Adecco Group

HALF YEAR REPORT 2015

Contents

Adecco Group – Operating and financial review and prospects

in millions, except share and per share information

1. Operating results

in EUR	2015	2014	Variance % EUR	Variance % Constant currency
Revenues	10,665	9,643	11	4
Gross profit	2,013	1,773	14	6
Gross margin	18.9%	18.4%		
EBITA[1]	493	404	22	15
EBITA margin	4.6%	4.2%		
Operating income	475	386	23	16
Net income attributable to Adecco shareholders	337	255	32	
Basic EPS	1.95	1.44	36	

1.1 Overview

Statements throughout this discussion and analysis using the term "the Company" refer to the Adecco Group, which comprises Adecco S.A., a Swiss corporation, its consolidated subsidiaries, as well as variable interest entities for which Adecco is considered the primary beneficiary.

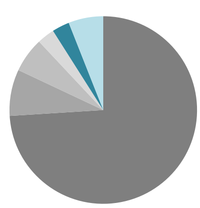
Revenues for the first six months of 2015 amounted to EUR 10,665. Compared to the same period last year, revenues increased by 11% or by 4% in constant currency. This was mainly due to an increase of 3% in the temporary staffing volume as temporary hours sold increased to 584 million. Furthermore, in the first six months of 2015, permanent placement revenues totalled EUR 213, an increase of 25% or 14% in constant currency, and outplacement revenues amounted to EUR 178, an increase of 18% or 6% in constant currency.

Gross profit amounted to EUR 2,013 in the first six months of 2015, an increase of 14% or 6% in constant currency. The gross margin was 18.9%, up 50 basis points ("bps") year-on-year. Temporary staffing had a 10 bps positive impact on the gross margin, driven by our continued strict approach to pricing. Permanent placement added a further 20 bps with the remaining increase of 20 bps due to fluctuations in foreign currency exchange rates.

1 EBITA is non-U.S. GAAP measure and refers to operating income before amortisation of intangible assets.

Selling, general, and administrative expenses ("SG&A") increased by 11% or by 3% in constant currency to EUR 1,520 in the first six months of 2015 compared to the same period last year. SG&A as a percentage of revenues remained flat at 14.2% in the first six months of 2015. Included in the first six months of 2015 are integration costs of EUR 5 in LHH related to the acquired Knightsbridge business and costs for contractual obligations related to the change of CEO and CFO of EUR 10 in Corporate. Included in the first six months of 2014 are restructuring expenses of EUR 9 related to the move to a single headquarters in North America. The branch network increased by 1%, and full-time equivalent ("FTE") employees increased by 2%.

SG&A breakdown
HY 2015



- Personnel Cost 74%
- Premises Expenses 8%
- Office & Admin. Expenses 6%
- Depreciation 3%
- Marketing 3%
- Bad Debt Expense 0%
- Other 6%

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EBITA was EUR 493 and increased by 22% or by 15% in constant currency in the first six months of 2015. The EBITA margin was 4.6% in the first six months of 2015 compared to the EBITA margin of 4.2% in the first six months of 2014.

Amortisation of intangible assets amounted to EUR 18 in the first six months of 2015, unchanged compared to the same period in 2014.

Operating income amounted to EUR 475 in the first six months of 2015 compared to EUR 386 in the same period of 2014.

Interest expense was EUR 34 compared to EUR 40 in the first six months of 2014. **Other income/(expenses), net** amounted to an income of EUR 10 compared to an income of EUR 5 in the first six months of 2014.

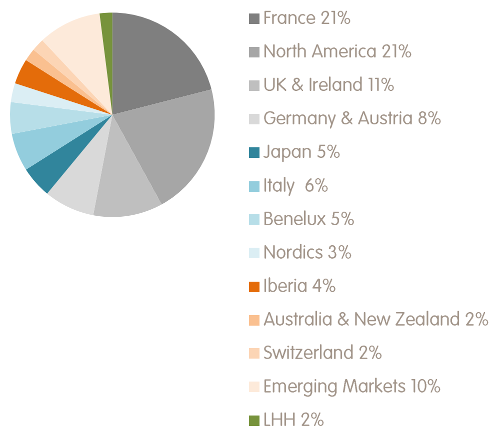
Provision for income taxes was EUR 112 compared to EUR 95 in the same period of 2014. The **effective tax rate** in the first six months of 2015 was 25%, compared to 27% in the same period in 2014.

Net income attributable to Adecco shareholders amounted to EUR 337 in the first six months of 2015, compared to EUR 255 in the same period of 2014. Basic earnings per share ("EPS") was EUR 1.95 in the first six months of 2015 compared to EUR 1.44 in the first six months of 2014.

1.2 Segment performance and revenues by business line

On a geographical basis, trends for the first six months of 2015 were somewhat mixed. In France, revenues remained flat while revenues in North America increased by 4% in constant currency. Our strongest revenue growth was in Italy (18%) and in Iberia (15%). The Emerging Markets continued to expand solidly, growing 11% in constant currency. Our weakest revenue performance in the first six months of 2015 was in the Nordics, which saw a decline of 7% in constant currency.

HY 2015 revenues split by segment



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The segment breakdown of revenues and EBITA for the six months ended June 30, 2015 and June 30, 2014 is presented in the following tables:

Revenues by segment			Variance %	
in EUR	**2015**	**2014**	**EUR**	**Constant currency**
France	2,259	2,257	0	0
North America[1]	2,263	1,801	26	4
UK & Ireland	1,119	1,011	11	(1)
Germany & Austria	836	834	0	0
Japan	555	507	10	5
Italy	637	538	18	18
Benelux	500	466	7	7
Nordics	368	411	(10)	(7)
Iberia	424	370	15	15
Australia & New Zealand	186	163	14	8
Switzerland	226	197	15	0
Emerging Markets	1,090	920	18	11
LHH[1]	202	168	20	8
Adecco Group	**10,665**	**9,643**	**11**	**4**

1 In the first six months of 2015, revenues changed organically in North America by 3% and in LHH by 2%.

EBITA and EBITA margin by segment	**EBITA**				**EBITA margin**		
			Variance %				Variance
in EUR	**2015**	**2014**	**EUR**	**Constant currency**	**2015**	**2014**	**bps**
France	144	124	16	16	6.4%	5.5%	90
North America	131	84	56	28	5.8%	4.7%	110
UK & Ireland	26	22	16	3	2.3%	2.2%	10
Germany & Austria	36	37	(1)	(1)	4.3%	4.4%	(10)
Japan	33	26	28	23	6.0%	5.1%	90
Italy	42	31	36	36	6.5%	5.7%	80
Benelux	19	16	21	21	3.9%	3.4%	50
Nordics	3	12	(71)	(70)	0.9%	2.8%	(190)
Iberia	18	14	28	28	4.3%	3.8%	50
Australia & New Zealand	(1)	(2)	n.m	n.m	-0.5%	-1.0%	50
Switzerland	15	15	(1)	(14)	6.8%	7.8%	(100)
Emerging Markets	41	29	41	34	3.7%	3.1%	60
LHH	57	50	14	(1)	28.3%	29.9%	(160)
Corporate	(71)	(54)					
Adecco Group	**493**	**404**	**22**	**15**	**4.6%**	**4.2%**	**40**

in millions, except share and per share information

From a business line perspective, General Staffing represented 74% of Group revenues in the first six months of 2015 with the remaining 26% coming from Professional Staffing and Solutions. In the first six months of 2015, revenues increased in General Staffing by 5% and declined in Professional Staffing by 1%, both in constant currency.

In our Solutions business, revenues increased by 16% in constant currency or by 6% organically, with revenues in Career Transition & Talent Development up 2% organically, and in Business Process Outsourcing up 17% organically.

The business line breakdown of revenues for the six months ended June 30, 2015 and June 30, 2014 is presented below:

Revenues by business line[1]			Variance %	
in EUR	**2015**	**2014**	**EUR**	**Constant currency**
Office	2,581	2,323	11	4
Industrial	5,288	4,848	9	6
General Staffing	**7,869**	**7,171**	**10**	**5**
Information Technology	1,284	1,153	11	0
Engineering & Technical	569	547	4	(8)
Finance & Legal[2]	440	373	18	3
Medical & Science	201	170	18	6
Professional Staffing	**2,494**	**2,243**	**11**	**(1)**
CTTD[2]	202	168	20	8
BPO[2]	100	61	64	38
Solutions[2]	**302**	**229**	**32**	**16**
Adecco Group	**10,665**	**9,643**	**11**	**4**

1 Breakdown of staffing revenues into Office, Industrial, Information Technology (IT), Engineering & Technical, Finance & Legal, and Medical & Science is based on dedicated branches. CTTD comprises Career Transition & Talent Development services. BPO comprises Managed Service Programmes (MSP), Recruitment Process Outsourcing (RPO) and Vendor Management System (VMS).

2 In the first six months of 2015, revenues increased organically in Finance & Legal by 2%, in CTTD by 2%, in BPO by 17%, and in Solutions by 6%.

in millions, except share and per share information

France

in EUR	2015	2014	Variance %
Revenues	2,259	2,257	0
EBITA	144	124	16
EBITA margin	6.4%	5.5%	

In the first six months of 2015, revenues in France were flat at EUR 2,259. Revenues in Industrial, which accounted for over 85% of revenues in France, increased by 1%, while revenues in Office decreased by 4%, and in Professional Staffing decreased by 7%. Permanent placement revenues in France were up 9%. EBITA in the first six months of 2015 amounted to EUR 144 compared to EUR 124 in the first six months of 2014. The EBITA margin was 6.4%, compared to the EBITA margin of 5.5% in the same period of last year.

North America

			Variance %	
in EUR	2015	2014	EUR	Constant currency
Revenues	2,263	1,801	26	4
EBITA	131	84	56	28
EBITA margin	5.8%	4.7%		

In North America, revenues were EUR 2,263, an increase of 26% or an increase of 4% in constant currency compared to the first six months of 2014. In North America, General Staffing accounted for approximately half of the revenues. In Industrial revenues increased by 12%, whereas in Office revenues declined by 2%, both in constant currency. Revenues in Professional Staffing were flat in constant currency. Revenues increased by 1% in IT, 6% in Finance & Legal, and 14% in Medical & Science, whereas in Engineering & Technical revenues declined by 8%, all in constant currency. Permanent placement revenues in North America were up 13% in constant currency. EBITA in the first six months of 2015 was EUR 131 compared to EUR 84 in the same period of 2014. The EBITA margin was 5.8% in the first six months of 2015 compared to 5.2% excluding restructuring costs of EUR 9 for the move to a single headquarters in North America in the same period of 2014.

UK & Ireland

			Variance %	
in EUR	2015	2014	EUR	Constant currency
Revenues	1,119	1,011	11	(1)
EBITA	26	22	16	3
EBITA margin	2.3%	2.2%		

In the first six months of 2015, revenues in the UK & Ireland increased by 11% or decreased by 1% in constant currency to EUR 1,119. Approximately two-thirds of revenues came from Professional Staffing, which decreased by 2% in constant currency. Revenues decreased by 1% in IT, 1% in Finance & Legal, and 17% in Engineering & Technical, all in constant currency. Within General Staffing, the majority of revenues are in Office, which increased by 2% in constant currency. Permanent placement revenues increased by 2% in constant currency. EBITA in the first six months of 2015 amounted to EUR 26 compared to EUR 22 in the same period of the prior year. The EBITA margin was 2.3% in the first six months of 2015 compared to 2.2% in the same period of 2014.

Germany & Austria

in EUR	2015	2014	Variance %
Revenues	836	834	0
EBITA	36	37	(1)
EBITA margin	4.3%	4.4%	

In the first six months of 2015, revenues in Germany & Austria were flat at EUR 836. Revenues in Industrial, which accounted for approximately 70% of revenues in Germany & Austria, increased by 1%. Revenues in Professional Staffing decreased by 2%. EBITA in the first six months of 2015 amounted to EUR 36 compared to EUR 37 in the same period of 2014. The EBITA margin was 4.3% in the first six months of 2015 compared to 4.4% in the first six months of 2014.

in millions, except share and per share information

Japan

in EUR	2015	2014	Variance % EUR	Variance % Constant currency
Revenues	555	507	10	5
EBITA	33	26	28	23
EBITA margin	6.0%	5.1%		

In Japan, revenues in the first six months of 2015 were EUR 555, an increase of 10% or an increase of 5% in constant currency. In Office, which accounted for approximately 75% of total revenues in Japan, revenues increased by 8% in constant currency. Revenues in our smaller Professional Staffing business, which comprised IT and Engineering & Technical increased by 6% in constant currency. EBITA was EUR 33 in the first six months of 2015 compared to EUR 26 in the first six months of 2014. The EBITA margin for the first six months of 2015 was 6.0% compared to 5.1% in the first six months of 2014.

Italy

in EUR	2015	2014	Variance %
Revenues	637	538	18
EBITA	42	31	36
EBITA margin	6.5%	5.7%	

Revenues in Italy increased by 18% compared to the first six months of 2014. The EBITA margin in the first six months of 2015 was 6.5%, up 80 bps compared to the same period of 2014.

Benelux

in EUR	2015	2014	Variance %
Revenues	500	466	7
EBITA	19	16	21
EBITA margin	3.9%	3.4%	

In the first six months of 2015, revenues in Benelux increased by 7%. The EBITA margin was 3.9% in the first six months of 2015 compared to 3.4% in the first six months of 2014.

Nordics

in EUR	2015	2014	Variance % EUR	Variance % Constant currency
Revenues	368	411	(10)	(7)
EBITA	3	12	(71)	(70)
EBITA margin	0.9%	2.8%		

Revenues in the Nordics decreased by 10% or by 7% in constant currency. The EBITA margin was 0.9% in the first six months of 2015 compared to 2.8% in the first six months of 2014.

Iberia

in EUR	2015	2014	Variance %
Revenues	424	370	15
EBITA	18	14	28
EBITA margin	4.3%	3.8%	

Revenues increased in Iberia by 15% in the first six months of 2015 compared to the same period in 2014. The EBITA margin in the first six months of 2015 was 4.3%, up 50 bps compared to the same period of 2014.

in millions, except share and per share information

Australia & New Zealand

in EUR	2015	2014	Variance % EUR	Variance % Constant currency
Revenues	186	163	14	8
EBITA	(1)	(2)	n.m	n.m
EBITA margin	-0.5%	-1.0%		

Revenues in Australia & New Zealand increased by 14% or by 8% in constant currency in the first six months of 2015 compared to the same period in 2014. The EBITA margin in the first six months of 2015 was -0.5%, compared to -1.0% in the same period of 2014.

Switzerland

in EUR	2015	2014	Variance % EUR	Variance % Constant currency
Revenues	226	197	15	0
EBITA	15	15	(1)	(14)
EBITA margin	6.8%	7.8%		

Revenues in Switzerland increased by 15% and remained flat in constant currency in the first six months of 2015 compared to the same period in 2014. The EBITA margin in the first six months of 2015 was 6.8%, down 100 bps compared to the same period of 2014.

Emerging Markets

in EUR	2015	2014	Variance % EUR	Variance % Constant currency
Revenues	1,090	920	18	11
EBITA	41	29	41	34
EBITA margin	3.7%	3.1%		

Revenues in Emerging Markets in the first six months of 2014 increased by 18% or by 11% in constant currency. The EBITA margin was 3.7% in the first six months of 2015 compared to 3.1% in the first six months of 2014.

LHH

in EUR	2015	2014	Variance % EUR	Variance % Constant currency
Revenues	202	168	20	8
EBITA	57	50	14	(1)
EBITA margin	28.3%	29.9%		

In the first six months of 2015, revenues of LHH, Adecco's Career Transition & Talent Development business, amounted to EUR 202, an increase of 20% or 8% in constant currency, or 2% organically. EBITA in the first six months of 2015 amounted to EUR 57 and the EBITA margin was 28.3% compared to 29.9% in the same period of 2014.

2. Non-U.S. GAAP information and financial measures

The Company uses non-U.S. GAAP financial measures for management purposes. The principal non-U.S. GAAP financial measures discussed herein are EBITA, net debt, constant currency, and organic growth comparisons, which are used in addition to, and in conjunction with results presented in accordance with U.S. GAAP.

EBITA, net debt, constant currency, and organic growth comparisons should not be relied upon to the exclusion of U.S. GAAP financial measures, but rather reflect additional measures of comparability and means of viewing aspects of the Company's operations that, when viewed together with the U.S. GAAP results, provide a more complete understanding of factors and trends affecting the Company's business.

Because EBITA, net debt, constant currency, and organic growth comparisons are not standardised, it may not be possible to compare the Company's measures with other companies' non-U.S. GAAP financial measures having the same or a similar name. Management encourages investors to review the Company's financial statements and publicly filed reports in their entirety and not to rely on any single financial measure.

EBITA refers to operating income before amortisation of intangible assets. Management believes that EBITA is important supplemental information for investors because it focuses on the underlying growth and performance of the Company's business.

Management monitors outstanding debt obligations by calculating net debt. **Net debt** comprises short-term and long-term debt less cash and cash equivalents and short-term investments.

Constant currency comparisons are calculated by multiplying the prior year functional currency amount by the current year foreign currency exchange rate. Management believes that constant currency comparisons are important supplemental information for investors because these comparisons exclude the impact of changes in foreign currency exchange rates, which are outside the Company's control, and focuses on the underlying growth and performance.

Organic growth figures exclude the impact of currency, acquisitions, and divestitures. Management believes that organic growth comparisons are important supplemental information because these comparisons exclude the impact of changes resulting from foreign currency exchange rate fluctuations, acquisitions, and divestitures.

3. Cash flow, net debt and Days Sales Outstanding ("DSO")

Cash flows from operating activities amounted to EUR 208 in the first six months of 2015, which includes the cash proceeds of EUR 163 for the sale of a portion of the CICE (tax credit for competitiveness and employment) receivables. This compared to cash flows from operating activities of EUR 233 in the first six months of 2014, which includes the cash proceeds of EUR 109 for the sale of a portion of the CICE receivables. Cash used in investing activities amounted to EUR 210 in the first six months of 2015, which includes the cash outflow of EUR 102 for cash settlements on derivative instruments, EUR 58 for the acquisition of Knightsbridge and EUR 44 for capital expenditures. This compared to cash used in investing activities of EUR 15 in the first six months of 2014 including EUR 35 capital expenditures. Cash flows from financing activities totalled EUR 401 in the first six months of 2015 and included the proceeds from the issuance of long-term debt of EUR 498, the net increase in short-term debt of EUR 288, partly offset by the payment of dividends of EUR 348, and the purchase of treasury shares of EUR 37. In the first six months of 2014, cash used in financing activities amounted to EUR 563 and included the payment of dividends of EUR 291, the repayment of long-term debt of EUR 346, and the purchase of treasury shares of EUR 82, partly offset by a net increase in short-term debt of EUR 156.

Net debt increased by EUR 467 to EUR 1,442 at the end of June 2015 compared to December 2014.

DSO was 53 days in the first six months of 2015 as well as in the first six months of 2014.

4. Outlook

In the second quarter, revenue growth continued at a similar level to the first quarter. The overall trend in the Company's businesses in Europe has continued to become more positive, while growth remains robust in Emerging Markets. This has been offset by some moderation of growth in North America. In July, revenue growth for the Company was similar to the second quarter, in constant currency and adjusted for trading days.

Given this picture, the Company will continue to invest selectively where it sees organic growth opportunities and where productivity is already at a high level. At the same time, the Company maintains its focus on tight cost control. In Q3 2015, SG&A excluding one-offs is expected to decrease slightly compared to Q2 2015 in constant currency, due to normal seasonality.

The Company continues to be committed to achieving its EBITA margin target of above 5.5% in 2015. As previously stated, this is dependent on an acceleration of revenue growth in the second half of the year. Given the trends in the Company's business and the current economic outlook, and helped by an easier comparison base, the Company continues to expect such a pick-up. Based on this positive outlook, the Company remains convinced it will achieve its target.

5. Forward-looking statements

Information in this Half Year Report may involve guidance, expectations, beliefs, plans, intentions or strategies regarding the future. These forward-looking statements involve risks and uncertainties. All forward-looking statements included in this Half Year Report are based on information available to the Company as of August 10, 2015, and the Company assumes no duty to update any such forward-looking statements. The forward-looking statements in this Half Year Report are not guarantees of future performance and actual results could differ materially from the Company's current expectations. Numerous factors could cause or contribute to such differences. Factors that could affect the Company's forward-looking statements include, among other things:

- global GDP trends and the demand for temporary work;
- changes in regulation affecting temporary work;
- intense competition in the markets in which the Company operates;
- integration of acquired companies;
- changes in the Company's ability to attract and retain qualified internal and external personnel or clients;
- the potential impact of disruptions related to IT; and
- any adverse developments in existing commercial relationships, disputes or legal and tax proceedings.

Adecco Group – Selected financial information

in millions, except share and per share information

For the six months ended June 30 (in EUR)	**2015**	**2014**
Statements of operations		
Revenues	10,665	9,643
Gross profit	2,013	1,773
Operating income	475	386
Net income attributable to Adecco shareholders	337	255

As of (in EUR)	**30.06.2015**	**31.12.2014**
Balance sheets		
Cash and cash equivalents and short-term investments	1,126	698
Trade accounts receivable, net	4,129	3,676
Goodwill	3,760	3,583
Total assets	10,552	9,440
Short-term debt and current maturities of long-term debt	714	89
Accounts payable and accrued expenses	3,871	3,607
Long-term debt, less current maturities	1,854	1,584
Total liabilities	6,778	5,601
Total shareholders' equity	3,774	3,839

For the six months ended June 30 (in EUR)	**2015**	**2014**
Cash flows from operations		
Cash flows from operating activities	208	233
Cash used in investing activities	(210)	(15)
Cash flows from/(used in) financing activities	401	(563)
Other indicators		
Capital expenditures	44	35

As of	**30.06.2015**	**31.12.2014**
Other indicators		
Net debt (in EUR)[1]	1,442	975
Additional statistics		
Number of FTE employees at end of period (approximate)	32,000	31,000

1 Net debt is a non-U.S. GAAP measure and comprises short-term and long-term debt, less cash and cash equivalents and short-term investments.

Adecco Group – Consolidated balance sheets

in millions, except share and per share information

As of (in EUR)	Note	30.06.2015	31.12.2014
Assets			
Current Assets:			
• Cash and cash equivalents		1,123	695
• Short-term investments		3	3
• Trade accounts receivable, net		4,129	3,676
• Other current assets		321	262
Total current assets		**5,576**	**4,636**
Property, equipment, and leasehold improvements, net		230	222
Other assets		440	498
Intangible assets, net	2	546	501
Goodwill	2	3,760	3,583
Total assets		**10,552**	**9,440**
Liabilities and shareholders' equity			
Liabilities			
Current liabilities:			
• Accounts payable and accrued expenses		3,871	3,607
• Short-term debt and current maturities of long-term debt	3	714	89
Total current liabilities		**4,585**	**3,696**
Long-term debt, less current maturities	3	1,854	1,584
Other liabilities		339	321
Total liabilities		**6,778**	**5,601**
Shareholders' equity			
Adecco shareholders' equity:			
• Common shares		108	111
• Additional paid-in capital	4	715	1,063
• Treasury shares, at cost	4	(71)	(303)
• Retained earnings		3,111	3,072
• Accumulated other comprehensive income/(loss), net	4	(95)	(108)
Total Adecco shareholders' equity		**3,768**	**3,835**
Noncontrolling interests		6	4
Total shareholders' equity		**3,774**	**3,839**
Total liabilities and shareholders' equity		**10,552**	**9,440**

The accompanying notes are an integral part of these consolidated financial statements.

Adecco Group – Consolidated statements of operations

in millions, except share and per share information

For the six months ended June 30 (in EUR)	Note	2015	2014
Revenues	11	10,665	9,643
Direct costs of services		(8,652)	(7,870)
Gross profit		**2,013**	**1,773**
Selling, general, and administrative expenses		(1,520)	(1,369)
Amortisation of intangible assets		(18)	(18)
Operating income	11	**475**	**386**
Interest expense		(34)	(40)
Other income/(expenses), net	8	10	5
Income before income taxes		**451**	**351**
Provision for income taxes	9	(112)	(95)
Net income		**339**	**256**
Net income attributable to noncontrolling interests		(2)	(1)
Net income attributable to Adecco shareholders		**337**	**255**
Basic earnings per share	10	**1.95**	**1.44**
Basic weighted-average shares	10	173,278,121	177,678,063
Diluted earnings per share	10	**1.94**	**1.43**
Diluted weighted-average shares	10	173,497,432	178,011,312

The accompanying notes are an integral part of these consolidated financial statements.

Adecco Group –
Consolidated statements of comprehensive income

in millions, except share and per share information

For the six months ended June 30 (in EUR)	**2015**	**2014**
Net income	339	256
Other comprehensive income/(loss), net of tax:		
• Currency translation adjustment of long-term intercompany loans (net of tax of, 2015: EUR 3, 2014: less than EUR 1)	(39)	
• Currency translation adjustment excluding long-term intercompany loans (net of tax of, 2015: EUR 3, 2014: less than EUR 1)	54	13
• Change in net actuarial gain/(loss) on pensions including currency translation adjustment (net of tax of, 2015: EUR 1, 2014: less than EUR 1)	(2)	
Total other comprehensive income	13	13
Total comprehensive income	**352**	**269**
Less comprehensive income attributable to noncontrolling interests	(2)	(1)
Comprehensive income attributable to Adecco shareholders	**350**	**268**

The accompanying notes are an integral part of these consolidated financial statements.

Adecco Group – Consolidated statements of cash flows

in millions, except share and per share information

For the six months ended June 30 (in EUR)	**2015**	**2014**
Cash flows from operating activities		
Net income	339	256
Adjustments to reconcile net income to cash flows from operating activities:		
• Depreciation and amortisation	65	64
• Other charges	12	16
Changes in operating assets and liabilities, net of acquisitions:		
• Trade accounts receivable	(319)	(220)
• Accounts payable and accrued expenses	75	107
• Other assets and liabilities	36	10
Cash flows from operating activities	**208**	**233**
Cash flows from investing activities		
Capital expenditures	(44)	(35)
Proceeds from sale of property and equipment	1	17
Acquisition of Knightsbridge, net of cash acquired	(58)	
Cash settlements on derivative instruments	(102)	9
Other acquisition and investing activities, net	(7)	(6)
Cash used in investing activities	**(210)**	**(15)**
Cash flows from financing activities		
Net increase in short-term debt	288	156
Borrowings of long-term debt, net of issuance costs	498	
Repayment of long-term debt		(346)
Dividends paid to shareholders	(348)	(291)
Purchase of treasury shares	(37)	(82)
Cash flows from/(used in) financing activities	**401**	**(563)**
Effect of exchange rate changes on cash	29	(5)
Net increase/(decrease) in cash and cash equivalents	**428**	**(350)**
Cash and cash equivalents:		
• Beginning of year	695	963
• End of period	1,123	613

The accompanying notes are an integral part of these consolidated financial statements.

Adecco Group – Consolidated statements of changes in shareholders' equity

in millions, except share and per share information

in EUR	Common shares	Additional paid-in capital	Treasury shares, at cost	Retained earnings	Accumulated other comprehensive income/(loss), net	Non-controlling interests	Total shareholders' equity
January 1, 2015	**111**	**1,063**	**(303)**	**3,072**	**(108)**	**4**	**3,839**
Comprehensive income:							
Net income				337		2	339
Other comprehensive income					13		13
Total comprehensive income							**352**
Stock-based compensation		15					15
Vesting of share awards		(15)	14	(1)			(2)
Share cancellation	(3)		257	(297)			(43)
Treasury shares purchased on second trading line			(31)				(31)
Other treasury share transactions			(8)				(8)
Cash dividends, CHF 2.10 per share		(348)					(348)
June 30, 2015	**108**	**715**	**(71)**	**3,111**	**(95)**	**6**	**3,774**

in EUR	Common shares	Additional paid-in capital	Treasury shares, at cost	Retained earnings	Accumulated other comprehensive income/(loss), net	Non-controlling interests	Total shareholders' equity
January 1, 2014	**118**	**1,352**	**(461)**	**2,851**	**(307)**	**4**	**3,557**
Comprehensive income:							
Net income				255		1	256
Other comprehensive income					13		13
Total comprehensive income							**269**
Stock-based compensation		8					8
Vesting of share awards		(14)	13				(1)
Treasury shares purchased on second trading line			(66)				(66)
Other treasury share transactions			(14)				(14)
Cash dividends, CHF 2.00 per share		(291)					(291)
June 30, 2014	**118**	**1,055**	**(528)**	**3,106**	**(294)**	**5**	**3,462**

The accompanying notes are an integral part of these consolidated financial statements.

Adecco Group –
Notes to consolidated financial statements

in millions, except share and per share information

Note 1 • Summary of significant accounting policies

Basis of presentation and principles of consolidation

The consolidated half year financial statements include Adecco S.A., a Swiss corporation, its consolidated subsidiaries as well as variable interest entities in which Adecco is considered the primary beneficiary (collectively, "the Company").

The Company prepares its consolidated half year financial statements using the same accounting principles and methods of computation that were applied in the audited consolidated financial statements as of December 31, 2014 and for the year then ended.

Certain information and footnote disclosures included in the audited consolidated financial statements as of December 31, 2014 have been condensed or omitted. As a result, the financial information in the condensed consolidated financial statements should be read in conjunction with the Company's Annual Report including the Financial Review, the Corporate Governance, and the Remuneration Report for the fiscal year ended December 31, 2014.

The reporting currency of the Company is the Euro, which reflects the significance of the Company's Euro-denominated operations. Adecco S.A.'s share capital is denominated in Swiss Francs and the Company declares and pays dividends in Swiss Francs.

In the opinion of management, the consolidated half year financial statements reflect all adjustments necessary to present fairly the consolidated balance sheets, the consolidated statements of operations, the consolidated statements of comprehensive income, the consolidated statements of cash flows, the consolidated statements of changes in shareholders' equity, and the accompanying notes.

Use of estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles ("U.S. GAAP") requires management to make judgements, assumptions, and estimates that affect the amounts reported in the consolidated half year financial statements and accompanying notes. The results of these estimates form the basis for making judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from those estimates.

CICE (tax credit for competitiveness and employment)

At the end of 2012, the French government introduced a tax relief programme known as CICE (tax credit for competitiveness and employment) for all companies operating in France. Since 2014, this provides employers with a tax credit of 6% on employee salaries up to 2.5 times the minimum wage. The CICE earned each year is creditable against current income tax payable in France with any remaining amount paid after three years. Given the Company's current tax situation in France, the Company does not expect to receive the CICE receivables recorded until three years after it is earned.

In June 2015, the Company sold a portion of the CICE receivables of EUR 167 for cash proceeds of EUR 163 and in June 2014, sold a portion of the CICE receivables of EUR 113 for cash proceeds of EUR 109. Upon sale, the Company derecognised EUR 167 in June 2015 and EUR 113 in June 2014 of the CICE receivables as this transaction qualifies for sale treatment in accordance with ASC 860, "Transfers and Servicing" ("ASC 860") and the Company does not have any continuing involvement with the CICE receivables sold. The discount on the CICE receivables sold is recorded in interest expense in the consolidated statements of operations.

New accounting guidance

In May 2014, the Financial Accounting Standards Board ("FASB") issued an Accounting Standards Update ("ASU") 2014-09 "Revenue from Contracts with Customers" (Topic 606): Revenue Recognition ("ASU 2014-09") that establishes a broad principle that would require an entity to recognise revenue to depict the performance of services or transfer of promised goods to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those services or goods. This guidance requires retrospective adoption either to each prior reporting period presented or as a cumulative effective adjustment as of the date of adoption, and is effective for the first interim period within annual reporting periods beginning after December 15, 2017. Early adoption is permitted from the first interim period within annual reporting periods beginning after December 15, 2016. The Company is currently assessing the impact of this guidance on the consolidated financial statements.

in millions, except share and per share information

In April 2015, the FASB issued ASU 2015-03 "Simplifying the Presentation of Debt Issuance Costs." The new guidance requires entities to present debt issuance costs in the balance sheet as a direct deduction from the related debt liability rather than as an asset. This guidance requires retrospective adoption and is effective for fiscal years and interim periods within those years beginning after December 15, 2015; however, early adoption is permitted. The Company will adopt this guidance on January 1, 2016 and does not expect it to have a significant impact on the consolidated financial statements.

Note 2 • Acquisitions

The Company made acquisitions in the first six months of 2015 and does not consider any of its acquisition transactions to be material, individually or in the aggregate, to its consolidated balance sheets or results of operations.

The following table illustrates the aggregate impact of the 2015 acquisitions:

in EUR	**2015**
Impact of acquisitions	
Net tangible assets acquired	4
Identified intangible assets	28
Goodwill	44
Deferred tax liabilities	(6)
Total consideration	**70**

In April 2015, the Company acquired all outstanding common shares of Knightsbridge Human Capital Management Inc. ("Knightsbridge"), the Canadian market leader in career transition, talent and leadership development and recruitment services, for EUR 58, net of EUR 1 cash acquired. As a result of the Knightsbridge acquisition, the Company has become the market leader for Human Capital Solutions in Canada and reinforced its leadership position in key markets around the world. Goodwill of EUR 35 and intangible assets of EUR 26 were recorded in connection with Knightsbridge. The purchase price was funded with internal resources. Knightsbridge was consolidated by the Company as of April 1, 2015, and the results of Knightsbridge's operations have been included in the consolidated financial statements since April 2015. The goodwill of EUR 35 arising from the acquisition consists largely of acquired expertise and increased penetration in the Canadian career transition and talent development market.

Total acquisition related costs expensed in 2015 were not significant. Acquisition related costs are included in SG&A within the consolidated statements of operations.

in millions, except share and per share information

Note 3 • Financing arrangements

The Company's long-term and short-term debt as of June 30, 2015, amounted to EUR 2,568 compared to EUR 1,673 as of December 31, 2014. Short-term debt as of June 30, 2015 amounted to EUR 378 and consisted of borrowings under the French commercial paper programme (EUR 307) and under other lines of credit (EUR 71). Short-term debt as of December 31, 2014 amounted to EUR 88.

Long-term debt

The Company's long-term debt as of June 30, 2015 and December 31, 2014 consists of the following:

in EUR	Principal at maturity	Maturity	Fixed interest rate	30.06.2015	31.12.2014
7-year guaranteed Euro medium-term notes	EUR 500	2022	1.5%	500	
8-year Swiss Franc fixed rate notes	CHF 125	2020	2.625%	120	104
6-year guaranteed Euro medium-term notes	EUR 400	2019	2.75%	400	400
7-year guaranteed Euro medium-term notes	EUR 500	2018	4.75%	497	497
5-year Swiss Franc fixed rate notes	CHF 350	2017	1.875%	336	292
4-year Swiss Franc fixed rate notes	CHF 350	2016	2.125%	336	291
Other				1	1
				2,190	**1,585**
Less current maturities				(336)	(1)
Long-term debt, less current maturities				**1,854**	**1,584**

7-year guaranteed Euro medium-term notes
On May 18, 2015, Adecco International Financial Services BV, a wholly-owned subsidiary of the Company, issued EUR 500 medium-term 7-year notes with a coupon of 1.5%, guaranteed by Adecco S.A., due on November 22, 2022. The notes were issued within the framework of the Euro Medium-Term Note Programme and trade on the London Stock Exchange. The proceeds were used for general corporate purposes.

The Company has entered into fair value hedges of the 2022 notes, which are further discussed in Note 6.

Other credit facilities

Committed multicurrency revolving credit facility
In May 2014, the existing EUR 600 multicurrency revolving credit facility with a maturity date of October 2018 was amended for pricing and two new 1-year-extension options at the discretion of the banks were included. In May 2015, the first 1-year extension option was exercised and the maturity date of the credit facility was extended to October 2019. The facility is used for general corporate purposes including refinancing of advances and outstanding letters of credit. The interest rate is based on LIBOR, or EURIBOR for drawings denominated in Euro, plus a margin between 0.35% and 1.05% per annum, depending on certain debt-to-EBITDA ratios. A utilisation fee of 0.10%, 0.20% and 0.40%, applies on top of the interest rate, for cash drawings of up to 33.33%, 66.67% and above 66.67%, respectively, of the total commitment not used for letters of credit. The letter of credit fee equals the applicable margin, and the commitment fee equals 35% of the applicable margin. As of June 30, 2015 and December 31, 2014, there were no outstanding borrowings under the credit facility. As of June 30, 2015, the Company had EUR 518 available under the facility after utilising the Euro equivalent of EUR 82 in the form of letters of credit.

Note 4 • Shareholders' equity

Authorised shares and appropriation of available earnings

As of June 30, 2015 and December 31, 2014, Adecco S.A. had 4,166,804 shares of conditional capital reserved for issuance of common shares to employees and members of the Board of Directors upon the exercise of stock options. In addition, as of June 30, 2015 and December 31, 2014, Adecco S.A. was authorised by its shareholders to issue up to 15,400,000 shares in connection with the issuance of financial instruments, principally convertible bonds. The shares represent conditional capital authorised without time limitation and remain available for share issuance upon conversion of financial instruments issued or to be issued in the future. No options were outstanding as of June 30, 2015.

In the first six months of 2015 and the first six months of 2014, the number of treasury shares acquired on the regular trading line, amounted to 129,905 and 239,000, respectively, and the net consideration paid amounted to EUR 8 and EUR 14, respectively.

During the six months ended June 30, 2015 and the six months ended June 30, 2014, the Company awarded 8,948 and 6,068 treasury shares, respectively, to the Board of Directors as part of their compensation packages. In addition, in the first six months of 2015 and the first six months of 2014, 296,320 and 310,738 treasury shares, respectively, were used to settle share awards under the long-term incentive plan.

The Company launched the following share buyback programmes on a second trading line with the aim of subsequently cancelling the shares and reducing share capital:

- EUR 400 in June 2012 (completed in September 2013)
- EUR 250 in September 2013 (completed in November 2014)
- EUR 250 in November 2014 (acquired 1,072,500 shares for EUR 63 as of June 30, 2015).

In the first six months of 2015, the Company has acquired 495,750 shares for EUR 31 under the share buyback programmes. In the first six months of 2014, the Company acquired 1,124,300 shares for EUR 66 under the share buyback programmes.

At the Annual General Meeting of Shareholders of Adecco S.A. held on April 21, 2015, the shareholders approved the cancellation of 4,606,873 treasury shares acquired until December 31, 2014 under the share buyback programmes and the corresponding reduction of Adecco S.A.'s share capital by 4,606,873 registered shares with a nominal value of CHF 1.00 each. The cancellation of 4,606,873 treasury shares was completed on June 26, 2015. Effective June 26, 2015 the share capital of the Company amounts to CHF 174 divided into 174,474,937 shares.

At the Annual General Meeting of Shareholders of Adecco S.A. held on April 21, 2015, the shareholders approved a dividend of CHF 2.10 per share in respect of the fiscal year 2014. The entire dividends of EUR 348 were allocated from Adecco S.A.'s reserve from capital contributions, a subaccount of general reserves to free reserves and subsequently distributed to shareholders in the second quarter of 2015. The statutory reserve from capital contributions is classified as additional paid-in capital in the consolidated balance sheet.

in millions, except share and per share information

Accumulated other comprehensive income/(loss), net

The components of accumulated other comprehensive income/(loss), net of tax, are as follows:

in EUR	30.06.2015	31.12.2014
Currency translation adjustment	(60)	(75)
Unrealised gain on cash flow hedging activities	1	1
Pension-related adjustments	(36)	(34)
Accumulated other comprehensive income/(loss), net	**(95)**	**(108)**

In the first six months of 2015, an amount of EUR 1 (net of tax of less than EUR 1) was reclassified from accumulated other comprehensive income/(loss), net to SG&A in the statement of operations in connection with pension-related adjustments.

Note 5 • Employee benefit plans

For the six months ended June 30, 2015 and June 30, 2014, estimated net pension expense for the defined benefit plans is as follows:

	Swiss plan		Non-Swiss plans	
in EUR	2015	2014	2015	2014
Components of pension expense				
Service cost	8	6	4	3
Interest cost	1	2	3	3
Expected return on plan assets	(4)	(3)	(2)	(2)
Pension expense, net	**5**	**5**	**5**	**4**

Note 6 • Financial instruments

In accordance with Accounting Standards Codification ("ASC") 815, "Derivatives and Hedging" ("ASC 815"), all derivative instruments are initially recognised at fair value as either other current assets, other assets, accounts payable and accrued expenses, or other liabilities in the accompanying consolidated balance sheets regardless of the purpose or intent for holding the derivative instruments. The derivatives are subsequently remeasured to fair value at the end of each reporting period. For derivative instruments designated and qualifying as fair value hedges, changes in the fair value of the derivative instruments as well as the changes in the fair value of the hedged item attributable to the hedged risk are recognised within the same line item in earnings. Any cash flow impact on settlement of these contracts is classified within the consolidated statements of cash flows according to the nature of the hedged item. For derivative instruments designated and qualifying as cash flow hedges, the effective portion of the changes in the fair value of derivative instruments is initially recorded as a component of accumulated other comprehensive income/(loss), net, in shareholders' equity and reclassified into earnings in the same period during which the hedged transaction impacts earnings. The ineffective portion of the change in fair value of the derivative instruments is immediately recognised in earnings. The cash flow impact on settlement of these contracts is classified according to the nature of the hedged item. For derivative instruments designated and qualifying as net investment hedges, changes in the fair value of the derivative instruments are recorded as a component of accumulated other comprehensive income/(loss), net, in shareholders' equity to the extent they are considered effective. These gains or losses will remain in equity until the related net investment is sold or otherwise disposed. The cash flow impact on settlement of these contracts is classified as cash flows from investing activities.

For derivative instruments that are not designated or that do not qualify as hedges under ASC 815, the changes in the fair value of the derivative instruments are recognised in other income/(expenses), net, within the consolidated statements of operations. Any cash flow impact on settlement of these contracts is classified as cash flows from investing activities.

Risk and use of derivative instruments

The Company conducts business in various countries and funds its subsidiaries in various currencies, and is therefore exposed to the effects of changes in foreign currency exchange rates. In order to mitigate the impact of currency exchange rate fluctuations, the Company assesses its exposure to currency risk and hedges certain risks through the use of derivative instruments. The Company has also issued fixed rate long-term notes. Accordingly, the Company manages exposure to changes in fair value of fixed interest long-term debt through the use of derivative instruments.

The main objective of holding derivative instruments is to minimise the volatility of earnings arising from these exposures in the absence of natural hedges. The responsibility for assessing exposures as well as entering into and managing derivative instruments is centralised in the Company's treasury department. The activities of the treasury department are covered by corporate policies and procedures approved by the Board of Directors, which limits the use of derivative instruments for trading and speculative purposes. Group management approves the hedging strategy and monitors the underlying market risks.

in millions, except share and per share information

Fair value of non-derivative financial instruments

The following table shows the carrying value and the fair value of non-derivative financial instruments as of June 30, 2015 and December 31, 2014:

	30.06.2015		31.12.2014	
in EUR	Carrying value	Fair value	Carrying value	Fair value
Non-derivative financial instruments				
Current assets:				
• Cash and cash equivalents	1,123	1,123	695	695
• Short-term investments	3	3	3	3
• Trade accounts receivable, net	4,129	4,129	3,676	3,676
Current liabilities:				
• Accounts payable	776	776	746	746
• Short-term debt	378	378	88	88
• Current maturities of long-term debt	336	341	1	1
Non-current liabilities:				
• Long-term debt	1,854	1,967	1,584	1,720

The Company uses the following methods and assumptions to estimate the fair value of each class of non-derivative financial instruments:

- Cash equivalents, trade accounts receivable, net, accounts payable, and short-term debt
  The carrying amount approximates the fair value given the short maturity of such instruments.
- Short-term investments
  The fair value for these instruments is based on quoted market prices (Level 1).
- Long-term debt, including current maturities
  The fair value of the Company's publicly-traded long-term debt is estimated using quoted market prices (Level 1). Refer to Note 3 for details of debt instruments.

in millions, except share and per share information

Fair value of derivative financial instruments

The following table shows the notional amount and the fair value of derivative financial instruments as of June 30, 2015 and December 31, 2014:

		Notional amount		Fair value	
in EUR	**Balance sheet location**	**30.06.2015**	**31.12.2014**	**30.06.2015**	**31.12.2014**
Derivative assets					
Derivatives designated as hedging instruments under ASC 815:					
• Interest rate swaps	Other assets	100	50	2	2
Derivatives not designated as hedging instruments under ASC 815:					
• Foreign currency contracts	Other current assets	760	449	10	19
• Cross-currency interest rate swap	Other assets	45		1	
Derivative liabilities					
Derivatives not designated as hedging instruments under ASC 815:					
• Foreign currency contracts	Accounts payable and accrued expenses	1,300	1,105	(62)	(14)
Total net derivatives				**(49)**	**7**

In addition, as of June 30, 2015 and December 31, 2014, accrued interest receivable on interest rate swaps of less than EUR 1 and less than EUR 1, respectively, was recorded in other current assets. Furthermore, an accrued interest receivable on the cross-currency interest rate swap of less than EUR 1 was recorded in other current assets as of June 30, 2015.

The fair value of interest rate swaps and foreign currency contracts is calculated by using the present value of future cash flows based on observable market inputs. The Company adds an adjustment for non-performance risk in the recognised measure of fair value of derivative instruments as well as a liquidity charge represented by the bid-ask spread of the outstanding derivatives. The non-performance adjustment reflects the Credit Default Swap ("CDS") applied to the exposure of each transaction. The Company uses the counterparty CDS spread in case of an asset position and its own CDS spread in case of a liability position. As of June 30, 2015 and December 31, 2014, the total impact of non-performance risk and liquidity risk was an adjustment of EUR 1 and EUR 1, respectively.

Fair value hedges

Interest rate swaps with a notional amount of EUR 125 that contained a receipt of fixed interest rate amounts and payment of floating interest rate amounts of the 2014 notes for EUR 346 issued by Adecco International Financial Services BV were de-designated as fair value hedges in March 2013. These contracts expired in April 2014.

Interest rate swaps with a notional amount of EUR 50 that contain a receipt of fixed interest rate amounts and payment of floating interest rate amounts have been designated as fair value hedges of the 2018 notes for EUR 500 issued by Adecco International Financial Services BV. The outstanding contracts expire in April 2018.

in millions, except share and per share information

Interest rate swaps with a notional amount of EUR 50 that contain a receipt of fixed interest rate amounts and payment of floating interest rate amounts have been designated as fair value hedges of the 2022 notes for EUR 500 issued by Adecco International Financial Services BV. The outstanding contracts expire in November 2022.

For the six months of 2015 and the six months of 2014, the loss on the hedged fixed rate notes attributable to the hedged benchmark interest rate risk and the offsetting gain on the related interest rate swaps, both reported as interest expense, are as follows:

in EUR Derivative	Location of gain/(loss) on derivative recognised in earnings	Gain/(loss) on derivative recognised in earnings 2015	2014	Hedged item	Location of gain/(loss) on related hedged item recognised in earnings	Gain/(loss) on related hedged item recognised in earnings 2015	2014
Interest rate swaps	Interest expense		1	Long-term debt	Interest expense		(1)

In the first six months of 2015 and 2014, the Company recorded a gain of less than EUR 1 and EUR 1, respectively, in interest expense related to the amortisation of terminated hedges.

Furthermore, the net swap settlements that accrue each period are also reported in interest expense. No significant gains or losses due to ineffectiveness in fair value hedge relationships were recorded in the first six months of 2015 or in the first six months of 2014. No significant gains or losses were excluded from the assessment of hedge effectiveness of the fair value hedges in the first six months of 2015 or the first six months of 2014.

Cash flow hedges

There was no significant effective portion of gains or losses on cash flow hedges recognised in other comprehensive income/(loss), net as of June 30, 2015 and June 30, 2014.

As of June 30, 2015 and December 31, 2014, gains relating to cash flow hedges included as a component of accumulated other comprehensive income/(loss), net, amounted to EUR 1 and EUR 1, respectively. No significant gains or losses due to ineffectiveness in cash flow hedge relationships were recorded in the first six months of 2015 or the first six months of 2014. In the first six months of 2015 and the first six months of 2014, no significant gains or losses were excluded from the assessment of hedge effectiveness of the cash flow hedges. No significant reclassifications into earnings of gains and losses that are reported in accumulated other comprehensive income/(loss), net, are expected within the next 12 months.

Other hedge activities

The Company has entered into certain derivative contracts that are not designated or do not qualify as hedges under ASC 815. Forward foreign currency contracts, cross-currency interest rate swaps, and foreign currency options are mainly used to hedge the net exposure of subsidiary funding advanced in the local operations' functional currency. Contracts are entered into in accordance with approved treasury policies and procedures and represent economic hedges. Gains and losses on these contracts are recognised in earnings and are included in other income/(expenses), net, in the accompanying consolidated statements of operations.

in millions, except share and per share information

In connection with these activities, the Company recorded a net gain of EUR 4 and a net gain of EUR 1 in the six months ended June 30, 2015 and the six months ended June 30, 2014, respectively, as follows:

in EUR Derivative	Location of gain/(loss) on derivative recognised in earnings	Gain/(loss) on derivative recognised in earnings 2015	2014	Hedged item	Location of gain/(loss) on related hedged item recognised in earnings	Gain/(loss) on related hedged item recognised in earnings 2015	2014
Cross-currency interest rate swap	Other income / (expenses), net			Loans, and receivables to/ from subsidiaries	Other income/ (expenses), net	1	
Foreign currency contracts	Other income/ (expenses), net	(158)	(4)	Cash, loans, and receivables to/ from subsidiaries	Other income/ (expenses), net	161	5

No significant amounts were recorded in other income/(expenses), net, related to interest rate swaps not designated as hedging instruments under ASC 815 in the first six months of 2014.

Credit risk concentration

Financial instruments that potentially expose the Company to concentrations of credit risk consist principally of cash investments, short-term investments, trade accounts receivable, and derivative financial instruments. The Company places its cash and short-term investments in major financial institutions throughout the world, which management assesses to be of high credit quality, in order to limit the exposure of each investment.

Credit risk with respect to trade accounts receivable is dispersed due to the international nature of the business, the large number of customers, and the diversity of industries serviced. The Company's receivables are well diversified and management performs credit evaluations of its customers and, where available and cost-effective, utilises credit insurance.

To minimise counterparty exposure on derivative instruments, the Company enters into derivative contracts with several large multinational banks and limits the exposure in combination with the short-term investments with each counterparty.

in millions, except share and per share information

Note 7 • Fair value measurement

The following table represents the Company's assets and liabilities that are measured at fair value on a recurring basis as of June 30, 2015 and December 31, 2014, consistent with the fair value hierarchy provisions of ASC 820 "Fair Value Measurements":

in EUR	Level 1	Level 2	Level 3	Total
June 30, 2015				
Assets				
Available-for-sale securities	3			3
Derivative assets		13		13
Liabilities				
Derivative liabilities		62		62
December 31, 2014				
Assets				
Available-for-sale securities	3			3
Derivative Assets		21		21
Liabilities				
Derivative Liabilities		14		14

Note 8 • Other income/(expenses), net

For the first six months of 2015 and the first six months of 2014, other income/(expenses), net, consist of the following:

in EUR	2015	2014
Foreign exchange gain/(loss), net	3	1
Interest income	2	3
Proportionate net income of investee companies	4	2
Other non-operating income/(expenses), net	1	(1)
Total other income/(expenses), net	**10**	**5**

Note 9 • Income taxes

Adecco S.A. is incorporated in Switzerland and the Company operates in various countries with different tax laws and rates. A substantial portion of the Company's operations are outside of Switzerland. Since the Company operates worldwide, the weighted-average effective tax rate will vary from year to year depending on the earnings mix by country. Income taxes for the first six months of 2015 were provided at a rate of 25%, based on the Company's current estimate of the annual effective tax rate. For the six months ended June 30, 2014, the tax rate was 27%.

The income tax rate in the first six months of 2015 and in the first six months of 2014 includes the positive impact of EUR 9 and EUR 2, respectively, from the successful resolution of prior years' audits and tax disputes, the expiration of the statute of limitations in several jurisdictions, and other discrete events.

As of June 30, 2015 the total amount of unrecognised tax benefits recorded increased by EUR 2 compared to December 31, 2014 as a result of current year additions, additions related to acquisitions, and fluctuations in foreign currency exchange rates. This was partially offset by the settlement of tax audits and the application of the statute of limitations in several jurisdictions. As of June 30, 2014 the total amount of unrecognized tax benefits recorded increased by EUR 3 compared to December 31, 2013 as a result of current year additions and fluctuations in foreign currency exchange rates. This was partially offset by the settlement of tax audits and the application of the statute of limitations in several jurisdictions.

The Company and its subsidiaries file income tax returns in multiple jurisdictions with varying statutes of limitations. Based on the outcome of examinations, or as a result of the expiration of the statute of limitations for specific jurisdictions, it is reasonably possible that the related unrecognised tax benefits for tax positions taken regarding previously filed tax returns could materially change in the next 12 months from those recorded as liabilities for uncertain tax positions in the Company's financial statements. An estimate of the range of the possible change cannot be made until issues are further developed or examinations close.

Significant estimates are required in determining income tax expense and benefits. Various internal and external factors may have favourable or unfavourable effects on the future effective tax rate. These factors include, but are not limited to, changes in tax laws, regulations and/or rates, changing interpretations of existing tax laws or regulations, results of tax audits, and changes in the overall level of pre-tax earnings.

in millions, except share and per share information

Note 10 • Earnings per share

The following table sets forth the computation of basic and diluted earnings per share for the six months ended June 30, 2015 and June 30, 2014:

	2015		2014	
in EUR (except number of shares)	Basic	Diluted	Basic	Diluted
Numerator				
Net income attributable to Adecco shareholders	**337**	**337**	**255**	**255**
Denominator				
Weighted-average shares	**173,278,121**	**173,278,121**	**177,678,063**	**177,678,063**
Incremental shares for assumed conversions:				
• Employee stock-based compensation		219,311		333,249
Total average equivalent shares	**173,278,121**	**173,497,432**	**177,678,063**	**178,011,312**
Per share amounts				
Net earnings per share	**1.95**	**1.94**	**1.44**	**1.43**

Stock options of 6,000 as of June 30, 2014 were excluded from the computation of diluted net income per share as the effect would have been anti-dilutive.

in millions, except share and per share information

Note 11 • Segment reporting

The Company is organised in a geographical structure plus the global business Lee Hecht Harrison ("LHH"), which corresponds to the primary segments. This structure is complemented by business lines. The segments consist of France, North America, UK & Ireland, Germany & Austria, Japan, Italy, Benelux, Nordics, Iberia, Australia & New Zealand, Switzerland, Emerging Markets, and LHH. The business lines consist of General Staffing (Office, Industrial) and Professional Staffing (Information Technology, Engineering & Technical, Finance & Legal, Medical & Science), as well as Solutions. Solutions comprises Career Transition & Talent Development ("CTTD"), Managed Service Programmes ("MSP"), Recruitment Process Outsourcing ("RPO"), and Vendor Management System ("VMS"). The classification of a specific branch into a business line for General Staffing and Professional Staffing is determined by the business line generating the largest revenue share in that specific branch.

The Company evaluates the performance of its segments based on operating income before amortisation of intangible assets, which is defined as the amount of income before amortisation of intangible assets, interest expense, other income/(expenses), net, and provision for income taxes. Corporate items consist of certain assets and expenses which are separately managed at the corporate level. Segment assets include current assets, property, equipment, and leasehold improvements, net, other assets, intangible assets, net, and goodwill, but exclude investments in subsidiaries and intercompany balances. The accounting principles used for the segment reporting are those used by the Company.

in EUR	France	North America	UK & Ireland	Germany & Austria	Japan	Italy	Benelux	LHH	Other	Corporate	Total
Six months ended June 30, 2015											
Revenues	2,259	2,263	1,119	836	555	637	500	202	2,294		10,665
Operating income before amortisation of intangible assets	144	131	26	36	33	42	19	57	76	(71)	493
Amortisation of intangible assets											(18)
Operating income											475
Interest expense, and other income/(expenses), net											(24)
Provision for income taxes											(112)
Net income											**339**

in millions, except share and per share information

in EUR	France	North America	UK & Ireland	Germany & Austria	Japan	Italy	Benelux	LHH	Other	Corporate	Total
Six months ended June 30, 2014											
Revenues	2,257	1,801	1,011	834	507	538	466	168	2,061		9,643
Operating income before amortisation of intangible assets	124	84	22	37	26	31	16	50	68	(54)	404
Amortisation of intangible assets											(18)
Operating income											386
Interest expense, and other income/(expenses), net											(35)
Provision for income taxes											(95)
Net income											**256**

in EUR	France	North America	UK & Ireland	Germany & Austria	Japan	Italy	Benelux	LHH	Other	Corporate	Total
June 30, 2015											
Segment assets	1,400	2,721	795	1,783	268	296	313	533	1,601	842	10,552
December 31, 2014											
Segment assets	1,332	2,494	693	1,745	270	228	300	447	1,477	454	9,440

in millions, except share and per share information

Note 12 • Commitments and contingencies

Guarantees

The Company has entered into certain guarantee contracts and standby letters of credit that total EUR 660, including those letters of credit issued under the multicurrency revolving credit facility (EUR 82). The guarantees primarily relate to government requirements for operating a temporary staffing business in certain countries and are generally renewed annually. Other guarantees relate to operating leases and credit lines. The standby letters of credit mainly relate to workers' compensation in the USA. If the Company is not able to obtain and maintain letters of credit and/or guarantees from third parties then the Company would be required to collateralise its obligations with cash. Due to the nature of these arrangements and historical experience, the Company does not expect to be required to collateralise its obligations with cash.

Contingencies

In the ordinary course of business, the Company is involved in various legal actions and claims, including those related to social security charges, other payroll-related charges, and various employment related matters. Although, the outcome of the legal proceedings cannot be predicted with certainty, the Company believes it has adequately reserved for such matters.

Note 13 • Subsequent events

The Company has evaluated subsequent events through August 10, 2015, the date the financial statements were available to be issued. No significant events occurred subsequent to the balance sheet date but prior to August 10, 2015 that would have a material impact on the consolidated financial statements.

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