Free translation for information purposes only

Elis

Joint-stock corporation (*société anonyme*) governed by a management board and a supervisory board, with

Registered office: 33 rue Voltaire, Puteaux (92800)
499 668 440 R.C.S. Nanterre

UPDATE OF THE DOCUMENT DE BASE

DISCLAIMER

By accepting this document, you acknowledge, and agree to be bound by the following statements. This *document de base* **update of the** ***document de base*** he *document de base*, in its original French version, is publicly available at www.amf-france.org and at www.elis.com **Translation** for your convenience only and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published in whole or in part for any purpose. It does not include the translations of certain sections of the update of the *document de base*. This Translation has not been prepared for use in connection with any offering of securities. It does not contain all of the information that an offering document would contain.

IN THE EVENT OF ANY AMBIGUITY OR CONFLICT BETWEEN THE CORRESPONDING STATEMENTS OR OTHER ITEMS CONTAINED HEREIN, THE FRENCH LANGUAGE UPDATE OF THE DOCUMENT DE BASE SHALL PREVAIL.

None of Elis or any of its respective officers, directors, employees or affiliates, or any person controlling any of them, assumes any liability which may be based on this Translation or any errors or omissions therefrom or misstatements therein, and any such liability is hereby expressly disclaimed.

This Translation does not constitute or form part of any offer to sell or the solicitation of an offer to purchase securities, nor shall it or any part of it form the basis of, or be relied on in connection with, any contract or commitment whatsoever. Persons into whose possession of this Translation may come are required by Elis to inform themselves about and to observe any restrictions as to the distribution of this Translation.

Copies of this update and of the *document de base* are available free of charge from Elis' registered office ite (www.elis.com) and from the website of the *Autorité des marchés financiers* **AMF** (www.amf-france.org).

GENERAL COMMENTS

In this update of the *document de base*, unless otherwise specified, the terms "**Company**" and "**Elis**" refer to Elis, a joint-stock corporation (*société anonyme*) headquartered at 33 rue Voltaire, Puteaux (92800) and registered with the Nanterre trade and companies register under number 499 668 440. The term "**Group**" refers to the Company and its consolidated subsidiaries combined.

The numbering of chapters and paragraphs in this update of the *document de base* is based on the numbering of the chapters and paragraphs in the *document de base* registered by the AMF under number I.14-053 on September 8, 2014 that are updated in this update of the *document de base*.

This update contains information on the Company's objectives and forecasts particularly in chapters 12 "*Information on trends and objectives*" and 13 "*Earnings forecasts or estimates*". Such information is sometimes identified by the use of the future tense, the conditional mood and forward-looking terms such as "think", "aim", "expect", "intend", "should", "has the ambition of", "consider", "believe", "wish", "could" and so forth. The information is based on data, assumptions and estimates that the Company considers reasonable. It is liable to change or be altered due to uncertainties relating to all business activities and to the economic, financial, competitive, regulatory and climate environment. The Company makes no undertaking to publish updates of the objectives, forecasts and forward-looking statements contained in this update of the *document de base*, except as part of applicable statutory or regulatory obligations. The occurrence of certain risk events described in chapter 4 "*Risk factors*" of the *document de base* and of this update of the *document de base* may have an impact on the Group's activities and its ability to attain its objectives. The achievement of objectives also assumes that the strategy presented in section 6.1 "*Overview of the Group*" of the *document de base* will be successful. The Company makes no representation and gives no warranty about the realization of objectives stated in this update of the *document de base*.

Investors are invited to pay close attention to the risk factors described in chapter 4 "*Risk factors*" of the *document de base* and of this update of the *document de base* before taking any investment decision. The occurrence of one or more of these risks may adversely affect the Group's business, financial position, financial results and objectives. Other risks, either not currently identified or not regarded as significant by the Company at the date of this update of the *document de base*, could have the same negative impact and could cause investors to lose some or all of their investment.

TABLE OF CONTENTS

[INTENTIONALLY OMITTED]

The following information for the nine-month period ended September 30, 2014 is added to chapter 3 "*Selected financial information*" of the *document de base*.

The tables below included in sections 3.1 "*Selected financial information taken from the consolidated income statement*", 3.2 "*Selected financial information concerning the statement of financial position*", 3.3 "*Selected financial information taken from the consolidated cash flow statement*" and 3.4 "*Other financial information and selected business information by operating segment*" in this update of the *document de base* set out certain selected financial information for the nine-month periods ended September 30, 2013 and 2014.

-

month period ended September 30, 2014, prepared under IFRS as adopted by the European Union, as presented in section 20.1.5 "C*ondensed interim consolidated financial statements at September 30, 2014 prepared under IFRS"* in this update of the *document de base*. The condensed interim consolidated financial statements for the nine-month period ended September 30, 201 Statutory Auditors. The report by the Company's Statutory Auditors on the condensed interim consolidated financial statements for the nine-month period ended September 30, 2014 is contained in section 20.1.6 "*Statutory Auditors' report on the condensed interim consolidated financial statements at September 30, 2014 prepared under IFRS"* of this update of *document de base*.

The summary of the selected financial information below for the nine-month period ended September 30, 2014 should be read in conjunction with (i) the condensed interim consolidated financial statements for the nine-

operations presented in chapter 9 "*Operating and financial review*" of this update of the *document de base* and (iii) the discussion of the liquidity and capital position presented in chapter 10 "*Capital Resources*" of this update of the *document de base*.

The following selected financial information for the nine-month periods ended September 30, 2013 and 2014 is added to section 3.1 "*Selected financial information taken from the consolidated income statement*" of the *document de base*:

	Nine-month period ended September 30	
	2013*	**2014**
	(millions of euros)	
Revenue[1]..	**922.3**	**1000.1**
Cost of linen, equipment and other consumables*	(143.5)	(164.4)
Processing costs...	(307.7)	(350.1)
Distribution costs...	(145.5)	(157.6)
Gross margin*	**325.5**	**328.1**
Selling, general and administrative expenses	(155.8)	(159.4)
Operating income before other income and expense and amortization of customer relationships	**169.7**	**168.7**
Amortization of customer relationships.........................	(29.7)	(30.8)
Goodwill impairment	0.0	0.0
Other income and expense...	(13.9)	(20.9)
Operating income	**126.1**	**117.0**
Net financial expenses...	(120.3)	(116.9)
Income (loss) before tax	**5.9**	**0.1**
Income tax..	(11.4)	(13.5)
Share of net income of equity-accounted companies......	0.1	0.0
Net income (loss)...	**(5.5)**	**(13.4)**

1 Revenue may be referred to by the term "revenue" or "consolidated revenue" in this update of the *document de base*.

* The Group carried out a study of the actual useful life of textiles. That review of the useful life of rented items prompted the Group to extend their useful life f
amortization expenses for the nine-month period ended September 30, 2013. The extension mainly concerned flat linen, whose average estimated useful life increased from two to three years.

The following selected financial information for the nine-month period ended September 30, 2014 is added to section 3.2 "*Selected financial information concerning the statement of financial position*" of the *document de base*:

	September 30 2014	December 31 2013[1]
	(millions of euros)	**(millions of euros)**
Non-current assets	**2,675.0**	**2,531.1**
of which goodwill	1,534.2	1,454.9
of which intangible assets	414.8	428.3
Current assets	**492.2**	**398.6**
Assets held for sale		88.9
Total assets	**3,167.2**	**3,018.6**
Equity	**383.2**	**347.4**
Non-current liabilities	2,277.6	2,194.6
Current liabilities	506.4	468.0
Liabilities directly associated with assets held for sale		8.6
Total equity and liabilities	**3,167.2**	**3,018.6**

* Adjusted for the definitive allocation of the Explotadora de Lavanderias goodwill (see note 1 to the Group's consolidated financial statements for the periods ended December 31, 2011, 2012 and 2013 included in section 20.1.1 *"Consolidated financial statements for the periods ended December 31, 2011, 2012 and 2013 prepared under IFRS"* of the *document de base*, it being stipulated that the initial recognition of that business combination was incomplete and the amounts previously published were only published on a provisional basis).

The following selected financial information for the nine-month periods ended September 30, 2013 and 2014 is added to section 3.3 "*Selected financial information taken from the consolidated cash flow statement*" of the *document de base*:

	Nine-month period ended September 30 2013	2014
	(millions of euros)	
Net cash from operating activities	259.1	264.5
Net cash used in investing activities	(179.8)	(180.7)
Net cash used in financing activities	(75.2)	(71.2)
Net increase/(decrease) in cash and cash equivalents	**4.1**	**12.6**
Cash and cash equivalents at beginning of year	54.7	48.6
Effect of changes in foreign exchange rates on cash and cash equivalents	(0.6)	0.6
Cash and cash equivalents at end of year	**58.2**	**61.8**

The following selected financial information for the nine-month periods ended September 30, 2013 and 2014 is added to section 3.4 "*Other financial information and selected business information by operating segment*" of the *document de base*:

	Nine-month period ended September 30	
	2013	2014
	(millions of euros)	
France		
Revenue	710.2	719.5
Inter-segment[(1)]	1.9	1.8
Revenue including inter-segment	712.1	721.3
EBITDA[(2)]	260.4	265.5
As a % of revenue including inter-segment [(3)]	36.6%	36.8%
Europe		
Revenue	194.0	206.5
Inter-segment[(1)]	1.1	0.4
Revenue including inter-segment	195.1	206.9
EBITDA[(2)]	46.4	51.3
As a % of revenue including inter-segment [(3)]	23.8%	24.8%
Brazil		
Revenue	--	61.5
Inter-segment[(1)]	--	(0.0)
Revenue including inter-segment	--	61.5
EBITDA[(2)]	(0.5)	13.1
As a % of revenue including inter-segment [(3)]	--	21.3%
Manufacturing entities		
Revenue	18.1	12.7
Inter-segment[(1)]	6.2	6.1
Revenue including inter-segment	24.3	18.8
EBITDA[(2)]	2.4	1.8
As a % of revenue including inter-segment [(3)]	9.9%	9.6%
Eliminations & Holding companies		
Revenue	--	--
Inter-segment[(1)]	(9.2)	(8.4)
Revenue including inter-segment	(9.2)	(8.4)
EBITDA[(2)(4)]	(1.0)	(0.5)
As a % of revenue including inter-segment [(3)]	--	--
Total		
Consolidated revenue	**922.3**	**1,000.1**
EBITDA[(2)]	**307.7**	**331.2**
As a % of consolidated revenue	**33.4%**	**33.1%**
Adjusted net debt[(5)]	--	**2,011.9**

(1) Inter-segment reflects outsourcing between operating segments dedicated to rental, laundry and maintenance services and to sales of goods by the manufacturing entities to the other operating segments. It does not represent sales to external customers. Accordingly,
tercompany sales are not material in relation to sales to
external customers for the France and Europe operating segments. Conversely, these intercompany sales account for a material portion
For the nine-month period ended September 30, 2014, intercompany sales recorded by the
manufacturing entities cam
Jacquard Français.

(2) For a definition of EBITDA and EBIT, see note 1 to the condensed interim consolidated financial statements for the nine-month period ended September 30, 2014 in section 20.1.5 "*Condensed interim consolidated financial statements at September 30, 2014 prepared under IFRS*" in this update of the *document de base*.

(3) The EBITDA margin is calculated as a percentage of revenue including inter-segment because the expenses related to these

(4) es
incur certain administrative costs that are not allocated to the operating segments.

(5) The concept of adjusted net debt used by the Group consists of the sum of non-current financial liabilities, current financial liabilities and cash and cash equivalents adjusted by capitalized debt arrangement costs, the impact of applying the effective interest rate method, the loan from employee profit-sharing fund and the bonds subscribed by Eurazeo/ECIP Elis including accrued interest. For further information about how adjusted net debt is calculated, please refer to section 10.6.2 "*Financial liabilities*" of the *document de base*.

CHAPTER 4

The first paragraph of section 4.2.4 *Risks relating to acquisitions and divestments* *document de base* is supplemented as follows:

countries in Western and Southern Europe, and more recently through the February 2014 acquisition of Atmosfera in Brazil (see section 9.1.2.2 *Acquisitions* e *document de base*). The Group intends to continue to develop and expand its business through acquisitions, primarily in Europe. Acquisitions and external growth of the Group may strain its management and financial resources. Risks associated with

outlook to a significant extent include the following:

- the Group may not find suitable acquisition targets;
- the Group may not plan or manage an acquisition efficiently;
- the Group may not obtain a waiver (if required) under the Senior Subordinated Notes, the High Yield Bonds, the Senior Credit Facilities Agreement or New Senior Credit Facilities Agreement, allowing it to undertake a proposed acquisition;
- the Group may face increased competition for acquisitions as the flat linens, workwear, and HWB markets undergo continuing consolidation;
- the Group may incur substantial costs, delays, or other operational or financial problems in integrating acquired businesses and in adapting its services to their local markets and local business practices, and it may have a reduced ability to predict the profitability of acquired businesses if the Group has less experience in the market of those businesses than in the markets in which it already operates;
- the Group may incur impairment charges or unforeseen liabilities, or encounter other financial difficulties with completed acquisitions;
- the Group may not be able to retain the key personnel or key account contracts of acquired businesses; and
- the Group may encounter unanticipated events, circumstances, litigation or legal liabilities related to acquired businesses or an acquired customer base, without being in the capacity to seek indemnification by the seller(s) pursuant to, where applicable, warrantees given and indemnification undertakings as part of the acquisitions (see section 20.3.1 *Proceedings against Atmosfera Gestão e Higienização de Texteis S.A. ("**Atmosfera**")* of the *document de base* and of this update of the *document de base*).

4.4.1

The third paragraph of section 4.4.1 "*Risks related to compliance with antitrust regulations*" of the *document de base* is supplemented as follows:

In addition, the Group occasionally faces claims from suppliers, clients and other commercial partners asserting that, given its position as market leader, its pricing policies should be considered as abusive (excessive, improper or predatory prices) and likely to impede competition in the markets concerned. Although the Group's policy is to comply strictly with applicable antitrust laws and regulations and although it has adopted the antitrust compliance program described above, commercial partners or the relevant authorities could commence proceedings for non-compliance with those rules and the outcome of such proceedings could be damaging to the Group, in particular requiring a change in the Group's pricing practices. As stated in section 20.3 "*Legal and arbitration proceedings*" of this update of the *document de base*, the Group has been informed of the launch of an inquiry by the *Direction régionale des entreprises de la concurrence, de la* (DIRECCTE) of the Ile-de-France region.

4.4.5 Risks related to disputes and litigation

Section 4.4.5 "*Risks related to disputes and litigation*" of the *document de base* is amended as follows:

In the normal course of its business, the Group is involved or may be involved in a certain number of administrative, court or arbitration proceedings, the most significant of which are described in section 20.3 *Legal and arbitration proceedings* *document de base* and of this update of the *document de base*. In some of these proceedings, the amounts claimed or potentially claimed from the Company are significant, and penalties, including administrative and criminal penalties, may be handed down against the Group. If such penalties were handed down against the Group, their application could have a material adverse effect on the Group's business, financial condition, results or outlook. In addition, any provisions set aside by the Company in respect of administrative, court or arbitration proceedings in its financial statements could prove insufficient, and this could have material adverse consequences on the Group's business, results, financial condition, liquidity or outlook, regardless of whether or not the underlying claims are well founded.

In particular, the Group is involved in various labor disputes and labor court proceedings involving employees in France and abroad, particularly in Brazil, usually regarding compliance with working time regulations and payment of severance pay. In general, although none of these proceedings involve large sums taken separately, if taken together, or if they were to increase in number, they could have a material adverse effect on the Group's business, results, financial condition or outlook. Provisions for tax,

2 million at September 30, 2014 (see section 20.3 "*Legal and arbitration proceedings*" of the *document de base* and of this update of the *document de base*). This increase is related to the fact

a

subject of claims for safety breaches or damage to the assets, premises or agents of a customer, or for spreading infections in healthcare facilities. Such claims could have a material adverse effect on the Group's business, results, financial condition or outlook.

The Group has recently been informed of the existence of a civil action opened in the State of Rio de Janeiro (Brazil) against Atmosfera and other industrial laundry service providers in relation to alleged acts of administrative improbity *vis-à-vis* officials relating to industrial laundry services provided by Atmosfera to public entities in the State of Rio de Janeiro that date back to the 2003-2011 period.

As of the date of this update of the *document de base* and if Atmosfera were to be held liable for administrative improbity, the sanctions that may be imposed could be either or both of the following: (i) reimbursement to the public treasury of all monies illegally obtained by Atmosfera from the acts of improbity and/or (ii) a civil fine of up to three times the amount referred to in (i). In addition, Atmosfera could potentially be prohibited from entering into agreements with any Brazilian public entities or receiving *Proceeding for administrative improbity* of this update of the *document de base*). For the year ended December 31, 2013, approximately one third of the revenue of the Atmosfera group was made with Brazilian public entities. If such sanctions were handed down on Atmosfera, they could have a material adverse effect on the Group's business, results, financial condition or outlook. Even though a notice regarding these proceedings has been served by the Group on under the guarantee agreement relating to the acquisition of the Atmosfera group, the Group cannot guarantee that the consequences of these proceedings will be effectively covered by an indemnification pursuant to this agreement.

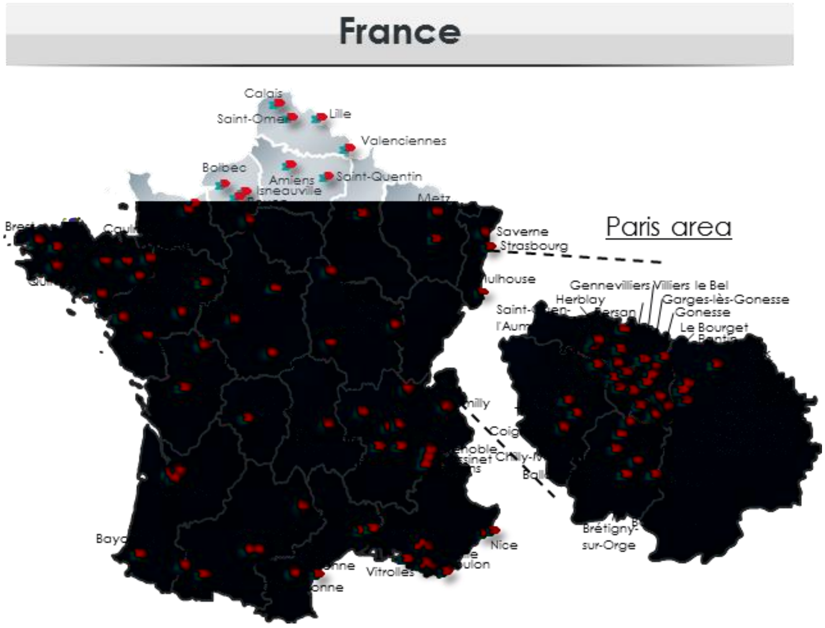
Generally speaking, it is possible that, in the future, new proceedings connected with those currently underway or not may be commenced against the Company or its subsidiaries. Such proceedings could be long and costly and, regardless of their outcome, could therefore have an adverse impact on the Group's business, results, financial condition, cash situation or outlook.

4.5.4 Liquidity risk

Section 4.5.4 "*Liquidity risk*" of the *document de base* is supplemented by the following information:

"*Financial liabilities*" of this update of the *document de base).*

The map included in section 6.1 "*Overview of the Group*" in the *document de base*, setting out the network of the Group's processing and dispatching centers in France, is amended as follows:



6.3.2 An efficient platform to support organic growth

The following information relating to the estimate of the annual revenue generated in France by the Group's 3D Pest Control service is added to the sixth paragraph of section 6.3.2 "*An efficient platform to support organic growth*" in the *document de base*:

The monthly revenue generated by the 3D Pest Control service in France has constantly grown since this -month period ended September 30, 2014 at the Group level. The Group believes that the business boasts significant upside potential and the global market for those services was worth around £9 billion in 2013 (including France)[2],

generated next few years. That estimate of the annual revenue of the 3D Pest Control service is included in the revenue forecasts for 2014 and 2015, and the organic growth forecasts for 2016-2017 as stated in section 12.2.1 *Outlook for the Group's activities between 2016 and 2017* *document de base*.

6.3.3 A track record of successfully integrated acquisitions demonstrating the Group's ability to participate in the sector's consolidation

The first paragraph of section 6.3.3 "*A track record of successfully integrated acquisitions demonstrating* " of the *document de base* is amended and supplemented as follows:

2

By maintaining a very selective approach to investment opportunities and strict financial criteria, since October 2007 the Group has successfully integrated 44 acquisitions that have revenue multiples (before integration and synergy gains) of about 1x and EBITDA multiples lower than 4x (after integration and synergy gains). When it makes acquisitions, the Group aims to achieve an internal rate of return (IRR) of 15%. That target is also applied when deciding between different Group capital expenditure plans. In 2014, the Group purchased the Atmosfera group in Brazil, a major acquisition that made the Group the leader in flat linen, workwear and HWB appliance services in that country. In July 2014, the Group also acquired the Brazili

in September 2014, Lavtec, which also specializes in laundry services and the Healthcare end market, representing a portfolio of 19 clients. In July 2014, the Group acquired the French pest control company ProService Environnement. This latter acquisition gives the Group a solid foothold in the pest control business, which the Group entered in 2013. The Group also recently purchased two other businesses in France (Blanchisseries Mazamétaine and Quercy Périgord) and demonstrated its ability to further consolidate its network by immediately integrating their customers in its nearby processing and dispatching centers.

	2008	2009	2010	2011	2012	2013	2014*
Number of acquisitions	6	5	7	7	4	8	7
Annual revenue at the time of acquisition (millions of euros)	17	9	52	22	11	47	100
Acquisition target country	France Spain Germany	France Germany Belgium	France Spain Switzerland Italy	France Spain Switzerland Portugal	France Belgium Switzerland	France Spain Switzerland Germany	France Brazil

*: At September 30, 2014

6.5.3 Intellectual property

The second paragraph of section 6.5.3 "*Intellectual property*" in the *document de base* is amended and supplemented by the following information relating to the registering of the Elis brand in Brazil:

The Group uses various registered brands, service marks and trade names in its operations. The main brands the Group uses are "Elis" (and the "Elis" logo), "Le Jacquard Français," "Presto," "SNDI," "AD3," "Magic Rambo" and "Poulard". With the exception of the "Elis" brand, which is in the process of being registered in Brazil at the date of this update of the *document de base*, each of these brands is registered, protected and monitored in all of the countries where the Group operates.

6.7.1 Customer base

The following information relating to the estimate of the annual revenue generated by major new contracts recently entered into by the Group is added to the fifth paragraph of section 6.7.1 "*Customer base*" in the *document de base*:

In 2014, the Group entered into several major new contracts that should together generate additional

December 31, 2017. Those estimates of the annual revenue generated by these new contracts are included in the revenue forecasts for 2015 and the organic growth forecasts for 2016-2017 as stated in sections 12.2.1 *Outlook for the Group's activities between 2016 and 2017* of this update of the *document de base*.

The following information for the nine-month period ended September 30, 2014 is added to chapter 9 "*Operating and financial review*" of the *document de base*:

Investors are invited to read the following information relating to the Group's financial position and results together with the Group's condensed interim consolidated financial statements for the nine-month period ended September 30, 2014 included in section 20.1.5 "*Condensed interim consolidated financial statements at September 30, 2014 prepared under IFRS"* in this update of the *document de base*.

The financial information shown below is taken from the
nine-month period ended September 30, 2014, prepared under IFRS as adopted by the European Union, as contained in section 20.1.5 "*Condensed interim consolidated financial statements at September 30, 2014 prepared under IFRS"* in this update of the *document de base*. The condensed interim consolidated financial statements for the nine-month period ended September 30, 2014 have undergone a limited review
Statutory Auditors. The report by the Company's Statutory Auditors on the condensed interim consolidated financial statements for the nine-month period ended September 30, 2014 is contained in section 20.1.6 "*Statutory Auditors' report on the condensed interim consolidated financial statements at September 30, 2014 prepared under IFRS"* of this update of the *document de base*.

Chapter 9 "*Operating and financial review*" in the *document de base* is supplemented by sections 9.7 "*Analysis of consolidated results for the nine-month periods ended September 30, 2013 and 2014*" and 9.8 "*Analysis of revenue and EBITDA by operating segment for the nine-month periods ended September 30, 2013 and 2014*" below:

	Nine-month period ended September 30			
	2013	**2014**	**Change €**	**Change %**
	(millions of euros)			
Revenue	**922.3**	**1000.1**	**77.8**	**8.4%**
Cost of linen, equipment and other consumables	(143.5)	(164.4)	(20.9)	14.6%
Processing costs	(307.7)	(350.1)	(42.4)	13.8%
Distribution costs	(145.5)	(157.6)	(12.1)	8.3%
Gross margin	**325.5**	**328.1**	**2.6**	**0.8%**
Selling, general and administrative expenses	(155.8)	(159.4)	(3.6)	2.3%
Operating income before other income and expense and amortization of customer relationships	**169.7**	**168.7**	**(1.0)**	**(0.6%)**
Amortization of customer relationships	(29.7)	(30.8)	(1.1)	3.7%
Goodwill impairment	0.0	0.0	0.0	-
Other income and expense	(13.9)	(20.9)	(7.0)	50.4%
Operating income	**126.1**	**117.0**	**(9.1)**	**(7.3%)**
Net financial expense	(120.3)	(116.9)	3.4	2.8%
Income (loss) before tax	**5.9**	**0.1**	**(5.8)**	**(98.3%)**
Income tax benefit (expense)	(11.4)	(13.5)	(2.1)	18.4%
Share of net income of equity-accounted companies	0.1	0.0	(0.1)	-
Net income (loss)	**(5.5)**	**(13.4)**	**(7.9)**	**143.6%**

Revenue, recurring operating income and all operating indicators are subject to seasonal fluctuations, particularly summer vacation periods, the annualization of working time and the higher revenue in the Hospitality end market during July and August, which impact activity at certain plants. The extent of the seasonal impact varies in the countries in which the Group operates. Consequently, the interim results for the nine-month period ended September 30, 2014 are not necessarily representative of those that may be expected for full-year 2014.

9.7.1 Revenue

of
1.9% -
the nine-month period ended September 30, 2014.

This revenue increase was attributable to the impact of changes in the scope of consolidation of 6.5% associated with mainly two acquisitions in Brazil in 2014 (Atmosfera and L'Acqua) and two acquisitions in Spain in 2013 (Reig Marti and Explotadora de Lavanderias), which respectively contributed
-month period
ended September 30, 2014. That increase was offset partially by the sale of Molinel in April 2013, which had generated consolidated rev
the nine-month period ended September 30, 2014 derived to a large extent from France (1.3%), Germany (7.1%), Italy (4.3%), Switzerland (1.3%), Portugal (5.7%) and Spain (11.1%).

The table below presents a breakdown of consolidated revenue by operating segment for the nine-month periods ended September 30, 2013 and 2014.

	Nine-month period ended September 30			
	2013	**2014**	**Change €**	**Change %**
		(millions of euros)		
France	710.2	719.5	9.3	1.3%
Europe	194.0	206.5	12.5	6.4%
Brazil	**0.0**	61.5	61.5	--
Manufacturing entities	18.1	12.7	(5.4)	(29.8%)
Revenue	**922.3**	**1000.1**	**77.8**	**8.4%**

9.7.2 Cost of linen, equipment and other consumables

, or 14.6%, from
million for the nine- -month
period ended September 30, 2014. The increase resulted mainly from the end of the positive impact from extending the average estimated useful life of linen from two to three years effective January 1, 2012,
-month period ended September 30, 2013 but no
further impact in 2014. The acquisitions of Atmosfera, the company which operates under the

increase.

llion, or 13.8%, -month period
-month period ended September 30, 2014. Of this
is related to the first-time consolidation of the Brazilian acquisitions and
and
is partially offset by the positive impact linked to the increase in the CICE rate.

Distribution costs increased b , or 8.3%, -month period
-month period ended September 30, 2014. Of this
is related to the first-time consolidation of the Brazilian acquisitions, and is partially offset by the positive impact linked to the increase in the CICE rate.

, or 0.8%, -month period ended n for the nine-month period ended September 30, 2014. Gross margin expressed as a percentage of consolidated revenue decreased by 250 basis points from 35.3% for the nine-month period ended September 30, 2013 to 32.8% for the nine-month period ended September 30 2014, because of the change in the linen depreciation method (higher base for comparison in 2013), disposals of real-estate assets and the Brazilian acquisitions, which have lower gross margin. Restated for the change in the estimate of the linen useful life, gross margin expressed as a percentage of consolidated revenue decreased by 150 basis points between the nine-month period ended on September 30, 2013 and the nine-month period ended on September 30, 2014.

, or 2.3%, the nine- -month period ended September 30, 2014. That increase primarily reflected the move to strengthen sales teams in France (full-time-equivalent headcount up 42 year-on-year in October 2014) and the Brazilian acquisitions, resulting in an

introducing tablets (higher number of contracts signed in proportion to the number of sales representatives achieved by facilitating access to business information) and a tighter grip on central management and headquarters costs.

Operating income before other income and expense and amortization of customer relationships fell by million, or 0.6%, -month period ended September 30, 2013 to million for the nine-month period ended September 30, 2014. This change reflected trends in the gross margin and in selling, general and administrative expenses. Restated for the change in the estimate of the useful life of linen, operating income before other income and expense and amortization of customer

Amortization of cus , or 3.7%, nine- -month period ended September 30, 2014. The increase was mainly the result of the first-time consolidation of the Atmosfera group, which was purchased in Brazil. Customer relationships are amortized on a straight-line basis over a period of -month period ended September 30, 2014, with the most part due to be amortized by 2018.

No goodwill impairment was recorded during the nine-month periods ended September 30, 2013 and 2014.

Other income and expense represented a net -month period ended 0 million increase on the nine-month period ended September 30, 2013. For the nine-month period ended September 30, 2014, other income and expense mainly consisted of: (i) 3.4 million in costs not eligible for capitalization and an impairment loss arising from the change in the

the various acquisitions made during the period, including that of the Atmosfera group. For the nine-month period ended September 30, 2013, other income and expense represented a net

IT system.

2.8%, from - the nine-month period ended September 30, 2013 to - -month period ended September 30, 2014. This primarily reflected the change in borrowing conditions during June 2013 (see sections 10.6.2.1 "*Private PIK Notes and PIK Proceeds Loan*", 10.6.2.2 "*Senior Subordinated Notes*", section 10.6.2.3 "*Senior Secured Notes*" and 10.6.2.4 "*Senior Credit Facilities Agreement*" of the *document de base*) and the capital increase by way of incorporation of receivables previously held by Eurazeo and ECIP Elis in December 2013.

The income tax benefit (expense) , or 18.4%, - -month period ended September 30, 2014. The rise was mainly attributable to the increase from 15% to 25% for the non-deductible portion of financial expenses (see section 6.9.1.1 "*Limitation on the deductibility of interest expenses*" of the *document de base*).

- -month period ended September 30, 2013 to - -month period ended September 30, 2014, for the aforementioned reasons.

Revenue, recurring operating income and all operating indicators are subject to seasonal fluctuations, particularly summer vacation periods, the annualization of working time and the higher revenue in the Hospitality end market during July and August, which impact activity at certain plants. The extent of the seasonal impact varies in the countries in which the Group operates. Consequently, the interim results for the nine-month period ended September 30, 2014 are not necessarily representative of those that may be expected for full-year 2014.

The table below presents a breakdown of revenue and EBITDA by operating segment for the nine-month periods ended September 30, 2013 and September 30, 2014.

	Nine-month period ended September 30	
	2013	2014
	(millions of euros)	
France		
Revenue	710.2	719.5
Inter-segment(1)	1.9	1.8
Revenue including inter-segment	712.1	721.3
EBITDA(2)	260.4	265.5
As a % of revenue including inter-segment(3)	36.6%	36.8%
Europe		
Revenue	194.0	206.5
Inter-segment(1)	1.1	0.4
Revenue including inter-segment	195.1	206.9
EBITDA(2)	46.4	51.3
As a % of revenue including inter-segment(3)	23.8%	24.8%
Brazil		
Revenue	--	61.5
Inter-segment(1)	--	(0.0)
Revenue including inter-segment	--	61.5
EBITDA(2)	(0.5)	13.1
As a % of revenue including inter-segment(3)	--	21.3%
Manufacturing entities		
Revenue	18.1	12.7
Inter-segment(1)	6.2	6.1
Revenue including inter-segment	24.3	18.8
EBITDA(2)	2.4	1.8
As a % of revenue including inter-segment(3)	9.9%	9.6%
Eliminations & Holding companies		
Revenue	--	--
Inter-segment(1)	(9.2)	(8.4)
Revenue including inter-segment	(9.2)	(8.4)
EBITDA(2)(4)	(1.0)	(0.5)
As a % of revenue including inter-segment(3)	--	--
Total		
Consolidated revenue	**922.3**	**1,000.1**
EBITDA(2)	**307.7**	**331.2**
As a % of consolidated revenue	**33.4%**	**33.1%**

(1) Inter-segment reflects outsourcing between operating segments dedicated to rental, laundry and maintenance services and to sales of goods by the manufacturing entities to the other operating segments. It does not represent sales to external customers. Accordingly, n to sales to external customers for the France and Europe operating segments. Conversely, these intercompany sales account for a material portion For the nine-month period ended September 30, 2014, intercompany sales recorded by the

Jacquard Français.

(2) For a definition of EBITDA and EBIT, see note 1 to the condensed interim consolidated financial statements for the nine-month period ended September 30, 2014 in section 20.1.5 "*Condensed interim consolidated financial statements at September 30, 2014 prepared under IFRS"* in this update of the *document de base*.

(3) The EBITDA margin is calculated as a percentage of revenue including inter-segment because the expenses related to these

(4) The

certain administrative costs that are not allocated to the operating segments.

The table below presents (i) a breakdown of the revenue generated in France by end market, and (ii) EBITDA generated in France during the nine-month periods ended September 30, 2013 and 2014.

(millions of euros)	**Nine-month period ended September 30** **2013**	**2014**	**Change € between 2013 and 2014**	**Change % between 2013 and 2014**
Hospitality	217.1	222.7	5.6	2.6%
Industry	140.6	140.7	0.1	0.1%
Trade and Services	255.5	255.1	(0.4)	(0.2%)
Healthcare	107.8	113.7	5.9	5.5%
Miscellaneous*	(10.8)	(12.7)	(1.9)	17.6%
Revenue	**710.2**	**719.5**	**9.3**	**1.3%**
EBITDA	**260.4**	**265.5**	**5.1**	**2.0%**

* Miscellaneous means discounts, rebates or refunds.

Between the nine-month periods ended September 30, 2013 and 2014, consolidated revenue in France increased by , or 1.3%, -month period ended September 30, -month period ended September 30, 2014. This increase was driven e in France generated across the

Between the nine-
was generated by:

- , or 2.6%, the nine- illion for the nine-month period ended September 30, 2014, owing to the expansion in the Hotel end market through business with hotel chains and high-end hotels, and the improvement in the products rented by the Group to hotels, such as a switch from bedsheets to duvet covers. However, the increase was limited by a

- , or 0.1%, nine- -month period ended September 30, 214. Stable revenue in that end market resulted from the signature of major new contracts in line with the efforts to strengthen the major account sales department, offset by fairly weak growth in business with existing customers, due to the weak economic situation;

- the Healthcare end market in France incr , or 5.5%, the nine- -month period ended September 30, 2014, owing primarily to firm business levels with existing customers and the signature of new contracts with short-stay customers (hospitals and clinics) and long-stay customers (retirement homes); and

- , or 0.2%, the nine-month period ended September 30, 2 -month period ended September 30, 2014. Stable revenue in that end market resulted from the signature of major new contracts in line with efforts to strengthen the major account sales department, offset by fairly weak growth in business with existing customers, due to the weak economic situation.

Constant productivity gains and reversals of one-
EBITDA in France. Between the nine-month periods ended September 30, 2013

consolidated EBITDA in France increased 2.0%, -
-month period ended September 30,
2014.

-month period ended September
30, 2013 to 36.8% for the nine-month period ended September 30, 2014.

The table below presents (i) a breakdown of the revenue generated in Europe by country or group of countries, and (ii) EBITDA generated in Europe for the nine-month periods ended September 30, 2013 and 2014.

	Nine-month period ended September 30		Change € between 2013 and 2014	Change % between 2013 and 2014
	2013	2014		
Germany	30.8	33.0	2.2	7.1%
Belgium and Luxembourg	24.4	22.3	(2.1)	(8.6%)
Spain and Andorra	38.0	46.4	8.4	22.1%
Italy	18.5	19.3	0.8	4.3%
Portugal	28.2	29.8	1.6	5.7%
Switzerland	53.2	54.5	1.3	2.4%
Czech Republic	0.9	1.1	0.2	22.2%
Revenue	**194.0**	**206.5**	**12.5**	**6.4%**
EBITDA	**46.4**	**51.3**	**4.9**	**10.6%**

Between the nine-month periods ended September 30, 2013 and 2014, consolidated revenue in Europe
n, or 6.4%, -month period ended September 30,
-month period ended September 30, 2014. Of this increase, 4.0% was
changes in scope attributable
to various acquisitions.

Germany

Between the nine-month periods ended September 30, 2013 and 2014, consolidated revenue in Germany
, or 7.1%, -month period ended September 30,
-month period ended September 30, 2014. This growth in Germany was attributable solely to organic growth primarily in flat linen rental and laundry services in hotels and the new contracts signed.

Belgium and Luxembourg

Between the nine-month periods ended September 30, 2013 and 2014, consolidated revenue in Belgium
, or 8.6%, -month period ended
-month period ended September 30, 2014. The decline in

by the loss of two major contracts in late 2013.

Spain and Andorra

Between the nine-month periods ended September 30, 2013 and 2014, consolidated revenue in Spain and Andorr 22.1%, -month period ended
-month period ended September 30, 2014. This revenue

growth was attributable for 10.9% to changes in the scope of consolidation resulting from the 2013 acquisitions of Reig Marti and Explotadora de Lavanderias (Majorca Balearic Islands) and for 11.1% to organic growth on the back of the economic upswing in Spain and Andorra, enabling the Group to (i) sign a number of new contracts, having strengthened its positions during the recession and (ii) reverse the previous trend by ending losses in HWB appliance rental and maintenance services and (iii) take advantage of an upturn in activity among the Group's customers, particularly in the Industry and Hotels end markets.

Italy

Between the nine-month periods ended September 30, 2013 and 2014, consolidated revenue in Italy , or 4.3%, -month period ended September 30, 2013 to -month period ended September 30, 2014. This increase was solely attributable to organic growth deriving in particular from the Hotels and Industry end markets.

Portugal

Between the nine-month periods ended September 30, 2013 and 2014, consolidated revenue in Portugal , or 5.7%, -month period ended September 30, -

revenue in Portugal derived solely from organic growth on the back of the economic upswing in Portugal, enabling it to reverse the trend by ending losses in HWB appliance rental and maintenance services, step up the development of the 3D Pest Control service and strengthen Group positions in the Hospitality and Industry end markets.

Switzerland

Between the nine-month periods ended September 30, 2013 and 2014, consolidated revenue in Switzerland , or 2.4%, -month period ended September 30, -month period ended September 30, 2014. This increase was attributable

and the impact of changes in the exchange rate.

Czech Republic

Between the nine-month periods ended September 30, 2013 and 2014, consolidated revenue in the Czech , or 22.2%, (including organic growth of 32.6% the nine- -month period ended September 30, 2014, driven by strong growth in the ultra-clean business. Although the Group has ultra-clean activities in other countries, they form part of the Industry work garments end market.

Between the nine-month periods ended Septem , or 10.6%, -month period ended -

EBITDA margin in Europe increased from 23.8% for the nine-month period ended September 30, 2013 to 24.8% for the nine-

European margins in line with the level of margins in France by expanding network coverage and passing on commercial expertise.

During the nine-

Brazil, due to the February 2014 acquisition of the Atmosfera group, the May 2014 acquisition of the and the July 2014 acquisition of L'Acqua. For

"*Brazil*" of the

document de base.

During the nine-month period ended September 30, 2014, the Group generated EB

-month period ended

September 30, 2014.

The table below presents (i) a breakdown of the revenue generated by the manufacturing entities, and (ii) EBITDA generated by the manufacturing entities during the nine-month periods ended September 30, 2013 and 2014.

	Nine-month period ended September 30		Change € between 2013 and 2014	Change % between 2013 and 2014
	2013	**2014**		
Revenue	18.1	12.7	(5.4)	(29.8%)
Inter-segment	6.2	6.1	(0.1)	(1.6%)
Total revenue......................................	**24.3**	**18.8**	**(5.5)**	**(22.6%)**
EBITDA..	**2.4**	**1.8**	**(0.6)**	**(25%)**

Between the nine-month periods ended September 30, 2013 and 2014, revenue (including inter-segment) generated by the - -

-month period ended September 30,

3 sale of Molinel.

Between the nine-month periods ended September 30, 2013 and 2014, EBITDA generated by the

- -month period ended

or the nine-month period ended September 30, 2014. The EBITDA margin generated by the Manufacturing Entities declined from 9.9% for the nine-month period ended September 30, 2013 to 9.6% for the nine-month period ended September 30, 2014.

The final paragraph of section 10.1 "*General presentation*" of the *document de base* is amended as follows:

As described in chapter 13 *"Profit forecasts or estimates"* of this update of the *document de base* and based on cash flow forecasts as of the date of this update of the *document de base*, the Group expects to be able to cover its liquidity requirements in the 12 months following the date of this update of the *document de base*, and to cover interest payments and debt repayments due over the same period.

Section 10.3 "*Consolidated cash flows*" in the *document de base* is supplemented by section 10.3.5 "*Consolidated Group cash flows for the nine-month periods ended September 30, 2013 and 2014*" as follows:

The following table summarizes the Group's cash flows for the nine-month periods ended September 30, 2013 and 2014:

	Nine-month period ended September 30	
(millions of euros)	**2013**	**2014**
Net cash flow from operating activities	259.1	264.5
Net cash flow from investing activities	(179.8)	(180.7)
Net cash flow from financing activities	(75.2)	(71.2)
Net change in cash position	4.1	12.6

The following table breaks down the Group's cash flow from operating activities for the nine-month periods ended September 30, 2013 and 2014:

	Nine-month period ended September 30	
(millions of euros)	**2013**	**2014**
Consolidated net income..	(5.5)	(13.4)
Cash flow after net interest and taxes	158.7	172.1
Cash flow before net interest and taxes	289.4	301.1
Tax paid...	(22.2)	(9.6)
Change in inventories	(7.2)	(10.2)
Change in trade receivables	(24.7)	(31.0)
Change in trade and other payables	18.8	8.5
Change in other items	5.3	5.9
Employee benefits	(0.3)	(0.1)
Net cash flow from operating activities.......................	259.1	264.5

The Group's net cash flow from operating activities improved because of a substantial increase in operating performance (EBITDA), offset by an increase in the operating working capital requirement (change in inventories, trade receivables and trade payables (payment of certain suppliers postponed to January 2014)), due in particular to the first-time consolidation of recently acquired Brazilian companies

The following table breaks down the Group's cash flow from investing activities for the nine-month periods ended September 30, 2013 and 2014:

(millions of euros)	Nine-month period ended September 30	
	2013	**2014**
Outflows related to acquisitions of intangible assets	(9.7)	(2.6)
Inflows related to disposals of intangible assets	0.2	-
Outflows related to acquisitions of property, plant and equipment	(146.4)	(175.5)
Inflows related to disposals of property, plant and equipment	0.2	92.4
Acquisitions of subsidiaries net of cash acquired	(38.7)	(96.4)
Inflows related to disposals of subsidiaries net of cash disposed	14.2	1.0
Change in loans and advances granted	0.4	0.4
Dividends received from associate companies	-	-
Investment grants..	-	-
Net cash flow from investing activities	(179.8)	(180.7)

The Group's net cash flow from investing activities was stable between the nine-month periods ended September 30, 2013 and 2014. The main events in 2014 were the acquisitions of companies (mainly in Brazil) and the disposal of 22 industrial sites (see section 8.1.1 "*Real estate properties*" of the *document de base*).

The following table breaks down the Group's cash flow from financing activities for the nine-month periods ended September 30, 2013 and 2014:

(millions of euros)	Nine-month period ended September 30	
	2013	**2014**
Capital increase	-	43.0
Dividends paid during the period....................................	-	-
Change in debt arising from ordinary operations[(1)]	(4.2)	(34.1)
Inflows relating to new borrowings	*1800.8*	*964.1*
Repayments of borrowings..	*(1,805.0)*	*(998.3)*
Net interest paid..	(70.9)	(80.0)
Net cash flow from financing activities	(75.2)	(71.2)

(1) Net change in credit facilities for the financing of ordinary operations

In 2014, the Group's net cash flow from financing activities was driven by the Company's capital increase, which was carried out in January 2014 to finance the Atmosfera acquisition.

Section 10.4 "*Equity*" of the *document de base* is supplemented as follows for the nine-month period ended September 30, 2014:

Section 10.5 "*Off-balance sheet commitments*" of the *document de base* is supplemented as follows for the nine-month period ended September 30, 2014:

The Group's off-balance sheet commitments are presented in note 11 to the condensed interim consolidated financial statements for the nine-month period ended September 30, 2014 in section 20.1.5 "*Condensed interim consolidated financial statements at September 30, 2014 prepared under IFRS"* in this update of the *document de base*.

The table following section 10.6.2 "*Financial liabilities*" of the *document de base* is supplemented as follows for the nine-month period ended September 30, 2014:

The table below breaks down the Group's debt at December 31, 2012, December 31, 2013 and September 30, 2014:

	December 31			September 30
(millions of euros)	**2011**	**2012**	**2013**	**2014**
Bonds subscribed by Eurazeo/ECIP	359.6	388.4	0.0	0.0
PIK Proceeds Loan	0.0	0.0	183.9	199.5
Senior Subordinated Notes	0.0	0.0	381.4	381.4
Senior Secured Notes	0.0	0.0	451.5	457.9
Senior Credit Facilities Agreement of which:	1,930.9	1,984.8	1,007.1	1,019.8
A1 Tranche (principal)	*50.0*	*50.0*	*27.3*	*26.4*
A2 Tranche (principal)	*365.0*	*477.9*	*291.4*	*297.7*
B Tranche (principal)	*365.0*	*365.0*	*273.0*	*278.9*
C Tranche (principal)	*476.9*	*365.0*	*303.2*	*309.8*
Debt issuance costs spread using the effective interest rate method	(14.5)	(9.6)	(48.0)	(39.7)
Loan from employee profit-sharing fund	39.6	44.5	33.6	39.6
Finance leases	6.6	5.9	6.3	5.8
Other	16.9	9.3	10.1	9.3
Overdrafts	1.0	0.9	0.9	1.5
Debt	**2,340.1**	**2,424.4**	**2,026.7**	**2,075.1**

The table following section 10.6.2 "*Financial liabilities*" of the *document de base* is amended as follows:

The table below shows the projected breakdown of financial liabilities at September 30, 2014 before and after the refinancing as part of the Company's initial public offering:

(millions of euros)	**Total as of September 30, 2014[(1)] (before refinancing)**	**Decrease**	**Increase**	**Total as of September 30, 2014 (after refinancing)**
PIK Proceeds Loan	199.5	(199.5) [(2)]	0.0	0.0
Senior Subordinated Notes	381.4	(152.6) [(3)]	0.0	228.8
Senior Secured Notes	457.9	0.0	0.0	457.9
Senior Credit Facilities Agreement	1,019.8	(1,019.8) [(4)]	0.0	0.0
Debt issuance costs spread using the effective interest rate method	(39.7)	23.9	(12.2)	(28.0)
New Senior Credit Facilities Agreement	0.0	0.0	650.0	650.0
Loan from employee profit-sharing fund	39.6	0.0	0.0	39.6
Finance leases	5.8	0.0	0.0	5.8
Other	9.3	0.0	0.0	9.3
Overdrafts	1.5	0.0	0.0	1.5
Financial liabilities	**2,075.1**	(1,348.0)	637.8	**1,364.9**

(1) Includes accrued interest not matured calculated at September 30, 2014.

(2) Repayment and capitalization of the PIK Proceeds Loan (including accrued interest at the repayment date with respect to the PIK Proceeds Loan

(3) Repayment of 40% of the principal and interest due on the Senior Subordinated Notes on the repayment date, using the proceeds

(4) Repayment of the Senior Credit Facilities Agreement (and interest due on the repayment date) as part of the refinancing

Section 10.6.2 "*Financial liabilities*" of the *document de base* is supplemented by the following information: the Group's adjusted net debt at September 30, 2014 amounted to

outlook).

Section 10.6.2.1 "*Private PIK Notes and PIK Proceeds Loan*" of the *document de base* is amended to make certain corrections and clarifications, particularly regarding the arrangements for the Company to repay the PIK Proceeds Loan (defined below):

Legendre Holding 27 ("**LH 27**"), which directly owns more than 90% of the Company's share capital,

floating interest rate equal to 12-month Euribor (with a floor of 1.0% per year) plus 10.25% per year, repayable in June 2019. The Private PIK Notes were subscribed by funds managed by Goldman Sachs International. Interest on the Private PIK Notes is payable annually through the allotment of additional Private PIK Notes. Proceeds from the Private PIK Notes have been reassigned by LH 27 to the Company through a loan that reproduces the financial terms of the Private PIK Notes (the "**PIK Proceeds Loan**"), it being stipulated that the PIK Proceeds Loan bears interest at the same rate as the Private PIK Notes plus an additional margin of 0.10%.

The Company intends to redeem the PIK Proceeds Loan and pay all sums due in respect of it as part of the

Proceeds Loan will first be transferred in kind by LH 27 to Quasarelis as part of the reorganization transactions described in section 18.6 "*Description of reorganization transactions*" in the *document de base*). This redemption will be paid for partly in cash (with the proceeds of the capital increase carried out

enable LH 27 to carry out the early redemption of 40% of the Private PIK Notes (plus capitalized interest on the date of the contemplated early redemption). The remainder of the PIK Proceeds Loan will be repaid by offsetting debts, including through the subscription of new shares issued by the Company prior to this initial public offering (see section 18.6 "*Description of reorganization transactions*" of this update of the *document de base*). The portion of the PIK Proceeds Loan repaid in cash will be calculated to match the amount payable by LH 27 as part of the early redemption of 40% of the Private PIK Notes, i.e., the sum of (i) 40% of the nominal amount of the Private PIK Notes (plus capitalized interest) and (ii) accrued but unpaid interest on the amount redeemed. The Company will also repay to LH 27 the amount of penalties that LH 27 will have to pay in relation to the partial early redemption of the Private PIK Notes, calculated by applying the interest rate applicable to the amount of Private PIK Notes redeemed (i.e. the sum of (x) the higher of 12-month Euribor and 1% and (y) 10.25%). After the transaction, LH 27 will still be liable to repay 60% of the Private PIK Notes.

Section 10.6.2.2 "*Senior Subordinated Notes*" of the *document de base* is amended and supplemented by the following information relating to the limitations and exceptions that remain applicable as regards the distribution of dividends:

The Senior Subordinated Notes restrict the Company's ability to make distributions, for the benefit of the subordinated creditors, by requiring compliance with the following three conditions:

- there must be no accelerated maturity situation on the contemplated distribution date;
- the debt service coverage ratio (consolidated EBITDA / financial expenses) must be (and remain) less than 3 after taking into account the contemplated distribution; and

- the amount distributed (combined with all other distributions carried out since June 14, 2013) must not exceed the sum of (x) 50% of the Company's consolidated net revenue since April 1, 2013 (less 100% of cumulative losses since that date); and (y) 100% of subscription proceeds arising in particular from capital increases carried out by the Company (or similar issues of securities).

As an exception to the foregoing, the Company may make any distribution if no accelerated maturity situation remains in place on the contemplated distribution date and if:

- the total amount distributed in a given financial year does not exceed the higher of (x) 6% of net proceeds from a public offering of the Company's shares and (y) if the leverage ratio (calculated on a proforma basis and including the contemplated distribution) is equal to or lower than 3.25, 5% (or 7% of that ratio is equal to or less than 3) of the Company's market capitalization on the date on which its shares are listed on a regulated market or, if such date is higher, on the date on which the dividend is paid; or

- the cumulative amount of distributions made by the Company since the issue of the Senior Subordinated Notes is lower than the higher of the following two amounts:
  of gross assets.

In any event, those restrictions shall cease to apply to the shareholder controlling the Company if the Company's leverage ratio falls below 2.75.

The paragraph relating to the second condition that must be fulfilled for a dividend or other distribution to be paid by the Company, in section 10.6.2.3 "*Senior Secured Notes*" of the *document de base*, is amended and replaced by the following paragraph:

(2) the interest cover ratio (consolidated EBITDA / financial expenses) must be (and remain) more than or equal to 3 and the leverage ratio (Group gross debt / consolidated EBITDA) must be (and remain) less than or equal to 3.75 (if the contemplated distribution date is before December 14, 2014) or 3.25 (if the contemplated distribution date is after December 14, 2014), in each case after taking into account the contemplated distribution; and

The fourth paragraph of section 10.6.2.3 "*Senior Secured Notes*" of the *document de base* is amended as follows:

From June 15, 2015, Novalis may redeem (or repurchase), depending on market conditions, some or all of the High Yield Bonds early, at their nominal value (plus accrued interest) subject to paying an early redemption premium equal to 3.0% of par if the redemption takes place on or after June 15, 2015 and before June 15, 2016 or 1.5% of par if the redemption takes place on or after June 15, 2016 and before June 15, 2017. The Group intends to use that right in order to refinance the High Yield Bonds using the most appropriate financial instruments available given conditions at the time of the early redemption.

Section 10.6.3 "*New Senior Credit Facilities Agreement*" of the *document de base* is supplemented by the following paragraph:

The New Senior Credit Facilities Agreement was amended on December 8, 2014 in order to extend the availability of facilities provided under the agreement beyond December 31, 2014, and to make the necessary technical adjustments with a view to complete the possible intragroup restructuring transactions being considered by the Group, i.e., the mergers between certain Brazilian subsidiaries and the subsequent merger-absorption transaction involving Swiss subsidiary Hedena being absorbed by Swiss subsidiary Lavotel.

All sections and information in chapter 12 "*Information on trends and objectives*" of the *document de base* are replaced by the following sections and information:

A detailed description of the Group's results for the year ended December 31, 2013 and the nine-month period ended September 30, 2014 is contained in chapter 9 "*Operating and financial review*" in the *document de base* and section 9.7 "*Analysis of consolidated results for the nine-month periods ended September 30, 2013 and 2014*" in this update of the *document de base*.

The objectives and trends presented below are based on data, assumptions and estimates that the Group regarded as reasonable on the date of this update of the *document de base*.

The outlook and objectives result from the Group's strategy and do not represent forecasts or estimates of the Group's profits. The data and assumptions set out below may change or be adjusted, particularly as a result of changes in the economic, financial, competitive, regulatory or tax environment or as a result of other factors of which the Group was not aware on the date this update of the *document de base*.

income and expenses to be significant in 2016-2017, excluding acquisition-related costs mentioned in section 12.2.1 "*Outlook for the Group's activities between 2016 and 2017*", since those costs are included

The Group expects capital expenditure excluding financial investments in acquisitions, i.e., industrial and linen expenditures, to equal around 17% of the Group's consolidated revenue in 2016-2017.

The Group will also benefit from the sale of land in Puteaux (15,000 m²) in 2016 (see section 8.1.1 "*Real estate properties*" of the *document de base*). As of the date of this update of the *document de base*, offers for that land had been submitted: six offers had already been received, including three within a range of 50 million (net price for the seller).

The Group expects its standard tax rate to be around 30% in 2016-2017, based on EBIT net of financial result.

The Group also intends to continue adjusting its debt structure after the Company's initial public offering.

Accordingly, from June 15, 2016, the Group may, depending on market conditions, redeem early (or

any event, the Group intends to redeem around 40% of the Senior Subordinated Notes before June 15, 2016 leaving the principal amount of Senior Subordinated Notes in issue after redemption at around by using the proceeds of the capital increase carried out at the time of the initial public offering (see section 10.6.2.2 "*Senior Subordinated Notes*" of the *document de base*). The early redemption of some or all of the Senior Subordinated Notes from June 15, 2016 would take place at their nominal value (plus accrued interest) subject to paying an early redemption premium equal to 5.0% of par if the redemption takes place on or after June 15, 2016 and before June 15, 2017 (see section 10.6.2.2 "*Senior Subordinated Notes*" of the *document de base*). The Group would then refinance the Senior Subordinated Notes using the most appropriate financial instruments available given conditions at the time of refinancing.

That refinancing should reduce the average cost of the Group's debt from 5% in late 2015 to less than 4% in 2017. Unless it carries out one or more acquisitions that alter its debt structure, the Group intends to maintain an adjusted net debt/EBITDA ratio of between 2.0 and 2.5 from 2017.

During that period, the Group does not expect any material change in its working capital needs.

To achieve these objectives, the Group will rely on its strategy (see section 6.4 "*The Group's strategy*" of the *document de base*) and its competitive advantages (see section 6.3 "*Competitive strengths and advantages*" of the *document de base*) to take full advantage of market opportunities.

Outlook for the dividend policy

The Company's aim is to pay annual dividends equal to around 40% of its consolidated net income before amortization of intangible assets consisting of customer relationships with respect to the years ended December 31, 2016 and 2017, subject to approval by the Company's shareholders in general shareholders' meetings on the basis of management board proposals and reports. However, that dividend distribution target in no way represents an undertaking by the Group. The actual amounts of future dividends will be determined on the basis of various factors, including the Company's general business conditions and in particular its strategic objectives, financial position, the opportunities it wishes to take and statutory provisions (see section 20.2.2 "*Dividend policy*" of the *document de base*).

For further information on the provisions of the Senior Credit Facilities Agreement and the New Senior Credit Facilities Agreement and documentation relating to the Senior Subordinated Notes and High Yield Bonds restricting the payment of dividends, see sections 4.3.2 "
indebtedness and restrictive clauses in financing agreements", 10.6.2.2 "*Senior Subordinated Notes*" and 10.6.2.3 "*Senior Secured Notes*" of this update of the *document de base*.

All sections and information in chapter 13 "*Profit forecasts or estimates*" of the *document de base* are replaced by the following sections and information:

The forecasts presented below are based on data, assumptions and estimates that the Group regarded as reasonable on the date this update of the *document de base* was registered. Those data and assumptions may change or be adjusted as a result of uncertainties relating particularly to the economic, financial, competitive, regulatory or tax environment or as a result of other factors of which the Group was not aware on the date this update of the *document de base* was registered. Were certain risks described in chapter 4 "*Risk factors*" of the *document de base* and of this update of the *document de base* to materialize, they could have an impact on the Group's activities, financial position, results or outlook, and therefore threaten these forecasts. The attainment of forecasts also assumes that the Group's strategy will be successful. As a result, the Group makes no representation and gives no warranty regarding the attainment of forecasts presented in this section.

The Group's forecasts for 2014 and 2015 were prepared:

(i) on the basis of the Group's consolidated financial statements for the year ended December 31, 2013 and condensed interim consolidated financial statements for the nine-month period ended September 30, 2014; and

(ii) taking into account the consequences during 2014 of the real-estate divestment program (see section 8.1.1 "*Real estate properties*" of the *document de base*) and the various ongoing bolt-on and small acquisitions.

Those forecasts are based mainly on the following assumptions:

(i) no material change in the scope of consolidation relative to September 30, 2014;

(ii) continued positive performance and ongoing Group investment expenditure at the levels seen in the first nine-month period of 2014;

(iii) an in
in the Company's capital, the capitalization of part of the PIK Proceeds Loan for an amount of
"*Private PIK Notes et PIK Proceeds Loan*" and
18.6 "*Description of reorganization transactions*" in this update of the *document de base*) and

"*Financial liabilities*" of the *document de base*);

(iv) consolidated Group revenue in France, Europe and Brazil, driven in particular by:

a. the organic growth drivers described in chapter 6 "*Industry and market overview*" of this update of the *document de base*, including the signature of major new contracts by the Group and the increase in annual revenue expected by the Group in its 3D Pest Control business in France, and the very strong performance expected in regions such as Southern Europe, where an economic upturn has been visible since the start of 2014;

b. the ongoing bolt-on and small acquisitions, which will boost growth.

Based on the assumptions set out above, the Group believes that it will be able to achieve the following results for the year ended December 31, 2014:

(i) consolidated revenue of approximately

a. growth generated in France in line with performance seen in the third quarter of 2014 (see in particular section 9.8.1 "*France*" of this update of the *document de base*);

b. growth generated in Europe of over 5%;

(ii) million;

(iii) EBIT of approximately

(iv) net debt of approximately 4.7x EBITDA.

The ratio of (i) projected net debt at end-
million, the capitalization of part of the PIK Proceeds Loan
sections 10.6.2.1 "*Private PIK Notes et PIK Proceeds Loan*" and 18.6 "*Description of reorganization transactions*" in this update of the *document de base*
initial public offering to (ii) projected 2014 EBITDA would be less than 3.

As regards dividends to be paid in 2015 with respect to 2014, the Company's aim, subject to approval by the Company's shareholders in the general shareholders' meeting on the basis of the management board's

distribution if necessary).

Based on the assumptions set out above, the Group believes that it will be able to achieve the following results for the year ended December 31, 2015:

(i) revenue:

a.
around 4% comprising:

i. organic growth generated in France of approximately 3%,

ii. organic growth generated in Europe of over 4%,

iii. organic growth generated in Brazil of approximately 10%;

b. plus the positive impact of the Group's ongoing acquisitions policy. The Group is already in advanced talks with sellers of target companies that the Group could acquire in the year ending December 31, 2015. The combined annual revenue generated by those target companies over would, if they were acquired, come on top of the *prorata temporis*. At the date of this update of the *document de base*
process of being acquired. Those companies are expected to join the Group's scope of consolidation in the first quarter of 2015;

(ii) higher EBITDA margin than in 2014;

(iii) EBIT margin of over 16%;

(iv) investment expenditure of approximately 4 million with respect to the new plant in Nanterre, to which the current Puteaux plant will be transferred, in conjunction with the disposal of the land in Puteaux mentioned in section 12.2.2 "*Financial objectives of the Group for 2016-2017*" in this update of the *document de base*;

(v) no material change in the working capital requirement.

As regards dividends to be paid in 2016 with respect to 2015, the Company's aim, subject to approval by the Company's shareholders in the general shareholders' meeting on the basis of the management board's proposals and report, is to pay a dividend equal to around 40% of its consolidated net income excluding amortization of intangible assets consisting of customer relationships with respect to 2015. That amount should be higher than the dividend to be paid in 2015 with respect to 2014.

Aside from the transactions to redeem and refinance part of the Group's financial debt as part of the initial public offering (see sections 10.6.2.1 "*Private PIK Notes et PIK Proceeds Loan*", 10.6.2.2 "*Senior Subordinated Notes* ", 10.6.2.4 "*Senior Credit Facilities Agreement*", 10.6.3 "*New Senior Credit Facilities Agreement*" and 18.6 "*Description of reorganization transactions*" of the *document de base* and of this update of the *document de base*), from June 15, 2015, the Group may, depending on market conditions, redeem early (or repurchase) some or all of the High Yield Bonds, issued in a principal amount redemption premium equal to 3.0% of par if the redemption takes place on or after June 15, 2015 and before June 15, 2016 (see section 10.6.2.3 "*Senior Secured Notes*" of the *document de base*). The Group would then refinance the High Yield Bonds using the most appropriate financial instruments available given conditions at the time of refinancing.

[INTENTIONALLY OMITTED]

Section 14.1.1.1 "*Composition of the management board*" of the *document de base* is supplemented as follows to take into account Louis Guyot's new role as director of Pierrette-TBA S.A.:

First and last name	**Age**	**Nationality**	**Date of first appointment**	**Expiration date of term of office**	**Principal position held in the Company**	**Principal offices and positions held outside the Company (within or outside the Group) over the last five years**
Xavier Martiré	43	French	September 5, 2014	September 5, 2018	President of the management board	Offices and positions held on the registration date of this update of the *document de base* (within the Group): – CEO of Elis Services S.A. – CEO of M.A.J. S.A. – President of Novalis S.A.S – Director of Pierrette-T.B.A. S.A. – President of Elis Luxembourg S.A. (Luxembourg) – Director of Elis Manomatic S.A. (Spain) – Director of Elis Italia SpA (Italy) – Director of S.P.A.S.T. S.A. (Spain) – Director of Gafides S.A. (Portugal) – Director of Blanchatel S.A. (Switzerland) – Director of Wäscherei Papritz AG (Switzerland) – Director of Grosswäscherei Domeisen AG (Switzerland) Offices and positions held on the registration date of this update of the *document de base* (outside the Group): – President of Quasarelis S.A.S Offices and positions held over the last five years and which are no longer held (outside the Group): – None.

First and last name	Age	Nationality	Date of first appointment	Expiration date of term of office	Principal position held in the Company	Principal offices and positions held outside the Company (within or outside the Group) over the last five years
Louis Guyot	42	French	September 5, 2014	September 5, 2018	Member of the management board and CFO	Offices and positions held on the registration date of this update of the *document de base* (within the Group): – President of Pro Services Environnement S.A.S. – Director of Elis Services S.A. – Director of HADES S.A. (Belgium) – Director of Elis Manomatic S.A. (Spain) – Director of Elis Italia S.A. (Italy) – Director of Elis Luxembourg S.A. (Luxembourg) – Director of S.P.A.S.T. S.A. (Portugal) – Director of InoTex AG (Switzerland) – Director of Pierrette-TBA S.A. Offices and positions held on the registration date of this update of the *document de base* (outside the Group): – None. Offices and positions held over the last five years and which are no longer held (outside the Group): – Member of the management board and Managing Director of Korian S.A.* – Director of Segesta SpA (Italy) – Permanent representative of Korian S.A. on the Board of Directors of Holding Austruy Burel – Permanent representative of Korian S.A. on the Board of Directors of La Bastide de la Tourne – Permanent representative of Korian S.A. on the

First and last name	Age	Nationality	Date of first appointment	Expiration date of term of office	Principal position held in the Company	Principal offices and positions held outside the Company (within or outside the Group) over the last five years
						Board of Directors of Le Brevent – Permanent representative of Korian S.A. on the Board of Directors of CFR Siouville – Director of Steriservice – Director of Dalkia India (India) – Director of Litesko UAB (Lithuania) – Director of Vilniaus Energija UAB (Lithuania) – Director of Dalkia Vostok (Russia) – Director of Neva Energia S.A. (Russia) – Manager of Compagnie FoncièreVermeille S.A.R.L – Manager of Bonaparte S.A.R.L – Manager of Le Belvedere Dune S.A.R.L
Matthieu Lecharny	44	French	September 5, 2014	September 5, 2018	Member of the management board and Deputy Managing Director in Marketing and Business Development	Offices and positions held on the registration date of this update of the *document de base* (within the Group): – Manager of Le Jacquard Français S.A.R.L – President/Sole Director of G.I.E. Eurocall Partners – President of Kennedy Hygiene Products Limited (England) – President of Kennedy Exports Limited (England) Offices and positions held on the registration date of this update of the *document de base* (outside the Group): – None. Offices and positions held over the last five years and which are no longer held (outside the Group): – None.

* Listed company

Section 14.1.2.1 "*Composition of the supervisory board*" of the *document de base* is supplemented as follows to take account of Agnès Pannier-Runacher's appointment, by the Company's general shareholders' meeting of October 8, 2014, as member of the supervisory board:

First and last name	Age	Nationality	Date of first appointment	Expiration date of term of office	Principal position held in the Company	Principal offices and positions held outside the Company (within or outside the Group) over the last five years
Agnès Pannier-Runacher	40	French	October 8, 2014	Ordinary general shareholders meeting voting on the financial statements for the year ended December 31, 2017	Member of the supervisory board Independent member	<u>Offices and positions held on the registration date of this update of the *document de base* (within the Group):</u> – None. <u>Offices and positions held on the registration date of this update of the *document de base* (outside the Group):</u> – Deputy CEO of Compagnie des Alpes* – Director and chairman of the audit committee of Groupe Bourbon* – Director and chairman of the audit committee of BPI France – Director and member of the audit committee of Compagnie du Mont Blanc – Director of Grévin & Cie – Director of Cryptolog – Member of the supervisory board of Futuroscope <u>Offices and positions held over the last five years and which are no longer held (outside the Group):</u> – Director and member of the liaison committee of Soprol SAS – Director of FSI-PME Entreprises Portefeuille SAS – Director of CDC Entreprises Portefeuille SAS – Director of Daher

* Listed company

The Company's supervisory board consisted of the following members at the date of this update of the *document de base*: Philippe Audouin, Michel Datchary, Marc Frappier, Virginie Morgon, Thierry Morin, Florence Noblot, Agnès Pannier-Runacher and Eric Schaefer.

Thierry Morin was appointed as chairman of the Company's supervisory board by the Company's

listed on the regulated market of Euronext in Paris. Virginie Morgon's role as chairman of the Company's

regulated market of Euronext in Paris, with no impact on her term of office as member of the supervisory board.

As part of the project pertaining
in Paris, the supervisory board, in its meeting of October 10, 2014, appointed Michel Datchary, Thierry Morin, Florence Noblot and Agnès Pannier-Runacher as independent members of the supervisory board, based on the criteria adopted by the Company. As a result, independent members make up at least one third of the supervisory board.

Section 14.1.2.2 "*Personal information about supervisory board members*" of the *document de base* is supplemented by the following information relating to Agnès Pannier-Runacher:

Agnès Pannier-Runacher, 40, is Deputy CEO of Compagnie des Alpes, which she joined in 2013.

She previously worked as a senior civil servant (*Inspecteur des Finances*) at France's Ministry for the Economy, Finance and Industry, before being chief of staff and member of the executive committee at Assistance Publique-Hôpitaux de Paris in charge of financial and economic issues. In 2006, she joined Caisse des Dépôts as deputy director of finance and strategy, in charge of subsidiary monitoring, strategic equity interests and M&A.

In 2009, she became member of the executive board and director of finance and strategy at FSI. In 2011, she joined Faurecia as head of the Tata-JLR, GME and Volvo client division at Faurecia Systèmes

Ms Pannier-Runacher has been deputy CEO of Compagnie des Alpes since early 2013.

She is a graduate of the Ecole des Hautes Etudes Commerciales (HEC) and Ecole Nationale
-Köln-Universität) Master s degree.

Section 14.1.2.3 "*Balance in the supervisory board's composition*" of the *document de base* is amended and supplemented as follows to take account of Agnès Pannier-Runacher's appointment as independent member of the supervisory board:

As indicated in the above section 14.1.2.1 "*Composition of the supervisory board*" of the *document de base* as amended by this update of the *document de base*, the Company's supervisory board has appointed Michel Datchary, Thierry Morin, Florence Noblot and Agnès Pannier-Runacher as independent members of the supervisory board, based on the criteria adopted by the Company (regarding the notion of independence, see section 21.2.2.2.2 "*Composition and duration of duties (Article 17 of the by-laws and* " of the *document de base*).

On the date of this update of the *document de base*, in addition to the four members of the supervisory

independent by the supervisory board based on the criteria set forth in section 21.2.2.2.2 "*Composition and duration of duties (Article 17 of the by-* " of the *document de base*, i.e. over a third of the supervisory board's members.

15.1.3 Compensation and benefits of all types attributed to the members of the supervisory board

The table in section 15.1.3 "*Compensation and benefits of all types attributed to members of the supervisory board*" of the *document de base* is supplemented by the following information to take account of Agnès Pannier-Runacher's appointment as a member of the supervisory board:

Table 3 – Table on directors' fees and other compensation received by the members of the supervisory board		
Non-executive corporate officers	Amounts paid in the year ended December 31, 2012	Amounts paid in the year ended December 31, 2013
Agnès Pannier-Runacher		
Directors' fees	—	—
Other compensation	—	—

15.1.6 Performance shares attributed to corporate officers during the 2013 financial year

The table in section 15.1.6 "*Performance shares attributed to corporate officers during the 2013 financial year*" of the *document de base* is supplemented by the following information to take account of Agnès Pannier-Runacher's appointment as a member of the supervisory board:

Table 6 – Performance shares attributed to each corporate officer						
Name of the corporate officer	No. of plan and date	Number of shares attributed during the year	Valuation of shares according to method used for consolidated financial statements	Date of acquisition	Date of availability	Performance conditions
Agnès Pannier-Runacher	None.					

15.1.7 Performance shares that became available during the 2013 financial year for each corporate officer

The table in section 15.1.7 "*Performance shares that became available during the 2013 financial year for each corporate officer*" of the *document de base* is supplemented by the following information to take account of Agnès Pannier-Runacher's appointment as a member of the supervisory board:

Table 7 – Performance shares that became available during the 2013 financial year for each corporate officer			
Name of the corporate officer	No. of plan and date	Number of shares that became available during the year	Terms of acquisition
Agnès Pannier-Runacher	None.		

15.1.8 History of subscriptions and acquisitions of share purchase warrants

The table in section 15.1.8 "*History of subscriptions and acquisitions of share purchase warrants*" of the *document de base* is amended as follows:

Table 8 – History of attributions of share purchase warrants	
	Plan
Date of meeting	October 4, 2007
Date of meeting of management board (*conseil* or *directoire*, whichever is the case)	
Total number of shares that can be purchased, including the number that can be purchased by:	8,000,000 (1)
Corporate officers	
Xavier Martiré	1,759,992
Louis Guyot	(2)
Matthieu Lecharny	(3)
Philippe Audouin	
Michel Datchary	
Marc Frappier	
Virginie Morgon	
Thierry Morin	
Florence Noblot	
Agnès Pannier-Runacher	
Eric Schaefer	
Departure date for exercising share purchase warrants	(4)
Expiration date	October 4, 2027(5)
Exercise price	(6)
Terms of exercise (when the plan has several tranches)	
Number of shares subscribed	
Cumulative number of share purchase warrants cancelled or null and void	
Share purchase warrants remaining at end of year	16,000,000

(1) Each share purchase
"*Direct and indirect principal shareholders*" and 21.1.1 "*Subscribed share capital and authorized but unissued share capital*" of this update of the *document de base*). The share purchase warrants give the right of a maximum of 8,000,000 new shares on the basis of the existing capital on the date of the registration of the *document de base*, representing 15.8% of the capital of the Company. The exact number of the share purchase warrants to be exercised will depend on the offering price. Following the exercise of the reorganization transactions, see section 18.6 "*Description of reorganization transactions*" of the *document de base*, the shares ori

(2) Louis Guyot holds 300,000 shares in Quasarelis (representing about 6% of its capital), which holds 7,940,771 share purchase warrants (for more information, see section 18.1.2 "*Direct and indirect principal shareholders*" of the *document de base*).

(3) Matthieu Lecharny holds 190,000 shares in Quasarelis (representing about 3.8% of its capital), which holds 7,940,771 share purchase warrants (for more information, see section 18.1.2 "*Direct and indirect principal shareholders*" of the *document de base*).

(4) The share purchase warrants may be exercised only at the time an exercise event occurs (sale of 100% of the Company's shares or listing for tradi
constitutes an exercise event.

(5) Share purchase warrants that are not exercisable or not exercised at the time of an exercise event will become null and void by operation of law and can no longer be exercised.

(6)

15.1.10 History of attributions of free shares

The table in section 15.1.10 "*History of attributions of free shares*" of the *document de base* is supplemented by the following information to take account of Agnès Pannier-Runacher's appointment as a member of the supervisory board:

Table 10 – History of attributions of free shares – Information on shares attributed free of charge[1]	
Date of meeting	December 23, 2010
Date of decision of the President	December 23, 2010
Total number of shares attributed free of charge, including the number attributed to:	
Corporate officers	
Agnès Pannier-Runacher	—
Date of acquisition of shares	—
Date of end of retention period	—
Number of shares subscribed	—
Cumulative number of shares cancelled or null and void	—
Shares attributed free of charge remaining at end of year	—

(1) er 23, 2010, authorized the President to implement a free share attribution plan, to same date.

Pursuant to the provisions of this

initial public offering, certain conditions, notably performance conditions, be satisfied. If these performance conditions cannot be satisfied, the rights resulting from the attribution of free shares subject to the conditions precedent will be permanently lost.

15.3.1 Details

The Company's general shareholders' meeting of October 8, 2014 decided to set the total maximum annual amount of directors' fees allocated to the supervisory board at

The Company's supervisory board, in a meeting on October 10, 2014, decided on the basis of the opinion of the appointments and compensation committee in its meeting on the same day, subject to the condition

,

to terminate the employment contract of Xavier Martiré and to determine the compensation and benefits of management board members as described below.

Xavier Martiré

Xavier Martiré will receive, as president of the management board, fixed compensation of

depending on the achievement of objectives. The variable compensation will consist of two parts: (i) an initial part representing 70% of the variable compensation and based on quantitative objectives defined by the supervisory board as proposed by the appointments and compensation committee (if the quantitative objectives are achieved), with a coefficient of 0% to 200% being applied on a straight-line basis and (ii) a second part representing 30% of the variable compensation and based on qualitative objectives defined at the start of the financial year by the supervisory board as proposed by the appointments and compensation committee.

The quantitative criteria adopted are based on (i) changes in revenue, (ii) changes in EBIT and (iii) changes in operating cash flow.

The qualitative criteria are (i) support for organic growth (customer acquisition and retention), (ii) management of major industrial, IT and real-estate programs and (iii) management of acquisitions and integrations of acquired companies.

Those criteria may be revised annually.

Xavier Martiré will continue to enjoy the use of a company car.

The supervisory board also authorized the award to Xavier Martiré of termination benefits equal to 18 months of gross fixed and variable compensation, based on the average compensation received by Xavier Martiré in the two most recent financial years ending before his departure, payable only in the event of his forced departure except in the case of misconduct by Xavier Martiré or where Xavier Martiré would be able to assert his retirement rights within a brief period. Those termination benefits are subject to the achievement of two performance conditions consisting of (i) a revenue objective and (ii) an EBIT objective. The termination benefits are subject to attainment conditions, such that if none of the aforementioned objectives are attained, no benefit is payable, whereas if one objective is attained, two thirds of the benefit is payable (i.e., 12 months of average gross fixed and variable compensation) and if both objectives are attained, the termination benefits are payable in full.

In consideration of a one-year non-compete commitment agreed by Xavier Martiré, he will benefit from a non-
the termination benefits and non-compete payment were both to become payable, the amount received by Xavier Martiré in respect of them would be capped at two years of gross fixed and variable compensation.

Louis Guyot

Louis Guyot will receive, as member

depending on the achievement of objectives. The variable compensation will consist of two parts: (i) an initial part representing 70% of the variable compensation and based on quantitative objectives defined by the supervisory board as proposed by the appointments and compensation committee, with a coefficient of 0% to 200% being applied on a straight-line basis and (ii) a second part representing 30% of the variable compensation and based on qualitative objectives defined at the start of the financial year by the supervisory board, based on proposals by the appointments and compensation committee.

The quantitative criteria adopted are based on (i) changes in revenue, (ii) changes in EBIT and (iii) changes in operating cash flow.

Louis Guyot will continue to enjoy the use of a company car.

The supervisory board also authorized the award to Louis Guyot of termination benefits equal to 18 months of gross fixed and variable compensation, based on the average compensation received by Louis Guyot in the two most recent financial years ending before his departure, payable only in the event of his forced departure except in the case of misconduct by Louis Guyot or where Louis Guyot would be able to assert his retirement rights within a brief period. Those termination benefits are subject to the achievement of two performance conditions consisting of (i) a revenue objective and (ii) an EBIT objective. The termination benefits are subject to attainment conditions, such that if none of the aforementioned objectives are attained, no benefit is payable, whereas if one objective is attained, two thirds of the benefit is payable (i.e. 12 months of average gross fixed and variable compensation) and if both objectives are attained, the termination benefits are payable in full.

In consideration of a six-month non-compete commitment agreed by Louis Guyot, he will benefit from a non-compete payment equal to 50% of gross fixed and variable compensation. If the termination benefits and non-compete payment were both to become payable, the amount received by Louis Guyot in respect of them would be capped at two years of gross fixed and variable compensation.

Matthieu Lecharny

70,000 gross per year, depending on the achievement of objectives. The variable compensation will consist of two parts: (i) an initial part representing 70% of the variable compensation and based on quantitative objectives defined by the supervisory board as proposed by the appointments and compensation committee, with a coefficient of 0% to 200% being applied on a straight-line basis and (ii) a second part representing 30% of the variable compensation and based on qualitative objectives defined at the start of the financial year by the supervisory board as proposed by the appointments and compensation committee, with a coefficient of 0% to 100%.

The quantitative criteria adopted are based on (i) changes in revenue, (ii) changes in EBIT and (iii) changes in operating cash flow.

Matthieu Lecharny will continue to enjoy the use of a company car.

The supervisory board also authorized the award to Matthieu Lecharny of termination benefits equal to 18 months of gross fixed and variable compensation, based on the average compensation received by Matthieu Lecharny in the two most recent financial years ending before his departure, payable only in the event of his forced departure except in the case of misconduct by Matthieu Lecharny or where Mr Lecharny would be able to assert his retirement rights within a brief period. Those termination benefits are subject to the achievement of two performance conditions consisting of (i) a revenue objective and (ii) an EBIT objective. The termination benefits are subject to attainment conditions, such that if none of the aforementioned objectives are attained, no benefit is payable, whereas if one objective is attained, two thirds of the benefit is payable (i.e. 12 months of average gross fixed and variable compensation) and if both objectives are attained, the termination benefits are payable in full.

In consideration of a six-month non-compete commitment agreed by Matthieu Lecharny, he will benefit from a non-compete payment equal to 50% of gross fixed and variable compensation. If the termination benefits and non-compete payment were both to become payable, the amount received by Matthieu Lecharny in respect of them will be capped at two years of gross fixed and variable compensation.

The Company's combined general shareholders' meeting held on October 8, 2014, subject to the condition precedent relating to the settlement- fering, authorized the management board, with the power to delegate in accordance with statutory provisions, to carry out, in accordance with the provisions of articles L. 225-197-1 and following of the French Commercial Code, on one or more occasions, attributions of existing Company shares or Company shares to be issued, free of charge, to corporate officers and employees of the Company or of related companies within the meaning of article L. 225-197-2 of the French Commercial Code and certain of the Company's

It is expected that, after the Company's shares are listed for trading on the regulated market of Euronext in Paris, a free share plan will be set up for around 100 executives and employees of the Company and companies related to it within the meaning of article L. 225-197-2 of the French Commercial Code, including all members of the Company's management Board. Shares allotted free of charge under that plan would be allotted subject to performance criteria relating to consolidated revenue, consolidated EBIT and the performance of the Company's share price relative to the SBF 120 index. The vesting period would be two years, and beneficiaries would also have to retain allotted and vested shares for a further two-year period.

Section 16.3 "*Supervisory board's committees*" of the *document de base* is supplemented by the following information relating to the composition of committees belonging to the Company's supervisory board:

The Company's supervisory board, in its meeting on October 10, 2014, determined the composition of the supervisory board's committees as follows. Those committees will take up their duties on the date on

- Audit committee: Agnès Pannier-Runacher* (President), Thierry Morin* and Philippe Audouin.

- Appointments and compensation committee: Michel Datchary* (President), Florence Noblot* and Marc Frappier.

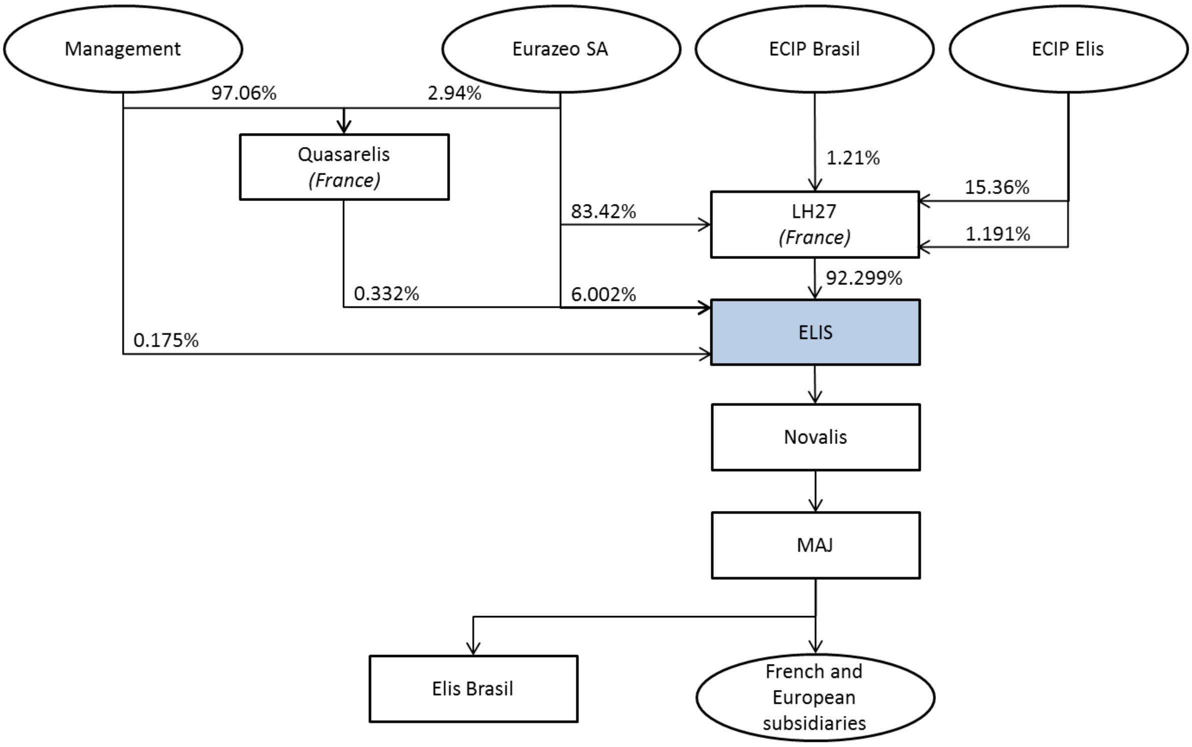
* *Independent member.*

Section 17.1.2 "*Employment and work conditions*" of the *document de base* is amended as follows:

nditions. Hence, each sector is assessed to define efficient practices in terms of movement and the possibility of adapting the work station to improve comfort. This project, launched in 2012, is currently being rolled out.

18.1.1 Simplified organizational structure

The organizational structure that presents the Company's simplified ownership structure before the implementation of restructuring transactions described in section 18.6 "*Description of reorganization transactions*" in this update of the *document de base* and appearing in section 18.1.1 "*Simplified organizational structure*" of the *document de base* is amended as follows:



Section 18.1.2 "*Direct and indirect principal shareholders*" of the *document de base* is amended and supplemented by the following information:

As of the date of this update of *document de base*, Eurazeo directly owned 6.002% of the Company's capital and controlled LH 27. LH 27 is a holding company that has the form of a simplified joint-stock corporation (*société par actions simplifiée*) and its main asset is its 92.299% stake in the Company. On November 24, 2014, Eurazeo sold a 0.64% stake in LH 27 to Carryco Capital 1, a simplified joint-stock corporation controlled by Eurazeo.

Shares owned by executives and employees

Certain Group executives and employees own stakes in the Company, either directly or via simplified joint-stock corporation Quasarelis.

<u>Direct ownership.</u> Certain executives and employees directly own ordinary shares and warrants issued on

Company. The terms of the warrants were amended on December 18, 2013, July 31, 2014 and October 8,

offering is an event triggering exercise of the warrants. However, the number of warrants that can be exercised if the Company floats will be determined by the initial public offering price of the Company's shares. Warrants owned directly by executives and employees will be tendered to Quasarelis on the day the initial public offering price is set definitively (see section 18.6 *"Description of reorganization transactions"* of this update of *document de base*).

Indirect ownership. Shares held indirectly by the Company's executives and employees are held through Quasarelis, a simplified joint-stock corporation incorporated under French law, with its registered office at 33 rue Voltaire, Puteaux (92800) and registered at the Nanterre Trade and Companies Register under number 483
each. Its sole assets consist of 165,432 shares in the Company representing around 0.332% of the Company's capital as of the date of this update of *document de base* along with 7,940,971 warrants.

Quasarelis is 2.94%-owned by Eurazeo, which holds 110,000 A-category shares and 37,000 B-category shares, while certain Group executives and employees own 97.06% of Quasarelis, holding 4,860,000 A-category shares.

The plan is for Quasarelis to be absorbed by the Company when the Company's shares are listed for trading on Euronext's regulated market in Paris (see section 18.6 *"Description of reorganization transactions"* of this update of *document de base*). After that merger transaction, the Company's executives and employees stake should not exceed 6% of the Company's capital and voting rights.

Section 18.1.3 "*Ownership of shares and voting rights*" of the *document de base* is amended and supplemented by the following information:

After the Company's reverse stock split and capital increase through the issue of two new shares 14
(see section 21.1.1 "*Subscribed share capital and authorized but unissued share capital*" in this update of the *document de base*), ownership of the Company's capital and voting rights is as follows:

Ownership structure	**Number of shares**	**% of capital and voting rights**
LH 27	45,928,873	92.299%
Eurazeo SA	2,986,725	6.002%
ECIP Elis SARL	592,849	1.191%
Quasarelis	165,432	0.332%
Executives and employees	87,162	0.175%
Total	49,761,041	100.00%

Changes in the Company ownership structure between September 8, 2014, the date on which the Company's *document de base* was registered, and the date of this update of the *document de base*, arose from the factors set out below.

- As part of the Company's reverse stock split (see section 21.1.1 "*Subscribed share capital and authorized but unissued share capital*" in this update of the *document de base*), the general meeting of the

issue of two new shares subscribed in cash by Eurazeo.

- As part of the Company's initial public offering, the general
shareholders of October 8, 2014 approved the Company's reverse stock split, which took place on November 6, 2014. The 995,220,820 existing shares in t

exchanged for 1 new share.

Section 18.3 "*Control of the Company*" of the *document de base* is amended and supplemented by the following information:

After the Company's reverse stock split and capital increase through the issue of two new shares shareholders meeting of October 8, 2014 (see section 21.1.1 "*Subscribed share capital and authorized but unissued share capital*" in this update of the *document de base*), the Company is controlled by Eurazeo, which directly owns 2,986,725 shares in the Company, representing 6.002% of the Company's capital and voting rights, and controls LH 27, which owns 45,928,873 shares in the Company, representing 92.299% of the Company's capital and voting rights.

Section 18.6 "*Description of reorganization transactions*" of the *document de base* is amended and supplemented by the following information, to take account of the change in the number of ordinary shares in the Company as stated in the fourth paragraph:

Various transactions are planned in order to simplify the Company's ownership structure on the day on which the initial public offering price is set definitively, according to the terms summarized below.

Initially, the executives and employees concerned will tender all warrants in the Company that they own directly, i.e., 4,138,970 in all, to Quasarelis. The transfer value of those warrants must be equal to the value of exercisable warrants, the number of which will be determined by the initial public offering price of the Company's shares. Each exercisable warrant will be tendered for a value equal to the difference between (i) the initial public offering price of the Company shares to which the warrant entitles its holder and (ii) the warrant exercise price, i.e., ew share).

Subsequently, LH 27 will tender a proportion of the amount receivable by it from the Company under the intragroup loan granted on June 14, 2013. That transfer will be remunerated by ordinary shares issued by Quasarelis to LH 27.

Then, Quasarelis and Eurazeo will exercise their respective exercisable warrants. Quasarelis will pay the warrant subscription price by offsetting it against the amount receivable by it from the Company following the contribution as stated above, and Eurazeo will pay it in cash. As stated above, the number of exercisable warrants will be determined by the initial public offering price of the Company's shares and may not exceed 16,000,000, allowing holders to subscribe a maximum of 8,000,000 ordinary shares in the Company. At that stage, Quasarelis' only assets will consist of shares in the Company following the exercise of warrants.

The Company will then absorb Quasarelis. The merger ratio will be determined on the basis of the real value of the two companies. That value will be established with reference to the initial public offering price of the Company's shares, after taking into account the dilution resulting from the exercise of warrants. The exchange ratio will therefore be determined transparently on the basis of the initial public offering price of the Company's shares.

Finally, the Company will carry out a capital increase through an issue of new ordinary shares reserved for LH 27. LH 27 will subscribe that capital increase and pay the subscription price for the new shares by offsetting it against the remaining amount receivable by it from the Company under the intragroup loan granted on June 14, 2013. The amount of the capital increase will equal the amount receivable by LH 27 at that date and the subscription price for the new shares will equal the initial public offering price for the Company's shares.

As a result, the Company's exact ownership structure will not be known until after the initial public offering price of the Company's shares has been definitively set. All of the reorganization transactions summarized above depend on that price. The impact of those reorganization transactions on the Company's ownership structure will be disclosed on the basis of the price range adopted for the initial public offering in the   , and also when the initial public offering price of the Company's shares is set.

Section 20.1 "*IFRS financial reporting*" of the *document de base* is supplemented as follows:

Section 20.1 "*IFRS financial reporting*" of the *document de base* is supplemented by a section 20.1.5 "*Condensed interim consolidated financial statements at September 30, 2014 prepared under IFRS* " and a section 20.1.6 "*Statutory Auditors' report on the condensed interim consolidated financial statements at September 30, 2014 prepared under IFRS".*

The condensed interim consolidated financial statements for the period ended September 30, 2014 prepared under IFRS are reproduced in Exhibit I to this update of the *document de base*.

To the President of the management board,

In our capacity as Statutory Auditors of Elis and in response to your request in view of the planned offering and listi
conducted a limited review of the accompanying condensed consolidated interim financial statements of the Company for the period from January 1 to September 30, 2014, as attached to this report.

As this is the first time that Elis has prepared condensed consolidated interim financial statements approved by the management board at September 30, 2014, information for the period from January 1 to September 30, 2014, presented for the purposes of comparison, has not been subject to an audit or review.

These condensed consolidated interim financial statements are the responsibility of the management board. Our role is to express a conclusion on these condensed consolidated interim financial statements based on our limited review.

We conducted our limited review in accordance with professional standards applicable in France. A limited review consists in inquiring with persons responsible for financial and accounting matters, and applying analytical and 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.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements have not been prepared, in all material respects, in accordance with IAS 34

Neuilly-sur-Seine and Courbevoie, December 5, 2014,

The Statutory Auditors

PRICEWATERHOUSECOOPERS AUDIT

Bruno Tesnière

MAZARS

Isabelle Massa

Section 20.2.2 *Dividend Policy* *document de base* is supplemented as follows:

For more information, see sections 12.2.3 *Outlook for the dividend policy* *Group forecasts for the years ended December 31, 2014 and 2015* of the *document de base* as regards the

The second and third paragraph of the introduction to section 20.3 "*Legal and arbitration proceedings*" of the *document de base* are amended and supplemented as follows:

2 million at September 30, 2014. The increase in those provisions between December 31, 2013 and September 30, 2014 was mainly due to the Atmosfera

The Group has been informed of the launch of an inquiry by the *Direction régionale des entreprises de la* (DIRECCTE) of the Ile-de-France region, in particular following a complaint filed with the DIRECCTE of the Pays-de-Loire region by a cottage house, a customer of the Group, concerning some
the DIRECCTE of the Ile-de-France region is currently underway. At the date of this update of the *document de base*, the DIRECCTE has made requests for the disclosure of documents. The Group cannot rule out the investigation being extended to practices other than pricing practices.

Section 20.3.1 *Proceedings against Atmosfera* of the *document de base* is supplemented as follows:

related

Proceedings initiated by the ministry of work and employment

The third paragraph of section 20.3.1.1(b) "*Proceedings initiated by the ministry of work and employment*" of the *document de base* is supplemented as follows:

In November 2014, Atmosfera opened its own workwear processing, storage and labeling unit. That unit should enable the Group to significantly reduce its use of suppliers and subcontractors in Brazil outside of peak business times.

20.3.1.3 Proceedings related to alleged acts of administrative improbity

The Group has recently been informed of the existence of a civil action opened in the State of Rio de Janeiro (Brazil) against Atmosfera and other industrial laundry service providers in relation to alleged acts of administrative improbity *vis-à-vis* officials relating to industrial laundry services provided by Atmosfera to public entities in the State of Rio de Janeiro that date back to the 2003-2011 period. It is to be noted that such acts would be prior to the acquisition of Atmosfera by the Group in February 2014.

As of the date of this update to the document de base and if Atmosfera were to be held liable for administrative improbity, the sanctions that may be imposed could be either or both of the following : (i) reimbursement to the public treasury of all monies illegally obtained by Atmosfera from the acts of improbity and/or (ii) a civil fine of up to three times the amount referred to in (i). In addition, Atmosfera could potentially be prohibited from entering into agreements with any Brazilian public entities or receiving tax benefits in Brazil for 5 or 10 years. For the year ended December 31, 2013, approximately one third of the revenue of the Atmosfera group was made with Brazilian public entities.

Even though such alleged acts of administrative improbity are in no way substantiated at this stage, on November 26, 2014, as a precautionary measure, a notice regarding that proceeding was served on under the guarantee agreement relating to the acquisition of the Atmosfera group dated December 20, 2013 in order to preserve, if relevant, the G from the former owners in relation to the proceedings for administrative improbity referred to above.

Taking into account these proceedings, as of the date of this update to the *document de base*, the Group has decided to strengthen its existing risk management processes within the Atmosfera group; such risk management process will be mainly based on the process existing in France within the Elis group and implementation of such strengthening measures shall take place in the first quarter of 2015.

20.3.1.4 Claim made by the seller of a customer portfolio acquired by Atmosfera

Atmosfera acquired a customer portfolio in Brazil in April 2013. The purchase agreement provided for a gradual payment of the price by Atmosfera to the seller subject to the retention of clients for a period of twelve months. Atmosfera was to pay to the seller, pursuant to this agreement, commissions whose amount was to be computed based on the volume of linen processed for the customers of the acquired portfolio. As most of the customers of the acquired portfolio had been lost, Atmosfera reduced the amount of the commissions paid to the seller, which are now being claimed by the seller. As of the date of this update of the *document de base*, the seller thus claims an amount of BRL 2 million, or approximately Atmosfera is currently negotiating with the seller; if no agreement is reached, the proceedings may be subject to arbitration.

Section 21.1.1 "*Subscribed share capital and authorized but unissued share capital*" of the *document de base* is supplemented by the following information to take account of (i) the Company's reverse stock split transactions and (ii) the financial resolutions appro
October 8, 2014:

October 8, 2014 approved the Company's reverse stock split, which took place on October 27, 2014. The

, 20 old shares were exchanged for 1 new share.
After the Company's reverse stock sp

of October 8, 2014:

Resolution number	Type of authorization	Duration and expiration	Amount authorized (nominal or % of the capital)
Resolution 12	Grant of authority to increase the share capital of the Company by way of incorporation of reserves, profits or issue, merger or transfer premiums.	26 months (December 8, 2016)	reserves available for distribution)
Resolution 13	Grant of authority to issue shares and/or securities giving access, immediately or in future, to the capital with preferential subscription rights.	26 months (December 8, 2016)	0 million regarding capital increases securities giving access to the capital
Resolution 14	Grant of authority to issue shares and/or securities giving access, immediately or in future, to the capital without preferential subscription rights and offering to the public or as part of a public offer including an exchange component.	26 months (December 8, 2016)	increases securities giving access to the capital
Resolution 15	Grant of authority to issue shares and/or securities giving access, immediately or in future, to the capital without preferential subscription rights, as part of an offer covered by section II of article L. 411-2 of the French Monetary and Financial Code.	26 months (December 8, 2016)	5% of the Company's capital at the time of the transaction
Resolution 16:	Authorization to set freely the price of an issue of shares and/or securities giving access, immediately or in the future, to the capital, without preferential subscription rights, and to set the price of the issue subject to a limit equal to 10% of the share capital.	26 months (December 8, 2016)	10% of the Company's capital at the time of the transaction
Resolution 17	Increase in the number of shares or other securities to be issued in the event of a capital increase with or without preferential subscription rights.	26 months (December 8, 2016)	15% of the initial issue
Resolution 18	Grant of authority to issue shares and/or securities giving access, immediately or in future, to the capital, with or without preferential subscription rights, in consideration for contributions in kind made to the Company.	26 months (December 8, 2016)	10% of the Company's capital at the time of the issue
Resolution 19	Overall limits on the amount of issues carried out under resolutions 13 to 18	-	Maximum amount of debt securities that give or could give access to the capital:

Resolution number	Type of authorization	Duration and expiration	Amount authorized (nominal or % of the capital)
Resolution 20	Grant of authority to increase the share capital by issuing shares and/or securities giving access, immediately or in future, to the capital, reserved for members of an employee savings plan ( ), with preferential subscription rights waived for the benefit of such members.	26 months (December 8, 2016)	
Resolution 21	Authorization to allocate free shares of the Company to corporate officers and employees, with preferential subscription rights waived for the benefit of such persons.	38 months (December 8, 2017)	10% of the share capital on the date of the management board's decision
Resolution 22	Grant of authority to the management board to issue shares, with preferential subscription rights waived and offering to the public as part of the Company's initial public offering.	9 months (July 8, 2016)	
Resolution 23	Authorization of a program under which the Company buys back its own shares	18 months (April 8, 2016)	10% of the share capital on the date of the purchases per share (making a total of ased on the post-initial public offering capital consisting of 100 million shares)
Resolution 24	Grant of authority to the management board to cancel some or all of the Company's shares held by the Company under the authorization to buy back shares.	26 months (December 8, 2016)	10% of share capital in any 24-month period

The table in section 21.1.6 "*Changes in the share capital over the last three years*" of the *document de base* is supplemented as follows:

Date	**Type of operation**	**Share capital before transaction** (in euros)	**Number of shares before transaction**	**Number of shares after transaction**	**Par value after transaction** (in euros)	**Share capital after transaction** (in euros)
10/08/2014	Capital increase	497,610,409	995,220,818	995,220,820	0.50	497,610,410
11/06/2014	Reverse stock split	497,610,410	995,220,820	49,761,041	10	497,610,410

Chapter 24 "*Documents on display*" of the *document de base* is supplemented as follows:

Copies of the *document de base* and of this update of the *document de base* are available free of charge from Elis' registered office (33 rue Voltaire, Puteaux 92800), and for download from the Company's website (www.elis.com) and from the website of the AMF (www.amf-france.org).

EXHIBITS

I-1

ELIS

Joint-stock corporation *(société anonyme)* governed by a management board and a supervisory board

Formerly Holdelis, S.A.S.*

33, rue Voltaire - Puteaux, France

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

for the nine months ended September 30, 2014

Index

Consolidated interim income statement

(In thousands of euros)	Notes	Nine-month period ended September 30, 2014	Nine-month period ended September 30, 2013
(unaudited)			
Revenue	1	1,000,114	922,288
Cost of linen, equipment and other consumables		(164,389)	(143,545)
Processing costs		(350,063)	(307,731)
Distribution costs		(157,578)	(145,547)
Gross margin		328,084	325,465
Selling, general and administrative expenses		(159,350)	(155,787)
Operating income before other income and expense and amortization of customer relationships	1	168,735	169,677
Amortization of customer relationships	2	(30,827)	(29,685)
Goodwill impairment		0	0
Other income and expense	3	(20,927)	(13,868)
Operating income		116,981	126,124
Net financial expense	4	(116,911)	(120,254)
Income (loss) before tax		70	5,870
Income tax benefit (expense)	5	(13,502)	(11,427)
Share of net income of equity-accounted companies		0	68
Net income (loss)		(13,432)	(5,489)
Attributable to:			
- owners of the parent		(13,713)	(5,730)
- non-controlling interests		281	241
Earnings (loss) per share (EPS):			
- basic, attributable to owners of the parent			
- diluted, attributable to owners of the parent			

As disclosed in Note 8 Share capital and reserves, some changes in the number of ordinary shares occurred after the reporting period but before the financial statements were authorized for issue. As a result, the calculation of earnings per share (basic and diluted) for the relevant period is based on the new number of shares. Earnings per share for the prior period has been adjusted retrospectively.

Consolidated interim statement of comprehensive income

(In thousands of euros)	Notes	Nine-month period ended September 30, 2014	Nine-month period ended September 30, 2013
(unaudited)			
Net income (loss)		(13,432)	(5,489)
Gains (losses) on change in fair value of hedging instruments		(8,090)	8,924
Hedging reserve reclassified to income		1,960	9,974
Total change in hedging reserve		**(6,130)**	**18,898**
Related tax		2,111	(6,508)
Hedging reserve - net (may be subsequently reclassified to income)		(4,019)	12,390
Actuarial gains and losses recognized in equity		**(0)**	**0**
Related tax		0	0
Actuarial gains and losses, net (may not be subsequently reclassified to income)		0	0
Translation reserve (may be subsequently reclassified to income)		10,260	(1,644)
Other comprehensive income		**6,243**	**10,746**
TOTAL COMPREHENSIVE INCOME (LOSS)		(7,189)	5,257
Attributable to:			
- owners of the parent		(7,448)	4,973
- non-controlling interests		259	284

Consolidated interim statement of financial position – assets

(In thousands of euros)	Notes	September 30, 2014 net	December 31, 2013 net
(unaudited)			
Goodwill	6	1,534,192	1,454,948
Intangible assets		414,768	428,257
Property, plant and equipment		703,583	631,140
Equity-accounted companies		0	0
Available-for-sale financial assets		109	137
Other non-current assets		6,652	7,971
Deferred tax assets		15,680	8,672
TOTAL NON-CURRENT ASSETS		2,674,984	2,531,127
Inventories		57,267	44,424
Trade and other receivables		359,085	297,092
Current tax assets		3,499	4,170
Other assets		9,081	3,450
Cash and cash equivalents	7	63,299	49,454
TOTAL CURRENT ASSETS		492,231	398,591
Assets held for sale		0	88,879
TOTAL ASSETS		**3,167,215**	**3,018,597**

Consolidated interim statement of financial position – equity and liabilities

(In thousands of euros)	Notes	September 30, 2014	December 31, 2013
(unaudited)			
Share capital	8	497,610	461,177
Additional paid-in capital	8	175,853	169,286
Other reserves		7,224	7,224
Retained earnings (accumulated deficit)		(301,482)	(287,758)
Other components of equity		4,599	(1,654)
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		383,804	348,276
NON-CONTROLLING INTERESTS		(586)	(847)
TOTAL EQUITY		383,219	347,429
Non-current provisions		26,541	15,729
Employee benefit liabilities		47,210	46,104
Non-current borrowings	9	1,953,482	1,908,735
Deferred tax liabilities		214,186	202,710
Other non-current liabilities		36,177	21,293
TOTAL NON-CURRENT LIABILITIES		2,277,596	2,194,571
Current provisions		4,807	6,154
Current tax liabilities		1,474	699
Trade and other payables		126,293	118,334
Other liabilities		252,197	224,756
Bank overdrafts and current borrowings	9	121,628	118,013
TOTAL CURRENT LIABILITIES		506,400	467,956
Liabilities directly associated with assets held for sale		0	8,641
TOTAL EQUITY AND LIABILITIES		**3,167,215**	**3,018,597**

Consolidated statement of cash flows

(In thousands of euros)	Note	Nine-month period ended September 30, 2014	Nine-month period ended September 30, 2013
(unaudited)			
CASH FLOWS FROM OPERATING ACTIVITIES			
CONSOLIDATED NET INCOME (LOSS)		**(13,432)**	**(5,489)**
Depreciation, amortization and provisions		188,365	163,740
Portion of grants transferred to income		(96)	(90)
Share-based payments		0	0
Discounting adjustment on provisions and employee benefits		967	718
Net gains and losses on disposal of assets		(3,712)	(95)
Share of net income of equity-accounted companies		0	(68)
Dividends received (from non-consolidated entities)		(13)	(12)
CASH FLOWS AFTER FINANCE COSTS AND TAX		**172,079**	**158,704**
Net finance costs	4	115,481	119,299
Income tax expense		13,502	11,427
CASH FLOWS BEFORE FINANCE COSTS AND TAX		**301,063**	**289,430**
Income tax paid		(9,611)	(22,159)
Change in inventories		(10,192)	(7,245)
Change in trade receivables		(31,048)	(24,729)
Change in trade and other payables (excluding borrowings)		8,469	18,761
Other changes		5,896	5,302
Employee benefits		(84)	(253)
NET CASH FROM OPERATING ACTIVITIES		**264,492**	**259,109**
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of intangible assets		(2,630)	(9,731)
Proceeds from sale of intangible assets		0	160
Acquisition of property, plant and equipment		(175,452)	(146,373)
Proceeds from sale of property, plant and equipment		92,392	166
Acquisition of subsidiaries, net of cash acquired		(96,441)	(38,726)
Proceeds from disposal of subsidiaries, net of cash transferred		1,000	14,235
Changes in loans and advances		426	428
Dividends from equity-accounted companies		13	12
Investment grants		0	0
NET CASH USED IN INVESTING ACTIVITIES		**(180,692)**	**(179,830)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Capital increase		43,000	0
Dividends paid			
- to owners of the parent		0	0
- to non-controlling interests		(9)	(20)
Change in borrowings related to operations (1)		(34,142)	(4,185)
- Proceeds from new borrowings		*964,142*	*1,800,820*
- Repayment of borrowings		*(998,284)*	*(1,805,005)*
Net interest paid		(80,000)	(70,945)
NET CASH USED IN FINANCING ACTIVITIES		**(71,151)**	**(75,150)**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**12,649**	**4,129**
Cash and cash equivalents at beginning of period		48,598	54,678
Effect of changes in foreign exchange rates on cash and cash equivalents		573	(562)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	7	**61,820**	**58,245**

(1) Net change in credit lines related to financing of operations

Consolidated interim statement of changes in equity for the nine months ended September 30, 2014

(In thousands of euros)	Share capital	Additional paid-in capital	Other reserves	Retained earnings (accumulated deficit)	Hedging reserves	Translation reserve	Share-based payment reserve	Actuarial gains and losses	Deferred taxes	Owners of the parent	Non-controlling interests	Total equity
(unaudited)												
Balance as at December 31, 2013	**461,177**	**169,286**	**7,224**	**(287,758)**	**(10,596)**	**(3,148)**	**6,834**	**1,399**	**3,857**	**348,276**	**(847)**	**347,429**
Increase in share capital	36,433	6,567								43,000		43,000
Decrease in share capital												
Dividends paid				(12)						(12)	3	(9)
Changes in consolidation scope										0		0
Other movements				1					(13)	(12)	0	(12)
Net income (loss) for the period				(13,713)						(13,713)	281	(13,432)
Other comprehensive income					(6,130)	10,285		(0)	2,111	6,266	-22	6,243
Total comprehensive income				(13,713)	(6,130)	10,285		(0)	2,111	(7,448)	259	(7,189)
Balance as at September 30, 2014	**497,610**	**175,853**	**7,224**	**(301,482)**	**(16,726)**	**7,137**	**6,834**	**1,399**	**5,955**	**383,804**	**(586)**	**383,219**
							4,599					

Consolidated interim statement of changes in equity for the nine months ended September 30, 2013

(In thousands of euros)	Share capital	Additional paid-in capital	Other reserves	Retained earnings (accumulated deficit)	Hedging reserves	Translation reserve	Share-based payment reserve	Actuarial gains and losses	Deferred taxes	**Owners of the parent**	Non-controlling interests	**Total equity**
(unaudited)												
Balance as at December 31, 2012	**214,664**	**4,271**	**7,224**	**(249,533)**	**(29,270)**	**(1,321)**	**6,834**	**(3,804)**	**11,062**	**(39,874)**	**122**	**(39,752)**
Increase in share capital												
Decrease in share capital												
Dividends paid												
Changes in consolidation scope								81	(26)	55	-2,918	(2,863)
Other movements				13		(11)			(2)	0	0	0
Net income (loss) for the period				(5,730)						(5,730)	241	(5,489)
Other comprehensive income					18,898	(1,687)			(6,508)	10,703	43	10,746
Total comprehensive income				(5,730)	18,898	(1,687)			(6,508)	4,973	284	5,257
Balance as at September 30, 2013	**214,664**	**4,271**	**7,224**	**(255,250)**	**(10,372)**	**(3,019)**	**6,834**	**(3,723)**	**4,526**	**(34,846)**	**(2,512)**	**(37,357)**
							(5,754)					

Background and basis of preparation of the condensed consolidated interim financial statements

The Elis Group is a leader in textile rental and laundering and hygiene services in Continental Europe and Brazil.

I – Basis of preparation

The condensed consolidated interim financial statements of the Elis Group for the nine months ended September 30, 2014 have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, notably IAS 34 As they are condensed financial statements, they do not include all of the information required by IFRS for a complete set of financial statements, and onsolidated financial statements for the year ended December 31, 2013. The 2013 consolidated financial statements were approved again on July 25, 2014 by the President of Holdelis in preparation for the initial public offering on the regulated Euronext market in Paris and for requirements of the *document de base* dated September 8, 2014. The French version of the *document de base* is available on the website of the French financial market authority *(Autorité des Marchés Financiers - AMF)* (www.amf-france.org www.elis.com).

The condensed consolidated interim financial statements have been prepared in accordance with the international standards issued by the IASB, which include IFRS and International Accounting Standards (IAS), interpretations issued by the former International Financial Committee (IFRIC), now referred to as the IFRS Interpretations Committee and by the former Standing Interpretations Committee (SIC), endorsed by the European Union and applicable at the reporting date. As at September 30, 2014, the Group did not apply any standards or interpretations that have not yet been approved by the European Union.

The financial statements are presented in thousands of euros (unless otherwise stated) and comprise:

- consolidated income statement and consolidated statement of comprehensive income;
- consolidated statement of financial position;
- consolidated statement of cash flows;
- consolidated statement of changes in equity;
- notes.

The amounts are shown, for the balance sheet, with comparative figures from the consolidated financial statements as at December 31, 2013 and for the income statement, with the condensed consolidated interim financial statements as at September 30, 2013.

The condensed consolidated interim financial statements have been prepared on a going concern basis and under the historical cost convention, except in the case of derivative financial instruments and available-for-sale financial assets which have been measured at fair value.

II – Approval of the condensed consolidated interim financial statements

The condensed consolidated interim financial statements have been approved for issue by the Management Board on November 27, 2014 and were reviewed by the Audit Committee on November 26, 2014 and by the Supervisory Board on December 4, 2014. They have also been reviewed by the Statutory Auditors.

Accounting policies

Basis of measurement for the preparation of the condensed consolidated interim financial statements

The accounting policies adopted are consistent with those used to prepare the consolidated financial statements for the year ended December 31, 2013 except for the following standards and amendments effective for annual periods beginning on or after January 1, 2014:

-
-
-
-
-
-
-
-
-
- -Financial

These new standards and amendments to existing standards did not have a material impact on the consolidated interim financial statements of Elis.

The Group has not opted for the early adoption of any other standard, amendments or interpretations that have been issued are not yet mandatory.

ual periods beginning on or after January 1, 2015 clarifies that the obligating event that gives rise to a liability to pay a levy is the activity that triggers the payment of the levy in accordance with the relevant legislation. In addition, IFRIC Interpretation 21 prohibits the progressive recognition of a liability for tax levies and requires the recognition of the liability in full when the obligating event for the payment of the levy is met.

The Group determined that the impact in France of the early adoption as at January 1, 2014 of

contribution (*contribution sociale de solidarité des sociétés*).
The impact of applying this interpretation to the corporate social solidarity contribution and property tax on operating income and net income for the period ended September 30, 2014 respectively.
The assessment of the impact in other countries is still ongoing.

Critical accounting estimates and judgments

The preparation of interim financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, income and expenses and related disclosures. Amounts reported in future financial statements may differ from current estimates due to changes in assumptions or if conditions vary from those anticipated.

In preparing these condensed consolidated interim financial statements, the judgments and

the same as those made for the consolidated financial statements for the year ended December 31, 2013, with the exception of:

- estimates made to determine the income tax expense for interim periods;
- provisions for the French business tax (*cotisation sur la valeur ajoutée* CVAE) and profit-sharing expenses (excluding the one-off impacts of site disposals), which are set aside on the basis of 75% of the estimated expense for full-year 2014;
- retirement benefit liabilities are not remeasured using actuarial methods for the purposes of the condensed consolidated interim financial statements. The retirement benefit expense for the period corresponds to 75% of the estimated expense for full-year 2014, based on data and assumptions used as at December 31, 2013.

Change in accounting estimates

A review of the effective useful life of textiles led the Group to increase prospectively the

decrease in the depreciation expense for the nine months ended September 30, 2013.

Seasonality of operations

Revenue, recurring operating income and all operating indicators are subject to seasonal fluctuations, particularly summer vacation periods which impact activity at certain plants. The extent of the seasonal impact varies in the countries in which the Group operates. Consequently, the interim results for the nine months ended September 30, 2014 are not necessarily representative of those that may be expected for full-year 2014.

Explanatory notes

Significant events: sale and leaseback transactions

On March 28, 2014, the Group signed the final sale agreements for the land and buildings of

classif

The analysis of the sale and leaseback transactions determined that they result in operating leases. As the transactions were carried out at fair value, all gains or losses were recognized immediately in the income statement (with the other associated expenses) and are disclosed in Note 3 Other operating income and expense.

Future minimum lease payments under non-cancellable operating leases (15 years) are shown in Note 11 Off-balance sheet commitments.

Significant events: planned Initial Public Offering

On September 8, 2014 Elis filed its *document de base* which is the first step

The Group also intens to repay and refinance part of its debt at the time of the admission of
ormed on September 2, 2014
with a syndicate of international banks. The New Senior Credit Facilities Agreement will

Significant events: 2014 acquisitions

The Group made the following investments during the period :

In Brazil:

-
group. The company has 3,500 employees and generated revenue of
. The acquisition has
million of debt and equity financing through a capital increase

- acquisition on May 29, 2014 of the Brazilian company Santa Clara (Belo Horizonte State of Minas Gerais, Brazil), which specializes in laundry services

- acquisition on July 2, 2014 of t

- acquisition on September 23, 2014 of the assets of the Brazilian company Lavtec

  and serves healthcare customers.

In France:

- acquisition on April 1, 2014 of the assets of Blanchisserie Mazamétaine et Castraise (Mazamet, France) and acquisition on April 22, 2014 of the business assets of Blanchisserie Quercy Périgord (Souillac-sur-Dordogne, France). These

- acquisition on July 1, 2014 of Pro Services Environnement (PSE), (Rhône-Alpes, France). With a workforce of 18 employees, Pro Services Environment Services

  pest control services.

Summary of 2014 acquisitions

The identifiable assets and liabilities at the acquisition date were as follows:

(In thousands of euros)	Fair value at the acquisition date	*of which Brazil*
Statement of financial position		
Intangible assets	18,728	18,034
Property, plant and equipment	50,194	49,826
Available-for-sale financial assets	0	0
Other non-current assets	0	0
Deferred tax assets	7,597	7,597
Inventories	2,383	2,347
Trade and other receivables	17,920	17,564
Current tax assets	219	219
Other assets	88	48
Other financial assets	0	0
Cash and cash equivalents	6,050	5,761
Non-current provisions	(10,613)	(10,613)
Employee benefit liabilities - non-current portion	(27)	0
Non-current borrowings	(34,573)	(34,450)
Deferred tax liabilities	(2,877)	(2,635)
Other non-current liabilities	(855)	(855)
Current provisions	(2,479)	(2,451)
Employee benefit liabilities - current portion	0	0
Current tax payables	(572)	(590)
Trade and other payables	(7,231)	(7,141)
Other liabilities	(7,233)	(6,731)
Bank overdrafts and current borrowings	(3,878)	(3,799)
Total identifiable net assets at fair value	**32,840**	**32,131**
Non-controlling interests	0	0
Goodwill	73,508	70,071
Purchase price of shares	**106,348**	**102,201**

Cash flows from acquisitions

(In thousands of euros)	September 30, 2014	*of which Brazil*
Net cash acquired	6,050	5,761
Amount paid	(102,491)	(97,998)
Net cash flow	**(96,441)**	**(92,237)**

As at September 30, 2014, the initial accounting for the business combinations had not been completed and the amounts recognized in the financial statements for business combinations were therefore determined provisionally.

itional

million.

Litigation

An in-depth analysis of the fair value of contingent liabilities due to ongoing litigation in respect of business combinations was still underway when these condensed consolidated interim financial statements were prepared. Consequently, the provisions recognized under IFRS 3R may be modified.

Civil/tax/payroll

f

disputes, the majority of which concern tax and payroll.

Competition law

Atmosfera has negotiated a settlement with the Brazilian antitrust authorities regarding a bid-rigging cartel in the industrial laundry services market for public entities in the State of Rio de Janeiro and the amount initially recognized has been adjusted in this respect.

Bribery *(Subsequent events)*

On November 21, the Group was informed that a civil action, relating to alleged bribery in the frame of contracts in the State of Rio de Janeiro, was brought against several industrial laundry service providers including Atmosfera. Pending additional information, the Company is unable to estimate the contingent incurred liability and the indemnification asset to be received under the vendor warranty.

Residual goodwill

synergies expected to be derived from the acquisitions.

Note 1 – Operating segments

Revenue

(In millions of euros) 2014	France	Europe	Brazil	Manufacturing entities	Eliminations & holding companies	Total
External customers	719.5	206.5	61.5	12.7	0.0	1,000.1
Inter-segment	1.8	0.4	0.0	6.1	(8.4)	0.0
Segment revenue	**721.3**	**206.9**	**61.5**	**18.8**	**(8.4)**	**1,000.1**

(In millions of euros) 2013	France	Europe	Brazil	Manufacturing entities	Eliminations & holding companies	Total
France	710.2	194.0	0.0	18.1	0.0	922.3
Foreign countries	1.9	1.1	0.0	6.2	(9.2)	0.0
Segment revenue	**712.1**	**195.1**	**0.0**	**24.3**	**(9.2)**	**922.3**

Earnings

(In millions of euros) 2014	France	Europe	Brazil	Manufacturing entities	Eliminations & holding companies	Total
Operating income before other income and expense and amortization of customer relationships	**153.3**	**12.7**	**2.6**	**0.7**	**(0.6)**	**168.7**
Miscellaneous financial items (*)	*0.5*	*0.1*	*0.7*	*0.0*	*0.0*	*1.4*
EBIT	153.8	12.8	3.3	0.8	(0.5)	170.1
Depreciation and amortization including portion of grants transferred to income	*111.8*	*38.5*	*9.8*	*1.0*	*0.0*	*161.1*
EBITDA	**265.5**	**51.3**	**13.1**	**1.8**	**(0.5)**	**331.2**

(In millions of euros) 2013	France	Europe	Brazil	Manufacturing entities	Eliminations & holding companies	Total
Operating income before other income and expense and amortization of customer relationships	**157.5**	**12.3**	**(0.5)**	**1.4**	**(1.0)**	**169.7**
Miscellaneous financial items (*)	*0.4*	*0.1*	*0.0*	*0.1*	*0.0*	*0.6*
EBIT	157.9	12.4	(0.5)	1.4	(1.0)	170.3
Depreciation and amortization including portion of grants transferred to income	*102.5*	*34.0*	*0.0*	*1.0*	*0.0*	*137.4*
EBITDA	**260.4**	**46.4**	**(0.5)**	**2.4**	**(1.0)**	**307.7**

(*) Bank fees and recurring dividends included in operating income.

The definition of segments and the rules for assessing the performance of each segment as at September 30, 2014 are the same as those used to prepare the financial statements at December 31, 2013 for the purposes of the *document de base*.

- EBIT is defined as net income (loss) before net financial expense, income tax, share in income of equity-accounted companies, amortization of customer relationships, goodwill impairment, other operating income and expenses and miscellaneous financial items (bank fees and recurring dividends recognized in operating income).
- EBITDA is defined as EBIT before depreciation and amortization, net of the portion of grants transferred to income.

Information on countries and customer segments

(In millions of euros)	Nine-month period ended September 30, 2014	Nine-month period ended September 30, 2013
Hospitality	*222.7*	*217.1*
Industry	*140.7*	*140.6*
Trade & Services	*255.1*	*255.5*
Healthcare	*113.7*	*107.8*
Other	*- 12.7*	*- 10.8*
France	719.5	710.2
Germany	*33.0*	*30.8*
Belgium & Luxembourg	*22.3*	*24.4*
Spain & Andorra	*46.4*	*38.0*
Italy	*19.3*	*18.5*
Portugal	*29.8*	*28.2*
Switzerland	*54.5*	*53.2*
Czech Republic	*1.1*	*0.9*
Europe	206.5	194.0
Brazil	61.5	0.0
Manufacturing entities	12.7	18.1
Revenue	**1,000.1**	**922.3**

Note 2 – Depreciation, amortization and provisions

(In thousands of euros)	Nine-month period ended September 30, 2014	Nine-month period ended September 30, 2013
Depreciation and amortization		
- included in "Operating income before other income and expense and amortization of customer relationships"		
Property, plant and equipment and intangible assets	(45,689)	(42,636)
Linen and mats	(102,990)	(82,785)
Other leased items	(12,491)	(12,093)
Portion of grants transferred to income	96	90
- amortization of customer relationships	(30,827)	(29,685)
Total depreciation and amortization including portion of grants transferred to income	**(191,901)**	**(167,109)**
Additions to or reversal of provisions		
- included in "Operating income before other income and expense and amortization of customer relationships"	3,131	58
- included in "Other income and expense"	459	3,108
Total additions to or reversal of provisions	**3,591**	**3,166**

The increase in the depreciation expense for linen and mats in 2014 compared with 2013 was mainly due to the extension in the previous period of the depreciation schedule for linen from an average two to three years.

additional information on this matter.

Note 3 – Other operating income and expense

(In thousands of euros)	Nine-month period ended September 30, 2014	Nine-month period ended September 30, 2013
Transaction costs	(3,843)	(633)
Restructuring costs	(467)	(886)
Uncapitalizable costs for change in IT systems	(13,402)	(10,157)
Net gains on site disposals	3,738	0
Expenses relating to site disposal (employee profit-sharing, professional fees)	(5,053)	0
Environmental rehabilitation costs	(200)	0
Other	(1,700)	(2,192)
Other income and expense	**(20,927)**	**(13,868)**

Note 4 – Net financial expense

(In thousands of euros)	Nine-month period ended September 30, 2014	Nine-month period ended September 30, 2013
Interest expense on borrowings and employee profit-sharing fund	(113,795)	(111,985)
Gross finance costs	**(113,795)**	**(111,985)**
Gains (losses) on traded derivatives	(1,963)	(7,424)
Other financial income and expenses	276	111
Total finance expense	(1,687)	(7,313)
Net finance costs	**(115,481)**	**(119,299)**
Foreign exchange losses	(191)	(363)
Foreign exchange gains	201	314
Discounting adjustment on provisions and employee benefits	(967)	(718)
Other	(473)	(189)
Total other financial income and expenses	**(1,429)**	**(955)**
Net financial expense	**(116,911)**	**(120,254)**

The main changes were mainly due to :

- the refinancing of the debt in June 2013; and
- the capital increase by capitalizing the bonds previously held by Eurazeo and ECIP Elis in December 2013.

Note 5 – Income tax expense

The Group recognizes income tax expense for interim periods based on its best estimate of the weighted average annual tax rate expected to apply to total annual earnings. This rate is computed on a country-by-country basis.

Note 6 – Business combinations and goodwill

(In thousands of euros)	September 30, 2014	December 31, 2013
Gross value	1,507,661	1,488,500
Accumulated impairment	(52,713)	(48,640)
Carrying amount at beginning of period	**1,454,948**	**1,439,859**
Acquisitions	73,508	20,083
Disposals	0	0
Translation adjustments	6,038	(976)
Reclassification as assets held for sale	0	0
Other changes	(13)	54
Changes in gross carrying amount	**79,533**	**19,161**
Impairment	0	(4,000)
Translation adjustments	(288)	(73)
Reclassification as assets held for sale	0	0
Changes in impairment	**(288)**	**(4,073)**
Carrying amount at end of period	**1,534,192**	**1,454,948**
Gross value	1,587,194	1,507,661
Accumulated impairment	(53,002)	(52,713)

Impairment tests as of September 30, 2014

Impairment indicators

In accordance with IAS 36, the Group identifies indications of impairment using both internal and external sources of information.

External sources of information primarily consist of reviewing the weighted average cost of capital (WACC).

Internal sources of information are based on the main indicators used in financial reporting. A significant drop in revenue/profitability or failure to meet the forecasts are indicators of impairment.

Given the economic environment, the Group regularly reviews the performance of each cash-generating unit (CGU) before deciding whether to perform impairment tests.

After reviewing both internal and external sources of information, management did not identify any indication of impairment during the period. Consequently, no impairment tests were performed as at September 30, 2014.

Note 7 – Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise the following:

(In thousands of euros)	September 30, 2014	December 31, 2013
Demand deposits	17,960	25,223
Term deposits and marketable securities	45,338	24,231
Cash and cash equivalents	**63,299**	**49,454**
Bank overdrafts	(1,478)	(856)
Cash and cash equivalents, net	**61,820**	**48,598**

Note 8 – Share capital and reserves

Changes in share capital

Number of shares as at December 31, 2013	**922,354,554**
Number of shares as at September 30, 2014	**995,220,818**
Number of shares as at November 6, 2014	**49,761,041**
Number of authorized shares	49,761,041
Number of shares issued and fully paid up	49,761,041
Number of shares issued and not fully paid up	-
Par value of shares	10.00
Treasury shares	0
Shares reserved for issue under options and sales agreements	-

At the shareh

-in capital".

Subsequent events related to share capital

At the shareholders' meeting of October 8, 2014, shareholders approved the decrease in the number of ordinary shares (one new share for twenty old shares) as a result of a reverse share split.

Note 9 – Net debt

Consolidated debt

(In thousands of euros)	September 30, 2014	December 31, 2013
Bonds subscribed by Eurazeo/ECIP Elis	0	0
Legendre Holding 27 (PIK Bonds)	192,854	173,000
Other bonds	830,000	830,000
Bonds	1,022,854	1,003,000
Structured facilities	1,007,775	994,850
Finance lease liabilities	5,841	6,335
Other loans and overdrafts	10,745	10,930
Loan from employee profit-sharing fund	38,219	33,626
Loans	1,062,580	1,045,742
Accrued interest	29,336	26,053
Unamortized loan costs	(39,659)	(48,047)
Borrowings	**2,075,111**	**2,026,748**
Of which maturing in less than one year	121,628	118,013
Of which maturing in more than one year	1,953,482	1,908,735
Cash and cash equivalents	**63,299**	**49,454**
Net debt	**2,011,812**	**1,977,294**
Loans and borrowings by currency		
EUR	2,068,973	2,020,404
GBP		
CHF	3,720	6,344
CZK		
BRL	2,418	0
Other		

Breakdown of consolidated debt

As at September 30, 2014, consolidated debt comprised the following:

(in thousand of euros)	September 30, 2014	Fixed	Floating hedged	Floating unhedged	Maturities
Legendre Holding 27 (PIK Bonds) 12-month EURIBOR (*) +10.35%	**199,542**	0	0	199,542	June 2019
Senior subordinated bonds 3-month EURIBOR (*) +7%	**381,351**	0	0	381,351	Dec. 2018
Senior secured bonds 6%	**457,950**	457,950	0	0	June 2018
Other structured financing EURIBOR +4.25%	**980,128**	0	735,000	245,128	Oct. 2017
Loan from employee profit-sharing fund	**39,553**	39,553	0	0	
Finance leases	**5,841**	5,841	0	0	
Other	**9,267**	9,267	0	0	
Overdrafts	**1,478**	0	0	1,478	
Borrowings	**2,075,111**	**512,611**	**735,000**	**827,499**	

(* floor at 1%)

In addition, as at September 30, 2014, the Group had an un million.

Note 10 – Other information on financial assets and liabilities

	September 30, 2014		Breakdown by category of financial instrument				
(In thousands of euros)	Carrying amount	Fair value	Fair value through profit and loss	Fair value through equity	Loans and receivables	Debt at amortized cost	Derivative financial instruments
Available-for-sale financial assets (non-current)	109	109		109			
Other non-current assets	6,652	6,652			6,652		0
Trade and other receivables	359,085	359,085			359,085		
Other current assets	9,081	9,081			7,241		1,840
Cash and cash equivalents	63,299	63,299	63,299				
Financial assets	**438,226**	**438,226**	**63,299**	**109**	**372,978**	**0**	**1,840**
Loans and borrowings	1,953,482	1,982,245				1,953,482	
Other non-current liabilities	36,177	36,177			7,426		28,751
Trade and other payables	126,293	126,293			126,293		
Other liabilities	252,197	252,197			252,197		0
Bank overdrafts and portions of loans due in less than one year	121,628	132,525				121,628	
Financial liabilities	**2,489,778**	**2,529,438**	**0**	**0**	**385,917**	**2,075,111**	**28,751**

Note 11 – Off-balance sheet commitments

(In thousands of euros)	September 30, 2014	December 31, 2013
Commitments given		
Assignment and pledge of receivables as collateral (*)	597 283	629 702
Pledges, mortgages and sureties	842	839
Pledges, endorsements and guarantees given	16 030	3 827
Vendor waranties	[redacted]	2 321
Other commitments given		
Operating leases		
-Future minimum lease payments under non-cancellable operating leases (within one year)	2 116	1 430
-Future minimum lease payments under non-cancellable operating leases (between one and five years)	8 221	14 712
-Future minimum lease payments under non-cancellable operating leases (after five years)	142 700	14 860
Commitments received		
Pledges, mortages and sureties		
Pledges, endorsements and guarantees received	19 811	9 927
Vendor waranties	62 246	53 793
Other commitments received		

(*) Receivables assigned and pledged as collateral include receivables due between consolidated companies.

Information on commitments given

The following commitments were given to a pool of lenders to guarantee the financing facilities subscribed by Elis in 2007 for the acquisition of Novalis shares and amended on June 14, 2013:

Companies	Pledged items		Other commitments (see below)
	Shares	Bank accounts	
Legendre Holding 27	Yes		(1)
Elis	Yes	Yes	(2)
Novalis	Yes	Yes	(3)
M.A.J.	Yes	Yes	(3)/(4)/(5)/(6)/(7)
S.P.C.I.	Yes		(8)
Pierrette T.B.A.	Yes		
Grenelle Service	Yes		
Les Lavandières	Yes		
R.L.S.T.	Yes		
Hades	Yes		
Lavotel	Yes		
Hedena	Yes		
Kennedy Hygiene Products	Yes		
Elis Brasil	Yes	Yes	
Atmo Holding	Yes		
Leudeville Holdings	Yes		

(1) Legendre Holding 27 has pledged receivables due from Elis relating to the loan it granted Elis;
(2) Elis has pledged receivables due from the sellers of Novalis shares and receivables due from the suppliers of reports prepared for the sale of Novalis shares;
(3) Novalis and M.A.J. have each signed an agreement to assign business receivables

companies;
(4) M.A.J. has pledged the Elis brand;
(5) M.A.J. has signed an agreement to assign
receivables) it holds in respect of its customers;
(6) M.A.J. has made a delegation of payment of any compensation to be received from the seller of Lavotel and Hedena shares under the vendor warranty;
(7) M.A.J. has pledged the receivables due from the cash pool members in its capacity as cash pool manager.
(8) S.P.C.I. has pledged receivables due from the purchaser of Molinel shares under a vendor loan.

Note 12 – Related parties

The main transactions undertaken during the period were with the parent company Legendre Holding 27:

(In thousands of euros)	Income	Expense	Receivables with related parties	Payables with related parties
Entity with significant influence over the Group				
Legendre Holding 27 (parent company)		(15,579)		199,542

Note 13 – Subsidiaries and consolidated companies

The consolidated financial statements include the financial statements of Elis and the following subsidiaries:

Name of company	Registered office	Country	Consolidation method	% interest 2014	% interest 2013
Elis	Puteaux	France	Parent Company	100	100
M.A.J.	Pantin	France	F.C.	100	100
Les Lavandières	Avrillé	France	F.C.	100	100
Régionale de Location et Services Textiles	Marcq en Baroeul	France	F.C.	100	100
Pierrette - T.B.A.	Malzeville	France	F.C.	100	100
Le Jacquard Français	Gerardmer	France	F.C.	100	100
Elis Services	Puteaux	France	F.C.	100	100
Thimeau	Meaux	France	F.C.	100	100
Grenelle Service	Gennevilliers	France	F.C.	100	100
Maison de Blanc Berrogain	Anglet	France	F.C.	100	100
S.O.C.	Puteaux	France	F.C.	100	100
Pro Services Environnement	Vignieu	France	F.C.	100	-
Blanchisserie Poulard	Nanterre	France	F.C.	Merger	100
Poulard 1836	Nanterre	France	F.C.	100	100
AD3	Dardilly	France	F.C.	100	100
Novalis	Puteaux	France	F.C.	100	100
S.C.I. Château de Janville	Puteaux	France	F.C.	100	100
Lovetra	St Ouen l'Aumône	France	F.C.	100	100
G.I.E. Eurocall Partners	Villeurbanne	France	F.C.	100	100
Blanchisserie Moderne	Montlouis sur Loire	France	F.C.	96	96
S.C.I. La Forge	Bondoufle	France	F.C.	100	100
Société de Participations Commerciales et Industrielles	St Ouen l'Aumône	France	F.C.	100	100
S.C.I. 2 Sapins	Grenoble	France	F.C.	100	100
SHF Holding	Puteaux	France	F.C.	100	100
SHF	Puteaux	France	F.C.	100	100
Pole Services	Puteaux	France	F.C.	100	100
Sud-Ouest Hygiène Services	Puteaux	France	F.C.	100	100
Collectivités Service	Puteaux	France	F.C.	100	100
Districlean Service	Puteaux	France	F.C.	100	100
France Tapis Hygiène Service	Marcq en Baroeul	France	F.C.	100	100
Molinel	Frelinghien	France	F.C.	-	Deconsolidation
Guston Molinel	Frelinghien	France	E.A.	-	Deconsolidation
Cleantex Potsdam Textilpfelge GmbH	Potsdam	Germany	F.C.	100	100
Elis Holding GmbH	Rehburg-Loccum	Germany	F.C.	100	100
Elis Textil-Service GmbH	Mörlenbach	Germany	F.C.	100	100
RWV Textilservice Beteiligungs GmbH	Rehburg-Loccum	Germany	F.C.	100	100
Schäfer Wäsche-Vollservice GmbH	Ibbenbüren	Germany	F.C.	100	100
Rolf und Horst Schäfer GmbH & Co. KG	Ibbenbüren	Germany	F.C.	100	100
Wolfsperger Textilservice GmbH & Co. KG	Freiburg im Breisgau	Germany	F.C.	100	100
Wolfsperger Verwaltungs GmbH	Freiburg im Breisgau	Germany	F.C.	100	100
Auxiliar Hotelera Arly	Andorra	Andorra	F.C.	100	100
Arly les Valls (in liquidation*)	Andorra	Andorra	F.C.	100	100
Hades	Anderlecht	Belgium	F.C.	100	100
Leudeville Holdings SA	Jundiai	Brazil	F.C.	100	-
Atmo Holding SA	Jundiai	Brazil	F.C.	100	-
Atmosfera Gestao e Higienizacao et Texteis	Jundiai	Brazil	F.C.	100	-
Elis Brazil, Serviços e Higienização de Têxteis Ltda	Jundiai	Brazil	F.C.	100	100
SC Lavanderia	Sete Lagoas	Brazil	F.C.	100	-
L'Acqua Lavanderias	Ponta Grossa	Brazil	F.C.	100	-
Azelab Productos	Parets del Vallès (Barcelona)	Spain	F.C.	100	100
Elis Textilrenting SL	Parets del Vallès (Barcelona)	Spain	F.C.	-	Merger
Elis Servicios Hoteleros SL	Parets del Vallès (Barcelona)	Spain	F.C.	-	Merger
Elis Manomatic	Parets del Vallès (Barcelona)	Spain	F.C.	100	100
Explotadora de Lavanderias	Consell (Mallorca)	Spain	F.C.	100	100
AF System	Rondissone	Italy	F.C.	-	Merger
Elis Italia S.p.A.	San Giuliano Milanese	Italy	F.C.	100	100
Elis Luxembourg	Bascharage	Luxembourg	F.C.	100	100
Gafides	Samora Correira	Portugal	F.C.	100	100
SPAST	Samora Correira	Portugal	F.C.	100	100
Spast II LDA	Samora Correira	Portugal	F.C.	100	100
SNDI S.R.O.	Slavkov ù Brna	Czech Republic	F.C.	100	100
Kennedy Hygiene Products LTD	Uckfield	United Kingdom	F.C.	100	100
Kennedy Exports LTD	Uckfield	United Kingdom	F.C.	100	100
Blanchâtel S.A.	La Chaux-de-Fonds	Switzerland	F.C.	100	100
Blanchival S.A.	Sion	Switzerland	F.C.	100	100
Blanchisserie des Epinettes S.A.	Plan-les-Ouates	Switzerland	F.C.	100	100
Blanchisserie des Epinettes, Acacias S.A.	Nyon	Switzerland	F.C.	100	100
Großwäscherei Domeisen AG	Endingen	Switzerland	F.C.	75	75
Hedena S.A.	Nyon	Switzerland	F.C.	100	100
InoTex Bern AG	Bern	Switzerland	F.C.	84	84
Laventex S.A.	Givisiez	Switzerland	F.C.	100	100
Lavopital S.A.	Plan-les-Ouates	Switzerland	F.C.	100	100
Lavotel S.A.	Nyon	Switzerland	F.C.	100	100
Lavotel Textilleasing GmbH	Rüdtigen-Alchenflüh	Switzerland	F.C.	100	100
Picsou Management AG	Muri Bei Bern	Switzerland	F.C.	51	51
Siro Holding AG	Muri Bei Bern	Switzerland	F.C.	51	51
SNDI (Suisse) S.A.	Brügg	Switzerland	F.C.	100	100
Wäscherei Kunz AG	Hochdorf	Switzerland	F.C.	100	100
Wäscherei Papritz AG	Rüdtigen-Alchenflüh	Switzerland	F.C.	100	100
(*) dormant					

F.C.=Fully Consolidated
E.A. =Equity Accounted

Note 14 – Subsequent events

No events have occurred since the consolidated financial statements were prepared as at September 30, 2014 that are likely to have a material impact on the financial position of the Elis Group except for the events on pages 17 and 22.