

**INTERIM CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS  
AND NOTES**

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# Consolidated financial statements

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## 1.1. CONSOLIDATED INCOME STATEMENT

<i>(in € millions)</i>	Notes	June 2016	June 2015
Operating revenue with IV	4.1	420	428
Operating revenue w/o IV	4.1	74	75
Financial revenue	4.1	32	36
<b>Total revenue</b>	4.1	<b>526</b>	<b>539</b>
Operating expenses	4.2	(338)	(351)
Depreciation, amortization and provisions		(27)	(23)
<b>EBIT</b>	4.1	<b>161</b>	<b>165</b>
Net financial expense	6.1	(23)	(21)
Share of associates net profit		4	4
<b>Operating profit before tax and non-recurring items</b>		<b>142</b>	<b>148</b>
Other income and expenses	10.1	(18)	(8)
<b>Profit before tax</b>		<b>124</b>	<b>140</b>
Income tax expense	7	(49)	(56)
<b>NET PROFIT</b>		<b>75</b>	<b>84</b>
<b>Net Profit, Group Share</b>		<b>71</b>	<b>82</b>
Net Profit, Non-controlling interests		4	2
Weighted average number of shares outstanding (in thousands)	8	228 610	226 971
<b>Earnings per share, Group share</b> (in euros)	8	<b>0,31</b>	<b>0,36</b>
Diluted earnings per share (in euros)	8	0,31	0,35

## 1.2. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<i>(in € millions)</i>	<b>June 2016</b>	<b>June 2015</b>
<b>Net profit</b>	<b>75</b>	<b>84</b>
<b>Items that may be subsequently reclassified to profit or loss</b>		
Currency translation adjustment (*)	68	(35)
Change in fair value of financial instruments	20	(2)
Tax on items that may be subsequently reclassified to profit or loss	(6)	(2)
<b>Items that will not be reclassified to profit or loss</b>		
Actuarial gains and losses on defined benefit plans	(0)	(0)
Tax on items that will not be reclassified to profit or loss	0	0
<b>Other comprehensive income, net of tax</b>	<b>82</b>	<b>(39)</b>
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>157</b>	<b>45</b>
<b>Comprehensive income, Group share</b>	<b>146</b>	<b>45</b>
<b>Comprehensive income, Non-controlling interests</b>	<b>11</b>	<b>(0)</b>

(\*) See Note 1.4 «Use of estimates and judgment» presenting exchange rates used for this closing on main currencies

## 1.3. CONSOLIDATED BALANCE SHEET

### Consolidated assets

<i>(in € millions)</i>	Notes	June 2016	December 2015	June 2015
<b>Goodwill</b>	5.1	842	575	615
<b>Intangible assets</b>	5.2	341	182	185
<b>Property, plant and equipment</b>		38	37	38
<b>Investments in associates</b>		146	150	146
Non-current financial assets		37	32	26
Deferred tax assets		69	67	66
<b>TOTAL NON-CURRENT ASSETS</b>		<b>1 473</b>	<b>1 043</b>	<b>1 076</b>
Trade receivables	4.3	1 140	973	966
Inventories and other receivables	4.3	340	291	328
Restricted cash	4.3	897	858	809
Current financial assets	6.2 / 6.5	56	40	50
Other marketable securities	6.3 / 6.5	518	478	482
Cash and cash equivalents	6.3 / 6.5	352	467	335
<b>TOTAL CURRENT ASSETS</b>		<b>3 303</b>	<b>3 107</b>	<b>2 970</b>
<b>TOTAL ASSETS</b>		<b>4 776</b>	<b>4 150</b>	<b>4 046</b>

As of 30 June 2016, half-year consolidated financial statements include the impact of “Employee Benefits” and “Incentive & Reward” seasonality with a higher activity at year end. In order to provide more readable half-year financial statements, Edenred chose to display balance sheet as of 31<sup>st</sup> of December 2015 as a comparative period.

## Consolidated liabilities

<i>(in € millions)</i>	Notes	June 2016	December 2015	June 2015
Issued capital		467	462	463
Treasury shares		(45)	(56)	(44)
Consolidated retained earnings		(1 713)	(1 781)	(1 754)
Cumulative compensation costs - share-based payments		82	76	72
Cumulative fair value adjustments of financial instruments		(0)	(14)	(6)
Cumulative actuarial gains (losses) on defined benefit plans		(2)	(2)	(7)
Currency translation reserve		(255)	(316)	(238)
Net profit, Group share		71	177	82
<b>Equity attributable to owners of the parent company</b>		<b>(1 395)</b>	<b>(1 454)</b>	<b>(1 432)</b>
Non-controlling interests		64	12	11
<b>Total Equity</b>		<b>(1 331)</b>	<b>(1 442)</b>	<b>(1 421)</b>
Non-current financial debt	6.4 / 6.5	1 888	1 476	1 466
Other non-current financial liabilities	6.4 / 6.5	33	38	43
Non-current provisions	10.2	37	33	35
Deferred tax liabilities		138	84	96
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>2 096</b>	<b>1 631</b>	<b>1 640</b>
Current financial debt	6.4 / 6.5	2	2	3
Other current financial liabilities	6.4 / 6.5	55	45	42
Current provisions	10.2	33	22	34
Funds to be redeemed	4.3	3 585	3 564	3 341
Trade payables	4.3	136	82	62
Current tax liabilities	4.3	3	13	17
Other payables	4.3	157	172	174
Bank overdrafts	6.4 / 6.5	40	61	154
<b>TOTAL CURRENT LIABILITIES</b>		<b>4 011</b>	<b>3 961</b>	<b>3 827</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>4 776</b>	<b>4 150</b>	<b>4 046</b>

As of 30 June 2016, half-year consolidated financial statements include the impact of "Employee Benefits" and "Incentive & Reward" seasonality with a higher activity at year end. In order to provide more readable half-year financial statements, Edenred chose to display balance sheet as of 31<sup>st</sup> of December 2015 as a comparative period.

## 1.4. CONSOLIDATED STATEMENT OF CASH FLOWS

<i>(in € millions)</i>	Notes	June 2016	June 2015
+ EBITDA		188	188
- Net financial expense (1)	6.1	(23)	(21)
- Income tax paid		(57)	(52)
- Elimination of non-cash revenue and expenses included in EBITDA		10	10
- Elimination of provision movements included in net financial expense and income tax		(1)	-
+ Dividends received from investment in associates (2)		8	23
<b>= Funds from operations before non recurring items (FFO)</b>		<b>125</b>	<b>148</b>
+ Decrease (increase) in working capital	4.3	(172)	(224)
+ Recurring decrease (increase) in restricted cash	4.3	(57)	2
<b>= Net cash from operating activities</b>		<b>(104)</b>	<b>(74)</b>
+ Non-recurring gains (losses) (including restructuring costs) received / paid	-	(11)	(16)
<b>= Net cash from operating activities including non-recurring transactions (A)</b>		<b>(115)</b>	<b>(90)</b>
- Recurring expenditure		(22)	(22)
- External acquisition expenditure		(184)	(232)
+ Proceeds from disposals of assets		1	(19)
<b>= Net cash from (used in) investing activities (B)</b>		<b>(205)</b>	<b>(273)</b>
+ Shares issues by subsidiaries		43	55
- Dividends paid (3)		(199)	(199)
+ (Purchases) sales of treasury shares		1	(3)
<b>+ Increase (Decrease) in debt (4)</b>		<b>426</b>	<b>331</b>
<b>= Net cash from (used in) financing activities (C)</b>		<b>271</b>	<b>184</b>
<b>- Net foreign exchange difference and fair value adjustment (D)</b>		<b>(45)</b>	<b>(37)</b>
<b>= Net increase (decrease) in cash and cash equivalents (E) = (A) + (B) + (C) + (D)</b>	6.5	<b>(94)</b>	<b>(216)</b>
+ Cash and cash equivalents at beginning of period		406	397
- Cash and cash equivalents at end of period		312	181
<b>= NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	6.5	<b>(94)</b>	<b>(216)</b>

(1) Including € (20) million of financial interests effectively paid in June 2016. No dividends have been received from external companies.

(2) Including € 11 million received in 2015 related to 2014.

(3) Including € (5) millions of tax on dividends in 2016. Moreover, in respect of 2015 year, a dividend amounting to €0.84 per share with the option of reinvesting 50% of this dividend in new shares has paid in cash for €149 million and distributed in new shares for €43 million for 2015 as of June 30, 2016.

(4) Net debt (Note 6.5), excluding Net Cash.

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

	Notes	June 2016	June 2015
+ Cash and cash equivalents	6.3	352	335
- Bank overdrafts	6.4	(40)	(154)
<b>= CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>		<b>312</b>	<b>181</b>



## 1.5. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(in € millions)	Currency translation reserve (1)	Cumulative actuarial gains (losses) on defined benefit plans (7)	Cumulative adjustments of fair value of financial instruments (4)	Cumulative compensation on costs share based payments (64)	Treasury shares (47)	Retained earnings and net profit for the period (2) (1 066)	External changes in consolidation scope (78)	Equity attributable to owners of the parent company (1 343)	Total non-controlling interests (23)	Total equity (1 320)
<b>December 31, 2014</b>	(205)	(7)	(4)	64	(47)	(1 066)	(78)	(1 343)	23	(1 320)
Issue of share capital										
- in cash	-	-	-	-	-	-	-	-	-	-
- cancellation of treasury shares	-	-	-	-	-	-	-	-	-	-
- option exercised	-	-	-	-	-	13	-	13	-	13
- dividends reinvested in new shares	-	-	-	-	-	42	-	42	-	42
Dividends paid	-	-	-	-	-	(191)	-	(191)	(3)	(194)
Effect of changes in consolidation scope	-	-	-	-	-	-	(2)	(2)	(9)	(11)
Compensation costs for the period - share-based payments	-	-	-	8	-	(1)	-	7	-	7
(Acquisitions) disposals of treasury shares	-	-	-	-	3	(6)	-	(3)	-	(3)
<b>Other comprehensive income</b>	(33)	(0)	(2)	-	-	(2)	-	(37)	(2)	(39)
Net profit for the period	-	-	-	-	-	82	-	82	2	84
<b>TOTAL COMPREHENSIVE INCOME</b>	(33)	(0)	(2)	-	-	80	-	45	-	45
<b>June 30, 2015</b>	(238)	(7)	(6)	72	(44)	(1 129)	(80)	(1 432)	11	(1 421)
Issue of share capital										
- in cash	-	-	-	-	-	-	-	-	-	-
- cancellation of treasury shares	-	-	-	-	-	(34)	-	(34)	-	(34)
- option exercised	-	-	-	-	-	1	-	1	-	1
- dividends reinvested in new shares	-	-	-	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	-	-
Effect of changes in consolidation scope	-	-	-	-	-	-	1	1	(1)	-
Compensation costs for the period - share-based payments	-	-	-	4	-	1	-	5	-	5
(Acquisitions) disposals of treasury shares	-	-	-	-	(12)	1	-	(11)	-	(11)
<b>Other comprehensive income</b>	(78)	5	(8)	-	-	2	-	(79)	(1)	(80)
Net profit for the period	-	-	-	-	-	95	-	95	3	98
<b>TOTAL COMPREHENSIVE INCOME</b>	(78)	5	(8)	-	-	97	-	16	2	18
<b>December 31, 2015</b>	(316)	(2)	(14)	76	(56)	(1 063)	(79)	(1 454)	12	(1 442)
Increase (decrease) in share capital										
- in cash	-	-	-	-	-	-	-	-	-	-
- cancellation of treasury shares	-	-	-	-	-	(10)	-	(10)	-	(10)
- option exercised	-	-	-	-	-	-	-	-	-	-
- dividends reinvested in new shares	-	-	-	-	-	43	-	43	-	43
Dividends paid (3)	-	-	-	-	-	(192)	-	(192)	(3)	(195)
Effect of changes in consolidation scope (4)	-	-	-	-	-	-	55	55	44	99
Compensation costs for the period - share-based payments	-	-	-	6	-	-	-	6	-	6
(Acquisitions) / disposals of treasury shares (5)	-	-	-	-	11	-	-	11	-	11
<b>Other comprehensive income</b>	61	-	14	-	-	-	-	75	7	82
Net profit for the period	-	-	-	-	-	71	-	71	4	75
<b>TOTAL COMPREHENSIVE INCOME</b>	61	-	14	-	-	71	-	146	11	157
<b>June 30, 2016</b>	(255)	(2)	(0)	82	(45)	(1 151)	(24)	(1 395)	64	(1 331)

- (1) The €61 million favorable net exchange difference on foreign operations between December 31, 2015 and June 30, 2016 was mainly due to the appreciation of the Brazilian real €82 million against the euro, the devaluation of the Sterling pound €(10) million against the euro, the devaluation of Venezuelan bolivar €(7) million against the euro and the devaluation of Mexican peso €(5) million against the euro.
- (2) This amount includes the impact of acquiring Edenred entities owned by Accor that was deducted from equity for €(1,894) million following the demerger in June 2010, refers Note 8 – “Shareholders’ equity” in Notes of consolidated financial statements for December 2015 – “Preamble for further information regarding the negative situation of retained earnings”.
- (3) Shareholders at the Annual Meeting on May 4, 2015, approved a dividend in respect of 2015 year amounting to €0.84 per share with the option of reinvesting 50% of this dividend in new shares. The dividends were paid in cash for €149 million and distributed in new shares for €43 million for 2015 as of June 30, 2016.
- (4) By determining the difference between the cost of the business combination and the estimated acquisition date fair value of the net assets acquired on Embratec, the Group has re-estimated at fair value 37% of Ticket Car activity sold by Edenred Brazil to Embratec. The gain of this disposal has been booked in equity with balance in goodwill for the amount of €72 million.
- (5) The movement in treasury shares reflects €1 million in liquidity contract transaction and cancellation of owned shares for €10 million.

# Notes to the consolidated financial statements

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## PREAMBLE

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On July 1, 2015, the Financial Market Authority published a “guide on the relevance, the consistency and the readability of financial statements”. The purpose of this guide is to assist companies in their preparation of financial statements, in making them more intelligible and relevant.

In the light of this, this guide contains a number of ideas for consideration organized around to three main issues:

- 1) Make the presented information more relevant by giving more detailed and specific information for the most sensitive and important items and by eliminating, if need be, the information related to irrelevant topics ;
- 2) Improve the consistency of the presented information with the one communicated to the market. The purpose is to emphasize the same topics in consolidated accounts as in the presentation to financial analysts and press releases ;
- 3) Make the information more intelligible by reorganising the structure of the notes to the consolidated financial statements and using a number of principles used in financial communication.

In order to participate to this drive for improvement, Edenred undertook to reorganize its financial document notes and to simplify it.

Furthermore, the accounting rules and methods previous single note has been split at the beginning of each specific note it was related to. The notes have been joined together by topic in order to enable the reader to have a global vision of the topics. Finally, in order to provide a quicker reading, visuals have been added as a way to identify the topics among each section.

This frame has also been used to prepare the notes to the interim condensed consolidated financial statements of 2016 half-year.



This icon highlights an IFRS standard issue.



This icon highlights a definition specific to the Edenred Group.



This icon highlights the use of estimates or judgement. In the absence of standards or interpretations applicable to a specific transaction, the Management of Edenred uses judgement to define and apply the accounting methods that will provide relevant and reliable information, so that the financial statements present a true and fair view of the financial situation, the financial performance and the Group cash flows, and show the economic reality of transactions.



This icon highlights the figures of the Group for the current year as well as the comparative period.

In order to facilitate the readability of this new presentation, reconciliation table between the old combined nomenclature of notes and the new combined nomenclature of notes is presented hereby:

<b>New combined nomenclature of notes</b>	<b>Old combined nomenclature of notes</b>
NOTE 1 : Basis of preparation of financial statements	Note 1. Basis of preparation of financial statements
NOTE 2 : Scope of consolidation	Note 2. Changes in consolidation scope and significant events
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NOTE 4 : Operational business	Note 3. Segment information Note 4. Change in issue volume, revenue and EBIT Note 5. Operating expenses Note 20. Working capital, Service vouchers in circulation and restricted cash
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NOTE 9 : Potential ordinary shares	Note 13. Potential ordinary shares
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NOTE 11 : Update on accounting standards	Note 1. Basis of preparation of financial statements

# NOTE 1 : BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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## 1.1 . APPROVAL OF THE FINANCIAL STATEMENTS

The Group Edenred condensed consolidated financial statements for the six months ended June 30, 2016 were authorized for issue at the Board of Directors' meeting of July 21, 2016.

## 1.2 . ACCOUNTING STANDARDS



In application of the European regulation 1606/2002 of July 19, 2002, the consolidated financial statements for the period ended June 30, 2016 were prepared in accordance with IAS 34 – Interim Financial Reporting. These condensed financial statements do not include all the information that need to be provided for year-end financial statements prepared in accordance with International Financial Reporting Standards (IFRS). They should be read jointly with the consolidated financial statements for the year ended December 31, 2015.

These accounts include comparative information for the year 2015, prepared in accordance with the same principles and conventions and the same standards.

The accounting policies retained for the preparation of the Group interim condensed consolidated financial statements are compliant with the IFRS as endorsed by the European Union as of June 30, 2016 and available on:

[http://www.ec.europa.eu/internal\\_market/accounting/ias/index\\_en.htm](http://www.ec.europa.eu/internal_market/accounting/ias/index_en.htm).

The accounting policies used by the Group in the interim consolidated financial statements are consistent with those applied in the consolidated financial statements at December 31, 2015 with the exception of:

- ✓ the standards, amendments and interpretations effective for reporting periods beginning on or after January 1, 2016 (Note 11),
- ✓ the specific items related to the preparation of the interim consolidated financial statements (Note 1.3).

## 1.3 . SPECIFIC ITEMS RELATED TO PREPARATION OF THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

### Income tax

In the interim consolidated financial statements, current and deferred income tax expense is computed by applying for each entity or tax group the estimated annual average tax rate for the current year to the income before tax of the period.

### Post-employment and other long-term employee benefits

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

## 1.4 . USE OF ESTIMATES AND JUDGMENT

The preparation of the financial statements implies that Edenred's management uses judgment, estimates and hypotheses in determination of assets and liabilities values, of income and expenses over the period and to take into account upside or downside potential effects on closing date. According with the evolution of used hypotheses and economic conditions different from those existing at closing date, amounts in Group's future financial statements could be significantly different from current estimations.

With the exception of particularities related to the preparation of intermediary financial statements, the estimates took into account as of June 30, 2016 are the same than in December 2015.

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

	<b>GBP</b>	<b>BRL</b>	<b>MXN</b>	<b>ARS</b>	<b>SEK</b>	<b>VEF</b>	<b>USD</b>
<b>June 30, 2015</b>	0,71	3,47	17,53	10,17	9,22	220,76	1,12
<b>December 31, 2015</b>	0,73	4,31	18,91	14,08	9,19	216,32	1,09
<b>June 30, 2016</b>	0,83	3,59	20,63	16,70	9,42	696,72	1,11

## NOTE 2 : MAIN ACQUISITIONS AND DEVELOPMENTS

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### Main acquisitions and developments 2016

In the first half year 2016, Edenred finalized its acquisition of Embratec's operations in Brazil. As a result, the Group is stepping up its development in Expense Management and strengthening its fuel card and maintenance offering in Brazil by doubling its size in this promising market.

In accordance with the agreement signed in January, Edenred finalized on May 31, 2016 the takeover of Embratec's activities. The combination of Edenred's Expense Management assets in Brazil with those of Embratec in a 63,02%-owned by Edenred and 36,98%-owned by Embratec's founding shareholders dedicated new entity creates a leading player in this fast-growing segment.

The entity created by the transaction will bring together Edenred's Ticket Car and Repom assets and Embratec's fuel card and maintenance activities, operated under the Ecofrotas and Expers brands. These businesses will be regrouped under the new Ticket Log brand. This entity will serve around 27,000 clients, representing more than one million active cards that can be used at more than 24,500 affiliated service stations and maintenance workshops, or 58% of Brazil's national network.

These activities integration was initiated in early May. It includes the rationalization of the Group's ownership structure in Brazil and the authorization granted by the Brazilian competition authority (CADE) on the 5<sup>th</sup> May 2016.

The acquisition price for the 63,02% shares amounts to reais 1 056 million equivalent to € 266 million including reais 742 million cash (€ 187 million) translated at the acquisition date exchange rate (1 € = 3.9738 BRL).

After the subsidiarisation of the maintenance activity, the Group will own 65% of the new set of activities.

Thanks to this transaction, Edenred is doubling the size of its Expense Management business in Brazil to become the leading provider of fuel card and maintenance solutions for light vehicles and number two for heavy vehicles. With approximately 60 billion liters of fuel consumed in 2014 and a low penetration rate (between 15% and 20%), the Brazilian B2B fuel card segment holds significant potential for growth.

Edenred has also finalized the acquisition of Embratec's Employee Benefits business, developed under the Ecobeneficios brand, which acquisition price amounts to reais 68 million (€ 17 million).

The acquired activities contribute €2 million to the Group EBIT for May and June 2016.

In accordance with IFRS 3 (revised) "Business Combinations", the Group has a period of 12 months to allocate those 2 acquisition prices to assets, liabilities and contingent liabilities identifiable as such according to IFRS 3 (revised) and to harmonize accounting and valuation methods.

In the meantime, the total difference between the cost of the business combination and the estimated acquisition date fair value of the net assets acquired was booked in Goodwill in the half year financial statements, respectively for:

- €211 million regarding Expense Management activities
- €10 million regarding Employee Benefits.

### Main acquisitions and developments 2015

On February 27, 2015, Edenred has completed the acquisition of a 34% interest in **Union Tank Eckstein (UTA)**, a leading issuer of fuel cards for heavy vehicle fleets in Europe. The transaction represents an investment of €150 million enterprise value. UTA is consolidated by the equity method for the period. The transaction is accompanied by an option to purchase an additional 17% interest, exercisable between 2017 and 2019, which will enable Edenred to increase its stake to 51%.

The total difference between the cost of the business combination and the estimated acquisition date fair value of the net assets acquired has been allocated mainly to trademark and customer list (before deferred tax) for €46 million, the residual difference of €93 million being allocated to the goodwill.

Share result of equity consolidated company is amounting €9 million as of end of December 2015.

**In March 2015**, Edenred and the **ProwebCE** management team joined forces to acquire 100% of the capital of ProwebCE, the French leader in solutions for works councils. As a result of the deal, Edenred holds a 62% stake in the holding company. This transaction of €50 million enterprise will enable Edenred to pursue its growth in France's employee benefits market and expand its offering for beneficiaries. The total difference between the cost of the business combination and the estimated acquisition date fair value of the net assets acquired has been provisionally allocated (before deferred tax) for €14 million, the residual difference of €49 million being allocated to the goodwill.

**In July 2015**, Edenred has joined forces with the **Daimler** group in Brazil. With more than 25 years of experience in Brazil's fuel card market via Ticket Car®, its flagship solution, Edenred partners with the Daimler group to launch MercedesServiceCard, a service card co-branded with Ticket Car®, and intended for the Brazilian road transportation market. The Daimler group is a major leading player in the heavy vehicle market in Brazil, with around 450,000 Mercedes-Benz trucks currently on the roads and more than 30,000 new vehicles registered in 2014.

## NOTE 3 : SIGNIFICANT EVENTS

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### 3.1 . PAYMENT OF THE 2015 DIVIDEND

At the Annual Meeting on **May 4, 2016**, Edenred shareholders approved the payment of a 2015 dividend of €0.84 per share, with the option of reinvesting 50% of the dividend in new shares.

The reinvestment period, which ran from May 12, 2016 to June 3, 2016, led to the issue of 2,862,997 new shares of Edenred common stock, representing 1.24% of the share capital which have been settled and traded on the NYSE Euronext Paris stock market on June 15, 2016.

The new shares carry dividend rights from January 1, 2016 and rank *pari passu* with existing shares of Edenred common stock. Following the issue, the Company's share capital comprises 233,679,845 shares.

The total cash dividend, which amounts to €149 million, has been paid on June 15, 2016. This corresponds to 50% of directly cash paid dividend (amounting to €96 millions) and €53 million paid to shareholders who decided to not reinvest.

### 3.2 . CHANGE OF THE BOLIVAR FUERTE EXCHANGE RATE IN 2015

#### Significant events of the year

**In February 2015**, the Venezuelan government amended exchange rate regulation by setting up a new foreign currency exchange rate system, SIMADI. The new law merged SICAD I and SICAD II systems, and created a new system SIMADI. Currency control has now three official exchange rates: CADIVI, SICAD and SIMADI. SIMADI substitutes SICAD II and is intended to compete with the black market by establishing a legal trading system based on supply and demand. This system is available to all companies and individuals willing to obtain dollars.

SIMADI first exchange rate was VEF 170 to the dollar and fluctuates on a daily basis. The official exchange rate is unchanged at VEF 6.3 to the dollar, under CADIVI system. Under SICAD exchange rate is at least VEF 12 to the dollar and fluctuates according to auctions, no official details have been communicated by public authorities regarding first auction under merged SICAD and its way of operating.

As of **December 31, 2015** officially adopted rates per exchange rate system were:

- Rate through CADIVI was set up at VEF 6.3 to the dollar
- Rate through SICAD was set up at VEF 12 to the dollar, no public communication has been published
- Through SIMADI, floating exchange rates VEF to the dollar are negotiated on a daily basis.

Since the settlement of SIMADI, Edenred had been able to get an insignificant amount of bolivar fuerte with an average exchange rate at VEF 196.5 to the euro.



## Edenred's position

Since SICAD II has no longer legal existence since February 12, 2015, the Group has chosen to apply rates under SIMADI system, which are the most conservative ones.

The financial statements of Edenred's Venezuelan subsidiaries are translated as follows:



- Average exchange rate: average of all exchange rates of bolivar fuerte against the US dollar of SICAD II until February 11, 2015 and the average of all exchange rates under SIMADI since the system had been set up (February 12, 2015), translated to EUR, i.e. VEF 198.24 to the euro.
- Closing exchange rate: last SIMADI exchange rate of bolivar fuerte to the US dollar, published before the end of the month of December, translated to EUR, i.e. VEF 216.32 to the euro.

The impact of translating 2014 financial statements of the Venezuelan subsidiaries presented in bolivars at selected exchange rates is as follows:



- Issue volume: €(190) million, i.e. -1.1%;
- Total revenue: €(12) million, i.e. -1.2%;
- EBIT: €(7) million, i.e. -2.2%;
- Net profit: €(5) million, i.e. -3.4%;
- Net debt: + €44 million.

## 3.3 . DEVALUATION OF THE BOLIVAR FUERTE ON 2016 1<sup>ST</sup> SEMESTER

### Significant events of the year

On **March 10, 2016**, the Venezuelan government announced the implementation of a new currency exchange system. It decided to merge two systems that were coexisting until then, the CADIVI with a rate of 6.3 bolivars to the dollar, and the SICAD I with a rate of 11.3 bolivars fuerte to the dollar, and to create a new system called DIPRO, ensuring a fixed rate of 10 bolivars fuerte to the dollar. This new system is intended to rationalize the access to the dollar mainly for the industrial sector and importations as well as to struggle against inflation.

As a substitute to the SIMADI, the government also disclosed a second currency exchange system, the SIMADI / DICOM, for transactions that are not hedged by the fixed exchange system DIPRO. The SIMADI / DICOM fluctuates according to supply and demand and the first rate amounted to 206.92 bolivars fuerte to the dollar US.

On **June 30, 2016**, official rates selected for the exchange system are as follows:

- The rate for the DIPRO system were fixed to 10 bolivars fuerte to the dollar ;
- In the SIMADI / DICOM system, the floating exchange rates bolivar fuerte against dollar are fixed by the market and published on a daily basis by the central Bank on a weighted average of transactions for authorized operators.

## Edenred's position

The financial statements of Edenred's Venezuelan subsidiaries are translated as follows:



- Average exchange rate: average of all exchange rates of bolivar fuerte against the US dollar of SIMADI / DICOM from January 1<sup>st</sup> to June 30<sup>th</sup> 2016 translated to EUR, i.e. VEF 372.64 to the euro.
- Closing exchange rate: last SIMADI / DICOM exchange rate of bolivar fuerte to the US dollar, published before the end of the month of June, translated to EUR, i.e. VEF 696.72 to the euro.

The impact of translating 2015 intermediary financial statements of the Venezuelan subsidiaries presented in bolivars at selected exchange rates is as follows:



- Issue volume: €(39) million, i.e. -0.4% ;
- Total revenue: €(3) million, i.e. -0.5% ;
- EBIT: €(2) million, i.e. -1.0% ;

- Net profit: €(2) million, i.e. -1.9% ;
- Net debt: + €14 million ;
- Currency translation reserve in equity: €(7) million.

### 3.4 . SCHULDSCHEIN OPERATION

One **June 29<sup>th</sup> 2016**, Edenred successfully completed the issue of a Schuldschein loan – a German form of private placement – consisting of 5- and 7-year tranches with fixed- and floating-rate coupons, with an average maturity of 6.1 years.

The issue was significantly oversubscribed and was therefore increased from the launch amount of €125 million to €250 million (See the different tranches in Note 6.4) in order to meet investor demand.

At an average financing cost of approximately 1.2%, the financing was raised in particularly favorable conditions, allowing the Group to reduce its average cost of debt and extend the average maturity. It also helps to diversify Edenred's sources of financing and expand its investor base.

### 3.5 . APPOINTMENT TO GROUP'S EXECUTIVE COMMITTEE

On **July 1<sup>st</sup>, 2016**, Edenred announces the appointment of Arnaud Erulin to the newly created position of Chief Operating Officer, Northern Europe, Central Europe, France and Belgium. The new position expands Arnaud Erulin's role within the Group's Executive Committee, of which he was already a member in his previous position as Chief Operating Officer, Central Europe and Scandinavia. The appointment is part of a drive to organize the Executive Committee's operating activities into five regions instead of seven, in order to simplify operating procedures and structures.

Southern Europe, led by Graziella Gavezotti, will now be extended to include Lebanon and Morocco, in addition to Greece, Italy, Portugal, Spain and Turkey.

Operating responsibilities are now organized into five main regions within Edenred's Executive Committee:

- Asia-Pacific and Middle East - Chief Operating Officer: Laurent Pellet
- Brazil - Chief Operating Officer: Gilles Coccoli
- Hispanic and North America - Chief Operating Officer: Diego Frutos
- Northern Europe, Central Europe, France and Belgium - Chief Operating Officer: Arnaud Erulin
- Southern Europe - Chief Operating Officer: Graziella Gavezotti

### 3.6 . POST CLOSING EVENTS

#### **Edenred extends the maturity of its 700-million Euro Revolving Credit Facility by 2 years**

Edenred successfully signed on **July 21<sup>th</sup> 2016** with 14 banks an amendment agreement to its €700 million 5-year Revolving Credit Facility dated 25 April 2013, amended firstly on 20 June 2014. It extends the maturity of the facility by 2 years from June 2019 to July 2021 whilst reducing significantly the spread. The amendment also reinstates the two one-year extension options exercisable at the request of Edenred and discretion of the banks.

## NOTE 4 : OPERATIONAL BUSINESS

### 4.1 . SEGMENT INFORMATION

#### Condensed financial statements

##### 1<sup>st</sup> Semester 2016



##### Income statement

<i>(in € millions)</i>	France	Rest of Europe	Latin America	Rest of the world	Worldwide Structures	Eliminations	June 2016
<b>ISSUE VOLUME</b>	1 573	2 989	4 124	393	-	-	9 079
Operating revenue with issue volume	65	149	187	19	-	-	420
Other operating revenue	27	19	10	18	-	-	74
Financial Revenue	5	9	16	2	-	-	32
<b>Total external Revenue</b>	<b>97</b>	<b>177</b>	<b>213</b>	<b>39</b>	-	-	<b>526</b>
Inter-segment revenue	-	4	-	-	-	(4)	-
<b>TOTAL REVENUE FROM OPERATING SEGMENTS</b>	<b>97</b>	<b>181</b>	<b>213</b>	<b>39</b>	-	<b>(4)</b>	<b>526</b>
<b>EBIT FROM OPERATING SEGMENTS</b>	<b>17</b>	<b>58</b>	<b>87</b>	<b>6</b>	<b>(7)</b>	-	<b>161</b>

##### 1<sup>st</sup> Semester 2015



##### Income statement

<i>(in € millions)</i>	France	Rest of Europe	Latin America	Rest of the world	Worldwide Structure	Eliminations	June 2015
<b>ISSUE VOLUME</b>	1 431	2 741	4 558	380	-	-	9 110
Operating revenue with issue volume	61	139	209	19	-	-	428
Other operating revenue	26	19	13	17	-	-	75
Financial Revenue	7	9	18	2	-	-	36
<b>Total external Revenue</b>	<b>94</b>	<b>167</b>	<b>240</b>	<b>38</b>	-	-	<b>539</b>
Inter-segment revenue	-	2	-	-	-	(2)	-
<b>TOTAL REVENUE FROM OPERATING SEGMENTS</b>	<b>94</b>	<b>169</b>	<b>240</b>	<b>38</b>	-	<b>(2)</b>	<b>539</b>
<b>EBIT FROM OPERATING SEGMENTS</b>	<b>18</b>	<b>46</b>	<b>105</b>	<b>5</b>	<b>(9)</b>	-	<b>165</b>

## Change in issue volume, revenue and EBIT



The organic growth corresponds to the like-for-like growth that is at constant scope of consolidation and exchange rates. This indicator represents the Group's commercial performance.



Change in issue volume, revenue and EBIT between half-year 2016 and half-year 2015 break down as follows:

<i>(in € millions)</i>	Δ June 2016 / June 2015									
	June 2016	June 2015	Organic growth		Changes in consolidation scope		Currency effect		Total change	
			In €M	In %	In €M	In %	In €M	In %	In €M	In %
<b>ISSUE VOLUME</b>	<b>9 079</b>	<b>9 110</b>	<b>+761</b>	<b>+8.4%</b>	<b>+261</b>	<b>+2.9%</b>	<b>(1 053)</b>	<b>(11.6)%</b>	<b>(31)</b>	<b>(0.3)%</b>
Operating revenue generated by issue volume	420	428	+29	+6.8%	+13	+3.1%	(50)	(11.6)%	(8)	(1.7)%
Other operating revenue	74	75	+4	+5.8%	(1)	(1.3)%	(4)	(5.8)%	(1)	(1.3)%
Financial revenue - Unrestricted float	29	31	+2	+3.7%	+0	+0.9%	(4)	(13.8)%	(2)	(9.2)%
Financial revenue - Restricted cash	3	5	(2)	(33.1)%	-	+0.0%	-	+0.0%	(2)	(33.1)%
<b>Financial Revenue</b>	<b>32</b>	<b>36</b>	<b>(0)</b>	<b>(1.6)%</b>	<b>+0</b>	<b>+0.8%</b>	<b>(4)</b>	<b>(11.8)%</b>	<b>(4)</b>	<b>(12.6)%</b>
<b>TOTAL REVENUE</b>	<b>526</b>	<b>539</b>	<b>+33</b>	<b>+6.1%</b>	<b>+12</b>	<b>+2.3%</b>	<b>(58)</b>	<b>(10.8)%</b>	<b>(13)</b>	<b>(2.4)%</b>
<b>EBIT</b>	<b>161</b>	<b>165</b>	<b>+21</b>	<b>+13.0%</b>	<b>+3</b>	<b>+1.5%</b>	<b>(28)</b>	<b>(16.7)%</b>	<b>(4)</b>	<b>(2.2)%</b>

## Segment information by indicator

### Change in issue volume



<i>(in € millions)</i>	France	Rest of Europe	Latin America	Rest of the world	Worldwide Structures	TOTAL
2016 Issue volume	1 573	2 989	4 124	393	-	<b>9 079</b>
2015 Issue volume	1 431	2 741	4 558	380	-	<b>9 110</b>
Change	+142	+248	(434)	+13	-	<b>(31)</b>
Reported change in %	+9.9%	+9.0%	(9.5)%	+3.5%	-	<b>(3,0)%</b>
<b>LIKE-FOR-LIKE CHANGE</b>	<b>+74</b>	<b>+273</b>	<b>+370</b>	<b>+44</b>	<b>-</b>	<b>+761</b>
<b>LIKE-FOR-LIKE CHANGE IN %</b>	<b>+5.2%</b>	<b>+9.9%</b>	<b>+8.1%</b>	<b>+11.6%</b>	<b>-</b>	<b>+8.4%</b>

### Change in revenues



#### Total revenue

<i>(in € millions)</i>	France	Rest of Europe	Latin America	Rest of the world	Worldwide Structures	TOTAL
2016 Total external revenue	97	177	213	39	-	<b>526</b>
2015 Total external revenue	94	167	240	38	-	<b>539</b>
Change	+3	+10	(27)	+1	-	<b>(13)</b>
Reported change in %	+2.9%	+6.0%	(11.1)%	+2.5%	-	<b>(2,4)%</b>
<b>LIKE-FOR-LIKE CHANGE</b>	<b>+2</b>	<b>+12</b>	<b>+15</b>	<b>+4</b>	<b>-</b>	<b>+33</b>
<b>LIKE-FOR-LIKE CHANGE IN %</b>	<b>+1.4%</b>	<b>+7.3%</b>	<b>+6.5%</b>	<b>+9.9%</b>	<b>-</b>	<b>+6.1%</b>



## Operating revenue with issue volume

<i>(in € millions)</i>	France	Rest of Europe	Latin America	Rest of the world	Worldwide Structures	TOTAL
2016 Operating revenue with IV	65	149	187	19	-	420
2015 Operating revenue with IV	61	139	209	19	-	428
Change	+4	+10	(22)	(0)	-	(8)
Reported change in %	+6.1%	+7.8%	(10.4)%	(0.3)%	-	(1,7)%
<b>LIKE-FOR-LIKE CHANGE</b>	<b>+3</b>	<b>+11</b>	<b>+13</b>	<b>+2</b>	<b>-</b>	<b>+29</b>
<b>LIKE-FOR-LIKE CHANGE IN %</b>	<b>+3.7%</b>	<b>+8.5%</b>	<b>+6.4%</b>	<b>+8.2%</b>	<b>-</b>	<b>+6.8%</b>



## Financial revenue

<i>(in € millions)</i>	France	Rest of Europe	Latin America	Rest of the world	Worldwide Structures	TOTAL
2016 Financial revenue	5	9	16	2	-	32
2015 Financial revenue	7	9	18	2	-	36
Change	(2)	(0)	(2)	-	-	(4)
Reported change in %	(23.7)%	(10.3)%	(11.2)%	+3.8%	-	(12.6)%
<b>LIKE-FOR-LIKE CHANGE</b>	<b>(2)</b>	<b>(0)</b>	<b>+2</b>	<b>+0</b>	<b>-</b>	<b>(0)</b>
<b>LIKE-FOR-LIKE CHANGE IN %</b>	<b>(23,7)%</b>	<b>(9,0)%</b>	<b>+9,8%</b>	<b>+14,3%</b>	<b>-</b>	<b>(1,6)%</b>

## Change in EBIT



<i>(in € millions)</i>	France	Rest of Europe	Latin America	Rest of the world	Worldwide Structures	TOTAL
2016 EBIT	17	58	87	6	(7)	161
2015 EBIT	18	46	105	5	(9)	165
Change	(1)	+12	(18)	+1	+2	(4)
Reported change in %	(5.2)%	+24.2%	(16.1)%	+9.0%	(26.6)%	(2.2)%
<b>LIKE-FOR-LIKE CHANGE</b>	<b>(1)</b>	<b>+12</b>	<b>+10</b>	<b>+1</b>	<b>(1)</b>	<b>+21</b>
<b>LIKE-FOR-LIKE CHANGE in %</b>	<b>(6.2)%</b>	<b>+25.5%</b>	<b>+10.6%</b>	<b>+10.2%</b>	<b>+9.5%</b>	<b>+13.0%</b>

## 4.2 . OPERATING EXPENSES



<i>(in € millions)</i>	June 2016	June 2015
Employee benefit expense	(162)	(169)
Costs of sales	(64)	(67)
Business taxes	(16)	(16)
Rental expenses	(10)	(11)
Other operating expenses	(86)	(88)
<b>TOTAL OPERATING EXPENSES (1)</b>	<b>(338)</b>	<b>(351)</b>

(1) As of June 30, 2016 the currency effect impact the operating expenses for €28 million and €(6) million of scope impact in comparison with June 30, 2015.

## 4.3 . NET CHANGE IN WORKING CAPITAL

### Change in working capital and funds to be redeemed



<i>(in € millions)</i>	June 2016	December 2015	June 2015	Change June 2016/December 2015
Inventories, net	16	19	16	(3)
Trade receivables, net	1 140	973	966	167
Other receivables and accruals, net	324	272	312	52
<b>Working capital requirements - assets</b>	<b>1 480</b>	<b>1 264</b>	<b>1 294</b>	<b>216</b>
Trade payables	136	82	62	54
Other payables	157	172	174	(15)
Vouchers in circulation	3 585	3 564	3 341	21
<b>Working capital requirements - liabilities</b>	<b>3 878</b>	<b>3 818</b>	<b>3 577</b>	<b>60</b>
<b>NEGATIVE WORKING CAPITAL</b>	<b>2 398</b>	<b>2 554</b>	<b>2 283</b>	<b>(156)</b>
Corporate tax liabilities	3	13	17	(10)
<b>NEGATIVE WORKING CAPITAL (incl. Corporate tax liabilities)</b>	<b>2 401</b>	<b>2 567</b>	<b>2 300</b>	<b>(166)</b>

Other receivables and payables are presented in detail in Notes of consolidated financial statements for December 2015. They correspond to social and tax receivables, prepaid expenses, social and tax payables, deferred income and received funds not loaded linked to the digital activity of the Group.

<i>(in € millions)</i>	June 2016
<b>Working capital at beginning of period</b>	<b>2 554</b>
Change in working capital (1)	(172)
Development Expenditure	49
Disposals	(0)
Provisions	4
Currency translation adjustment	(20)
Reclassification to other balance sheet items	(17)
<b>Net change in working capital</b>	<b>(156)</b>
<b>WORKING CAPITAL AT END OF PERIOD</b>	<b>2 398</b>

(1) See Statement of Cash Flows table 1.4

## Restricted cash

Restricted cash corresponds mainly to service voucher reserved funds which use is regulated. In the following countries France (€616 million), United Kingdom (€178 million), Romania (€37 million), United-States (€24 million) and India (€13 million).



<i>(in € millions)</i>	June 2016	December 2015	June 2015	Change June 2016/December 2015
<b>Restricted cash</b>	<b>897</b>	<b>858</b>	<b>809</b>	<b>39</b>

<i>(in € millions)</i>	June 2016
<b>Restricted cash at beginning of period</b>	<b>(858)</b>
Like-for-like change for the period (1)	(57)
Other variations	(3)
Currency translation adjustment	21
<b>Net change in restricted cash</b>	<b>(39)</b>
<b>RESTRICTED CASH AT END OF PERIOD</b>	<b>(897)</b>

(1) See Statement of Cash Flows table 1.4

## NOTE 5 : NON CURRENT ASSETS

### 5.1 . GOODWILL



<i>(in € millions)</i>	June 2016	December 2015	June 2015
Goodwill	1 000	734	772
Less accumulated impairment losses	(158)	(159)	(157)
<b>GOODWILL, NET</b>	<b>842</b>	<b>575</b>	<b>615</b>

<i>(in € millions)</i>	<b>June 2016</b>	<b>December 2015</b>	<b>June 2015</b>
Brazil (including Repom and Embratel)	405	131	165
France (Ticket Cadeaux)	91	91	91
France Prow ebCE	49	49	48
United Kingdom (including Prepay Technologies)	47	53	54
Mexico	46	49	54
Italy	46	46	46
Romania	32	32	32
Japan	21	19	18
Finland	19	19	19
Sweden	19	19	19
USA	14	15	14
Czech Republic	12	12	12
Dubai	9	9	9
Portugal	6	6	6
Colombia	5	5	7
Other (individually representing less than €5 million)	21	20	21
<b>GOODWILL, NET</b>	<b>842</b>	<b>575</b>	<b>615</b>



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

<i>(in € millions)</i>	<b>June 2016</b>	<b>December 2015</b>	<b>June 2015</b>
<b>NET GOODWILL AT BEGINNING OF PERIOD</b>	<b>575</b>	<b>570</b>	<b>570</b>
<b>Goodwill recognized on acquisitions for the period and other increases*</b>	<b>223</b>	<b>49</b>	<b>48</b>
. Brazil (Embratel acquisition)	221	-	-
. Brazil (Ecardes acquisition)	1	-	-
. France (LCCC consolidation)	1	-	-
. France (Prow ebCE acquisition)	-	49	48
. Other acquisitions	-	-	-
<b>Goodwill written off on disposals for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Impairment losses</b>	<b>-</b>	<b>(2)</b>	<b>-</b>
<b>Currency translation adjustment</b>	<b>44</b>	<b>(42)</b>	<b>(3)</b>
<b>Put options on non-controlling interests recognized / remeasured during the period and other</b>	<b>-</b>	<b>(0)</b>	<b>0</b>
<b>NET GOODWILL AT END OF PERIOD</b>	<b>842</b>	<b>575</b>	<b>615</b>

\*Cf. Note 2 for further details



## 5.2 . INTANGIBLE ASSETS



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

<i>(in € millions)</i>	June 2016	December 2015	June 2015
<b>CARRYING VALUE OF INTANGIBLE ASSETS AT BEGINNING OF PERIOD</b>	<b>182</b>	<b>160</b>	<b>160</b>
Intangible assets of newly-consolidated companies (*)	131	26	26
Internally-generated assets	17	40	15
Additions	-	-	-
Amortization for the period	(20)	(32)	(16)
Impairment losses for the period	(0)	(1)	-
Disposals	-	(0)	-
Currency translation adjustment	31	(11)	(1)
Reclassifications	0	-	1
<b>CARRYING VALUE OF INTANGIBLE ASSETS AT END OF PERIOD</b>	<b>341</b>	<b>182</b>	<b>185</b>

(\*) including €100 million in customer lists, €29 million in licences and €2 million in in-progress assets.

## NOTE 6 : FINANCIAL ELEMENTS

### 6.1 . NET FINANCIAL RESULT



<i>(in € millions)</i>	June 2016	June 2015
Gross borrowing cost	(22)	(21)
Hedging instruments	7	4
Interests income from short term bank deposits and equivalent	0	(0)
<b>Net borrowing cost</b>	<b>(15)</b>	<b>(17)</b>
Net foreign exchange gains / (losses)	(0)	1
Other financial income and expenses, net	(8)	(5)
<b>NET FINANCIAL EXPENSE</b>	<b>(23)</b>	<b>(21)</b>

### 6.2 . CURRENT FINANCIAL ASSETS



<i>(in € millions)</i>	June 2016			December 2015			June 2015		
	Gross value	Depre- ciation	Net value	Gross value	Depre- ciation	Net value	Gross value	Depre- ciation	Net value
Other current financial assets	4	-	4	4	(1)	3	3	-	3
Receivables on disposal of assets	-	-	-	-	-	-	-	-	-
Derivatives	52	-	52	37	-	37	47	-	47
<b>CURRENT FINANCIAL ASSETS</b>	<b>56</b>	<b>-</b>	<b>56</b>	<b>41</b>	<b>(1)</b>	<b>40</b>	<b>50</b>	<b>-</b>	<b>50</b>

## 6.3 . CASH AND CASH EQUIVALENT AND OTHER MARKETABLE SECURITIES



<i>(in € millions)</i>	June 2016			December 2015			June 2015		
	Gross value	Depre- ciation	Net value	Gross value	Depre- ciation	Net value	Gross value	Depre- ciation	Net value
Cash at bank and on hand	203	-	203	174	-	174	186	-	186
Term deposits less than 3 months	142	-	142	272	-	272	141	-	141
Mutual fund units in cash less than 3 months	7	-	7	21	-	21	8	-	8
<b>CASH AND CASH EQUIVALENTS</b>	<b>352</b>	<b>-</b>	<b>352</b>	<b>467</b>	<b>-</b>	<b>467</b>	<b>335</b>	<b>-</b>	<b>335</b>
Term deposits more than 3 months	518	(4)	514	476	(3)	473	484	(3)	481
Bonds and other negociable debt securities	3	-	3	2	-	2	1	-	1
Mutual fund units in cash more than 3 months	1	-	1	3	-	3	-	-	-
<b>OTHER MARKETABLE SECURITIES</b>	<b>522</b>	<b>(4)</b>	<b>518</b>	<b>481</b>	<b>(3)</b>	<b>478</b>	<b>485</b>	<b>(3)</b>	<b>482</b>
<b>TOTAL CASH AND CASH EQUIVALENTS AND OTHER MARKETABLE SECURITIES</b>	<b>874</b>	<b>(4)</b>	<b>870</b>	<b>948</b>	<b>(3)</b>	<b>945</b>	<b>820</b>	<b>(3)</b>	<b>817</b>

Other marketable securities include €12million in investments denominated in Venezuelan bolivar fuerte (at the closing exchange rate of 627.56 bolivar fuerte per US dollar), of which €11 million are balanced in the liability side by the structural working capital of the Venezuelan subsidiaries.

## 6.4 . DEBT AND OTHER FINANCIAL LIABILITIES



<i>(in € millions)</i>	June 2016			December 2015			June 2016		
	Non courant	Courant	Total	Non- current	Current	Total	Non- current	Current	Total
Non-banking debt	1 748	-	1 748	1 476	-	1 476	1 465	-	1 465
Bank borrowings	140	2	142	-	2	2	1	3	4
<b>DEBT</b>	<b>1 888</b>	<b>2</b>	<b>1 890</b>	<b>1 476</b>	<b>2</b>	<b>1 478</b>	<b>1 466</b>	<b>3</b>	<b>1 469</b>
<b>BANK OVERDRAFTS</b>	<b>-</b>	<b>40</b>	<b>40</b>	<b>-</b>	<b>61</b>	<b>61</b>	<b>-</b>	<b>154</b>	<b>154</b>
Deposits	-	13	13	9	3	12	10	4	14
Purchase commitments	30	3	33	26	1	27	31	2	33
Derivatives	-	30	30	-	30	30	-	23	23
Other	3	9	12	3	11	14	2	13	15
<b>OTHER FINANCIAL LIABILITIES</b>	<b>33</b>	<b>55</b>	<b>88</b>	<b>38</b>	<b>45</b>	<b>83</b>	<b>43</b>	<b>42</b>	<b>85</b>
<b>DEBT AND OTHER FINANCIAL LIABILITIES</b>	<b>1 921</b>	<b>97</b>	<b>2 018</b>	<b>1 514</b>	<b>108</b>	<b>1 622</b>	<b>1 509</b>	<b>199</b>	<b>1 708</b>

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

## Financial debts

### 1) Non-banking debt

#### a. Bonds

As of June, 30, 2016 the Group gross outstanding bond position amounts to €1,485 million with the following breakdown:

Issue date	Amounts in M€	Annual coupon	Maturity
03/10/2015	500	1.375%	10 years 03/10/2025
10/30/2013	250	2.625%	7 years 10/30/2020
05/23/2012	225	3.750%	10 years 05/23/2022
10/06/2010	510	3.625%	7 years 10/06/2017
<b>Gross outstanding bond position</b>	<b>1 485</b>		

As of December 31, 2015, the gross outstanding bond position amounted to € 1,485 million.

#### b. Non –banking Debt

As of June 30, 2016, €250 million private placement as Schuldschein operation (see Note 3.4) presents different tranches for maturity and rates and can be detailed as follow:

Rate		Amount in € million	Maturity in years	Maturity date
Fixed	1.05%	45	5	06/29/2021
Variable	Euribor 6 months* + 105 bp	68	5	06/29/2021
Fixed	1.47%	32	7	06/29/2023
Variable	Euribor 6 months* + 130 bp	105	7	06/29/2023
<b>Total Schuldschein loan</b>		<b>250</b>		

### 2) Bank borrowings



New debt in BRL to finance its general activity has been put in place for a total amount of BRL 500 million (equivalent €140 million at closing exchange rate) of which 250 million matured in May 2019 and 250 million matured in June 2018.

The Group has an outstanding bank debt position amounting to € 142 million as of June 30, 2016 of which in Euro 2 million and in BRL 500 million (equivalent €140 million).

### 3) Credit facility

As of June 30, 2016 Edenred had € 700 million outstanding confirmed credit facilities expiring on June 2019. This facility will be used for general corporate purposes and to support group activities.

## Ageing analysis

#### a. At June 30, 2016



(in € millions)	June 2017	June 2018	June 2019	June 2020	June 2021	Beyond June 2022	June 2016
Total debt and other financial liabilities	97	595	89	5	370	862	2 018
<b>Total</b>	<b>97</b>	<b>595</b>	<b>89</b>	<b>5</b>	<b>370</b>	<b>862</b>	<b>2 018</b>



### b. At December 31, 2015

(in € millions)	Dec 2016	Dec 2017	Dec 2018	Dec 2019	Dec 2020	2021 and beyond	December 2015
Total debt and other financial liabilities	108	535	15	5	261	698	1 622
<b>Total</b>	<b>108</b>	<b>535</b>	<b>15</b>	<b>5</b>	<b>261</b>	<b>698</b>	<b>1 622</b>

### c. At June 30, 2015



(in € millions)	June 2016	June 2017	June 2018	June 2019	June 2020	Beyond June 2021	June 2015
Total debt and other financial liabilities	201	13	524	18	1	951	1 708
<b>Total</b>	<b>201</b>	<b>13</b>	<b>524</b>	<b>18</b>	<b>1</b>	<b>951</b>	<b>1 708</b>

## 6.5 . NET DEBT AND NET CASH



(in € millions)	June 2016	December 2015	June 2015
Non-current financial debt	1 888	1 476	1 466
Other non-current financial liabilities	33	38	43
Current financial debt	2	2	3
Other current financial liabilities	55	45	42
Bank overdrafts	40	61	154
<b>TOTAL DEBT AND OTHER FINANCIAL LIABILITIES</b>	<b>2 018</b>	<b>1 622</b>	<b>1 708</b>
Current financial assets	(56)	(40)	(50)
Other marketable securities	(518)	(478)	(482)
Cash and cash equivalents	(352)	(467)	(335)
<b>TOTAL CASH AND CASH EQUIVALENTS AND OTHER CURRENT FINANCIAL ASSETS</b>	<b>(926)</b>	<b>(985)</b>	<b>(867)</b>
<b>NET DEBT</b>	<b>1 092</b>	<b>637</b>	<b>841</b>




(in € millions)	June 2016	December 2015	June 2015
<b>Net debt at beginning of period</b>	<b>637</b>	<b>268</b>	<b>268</b>
Increase (decrease) in non-current financial debt	412	169	159
Increase (decrease) in other non-current financial liabilities	(5)	(8)	(3)
Decrease (increase) in other marketable securities	(40)	187	183
Decrease (increase) in cash and cash equivalents, net of bank overdrafts	94	(9)	218
Increase (decrease) in other financial assets and liabilities	(6)	30	16
<b>Increase (decrease) in net debt</b>	<b>455</b>	<b>369</b>	<b>573</b>
<b>NET DEBT AT END OF PERIOD</b>	<b>1 092</b>	<b>637</b>	<b>841</b>

## 6.6 . FINANCIAL INSTRUMENTS AND MARKET RISK MANAGEMENT

### Rate risk: fixed / variable interest rate analysis

#### Before hedging

Debt without hedging breaks down as follows:




(in € millions)	June 2016			December 2015			June 2015		
	Amount	Rate	% of total debt	Amount	Rate	% of total debt	Amount	Rate	% of total debt
Fixed rate debt (1)	1 716	3,42%	91%	1 476	2,73%	100%	1 467	2,74%	100%
Variable rate debt	174	1,24%	9%	2	9,08%	0%	2	5,03%	0%
<b>TOTAL DEBT</b>	<b>1 890</b>	<b>3,22%</b>	<b>100%</b>	<b>1 478</b>	<b>2,74%</b>	<b>100%</b>	<b>1 469</b>	<b>2,74%</b>	<b>100%</b>

(1) The rates mentioned for the fixed rate debt correspond to the contractual rates (that are 3.625%, 3.750%, 2.625% and 1.375%) applied around exact days of the year divided by 360.

#### After hedging

Debt after interest rate hedging breaks down as follows:



(in € millions)	June 2016			December 2015			June 2015		
	Amount	Rate	% of total debt	Amount	Rate	% of total debt	Amount	Rate	% of total debt
Fixed rate debt	598	2,97%	32%	442	1,95%	30%	464	2,01%	32%
Variable rate debt	1 292	2,39%	68%	1 037	1,96%	70%	1 005	2,06%	68%
<b>TOTAL DEBT</b>	<b>1 890</b>	<b>2,58%</b>	<b>100%</b>	<b>1 478</b>	<b>1,96%</b>	<b>100%</b>	<b>1 469</b>	<b>2,05%</b>	<b>100%</b>

Interest rate hedges mainly consist of derivative transactions (about fifty transactions outstanding) which transform fixed rate into floating rate over a debt initially issued at fixed rate with the following characteristics:


- Bond Debt in Euro: notional amount of €1 030 million relating to an underlying debt of €1 485 million for a fair value of €43.4 million representing a financial asset;
- Bank Debt in BRL: notional amount of 250 million Brazilian Real relating to an underlying debt of 500 million Brazilian Real for a fair value of 4.7 million BRL representing a financial asset

The interest rate derivative instruments consist of swaps receiving fixed rate and paying floating rate, IFRS classification is Fair Value Hedge according to IAS 32-39. These hedging operations have no material impact on the P&L due to IFRS classification in Hedge accounting.

### Foreign exchange risk: Currency analysis

#### Before hedging


Debt without hedging breaks down as follows:



(in € millions)	June 2016			December 2015			June 2015		
	Amount	Rate	% of total debt	Amount	Rate	% of total debt	Amount	Rate	% of total debt
EUR	1 748	2,50%	92%	1 476	2,73%	100%	1 467	2,74%	100%
Other currencies	142	12,08%	8%	2	9,21%	0%	2	6,79%	0%
<b>TOTAL DEBT</b>	<b>1 890</b>	<b>3,22%</b>	<b>100%</b>	<b>1 478</b>	<b>2,74%</b>	<b>100%</b>	<b>1 469</b>	<b>2,74%</b>	<b>100%</b>

## After hedging

Debt after interest rate hedging breaks down as follows:

 (in € millions)	June 2016			December 2015			June 2015		
	Amount	Rate	% of total debt	Amount	Rate	% of total debt	Amount	Rate	% of total debt
EUR	1 742	1,71%	92%	1 470	1,93%	99%	1 461	2,02%	100%
Other currencies	148	12,79%	8%	8	6,91%	1%	7	6,56%	0%
<b>TOTAL DEBT</b>	<b>1 890</b>	<b>2,58%</b>	<b>100%</b>	<b>1 478</b>	<b>1,96%</b>	<b>100%</b>	<b>1 469</b>	<b>2,05%</b>	<b>100%</b>

Foreign currency hedges mainly consist of derivative transactions (swaps) over intragroup loans and borrowings in foreign currencies with the following characteristics:

- Financial assets: notional amount of €21 million for a fair value of €2 million (mainly JPY for a notional amount of €18 million for a fair value of €2 million);
- Financial liabilities: notional amount of €313 million for a fair value of €24 million (mainly GBP, MXN and CZK – notional amount of €286 million for a fair value of €24 million).

These hedging operations have no material impact on the P&L due to IFRS classification in Hedge accounting (Fair value Hedge) for intragroup loans and borrowings.

## NOTE 7 : TAXES – NORMATIVE TAX RATE



Edenred decided that French C.V.A.E had characteristics of an income tax. Therefore, income tax expense includes also expense amount related to French C.V.A.E.

The effective tax rate on profit for 2016 half-year is 36.3%. This rate does not take into account the tax charge or tax income from non-recurring income and expenses, the tax on dividends and other unusual items. The reported effective tax rate on profit for 2015 half-year was 34.9%.

## NOTE 8 : EARNINGS PER SHARE

### Net earnings per share



At June 30, 2016, the Company's share capital was made up of 233 679 845 ordinary shares.

At June 30, 2016, the average number of ordinary shares outstanding breaks down as follows:

<i>In shares</i>	June 2016	June 2015
<b>EDENRED'S SHARE CAPITAL AT CLOSING</b>	<b>233 679 845</b>	<b>231 816 848</b>
<b>Outstanding shares at beginning of period</b>	<b>227 808 792</b>	<b>226 623 633</b>
Number of shares issued for dividend paid	2 862 997	2 005 302
Number of shares issued from performance plans	501 513	-
Number of shares from exercised of stock-options plans	2 400	-
Number of shares cancelled	(503 913)	-
<b>Issued shares at period-end excluding treasury shares</b>	<b>2 862 997</b>	<b>2 005 302</b>
Treasury shares not related to the liquidity contract	715 353	222 554
Treasury shares under the liquidity contract	34 348	(92 000)
<b>Treasury shares</b>	<b>749 701</b>	<b>130 554</b>
<b>OUTSTANDING SHARES AT PERIOD-END</b>	<b>231 421 490</b>	<b>228 759 489</b>
Adjustment to calculate weighted average number of issued shares	(2 595 574)	(1 761 564)
Adjustment to calculate weighted average number of treasury shares	(215 626)	(26 483)
<b>Total weighted average adjustment</b>	<b>(2 811 200)</b>	<b>(1 788 047)</b>
<b>WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES OUTSTANDING DURING THE PERIOD</b>	<b>228 610 290</b>	<b>226 971 442</b>

In addition, stock options representing 2 142 218 ordinary shares and 4 062 406 performance shares were granted to employees between 2010 and 2016. Conversion of all of these potential shares would increase the number of shares outstanding to 237 626 114.

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

- from January 1, 2016 to June 30, 2016 for Plans 1, 2, 3, 4, 5, 6 and 7 (€16.64), and
- from May 4, 2016 to June 30, 2016 for Plan 8 (€16.76).

The diluted weighted average number of shares outstanding at June 30, 2016 was 232 571 379.



	June 2016	June 2015
<b>Net Profit - Group share (in € millions)</b>	<b>71</b>	<b>82</b>
Weighted average number of issued shares (in thousands)	231 084	229 055
Weighted average number of shares held in treasury (in thousands)	(2 474)	(2 084)
<b>Number of shares used to calculate basis earnings per share (in thousands)</b>	<b>228 610</b>	<b>226 971</b>
<b>BASIC EARNINGS PER SHARE (in €)</b>	<b>0,31</b>	<b>0,36</b>
Number of shares resulting from the exercise of stock options (in thousands)	1 092	1 579
Number of shares resulting from performance shares grants (in thousands)	2 869	2 883
<b>Number of shares used to calculate diluted earnings per share (in thousands)</b>	<b>232 571</b>	<b>231 433</b>
<b>Diluted earnings per share (in €)</b>	<b>0,31</b>	<b>0,35</b>

## Recurring profit after tax



Recurring profit after tax corresponds to:

- Operating profit before tax and non-recurring items, and
- Tax adjustment of the period related to the other income and expenses. It is stated net of minority interests.



The recurring profit after tax and the recurring profit after tax per share break down as follows:

	June 2016	June 2015
<b>Net profit</b> (in € millions)	<b>75</b>	<b>84</b>
Other income and expenses adjustment, net (in € millions)	17	9
Net Profit, Non-controlling interests adjustment (in € millions)	(4)	(2)
<b>Recurring profit after tax, Group share</b> (in € millions)	<b>88</b>	<b>91</b>
<b>Number of shares used to calculate basic earnings per share</b> (in thousands)	<b>228 610</b>	<b>226 971</b>
<b>RECURRING PROFIT AFTER TAX. GROUPE SHARE PER SHARE</b> (IN €)	<b>0,39</b>	<b>0,40</b>

## NOTE 9 : POTENTIAL ORDINARY SHARES

### Performance share plans

The Board of Directors of May 4, 2016 proceeded to the conditional attribution of 990,080 performance shares.

The 990,080 shares initially allocated in the frame of this plan for duration of three years are subject to the achievement of performance conditions, assessed between January 1, 2016 and December 31, 2018 before becoming definitively acquired shares on May 4, 2019.

According to the achieved performance, for each of the three conditions of the Plan, this portion will be reduced or increased. It may reach until 150% of the relative allocation to the said condition without exceeding 100% of the initial acquisition.

Performance shares vest after a three-year period, prorata temporis at the end of the vesting period.

Fulfillment of the performance conditions will be assessed over the period from January 1, 2016 to December 31, 2018, based on the degree to which the following targets have been met:

- Two internal performance targets, which will determine 75% of the total grant. They concern like-for-like growth in:
  - ✓ of Issue Volume;
  - ✓ of Funds From Operations (FFO) ;
- A market performance target, which will determine 25% of the total grant. It concerns:
  - ✓ the positioning of the Edenred Total Shareholder Return (TSR) in comparison with the SBF120 TSR.



## Fair value of performance share plans



The fair value of performance shares corresponds to the share price on the day of the granting, net of the expected dividends payment during the vesting period.

Based on these hypotheses, the fair value amounts to €15.04 compared to a share price of €16.995 at the date of the grant.

The fair value of performance shares part of the plan is recognized on a straight-line basis over the vesting period in employee benefit expense, with a corresponding adjustment to equity. The total cost recognized in respect of the plan amounted to €0.6 million for 2016 half-year.

## NOTE 10 : OTHER PROVISIONS AND OBLIGATIONS

### 10.1 . OTHER INCOME AND EXPENSES

Other income and expenses can be analysed as follows:




<i>(in € millions)</i>	June 2016	June 2015
Movements on restructuring provisions	(6)	3
Restructuring costs and reorganization	(3)	(5)
<b>Restructuring expenses</b>	<b>(9)</b>	<b>(2)</b>
Impairment of goodwill	-	-
Impairment of intangible assets	-	-
<b>Total impairment losses</b>	<b>-</b>	<b>-</b>
Others capital gains and losses	(0)	2
Currency translation reclassified to Profit and Losses	-	-
Provisions movements	(1)	(1)
Non-recurring gains and (losses), net	(8)	(7)
<b>Other non-recurring income and expenses, net</b>	<b>(9)</b>	<b>(6)</b>
<b>TOTAL OTHER INCOME AND EXPENSES</b>	<b>(18)</b>	<b>(8)</b>

Other non-recurring income and expenses were as follows:

- In June 2016, mainly development fees for €(4) million and external fees for the Group Edenred's strategic reorganisation for €(2) million;
- In June 2015, mainly development fees for €(4) million.

## 10.2 . PROVISIONS


Movements in non-current provisions between January 1, 2016 and June 30, 2016 can be analysed as follows:



(in € millions)	December 2015	Impact on equity	Additions	Utilizations	Reversals of unused amounts	Currency translation adjustment	Reclassifications and changes in scope	June 2016
- Provisions for pensions and loyalty bonuses	24	(0)	2	(1)	(1)	(0)	-	24
- Provisions for claims and litigation and other contingencies*	10	-	2	(0)	(0)	1	0	13
<b>TOTAL NON-CURRENT PROVISIONS</b>	<b>34</b>	<b>(0)</b>	<b>4</b>	<b>(1)</b>	<b>(1)</b>	<b>1</b>	<b>0</b>	<b>37</b>

\*Including provision for non-current fiscal litigations


Movements in current provisions between January 1, 2016 and June 30, 2016 can be analysed as follows:



(in € millions)	December 2015	Impact on equity	Additions	Utilizations	Reversals of unused amounts	Currency translation adjustment	Reclassifications and changes in scope	June 2016
- Provisions for tax litigations	1	-	0	-	-	0	0	1
- Restructuring provisions	1	-	6	(0)	(0)	(0)	-	7
- Provisions for claims and litigation and other contingencies	20	-	8	(1)	(1)	0	(1)	25
<b>TOTAL CURRENT PROVISIONS</b>	<b>22</b>	<b>-</b>	<b>14</b>	<b>(1)</b>	<b>(1)</b>	<b>0</b>	<b>(1)</b>	<b>33</b>

Taken individually, there is no significant litigation, with the exception of those presented in the Note 10.3 – Claims and litigations.

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



(in € millions)	June 2016	June 2015
EBIT	(8)	(1)
Net financial expense	(0)	-
Restructuring costs and impairment losses	(6)	3
Income tax provisions	-	3
<b>TOTAL</b>	<b>(14)</b>	<b>5</b>

## 10.3 . CLAIMS AND LITIGATION

### Tax litigation in France

Following a tax audit of Accor Services France (now Edenred France) for the 2003 and 2004 fiscal years, the tax authorities notified the Company of a penalty for failure to produce a statement tracking capital gains subject to tax deferral as well as VAT-related penalties.

A collection procedure was initiated and the penalties, which totaled €21.8 million, were paid by the Company in April 2008. This amount was recognized as a result in the financial statements for the year ended 31 December 2008.

On 10 December 2009, the Company applied to the Montreuil Administrative Court for recourse on the matter.

The Montreuil Administrative Court rejected Edenred France's recourse in a decision handed down on 2 December 2010.

The Company appealed the decision on 16 February 2011 before the Versailles Administrative Court of Appeal.

On 6 March 2014, the Versailles Administrative Court of Appeal rendered a decision partially granting the Company's motion. The Court ordered an abatement of the VAT-related penalties for a principal amount of €2.3 million but maintained that the Company was responsible for paying the fine for failure to produce the statement tracking capital gains subject to tax deferral.

The Company was therefore reimbursed the sum of €3.1 million, including €0.7 million in late payment interest, which was recognised as income after the abandonment of the tax authorities' appeal. The Company also decided to appeal the Court's decision maintaining the fine for failure to produce the statement tracking capital gains subject to tax deferral, to the Council of State.

The case is pending.

### **Dispute with Kering (formerly PPR, which has been substituted for Fnac in the procedure) and Conforama**

Edenred France (to which the rights of Accentiv' Kadéos were transferred) is involved in a dispute with Fnac and Conforama, two members of its gift solution acceptance and distribution network. The litigation concerns the breach by both companies of some of their contractual obligations, particularly the exclusive distribution of the Kadéos card applicable until 31 December 2011. Fnac and Conforama created their own single-brand card which they distribute through their respective networks.

The dispute is divided into three steps: the summary procedure, proceedings on the merits and arbitration.

In the summary procedure, Accentiv' Kadéos requested and obtained a court order from the Paris Court of Appeals on 1 December 2010, and then from the Court of Cassation on 15 November 2011, requiring Fnac to stop distributing its single-brand card immediately. A similar order was issued against Conforama on 3 December 2010. The total amount of the penalties is €11.7 million.

The proceedings are ongoing pending the decision on the merits.

Regarding the merits, on 28 January 2011, Fnac and Conforama filed an application to have Accentiv' Kadéos summoned before the Paris Commercial Court to obtain the retroactive removal of the exclusivity clauses and compensation for damages sustained as a result of the continued existence of this exclusivity. Fnac and Conforama estimated the damages at approximately €11.7 million. On 22 June 2012, the Paris Commercial Court, without expressing an opinion on the merits, ruled that it was not competent to hear the case and referred the parties to an arbitral tribunal, given the existence of an arbitration clause in the Kadéos assignment agreement. Accentiv' Kadéos appealed the decision (dispute note). Following a decision by the Court of Appeals, which Kering and Conforama appealed in cassation, the Court of Cassation denied their appeal and referred the parties to the Paris Commercial Court in a ruling handed down on 12 February 2014.

At the same time, based on the Paris Commercial Court's decision of 22 June 2012, Kering (formerly PPR which replaced Fnac in the procedure) and Conforama had submitted a request for arbitration to the International Chamber of Commerce. Each party had appointed its own arbitrator.

Given the decision of the Court of Cassation on 12 February 2014, the arbitral tribunal ruled on 15 April 2014 that it was not competent to hear the case submitted to it. The arbitral proceedings are now closed.

The parties were therefore referred back to the Paris Commercial Court to rule on the merits of the dispute. In a decision handed down on 14 March 2016, the Court ruled that Kering was liable for the penalties already paid, i.e. €11.7 million, and ordered it to pay Edenred an additional €6.6 million for damages sustained as well as €100,000 as compensation for the lawsuit brought by Kering, which was considered abuse of process. Kering made it known that it would appeal this decision.

As legal proceedings are still ongoing, the cash received amounting to 11.7 million euros and additional received 6.6 million euros have been booked in Net Income and then depreciated, pending the final decision not open to appeal.

As Edenred believes that Kering's claims are without merit, no provision has been set up in the Group's financial statements.

### **Antitrust disputes (France)**

On 9 October 2015, the French company Octoplus filed a complaint with the Competition Authority against several French companies in the paperless meal voucher sector, including Edenred France. The case is currently being reviewed by the Competition Authority, whose board met on 5 April 2016 and on 7 July to hear all the parties

concerned as well as the investigation departments. The Authority is expected to deliver an initial decision in the second half of 2016, which will concern in particular the request for protective measures presented by the complainant.

## **ICSID dispute**

Following a change in the Hungarian regulatory and tax framework related to the issue conditions of meal and food vouchers, in August 2013 the Company filed a request for arbitration against the Hungarian government before the International Centre for Settlement of Investment Disputes (ICSID). The hearing was held before the arbitral tribunal in November 2015, during which Edenred was able to state its claims, demonstrate their validity, answer all the arbitrators' questions and question the witnesses presented by the Hungarian government. The decision is expected to be rendered in the second half of 2016.

## **Tax litigation in Brazil**

### **Municipal tax**

In December 2011, the municipality of São Paulo notified the Brazilian Ticket Serviços company of a reassessment of municipal tax (ISS - Imposto Sobre Serviços) for the period from April to December 2006, even though the company had already paid this tax to the municipality of Alphaville.

For this period, the principal amount of the reassessment was BRL 7.7 million, plus BRL 55.4 million in penalties, interest and inflation at 31 December 2015.

In November 2012, the municipality notified the company, on the same basis, of the amounts related to the period from January 2007 to March 2009.

For this second period, the principal amount of the reassessment was BRL 28.1 million, plus BRL 198.5 million in penalties, interest and inflation at 31 December 2015. The Company's motion before the Brazilian courts was denied in the first trial and an appeal was filed.

The administrative chamber of appeal ruled against the company on 23 September 2014. The Company appealed the decision.

On 11 August 2015, the appeal lodged by the company was denied, thereby putting an end to the administrative phase of the dispute.

On 10 November 2015, the Company filed a motion with the Court of Justice of the State of São Paulo for cancellation of the reassessments.

Based on the opinion of its tax advisers, the Company believes that the chance of a favorable outcome is very good. Therefore, the Company has not set up a related provision.

The motion included a request to defer the payment of the disputed amount, which was granted by a decision handed down on 12 November 2015. The tax authorities appealed this decision, but the appeal was denied. The State of São Paulo appealed on the Supreme Court of Justice.

At the Court's request, the company provided a guarantee issued by Munich Re.

### **Tax allowance for goodwill amortization**

In January 2012, the Brazilian federal tax authorities notified Ticket Serviços of a reassessment of corporate income tax and the additional contribution (IRPJ and CSLL) for the fiscal years spanning from 2007 to 2010. The principal amount of the reassessment was BRL 81.7 million, plus BRL 198.4 million in penalties, interest and inflation at 31 December 2015.

The tax authorities disallowed the tax deductibility of the goodwill amortization recognized on the buyout of the minority interest in Ticket Serviços. Ticket Serviços initiated proceedings before the administrative courts. The motion was denied by the higher court. The Company was officially notified of this decision on 14 August 2015 and filed a request for clarification.

Based on the opinion of its tax advisers, the Company believes that the chance of a favorable outcome is good.

Therefore, no expense has been recognized in Edenred's financial statements.

Moreover, in the normal course of its business, the Group is subject to various existing, pending or future lawsuits, disputes and legal proceedings. To the Company's knowledge, as of the date of this document, there are no lawsuits threatening the Company and/or any of its subsidiaries that could have a material effect on the Group's business, results or financial position.

### **Slovakian Competition Litigation**

Following an investigation in August 2014 of Slovakia's five vouchers' issuers by that country's competition authorities, the Slovak Competition Authority notified Edenred of an €850,000 fine. All the other issuers were notified of similar decisions. According to the procedure under Slovak competition law, Edenred appealed the decision before the administrative courts and the Supreme Court, contesting the lawfulness of the competition authorities' investigation procedure. An initial decision is expected in the second half of 2016. The amount of the fine was recognized in the Slovak entity's financial statements.

## NOTE 11 : UPDATE ON ACCOUNTING STANDARDS

### 11.1 . STANDARDS, AMENDMENTS AND INTERPRETATIONS ADOPTED IN THE EUROPEAN UNION AND MANDATORY FROM JANUARY 1, 2016

Standards, amendments and interpretations adopted by the European Union with mandatory application on January 1, 2016 came into effect on January 1, 2016 and were adopted for use in the European Union as of that date.

Standard	Name of amendment	Summary	Edenred Impact
IAS 1	IAS 1 - Amendment by "Disclosure initiative"	The amendment is intended to clarify the note provisions regarding the concept of materiality and the application of professional judgment.	The Group took into consideration the clarifications within its project of redesigning notes to financial statements.
IAS 16 & IAS 38	Clarification of acceptable methods of depreciation and amortisation	The amendment precises that a depreciation method that is based on revenue is not appropriate.	Non applicable to Edenred
IAS 16 & IAS 41	"Bearer plants "	Those amendments modify financial information for bearer plants such as vines, rubbers and palm oil plantations.	Non applicable to Edenred
IAS 19	Amendment "Employees contributions"	The amendment applies to employee's contributions for defined benefits plans.	Enhanced practices are consistent with our treatment.
IFRS 11	Accounting for acquisition of interests in a joint operations	This amendment defines how to account for an interest acquisition in a joint operation in which activity constitutes a business, as defined in IFRS 3 "Business combinations".	No material impact identified
IAS 27	Application of equity method in separate financial statements	This amendment allows an entity to account for investment in subsidiaries using equity method as described in IAS 28.	No material impact identified
Annual IFRS Improvements	2010-2012 cycle	Six standards are concerned : 1) IFRS 2 "Share based payment" 2) IFRS 3 "Business combination" 3) IFRS 8 " Operating segments" 4) IFRS 13 "Fair value measurement" 5) IAS 16 "Property plant and equipment" and IAS 38 "Intangible assets" 6) IAS 24 " Related party disclosure"	No material impact identified.
Annual IFRS Improvements	2012-2014 Cycle	Four standards are concerned : 1) IFRS 5 "Non-current assets held for sale" 2) IFRS 7 "Financial instruments: disclosure" 3) IAS 19 "Employee benefits" 4) IAS 34 "Interim financial reporting"	No material impact identified.

The application of these texts had no significant effects on the presented periods.

## 11.2 . OTHER TEXTS PUBLISHED BY IASB BUT NOT APPROVED BY THE EUROPEAN UNION

Edenred has not chosen to early adopt the following standards, amendments and interpretations that had been adopted by the European Union as of June 30, 2016 and are applicable for annual periods beginning after January 1, 2016.

Standard	Substance	Name of amendment	European application expected on	Summary	Edenred Impact
IFRS 9	New standard	Financial instruments – classification and measurement	01/01/2018	IFRS 9 finalised the first of the three steps in IASB project related to financial instruments to replace IAS 39 “financial instruments: recognition and measurement”.	No material impact expected.
IFRS 14	New standard	Regulatory deferral accounts	N/A**	IFRS 14 has the objective to improve comparison of financial information for entities who provides good or services to customers at a price or rate that is subject to rate regulation.	Since the group already apply IFRS standards it is not in the scope of IFRS 14.
IFRS 15	New standard	Revenue from ordinary activities from contracts with customers	01/01/2018	IFRS 15 introduces a single model of revenue recognition from customer’s contracts.	The Group has started the analysis of the standard in order to define an action plan able to reach requirements and challenges. For now, potential impacts are not identified.
IFRS 16	New standard	Lease	01/01/2019	IFRS 16 specifies how an IFRS reporter will recognise, measure, present and disclose leases.	The standard and potential impacts are under analysis
IFRS 10 & IAS 28	Amendment	Sale or contribution of assets between an investor and its associate or Joint venture	Reported	The amendment narrows the discrepancy between the two standards and clarifies that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business as defined in IFRS 3R.	Non applicable to Edenred
IFRS 10, IFRS 12 and IAS 28	Amendment	Investment Entities: Applying the Consolidation Exception	01/01/2016 *	The amendment clarify some points that have arisen in the context of applying the consolidation exception for investment entities.	Non applicable to Edenred
IAS 7***	Amendment	Disclosure initiative	01/01/2017	The amendments state that changes in liabilities arising from financing activities must be disclosed separately from changes in other assets and liabilities, wether it is link to cash-flow statment or not.	Edenred’s cash-flow statement disclose a separate category named “financing activity”
IAS 12***	Amendment	"Recognition of deferred tax assets for unrealised losses "	01/01/2017	The emendment clarifies how to evaluate if a deferred tax asset should be recognised for unrealised losses.	The standard and potential impacts are under analysis

\* Not yet approved by EU

\*\* EU consider this standard as transitory, thus it has been decided to not enter into an approbation process

\*\*\* Application by anticipation allowed