	Cameroun	IG	100,00%
PORTIS	Portugal	IG	100,00%
RISMA	Maroc	MEE	33,34%
SAUDI FRENCH COMPANY HOTEL MGT	Arabie Saoudite	IG	99,98%
SOCIETE ABIDJANAISE D'HOTELLERIE	Cote d'Ivoire	IG	99,99%
SOCIETE HOTELIERE BARACHOIS	Senegal	IG	90,58%
STE HOTELIERE DE L'AUTOROUTE (SHA)	Côte d'Ivoire	IG	94,70%
STE HOTELIERE LA LAGUNE	Cote d'Ivoire	IG	100,00%
STE TOGOLAISE D'INVESTISSEMENT ET D'EXPLOITATION HOTELIERE	Togo	IG	100,00%
TAMARIS TURIZM TRY	Turquie	IG	100,00%
USPITE INVESTIMENTOS HOTELEIROS	Portugal	IG	100,00%
ASPAC			
AAP AUSTRALIE HS	Australie	IG	100,00%
AAPC INDIA HOTEL MANAGEMENT PRIVATE HS	Inde	IG	70,00%
AAPC PROPERTIES PTY LTD	Australie	IG	100,00%
ACCOR AUSTRALIA AND NEW ZEALAND HOSPITALITY	Australie	IG	100,00%
SAFARI CLUB	Polynesie française	IG	100,00%
AMERIQUES			
ACCOR BUSINESS AND LEISURE NORTH AMERICA	Etats-Unis	IG	100,00%
ACCOR CANADA INC	Canada	IG	100,00%
ACCOR CHILE	Chili	IG	100,00%
ACCOR HOSPITALITY ARG SA	Argentine	IG	100,00%
CAESAR PARK ARGENTINA	Argentine	IG	100,00%
COLOMBIA IBIS	Colombie	IG	71,43%
HOTELARIA ACCOR BRASIL SA	Bresil	IG	100,00%
POSADAS DO BRASIL	Bresil	IG	100,00%
SI HOTELERA DE MEXICO JUR	Mexique	IG	100,00%
SOCIEDAD DE DESARROLLO DE HOTELES PERUANOS S.A (SDHP)	Perou	IG	100,00%
SOCIEDAD INMOBILIARIA Y DE HOTELES LARCOMAR (SIHLSA)	Perou	IG	100,00%
SOFTTEL SUPPORT USA HI	Etats-Unis	IG	100,00%
SOGEDETU	Dominicaine- Republique	IG	100,00%
NCEE			
ACCOR - PANNONIA HOTELS ZRT	Hongrie	IG	99,94%
ACCOR GESTION HOTELIERE & SERVICES SA	Suisse	IG	100,00%
ACCOR HOSPITALITY GERMANY GMBH	Allemagne	IG	100,00%
ACCOR HOSPITALITY NEDERLAND N.V.	Pays-Bas	IG	100,00%
ACCOR HOTELBETRIEBS GMBH	Autriche	IG	100,00%
ACCOR HOTELS BELGIUM	Belgique	IG	100,00%
ACCOR HOTELS LUXEMBOURG	Luxembourg	IG	100,00%
ACCOR HOTELS ROMANIA	Roumanie	IG	100,00%
ACCOR PANNONIA SLOVAKIA S.R.O	Slovaquie	IG	99,94%
ACCOR UK BUSINESS & LEISURE	Royaume Uni	IG	100,00%
ACCOR UK ECONOMY HOTELS LTD	Royaume Uni	IG	100,00%
BERNE MESSE	Suisse	IG	60,00%
HEKON-HOTELE EKONOMICZNE	Pologne	IG	52,69%
HOTEK POLSKA	Pologne	IG	100,00%
HOTEL MURANOWSKA	Pologne	IG	100,00%
KATERINSKA HOTEL JUR	Rep Tchèque	IG	100,00%
ORBIS	Pologne	IG	52,69%
PANNONIA HOTELBETRIEBS	Autriche	IG	99,94%
RUSSIAN MANAGEMENT HOTEL COMPANY LLC	Russie	IG	100,00%
SOCIETE D'EXPLOITATION HOTELIERE	Suisse	IG	99,78%
Saint James Hotel	Royaume Uni	MEE	51,83% (**)
The Grand Real Estate	Pays-Bas	MEE	58,71% (**)

(**) For these entities, the percentage shown corresponds to Accor's direct interest plus the interest held indirectly through Société Hôtelière Paris Les Halles which owns 60% of the Grand Real Estate and 70% of Saint James Hotel.

Note 42. Related Party Transactions

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

- All fully 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 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 2013 and 2014.

- ✓ **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 43. Commitments towards members of the Executive Committee and the Board of Directors, and direct or indirect agreements with one or several Board members are described in the Auditors' special report on related party agreements included in Section III of the 2013 Registration Document.

- ✓ **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**

Colony Capital and Eurazeo, acting in concert, together exercise significant influence over Accor through their shareholders' pact (see Note 2.D). Transactions between the parent company and Eurazeo and Colony Capital were not material in 2013 and 2014 first semester.

Note 43. Corporate Officers' Compensation

In millions of euros	2013 Adjusted		June 2013 Adjusted		June 2014	
	Charges	Montant au bilan	Expenses	Balance sheet amount	Expenses	Balance sheet amount
Short-term benefits received	8	4	4	2	6	3
Post-employment benefits (1)	(10)	3	2	14	2	5
Other long-term benefits	-	-	-	-	-	-
Compensation for loss of office (1)	13	3	6	1	-	-
Share-based payments	4	-	1	-	1	-
Total compensation	15	10	13	17	9	8

(1) At December 31, 2013, the amounts presented mainly arose from the departure of certain Executive Committee members during the period, leading notably to the reversal of provisions for post-employment benefits (pension benefits).

Corporate officers are defined as members of the Executive Committee which had nine members at the end of June 30, 2014 (eight members at the end of December 2013 and seven members at the end of June 2013) and the Board of Directors.

The compensation data for corporate officers presented above includes all the different forms of compensation received by the members of the Executive Committee.

Members of the Board of Directors do not receive any compensation and receive only attendance fees. Attendance fees paid by the Group to the members of the Supervisory Board for 2013 amounted to €549,184.

Note 44. Fees Paid to the Auditors

The table below shows the total fees billed by the Auditors recognized in the income statements in 2014 and prior year.

In millions of euros	2013 Adjusted	June 2013 Adjusted	June 2014
Statutory and contractual audit fees	(12)	(4)	(5)
Fees for audit-related services	(0)	(0)	(0)
Total fees billed by the Auditors	(12)	(4)	(5)

Note 45 . Subsequent Events

Acquisition of a 13-hotel portfolio from Tritax

On August 21, 2014, Accor's HotelInvest division signed an agreement for the acquisition of 13 hôtels (1,194 rooms) in the United Kingdom for €89 million (GBP 71 million). The hotels concerned had been operated by Accor since 2001 under variable leases under the ibis and ibis *budget* brands.

Auditors' Report on the Interim Financial Information

DELOITTE & ASSOCIES
185, avenue Charles-de-Gaulle
92524 NEUILLY SUR SEINE Cedex
S.A. au capital de € 1.723.040

Commissaire aux Comptes
Membre de la compagnie
régionale de Versailles

ERNST & YOUNG ET AUTRES
1 Place des Saisons
92400 COURBEVOIE
S.A.S. à capital variable

Commissaire aux Comptes
Membre de la compagnie
régionale de Versailles

ACCOR, S.A.

Six months period ended June 30, 2014

Auditor's Report on the Half-year Financial Information

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, 2014 ;
- 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, 2014 and of the results of its operations for the period then ended in accordance with IFRSs as adopted by the European Union.

Without qualifying our conclusion, we draw your attention to Note 1 to the half-year consolidated financial statements describing the new standards and amendments to existing standards used by Accor from January 1, 2014 and particularly the impacts resulting from the application of IFRS11 "Joint arrangements".

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 and Paris-La Défense, August 26, 2014

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 2013 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, the main related-party transactions and a description of the principal risks and uncertainties for the remaining six months of the year.

Paris - August 26, 2014

Sébastien Bazin
Chairman and Chief Executive Officer