Consolidated Financial Statements

as of December 31, 2018

Contents

The comparative consolidated income and cash flow statement information presented in this report has been restated to reflect the reclassification of the integrated convenience stores business in France in accordance with IFRS 5 – *Non-current Assets Held for Sale and Discontinued Operations*. These restatements are described in Note 5.

The Consolidated Financial Statements are presented in millions of euros, rounded to the nearest million. As a result, there may be rounding differences between the amounts reported in the various statements.

(in € millions)	Notes	2018	2017 restated	% change
Net sales	7.1	76 000	78 315	(3.0)%
Loyalty program costs		(740)	(642)	15.3%
Net sales net of loyalty program costs		**75 261**	**77 673**	**(3.1)%**
Other revenue	7.1	2 656	2 719	(2.3)%
Total revenue		**77 917**	**80 392**	**(3.1)%**
Cost of sales	7.2	(60 850)	(62 311)	(2.3)%
Gross margin from recurring operations		**17 067**	**18 081**	**(5.6)%**
Sales, general and administrative expenses, depreciation and amortisation	7.2	(15 162)	(15 946)	(4.9)%
Recurring operating income		**1 905**	**2 135**	**(10.8)%**
Net income from equity-accounted companies	9	14	4	284.3%
Recurring operating income after net income from equity-accounted companies		**1 919**	**2 139**	**(10.3)%**
Non-recurring income and expenses, net	7.3	(1 161)	(1 162)	(0.1)%
Operating income		**758**	**978**	**(22.4)%**
Finance costs and other financial income and expenses, net	14.6	(262)	(445)	(41.0)%
Finance costs, net		*(233)*	(317)	*(26.5)%*
Other financial income and expenses, net		*(29)*	(128)	*(77.2)%*
Income before taxes		**496**	**533**	**(6.9)%**
Income tax expense	10.1	(539)	(618)	(12.8)%
Net loss from continuing operations		**(43)**	**(85)**	**(49.7)%**
Net loss from discontinued operations	5	(301)	(277)	8.8%
Net income / (loss) for the year		**(344)**	**(362)**	**(4.9)%**
Group share		**(561)**	**(531)**	**5.6%**
of which net loss from continuing operations		(259)	(254)	2.2%
of which net loss from discontinued operations		(301)	(277)	8.8%
Attributable to non-controlling interests		**216**	**169**	**28.3%**

Basic earnings per share, in €	2018	2017 restated	% change
Loss from continuing operations per share	(0.34)	(0.34)	(0.2)%
Loss from discontinued operations per share	(0.39)	(0.37)	6.4%
Basic loss per share – Group share	(0.73)	(0.70)	3.2%

Diluted earnings per share, in €	2018	2017 restated	% change
Diluted loss from continuing operations per share	(0.34)	(0.34)	(0.2)%
Diluted loss from discontinued operations per share	(0.39)	(0.37)	6.4%
Diluted loss per share – Group share	(0.73)	(0.70)	3.2%

Details of earnings per share calculations are provided in Note 13.6.

Consolidated statement of comprehensive income

(in € millions)	Notes	2018	2017
Net loss for the year		**(344)**	**(362)**
Effective portion of changes in the fair value of cash flow hedges	13.4	(3)	(17)
Changes in the fair value of available-for-sale financial assets (1)	13.4	N/A	(3)
Changes in the fair value of debt instruments through other comprehensive income (2)	13.4	(6)	N/A
Exchange differences on translating foreign operations (3)	13.4	(446)	(473)
Items that may be reclassified subsequently to profit or loss		**(454)**	**(493)**
Remeasurements of defined benefit plans obligation	12.1/13.4	50	10
Changes in the fair value of equity instruments through other comprehensive income (4)		0	N/A
Items that will not be reclassified to profit or loss		**50**	**10**
Other comprehensive loss after tax		**(404)**	**(482)**
Total comprehensive income/(loss)		**(748)**	**(844)**
Group share		(849)	(889)
Attributable to non-controlling interests		101	45

Presented net of the tax effect (see Note 13.4).

(1) *The available-for-sale financial assets category no longer exists under IFRS 9 – Financial Instruments, applied by the Group with effect from January 1, 2018 (see Note 4).*

(2) *Changes in the fair value of debt instruments classified as financial assets at fair value through other comprehensive income as from January 1, 2018 pursuant to IFRS 9, to be subsequently reclassified to profit or loss (Note 4).*

(3) *In both 2018 and 2017, exchange differences on translating foreign operations mainly reflect the decline of the Brazilian real and, to a lesser extent, the Argentine peso.*

(4) *Changes in the fair value of equity instruments (shares and other securities) which the Group has irrevocably elected to classify as financial assets at fair value through other comprehensive income as from January 1, 2018 pursuant to IFRS 9, with no subsequent reclassification to profit or loss (see Note 4).*

Consolidated statement of financial position

ASSETS

(in € millions)	Notes	December 31, 2018	December 31, 2017
Goodwill	8.1	7 983	7 977
Other intangible assets	8.1	1 461	1 364
Property and equipment	8.2	12 637	13 097
Investment property	8.4	389	410
Investments in companies accounted for by the equity method	9	1 374	1 355
Other non-current financial assets	14.5	1 275	1 367
Consumer credit granted by the financial services companies – long term	7.5	2 486	2 455
Deferred tax assets	10.2	723	636
Other non-current assets	7.4	379	337
Non-current assets		**28 709**	**28 996**
Inventories	7.4	6 135	6 690
Trade receivables	7.4	2 537	2 750
Consumer credit granted by the financial services companies – short term	7.5	3 722	3 866
Other current financial assets	14.2	190	161
Tax receivables	7.4	853	890
Other assets	7.4	887	851
Cash and cash equivalents	14.2	4 300	3 593
Assets held for sale		46	16
Current assets		**18 670**	**18 816**
TOTAL ASSETS		**47 378**	**47 813**

SHAREHOLDERS’ EQUITY AND LIABILITIES

(in € millions)	Notes	December 31, 2018	December 31, 2017
Share capital	13.2	1 973	1 937
Consolidated reserves and income for the year		7 196	8 122
Shareholders’ equity, Group share		**9 169**	**10 059**
Shareholders’ equity attributable to non-controlling interests	13.5	2 117	2 099
Total shareholders' equity		**11 286**	**12 159**
Long-term borrowings	14.2	6 936	6 428
Provisions	11	3 521	3 003
Consumer credit financing – long term	7.5	1 932	2 661
Deferred tax liabilities	10.2	541	489
Non-current liabilities		**12 930**	**12 581**
Short-term borrowings	14.2	1 339	1 069
Suppliers and other creditors	7.4	14 161	15 082
Consumer credit financing – short term	7.5	3 582	2 817
Tax payables	7.4	1 142	1 282
Other payables	7.4	2 938	2 813
Liabilities related to assets held for sale		-	11
Current liabilities		**23 162**	**23 074**
TOTAL SHAREHOLDERS’ EQUITY AND LIABILITIES		**47 378**	**47 813**

Consolidated statement of cash flows

(in € millions)	2018	2017 restated
INCOME BEFORE TAXES	**496**	**533**
CASH FLOWS FROM OPERATING ACTIVITIES		
Income tax	(513)	(588)
Depreciation and amortisation expense	1 536	1 601
Capital gains on sales of assets	(29)	(49)
Change in provisions and impairment	488	863
Finance costs, net	233	317
Net income and dividends received from equity-accounted companies	37	76
Impact of discontinued operations (1)	(141)	(100)
Cash flow from operations	**2 107**	**2 653**
Change in working capital requirement (2)	115	156
Impact of discontinued operations (1)	55	2
Net cash from operating activities (excluding financial services companies)	**2 276**	**2 810**
Change in consumer credit granted by the financial services companies	(168)	32
Net cash from operating activities	**2 108**	**2 843**
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of property and equipment and intangible assets (3)	(1 611)	(2 369)
Acquisitions of non-current financial assets	(3)	1
Acquisitions of subsidiaries and investments in associates (4)	(190)	(260)
Proceeds from the disposal of subsidiaries and investments in associates	1	9
Proceeds from the disposal of property and equipment and intangible assets	172	158
Proceeds from the disposal of non-current financial assets	20	4
Change in amounts receivable from disposals of non-current assets and due to suppliers of non-current assets (3)	(28)	(106)
Investments net of disposals	**(1 639)**	**(2 564)**
Other cash flows from investing activities	13	(54)
Impact of discontinued operations (1)	13	(17)
Net cash used in investing activities	**(1 613)**	**(2 635)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from share issues to non-controlling interests (5)	89	969
Acquisitions and disposals of investments without any change of control (6)	(0)	479
Dividends paid by Carrefour (parent company) (7)	(152)	(151)
Dividends paid by consolidated companies to non-controlling interests	(82)	(141)
Change in treasury stock and other equity instruments	42	(40)
Change in current financial assets (8)	(45)	34
Issuance of bonds (8)	1 758	981
Repayments of bonds (8)	(744)	(1 250)
Net financial interests paid	(245)	(320)
Other changes in borrowings (8)	(89)	(197)
Impact of discontinued operations (1)	(2)	0
Net cash from financing activities	**529**	**362**
Net change in cash and cash equivalents before the effect of changes in exchange rates	**1 023**	**570**
Effect of changes in exchange rates	(315)	(283)
Net change in cash and cash equivalents	**708**	**288**
Cash and cash equivalents at beginning of year	**3 593**	**3 305**
Cash and cash equivalents at end of year	**4 300**	**3 593**

(1) Restatements made to reflect the classification of cash flows relating to discontinued operations in accordance with IFRS 5 are detailed in Note 5.

(2) The change in working capital is analysed in see Note 7.4.1.

(3) Acquisitions mostly include operational investments in fast-growing formats, the Group's digitisation and the roll-out of a leading omni-channel offering; the decrease in this caption reflects the Group's investment strategy, as well as the oversight measures that were put in place in second-half 2017 and were fully operational in 2018 (productivity improvements and more selective maintenance and remodelling expenditure).

(4) This item mainly relates to the acquisition of a minority interest in the share capital of Showroomprivé and a majority interest in the capital of Quitoque (transactions described in Note 3.2.1). In 2017, it chiefly related to the acquisition of stores in Spain.

(5) In 2018, proceeds from share issues to non-controlling interests mainly correspond to the share capital of Cargo Property Assets (formerly Cargo Property Holding) subscribed and paid up during the period by third-party investors (non-controlling interests). In 2017, in addition to Cargo Property Assets, this item corresponded mainly to the cash capital increase carried out by Grupo Carrefour Brasil in connection with the July 2017 IPO, as described in Note 3.2.2 (primary offering of 840 million euros, net of directly related issue costs).

(6) Changes in this item in 2017 primarily result from the sale by the Group of 139,834,428 Grupo Carrefour Brasil shares in connection with the secondary offering of the IPO for the Group's Brazilian operations and the exercise of the call option by Península (see Note 3.2.2).

(7) Dividends paid by Carrefour (parent company) correspond to cash dividends paid to shareholders who chose not to reinvest their dividends (see Note 2.4).

(8) Note 14.2 provides a breakdown of total borrowings. Changes in liabilities arising from financing activities are detailed in Note 14.4.

Consolidated statement of changes in shareholders' equity

(in € millions)	Shareholders' equity, Group share				Total Shareholders' equity, Group share	Non-controlling interests	Total Shareholders' equity
	Share capital [1]	Translation reserve	Fair value reserve [2]	Other consolidated reserves and net income			
Shareholders' equity at December 31, 2016	**1 891**	**(569)**	**(3)**	**9 108**	**10 426**	**1 582**	**12 008**
Net income / (loss) for the year 2017	-	-	-	(531)	(531)	169	(362)
Other comprehensive income / (loss) after tax	-	(349)	(20)	11	(358)	(124)	(482)
Total comprehensive income / (loss) 2017	**-**	**(349)**	**(20)**	**(520)**	**(889)**	**45**	**(844)**
Share-based payments	-	-	-	12	12	1	13
Treasury stock (net of tax)	-	-	-	(31)	(31)	-	(31)
2016 dividend payment [3]	46	-	-	(197)	(151)	(103)	(254)
Change in capital and additional paid-in capital [4]	-	-	-	470	470	370	840
Effect of changes in scope of consolidation and other movements [4]	-	32	-	191	223	204	427
Shareholders' equity at December 31, 2017	**1 937**	**(885)**	**(24)**	**9 032**	**10 059**	**2 099**	**12 159**
IFRS 9 first application adjustments [5]				(141)	(141)	(119)	(259)
IAS 29 first application adjustments [6]				237	237	0	237
Shareholders' equity at January 1, 2018	**1 937**	**(885)**	**(24)**	**9 129**	**10 155**	**1 980**	**12 136**
Net income / (loss) for the year 2018	-	-	-	(561)	(561)	216	(344)
Other comprehensive income / (loss) after tax	-	(333)	(5)	50	(288)	(115)	(404)
Total comprehensive income / (loss) 2018	**-**	**(333)**	**(5)**	**(510)**	**(849)**	**101**	**(748)**
Share-based payments	-	-	-	6	6	1	6
Treasury stock (net of tax)	-	-	-	42	42	-	42
2017 dividend payment [3]	36	-	-	(189)	(152)	(90)	(242)
Change in capital and additional paid-in capital [4]	-	-	-	(15)	(15)	113	98
Effect of changes in scope of consolidation and other movements	-	-	-	(17)	(17)	12	(6)
Shareholders' equity at December 31, 2018	**1 973**	**(1 219)**	**(30)**	**8 445**	**9 169**	**2 117**	**11 286**

(1) At December 31, 2018, the share capital was made up of 789,252,839 ordinary shares (see Note 13.2.1).

(2) This item comprises:
- *the effective portion of changes in the fair value of cash flow hedges;*
- *the financial asset fair value reserve (changes in the fair value of financial assets carried at fair value through other comprehensive income).*

(3) The 2016 dividend, totalling 523 million euros, was paid:
- *in cash for 151 million euros; and*
- *in new shares for 372 million euros (corresponding to the aggregate par value of the new shares for 46 million euros and premiums for 326 million euros).*

Dividends paid to non-controlling interests in 2017 for 103 million euros mainly concern Spanish, French and Brazilian subsidiaries.

The 2017 dividend, totalling 352 million euros, was paid:
- *in cash for 152 million euros; and*
- *in new shares for 200 million euros (corresponding to the aggregate par value of the new shares for 36 million euros and premiums for 164 million euros).*

Dividends paid to non-controlling interests in 2018 came to 90 million euros and related mainly to the Group's Brazilian and French subsidiaries.

(4) Changes in capital and additional paid-in capital and other movements in 2017 mainly reflect the July 2017 Grupo Carrefour Brasil IPO: the primary offering of 840 million euros generated (i) an increase of 370 million euros in non-controlling interests and (ii) an increase of 470 million euros in shareholders' equity, Group share corresponding to the dilution gain; Carrefour's sale of 139,834,428 Grupo Carrefour Brasil shares within the context of the secondary offering and following Península's exercise of its call option resulted in (i) a 274 million-euro disposal gain net of tax and directly related selling costs recorded within "Shareholders' equity, Group share" and (ii) the recognition of non-controlling interests for 208 million euros.

Changes in capital and additional paid-in capital in 2018 primarily concern the share issue by Cargo Property Assets to third-party investors (non-controlling interests) in the second half of the year.

(5) The Group applied IFRS 9 – Financial Instruments for the first time as of January 1, 2018. In light of the Group's chosen transition approach, comparative data have not been restated and the impact (net of tax) resulting from the first-time application of IFRS 9 (detailed in Note 4) has been recognised in equity at January 1, 2018.

(6) The Group applied IAS 29 – Financial Reporting in Hyperinflationary Economies for the first time as of January 1, 2018. In accordance with IAS 21, comparative data have not been restated and the impact (net of tax) resulting from the first-time application of IAS 29 (detailed in Note 4) has been recognised in equity at January 1, 2018.

Notes to the Consolidated Financial Statements

NOTE 1: BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

The Consolidated Financial Statements for the year ended December 31, 2018 were approved for publication by the Board of Directors on February 27, 2019. They will be submitted to shareholders for final approval at the Annual General Meeting.

Carrefour (the "Company") is domiciled in France. The Consolidated Financial Statements for the year ended December 31, 2018 reflect the financial position and results of operations of the Company and its subsidiaries (together the "Group"), along with the Group's share of the profits and losses and net assets of associates and joint ventures accounted for by the equity method. The presentation currency of the Consolidated Financial Statements is the euro, which is the Company's functional currency.

1.1 Statement of compliance

In accordance with European Regulation (EC) 1606/2002 dated July 19, 2002, the 2018 Consolidated Financial Statements have been prepared in compliance with the international financial reporting standards and accounting standards adopted for use in the European Union as of December 31, 2018 and applicable at that date, with 2017 comparative information prepared using the same standards.

International accounting standards comprise International Financial Reporting Standards (IFRSs), International Accounting Standards (IASs), IFRS Interpretations Committee (IFRIC) Interpretations and Standing Interpretations Committee (SIC) Interpretations.

All of the standards and interpretations endorsed by the European Union are published in the Official Journal of the European Union, which can be accessed in the EUR-Lex.

At December 31, 2018, the standards and interpretations adopted for use in the European Union were the same as those published by the IASB and applicable at that date.

The Consolidated Financial Statements also include the material disclosures required by Standard no. 2016-09 published by the French accounting authorities (*Autorité des normes comptables* – ANC).

1.2 Changes of method and application of IAS 29

The accounting policies used to prepare the 2018 Consolidated Financial Statements are the same as those used for the 2017 Consolidated Financial Statements, expect for the first-time application of IAS 29 to operations in Argentina (see Note 4.3) and the following standards, amendments and interpretations, which were applicable as of January 1, 2018:

- IFRS 9 – *Financial Instruments,* along with amendments to IFRS 4 – *Applying IFRS 9, Financial Instruments with IFRS 4, Insurance Contracts*: the impact of these texts on the Consolidated Financial Statements is described in Note 4;
- IFRS 15 – *Revenue from Contracts with Customers* (including *Clarifications to IFRS 15* published in April 2016): this standard had no material impact on the Consolidated Financial Statements (Note 4);
- Amendments to IFRS 2 – *Classification and Measurement of Share-based Payment Transactions*: these amendments had no material impact on the Consolidated Financial Statements;
- Amendments to IAS 40 – *Transfers of Investment Property*: these amendments had no material impact on the Consolidated Financial Statements;
- IFRIC 22 – *Foreign Currency Transactions and Advance Consideration*: this interpretation had no material impact on the Consolidated Financial Statements;
- IFRS Annual Improvements 2014-2016 Cycle: these amendments had no material impact on the Consolidated Financial Statements.

Amendments to IFRS 9 – *Prepayment Features with Negative Compensation* and to IAS 28 – *Long-term Interests in Associates and Joint Ventures* (applicable as of January 1, 2019), were early adopted by the Group at the date of its first-time application of IFRS 9. Application of these amendments had no material impact on the financial statements.

With the exception of the two aforementioned amendments, the Group decided not to early adopt the following standards, amendments and interpretations whose application was not mandatory as of January 1, 2018:

Adopted for use in the European Union

Standards, amendments and interpretations	Effective date for the Group
IFRS 16 – *Leases*	**January 1, 2019**

Main provisions and consequences for the Group:

IFRS 16, which will replace IAS 17 – *Leases* and the related interpretations as from January 1, 2019, sets out the principles for recognising leases and introduces major changes in the accounting for leases by lessees, since it eliminates the distinction for lessees between operating and finance leases.

Under IFRS 16, all leases are to be brought onto the statement of financial position by recognising a right-of-use asset and a lease liability corresponding to the present value of the lease payments due over the reasonably certain term of the lease. IFRS 16 will therefore affect the presentation of lease transactions in the income statement (with rental expense replaced by a depreciation expense and interest expense) and in the statement of cash flows (lease payments, representing payment of interest and repayment of the outstanding liability, will impact financing cash flows).

The Group began to prepare for IFRS 16 implementation in 2016, and the process is in its final stages.

The decision has been made to transition to IFRS 16 as of January 1, 2019 using the simplified retrospective approach, without restating the 2018 Consolidated Financial Statements.

The Group has also opted to apply the two exemptions proposed in the standard, concerning leases for which the underlying asset is of low value and short-term leases (for periods of 12 months or less).

Leases concern:

- property assets for the most part (several thousand leases), including (i) properties used directly by Carrefour and (ii) properties sub-let to third parties, such as store premises sub-let to franchisees and retail units located in shopping malls and shopping centres;
- vehicles, to a lesser extent; and
- a few warehousing and storage contracts with a lease component.

The leased assets' reasonably certain period of use will be determined based on:

- the inherent characteristics of the different types of store (convenience stores, supermarkets, hypermarkets, cash & carry stores) or other property assets (logistics warehouses, administrative buildings) and the country concerned by the lease. In the case of leased store premises, the characteristics taken into account will include the store's profitability, any recent capital expenditure in the store and the existence of possible alternative premises.
- a portfolio approach for leased vehicles with similar characteristics and periods of use. Four portfolios have been identified, corresponding to (i) company cars, (ii) cars and vans for rental to customers, (iii) trucks and (iv) light commercial vehicles.

On the IFRS 16 transition date, lease liabilities will be measured using the lessee's incremental borrowing rate, After the transition date, the interest rate implicit in the lease will be used or, if that rate cannot be readily determined, the lessee's incremental borrowing rate.

In parallel, the Group is finalizing implementation of a computer application to identify leases and to calculate and generate the data needed to account for leases in accordance with IFRS 16. The application will be integrated in the Group's management system.

The process to collect property lease data is nearing completion. Work is also in progress to determine the framework for estimating reasonably certain periods of use (which depend, in particular, on local leasing regulations and practices in each country and on the type of underlying asset in each case), and the method of calculating the discount rates to be used to accurately estimate the transition-date effect of applying IFRS 16 (as of January 1, 2019).

The lease commitments described in Note 8.5 to the Consolidated Financial Statements for the year ended

Standards, amendments and interpretations	Effective date for the Group
December 31, 2018, calculated over the non-cancellable term of property leases taking into account the contractual or legal provisions enabling leases to be terminated before the end of the lease term, are not entirely representative of the lease liability to be recognised in accordance with IFRS 16.	

Standards, amendments and interpretations	Effective date for the Group
IFRIC 23 – *Uncertainty over Income Tax Treatments*	**January 1, 2019**

Main provisions and consequences for the Group:

IFRIC 23 clarifies how to apply the recognition and measurement requirements in IAS 12 – *Income Taxes* when there is uncertainty over the acceptability of a particular tax treatment under tax law.

The interpretation, which is effective as from January 1, 2019, may be applied:

- fully retrospectively, or
- partly retrospectively, by recognising the cumulative effect of initially applying the interpretation in opening equity for the year in which the Interpretation is applied for the first time.

The possible effects of applying IFRIC 23 are currently being analysed, along with the transition options.

Not yet adopted for use in the European Union

Standards, amendments and interpretations	Effective date(1)
Amendments to IFRS 10 and IAS 28 – *Sales or Contribution of Assets between an Investor and its Associate or Joint Venture*	Application deferred indefinitely by the IASB
IFRS Annual Improvements 2015-2017 Cycle	January 1, 2019
Amendments to IAS 19 – *Compensation Plan Amendment, Curtailment or Settlement*	January 1, 2019
Amendments to IFRS 3 – *Definition of a Business*	January 1, 2020
Amendments to IAS 1 and IAS 8 – *Definition of Material*	January 1, 2020
Amendments to the Conceptual Framework	January 1, 2020
IFRS 17 – *Insurance Contracts*	January 1, 2022

(1) *Subject to adoption by the European Union.*

The Group is currently analysing the potential impacts of applying IFRS 17. It does not expect the application of the other standards, amendments or interpretations to have a material impact on its Consolidated Financial Statements.

1.3 Use of estimates and judgement

Preparation of Consolidated Financial Statements involves the use of management estimates and assumptions that may affect the reported amounts of certain assets, liabilities, income and expenses, as well as the disclosures contained in the notes. These estimates and assumptions are reviewed at regular intervals by Group management to ensure that they are reasonable in light of past experience and the current economic situation. Actual results may differ from current estimates. In addition to using estimates, Group management is required to exercise judgement when determining the appropriate accounting treatment of certain transactions and activities and how it should be applied.

The main estimates and judgements applied for the preparation of these Consolidated Financial Statements concern:

- useful lives of operating assets (see Note 8);
- definition of cash-generating units (CGUs) for the purpose of impairment tests on non-current assets other than goodwill (see Note 8.3);
- recoverable amount of goodwill, other intangible assets and property and equipment (see Note 8.3);
- fair value of identifiable assets acquired and liabilities assumed in business combinations (see Note 3.1);
- measurement of rebates and commercial income (see Note 7.2.1);
- classification of leases (see Notes 8.2 and 8.5);
- measurement of provisions for contingencies and other business-related provisions (see Note 11);
- determination of the level of control or influence exercised by the Group over investees (see Notes 3 and 9);
- assumptions used to calculate pension and other post-employment benefit obligations (see Note 12.1);
- recognition of deferred tax assets and some tax credits (see Note 10);
- measurement of impairment of loans granted by the financial services companies (see Note 7.5.1) as well as provisions for credit risk on loan commitments (see note 11.1).

1.4 Measurement methods

The Consolidated Financial Statements have been prepared using the historical cost convention, except for:

- certain financial assets and liabilities measured using the fair value model (see Note 14);
- assets acquired and liabilities assumed in business combinations, measured using the fair value model (see Note 3.1);
- non-current assets held for sale, measured at the lower of carrying amount and fair value less costs to sell.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Based on the hierarchy defined in IFRS 13 – Fair Value Measurement, fair value may be measured using the following inputs:

- Level 1 inputs: unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs: models that use inputs that are observable for the asset or liability, either directly (i.e., prices) or indirectly (i.e., price-based data);
- Level 3 inputs: inputs that are intrinsic to the asset or liability and are not based on observable market data for the asset or liability.

Argentina has been classified as a hyperinflationary economy within the meaning of IFRS since July 1, 2018. Consequently, IAS 29 is applicable to the Group’s operations in Argentina as from January 1, 2018. The effects of applying IAS 29 on opening equity are presented in Note 4.

NOTE 2: SIGNIFICANT EVENTS OF THE YEAR

2.1 "Carrefour 2022" transformation plan

On January 23, 2018, the Carrefour Group unveiled its transformation plan based on the following objectives:

- Deploy a simplified and open organisation;
- Achieve productivity and competitiveness gains;
- Create an omni-channel universe of reference;
- Overhaul the offer to promote food quality.

The Group's headquarters around the globe have been scaled back in order to improve teams' operational efficiency and responsiveness. Accordingly:

- in the Ile-de-France region, the corporate headquarters in Boulogne Billancourt was closed at the end of 2018 and the project to build a new 30,000 square-meter headquarters in Essonne has been abandoned;
- a majority collective agreement was signed with Carrefour's trade unions on May 24, 2018 regarding the voluntary redundancy plan aimed at reducing staff numbers at the Group's headquarters in France by 2,400 out of a total workforce of 10,500. The Group began to implement the plan at the end of June 2018 following its approval by the labour administration and the completion of the consultation procedure involving employee representative bodies. The plan's implementation was complete by the end of the year. A majority collective agreement was also signed with trade unions with regard to the employment protection plan for the ex-Dia integrated stores without a buyer;
- in Belgium, the information and consultation procedure with labour organisations that began after the January 25, 2018 announcement of a transformation plan resulted in the signature of a term sheet in June 2018. The planned measures include setting up a new organisational structure for the hypermarkets and headquarters to enhance the teams' operational efficiency and optimise operating costs. They will affect 1,000 employees and will be completed during the first half of 2019;
- in Argentina, a voluntary redundancy plan affecting some 1,000 jobs (at the head office and in stores) was implemented during 2018.

The cost of these measures is covered by provisions recorded as of June 30, 2018 (see Notes 7.3 and 11.1). Most of the provisions remaining at December 31, 2018 will be utilised in 2019.

A further objective is to create headroom to improve the Group's efficiency and competitiveness in the interest of serving its customers. This implies a significant reduction in its cost base and a more effective investment policy focused on its growth drivers. As well as a cost reduction plan, the roll-out of this objective will eliminate certain loss centres. Consequently, the Group decided that struggling stores would exit its scope of consolidation. The decision resulted in the termination of the Group's integrated convenience store business in France. Of the 352 stores making up the Dia integrated store network as of December 31, 2017, 273 were sold or closed, with a buyer being found for 27 stores.

The business has therefore been classified in accordance with the provisions of IFRS 5 – *Non-current Assets Held for Sale and Discontinued Operations*. The resulting impacts on the Consolidated Financial Statements are set out in Note 5.

2.2 Strategic partnership in China

On January 23, 2018, Carrefour announced that it had signed a term sheet with Tencent and Yonghui regarding a potential investment in Carrefour China. Also on January 23, 2018, Carrefour and Tencent announced that they had signed a preliminary agreement regarding strategic business cooperation in China in order to bring together Carrefour's retail knowledge with Tencent's digital expertise and innovation capabilities. Discussions are ongoing to reach an agreement on the terms of (i) cooperation and (ii) the acquisition by Tencent and Yonghui of a stake in Carrefour China.

2.3 Securing the Group's long-term financing

On March 22, 2018 (settlement on March 27, 2018), the Group issued 500 million US dollars' worth of six-year cash-settled convertible bonds (maturing in March 2024). The bonds were issued at 96.75% of their nominal value, and do not bear interest as they are zero-coupon bonds. The resulting initial conversion price is 20.0776 euros, including a conversion premium of 20% over the Carrefour reference share price. They may be converted into cash only and will not give rise to the issuance of new shares or carry rights to existing shares.
In parallel with the bond issue, the Group purchased cash-settled call options on its own shares in order to hedge its economic exposure relating to cash payments due on bonds in the event that investors exercise their conversion rights.

The above operations, for which a EUR/USD cross currency swap was arranged, provide the Group with the equivalent of standard euro-denominated bond financing (see a description of the related accounting treatment in Note 14.2).

On June 5, 2018 (settlement on June 12, 2018), the Group carried out a new 500 million-euro five-year bond issue (maturing in June 2023) with a coupon of 0.875%.

On November 26, 2018 (settlement on December 4, 2018), the Group carried out a new 500-million euro seven-year bond issue (maturing in May 2026) with a coupon of 1.75%.

The issues consolidated the Group's long-term financing, maintained the average maturity of its bond debt (at 3.6 years at December 31, 2018) and further reduced its borrowing costs. On April 25, 2018, Brazilian subsidiary Atacadão also carried out a bond issue in two tranches for a total amount of 1.5 billion reals (around 350 million euros), maturing in three and five years.

In addition, Carrefour has bank credit facilities totalling 3,900 million euros. A first 2,500 million-euro facility was signed on January 22, 2015 and falls due on January 22, 2022. A second line totalling 1,400 million euros signed on May 2, 2017 was extended in April 2018 and now matures on May 2, 2023 versus May 2, 2022 previously.

2.4 2017 dividend reinvestment option

At the Annual Shareholders' Meeting held on June 15, 2018, the shareholders decided to set the 2017 dividend at 0.46 euros per share with a dividend reinvestment option.

The issue price of the shares to be issued in exchange for reinvested dividends was set at 13.72 euros per share, representing 90% of the average of the opening prices quoted on Euronext Paris during the 20 trading days preceding the date of the Annual Shareholders' Meeting, less the net amount of the dividend of 0.46 euros per share and rounded up to the nearest euro cent.

The option period was open from June 21 to July 4, 2018. At the end of this period, shareholders owning 56.93% of Carrefour's shares had elected to reinvest their 2017 dividends.

July 13, 2018 was set as the date for:

- settlement/delivery of the 14,575,028 new shares corresponding to reinvested dividends, representing a total capital increase including premiums of 200 million euros;
- payment of the cash dividend to shareholders who chose not to reinvest their dividends, representing a total payout of 152 million euros.

NOTE 3: SCOPE OF CONSOLIDATION

3.1 Accounting principles

Basis of consolidation
The Consolidated Financial Statements include the financial statements of subsidiaries from the date of acquisition (the date when the Group gains control) up to the date when the Group ceases to control the subsidiary, and the Group's equity in associates and joint ventures accounted for by the equity method.

(i) Subsidiaries
A subsidiary is an entity over which the Group exercises control, directly or indirectly. An entity is controlled when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group considers all facts and circumstances when assessing whether it controls an investee, such as rights resulting from contractual arrangements or substantial potential voting rights held by the Group.
The profit or loss of subsidiaries acquired during the year is included in the Consolidated Financial Statements from the date when control is acquired. The profit or loss of subsidiaries sold during the year or that the Group ceases to control, is included up to the date when control ceases.
Intra-group transactions and assets and liabilities are eliminated in consolidation. Profits and losses on transactions between a subsidiary and an associate or joint venture accounted for by the equity method are included in the Consolidated Financial Statements to the extent of unrelated investors' interests in the associate or joint venture.

(ii) Associates and joint ventures
Entities in which the Group exercises significant influence (associates), and entities over which the Group exercises joint control and that meet the definition of a joint venture, are accounted for by the equity method, as explained in Note 9 "Investments in equity-accounted companies".
Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies.
Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

(iii) Other investments
Investments in companies where the Group does not exercise control or significant influence over financial and operating policy decisions are qualified as available-for-sale financial assets and reported under "Other non-current financial assets". The accounting treatment of these investments is described in Note 14 "Financial assets and liabilities, finance costs and other financial income and expenses".

Business combinations
Business combinations, defined as transactions where the assets acquired and liabilities assumed constitute a business, are accounted for by the purchase method. Business combinations carried out since January 1, 2010 are measured and recognised as described below, in accordance with IFRS 3 – *Business Combinations* (as revised in 2008).
• As of the acquisition date, the identifiable assets acquired and liabilities assumed are recognised and measured at fair value.
• Goodwill corresponds to the excess of (i) the sum of the consideration transferred (i.e., the acquisition price) and the amount of any non-controlling interest in the acquiree, over (ii) the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. It is recorded directly in the statement of financial position of the acquiree, in the latter's functional currency, and is subsequently tested for impairment at the level of the cash-generating unit (CGU) to which the acquiree belongs, by the method described in Note 8.3. Any gain from a bargain purchase (i.e., negative goodwill) is recognised directly in profit or loss.
• For business combinations on a less than 100% basis, the acquisition date components of non-controlling interests in the acquiree (i.e., interests that entitle their holders to a proportionate share of the acquiree's net assets) are measured at either:
  – fair value, such that part of the goodwill recognised at the time of the business combination is allocated to non-controlling interests ("full goodwill" method), or
  – the proportionate share of the acquiree's identifiable net assets, such that only the goodwill attributable to the Group is recognised ("partial goodwill" method).
The method used is determined on a transaction-by-transaction basis.
• The provisional amounts recognised for a business combination may be adjusted during a measurement period that ends as soon as the Group receives the information it was seeking about facts and circumstances that existed as of the acquisition date or learns that more information is not obtainable, or at the latest 12 months from the acquisition date. Adjustments during the measurement period to the fair value of the identifiable assets acquired and liabilities assumed or the consideration transferred are offset by a corresponding adjustment to goodwill, provided they result from facts and circumstances that existed as of the acquisition date. Any adjustments identified after the measurement period ends are recognised directly in profit or loss.

• For a business combination achieved in stages (step acquisition), when control is acquired the previously held equity interest is remeasured at fair value through profit or loss. In the case of a reduction in the Group's equity interest resulting in a loss of control, the remaining interest is also remeasured at fair value through profit or loss.
• Transaction costs are recorded directly as an operating expense for the period in which they are incurred.

At the IFRS transition date, the Group elected to maintain the accounting treatment for business combinations applied under previous accounting standards, in line with the option available to first-time adopters under IFRS 1 – *First-time Adoption of International Financial Reporting Standards*.

Changes in ownership interest not resulting in a change of control
Any change in the Group's ownership interest in a subsidiary that does not result in control being acquired or lost is qualified as a transaction with owners in their capacity as owners and recorded directly in equity in accordance with IFRS 10 – *Consolidated Financial Statements*. It is shown in cash flows from financing activities in the statement of cash flows.

Translation of the financial statements of foreign operations
The Consolidated Financial Statements are presented in euros.
An entity's functional currency is the currency of the primary economic environment in which the entity operates. The functional currency of Group entities is the currency of their home country.
The financial statements of entities whose functional currency is not the euro and is not the currency of a hyperinflationary economy are translated into euros as follows:

- assets and liabilities are translated at the period-end closing rate;
- income and expenses are translated at the weighted average exchange rate for the period;
- all resulting exchange differences are recognised in "Other comprehensive income" and are taken into account in the calculation of any gain or loss realised on the subsequent disposal of the foreign operation;
- items in the statement of cash flows are translated at the average rate for the period unless the rate on the transaction date is materially different.

In 2018, Argentina was classified as a hyperinflationary economy within the meaning of IAS 29 (see Note 1.4).

Translation of foreign currency transactions
Transactions by Group entities in a currency other than their functional currency are initially translated at the exchange rate on the transaction date.
At each period-end, monetary assets and liabilities denominated in foreign currency are translated at the period-end closing rate and the resulting exchange gain or loss is recorded in the income statement.
Intra-group loans to certain foreign operations are treated as part of the net investment in that operation if settlement of the loan is neither planned nor likely to occur. The gain or loss arising from translation of the loan at each successive period-end is recorded directly in "Other comprehensive income" in accordance with IAS 21 – *The Effects of Changes in Foreign Exchange Rates*.

Non-current assets and disposal groups held for sale and discontinued operations
If the Group expects to recover the carrying amount of a non-current asset (or disposal group) principally through a sale transaction rather than through continuing use, it is presented separately in the consolidated statement of financial position under "Assets held for sale" in accordance with IFRS 5 – *Non-current Assets Held for Sale and Discontinued Operations*. Liabilities related to non-current assets held for sale are also reported on a separate line of the consolidated statement of financial position (under "Liabilities related to assets held for sale"). Following their classification as held for sale, the assets concerned are measured at the lower of their carrying amount and fair value less costs to sell and they cease to be depreciated or amortised.
All the assets and liabilities of the discontinued operation are presented on separate lines on each side of the statement of financial position after eliminating intra-group items.
A discontinued operation is a component of an entity that has been either disposed of or classified as held for sale, and:

- represents a separate major line of business or geographical area of operations; and
- is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

It is classified as a discontinued operation at the time of sale or earlier if its assets and liabilities meet the criteria for classification as "held for sale". When a component of an entity is classified as a discontinued operation, comparative income statement and cash flow information is restated as if the entity had met the criteria for classification as a discontinued operation on the first day of the comparative period.

3.2 Main changes in scope of consolidation

3.2.1 Changes in 2018

Strategic partnership with Showroomprivé

On January 11, 2018, Carrefour announced that it had signed a strategic agreement with Showroomprivé, Europe's second-largest online private sales player. This partnership is part of both groups' strategy of developing a leading omni-channel offering, and notably covers areas such as sales, marketing, logistics and data.

In order to seal the partnership, Carrefour acquired 16.9% of Showroomprivé's share capital (13.7% of its voting rights) on February 7, 2018. This took the form of an off-market acquisition of the block of shares owned by Conforama, a Steinhoff group subsidiary, at a price of 13.5 euros per share, for a total amount of around 79 million euros, paid in full during the first half of 2018.

In December 2018, Carrefour acquired newly issued Showroomprivé shares at a price of 2.5 euros per share, representing a total investment of 11 million euros.

Following these transactions, Carrefour holds 20.5% of Showroomprivé's share capital and 17.7% of its voting rights. The founders have retained 33.1% of the capital and 42% of the voting rights.

Since the Group exercises significant influence over Showroomprivé in light of its representation on the company's Board of Directors, the shareholding acquired on February 7, 2018 was recognised in the Consolidated Financial Statements as from the same date using the equity method of accounting. Use of the equity method to account for Showroomprivé is still appropriate following the December 2018 share issue.

Acquisition of Quitoque

On March 15, 2018, Carrefour acquired a majority stake in the Quitoque start-up, a leading player in home-delivered meal kits and a French pioneer in the Foodtech industry. In accordance with IFRS 3 – *Business Combinations*, the Group measured the assets acquired and liabilities assumed at the acquisition date. Based on these provisional measurements, provisional goodwill in the amount of 36 million euros was recognised in the consolidated statement of financial position as of December 31, 2018 in respect of the Quitoque acquisition. The revenue and profit attributable to Quitoque recorded in the consolidated statement of comprehensive income for the period was not material.

This acquisition enables Carrefour to expand its e-commerce offer in the food segment. It is consistent with the Group's aim of building a benchmark omni-channel model and becoming the world leader in the food transition for all.

Acquisition of So.bio

On July 18, 2018, Carrefour announced that it had acquired So.bio, a chain of retail stores specialised in organic products. As of December 31, 2018, this acquisition remained subject to approval by the relevant anti-trust authorities.

So.bio currently has ten stores in southwest France.

This acquisition is part of the "Carrefour 2022" transformation plan and of the Group's ambition to become the world leader in the food transition for all.

Acquisition of Planeta Huerto

On September 28, 2018, Carrefour announced that its subsidiary, Greenweez, Europe's leading online distributor of organic products, had acquired Planeta Huerto.

Based in Alicante, Spain, Planeta Huerto was created at the end of 2011 by the Sanchez brothers. In seven years, it has established itself as the undisputed leader in Spain and Portugal in online sales of organic, healthy and sustainable products. Planeta Huerto currently has in excess of

250,000 customers and more than 35,000 products classified into a few main categories: the organic supermarket and products that customers can use to grow produce themselves at home. Planeta Huerto will retain its brand name and its teams, and the Sanchez brothers will continue to run the company within the framework of a joint project with Greenweez so that both companies can continue to enjoy strong growth and keep improving their services by taking reciprocal advantage of each other's expertise and knowledge.

The revenue and profit attributable to Planeta Huerto recorded in the consolidated statement of comprehensive income for the period was not material.

3.2.2 Changes in 2017

IPO of the Group's Brazil operations

The initial public offering of Grupo Carrefour Brasil shares took place on July 20, 2017 and consisted of:

- a primary offering of 205,882,353 shares issued by Grupo Carrefour Brasil; and
- a secondary offering of 125,631,365 Grupo Carrefour Brasil shares, of which 68,831,365 shares sold by Carrefour (including additional shares placed in respect of the secondary over-allotment option).

Carrefour also sold 71,003,063 Grupo Carrefour Brasil shares to Península after the latter exercised its call option.

After completion of the IPO and the exercise by Península of its call option, Carrefour holds a 71.8% interest in Grupo Carrefour Brasil, while Península holds 11.5% and Grupo Carrefour Brasil's free float is 16.7%.

These operations had no impact on the analysis of control over Group subsidiaries in Brazil, which therefore continue to be consolidated within Carrefour's Consolidated Financial Statements.

The primary offering resulted in (i) the recognition of non-controlling interests in an amount of 370 million euros, and (ii) an increase of 470 million euros in shareholders' equity, Group share corresponding to the dilution gain. In accordance with IFRS 10 – *Consolidated Financial Statements*, Carrefour's sale of Grupo Carrefour Brasil shares within the context of the secondary offering and following Península's exercise of its call option, resulted in (i) a 274 million-euro disposal gain net of tax and directly related selling costs recorded within "Shareholders' equity, Group share" and (ii) the recognition of non-controlling interests for 208 million euros.

Absorption of Carmila by Cardety

Carmila was absorbed by Cardety on June 12, 2017. Shares in the new entity, named Carmila, are listed on Euronext Paris. In addition, the Carmila Group increased its share capital by 628.6 million euros in July 2017 in order to finance its 2017-2020 development plan. Having subscribed to the capital increase in an amount of 50 million euros, Carrefour owned 35.76% of the shares and voting rights of Carmila.

In parallel with the merger, the entity's corporate governance rules were adapted, resulting in the restructuring of its administration and management bodies, and amendments to its articles of association and the Board of Directors' internal rules. In light of the amended corporate governance rules, the Group considers that it has significant influence over the new entity, Carmila, which is accounted for using the equity method. The Group's position is primarily based on the fact that the Carrefour Group is not represented by a majority on the Board of Directors, which comprises 14 members, of which eight are independent and five are appointed by Carrefour. Therefore, the Group cannot alone impose decisions requiring the Board's prior consent, which partly concern the relevant activities.

Prior to the merger, both Cardety and Carmila were accounted for using the equity method. Accordingly, the only impact of this transaction on the Consolidated Financial Statements was the recognition of a non-material dilution gain.

Acquisition of hypermarkets in Spain

On February 29, 2016, the Carrefour Group announced it had signed an agreement with the Eroski Group to acquire 36 compact hypermarkets with a total sales area of 235,000 square meters, as well as 8 shopping malls and 22 service stations adjacent to the stores.

The conditions precedent were met during 2017 for the acquisition of 31 stores.

In accordance with IFRS 3 – *Business Combinations*, following the evaluation of the assets acquired and liabilities assumed carried out by the Group, the acquisition-date fair value of the net assets acquired, which correspond primarily to land and buildings included within "Property and equipment" and "Investment property", was estimated to 78 million euros. Considering the 168 million-euro acquisition price, fully paid in cash during the year, goodwill of 90 million euros was recognised in the 2017 Consolidated Financial Statements.

The effect of the acquisition on 2017 consolidated operating income and net income was not material.

The revenue and profit attributable to the acquired operations (part of the Spain operating segment) recorded in the consolidated statement of comprehensive income for the period was not material.

3.3 Scope of consolidation at December 31, 2018

The list of consolidated companies (subsidiaries and associates) is presented in Note 18.

The Group reviewed its analyses of control over subsidiaries in which it is not the sole investor, in light of changes in facts and circumstances during the year, and particularly those transactions described in Note 3.2. Based on its review, there were no changes in the type of control exercised over these subsidiaries.

3.4 Net income/(loss) from discontinued operations

The 297 million-euro net loss from discontinued operations in 2018 corresponds to the losses of the integrated convenience stores business in France which was discontinued during the year. It is reported on a separate line in accordance with IFRS 5 – *Non-current Assets Held for Sale and Discontinued Operations*, together with the comparative 278 million-euro loss for 2017 (see Note 5).

NOTE 4: IMPACT OF CHANGES IN ACCOUNTING POLICIES

IFRS 9 – *Financial Instruments*, IFRS 15 – *Revenue from Contracts with Customers* and IAS 29 – *Financial Reporting in Hyperinflationary Economies* have been applied for the first time as of January 1, 2018. IAS 29 is not a new international accounting standard but was applied with effect from January 1, 2018 in light of the hyperinflationary situation in Argentina (see Note 4.3).

A description of the main changes in accounting policies as a result of applying these standards and the impacts of these changes are summarised below. The overall impact of these changes as of the date of first-time application, amounting to a negative 23 million euros (net of tax), was included in equity at January 1, 2018.

- Concerning IFRS 9, the overall impact of applying the standard as of the date of first-time application amounted to a negative 259 million euros (net of tax). The comparative periods presented were not restated, as allowed by the option provided in the transitional provisions of IFRS 9;
- First-time application of IFRS 15 had no impact on opening equity at January 1, 2018. The Group adopted the "cumulative catch-up" transition approach whereby the cumulative impact of the initial application of IFRS 15 was recognised in equity at January 1, 2018, with no restatement of 2017 comparative data;
- Concerning IAS 29, the overall impact of applying the standard as of the date of first-time application amounted to a positive 237 million euros (net of tax). The comparative periods presented were not restated, in accordance with IAS 21 – *The Effects of Changes in Foreign Exchange Rates*, which states that previously presented comparative information in the currency of a non-hyperinflationary economy should not be restated.

The table below summarises the impact of applying IFRS 9 and IAS 29 on the opening statement of financial position in the Consolidated Financial Statements for the year ended December 31, 2018:

ASSETS

(in € millions)	December 31, 2017	IFRS 9 first application adjustments	IAS 29 first application adjustments	January 1, 2018
Goodwill	7 977			7 977
Other intangible assets	1 364		6	1 370
Property and equipment	13 097		283	13 379
Investment property	410		25	434
Investments in companies accounted for by the equity method	1 355	7		1 362
Other non-current financial assets	1 367	(14)		1 353
Consumer credit granted by the financial services companies – long term	2 455	(60)		2 395
Deferred tax assets	636	124		760
Other non-current assets	337			337
Non-current assets	**28 996**	**57**	**314**	**29 367**
Inventories	6 690			6 690
Trade receivables	2 750	(3)		2 747
Consumer credit granted by the financial services companies – short term	3 866	(233)		3 633
Other current financial assets	161	(2)		159
Tax receivables	890			890
Other assets	851	(1)		850
Cash and cash equivalents	3 593			3 593
Assets held for sale	16			16
Current assets	**18 816**	**(239)**	**-**	**18 578**
TOTAL ASSETS	**47 813**	**(182)**	**314**	**47 945**

SHAREHOLDERS' EQUITY AND LIABILITIES

(in € millions)	December 31, 2017	IFRS 9 first application adjustments	IAS 29 first application adjustments	January 1, 2018
Share capital	1 937			1 937
Consolidated reserves and income for the year	8 122	(141)	237	8 219
Shareholders' equity, Group share	**10 059**	**(141)**	**237**	**10 155**
Shareholders' equity attributable to non-controlling interests	2 099	(119)	0	1 980
Total shareholders' equity	**12 159**	**(259)**	**237**	**12 136**
Long-term borrowings	6 428	(17)		6 410
Provisions	3 003	90		3 094
Consumer credit financing – long term	2 661			2 661
Deferred tax liabilities	489	4	77	570
Non-current liabilities	**12 581**	**78**	**77**	**12 735**
Short-term borrowings	1 069			1 069
Suppliers and other creditors	15 082			15 082
Consumer credit financing – short term	2 817			2 817
Tax payables	1 282			1 282
Other payables	2 813			2 813
Liabilities related to assets held for sale	11			11
Current liabilities	**23 074**	**-**	**-**	**23 074**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**47 813**	**(182)**	**314**	**47 945**

4.1 IFRS 9 – *Financial Instruments*

This new standard, which describes the principles to be applied for the classification and measurement of financial assets and liabilities, replaced IAS 39 – *Financial Instruments: Recognition and Measurement* as from January 1, 2018. IFRS 9 notably introduces:

- a new approach to classifying financial instruments based on the business model and contractual terms of financial instruments (first topic);
- a new financial asset impairment (credit loss) model based on expected losses as opposed to the former model based on incurred losses (second topic); and
- new hedge accounting principles, excluding macro hedge accounting (third topic).

4.1.1 Topic 1: Classification and measurement of financial assets and liabilities

IFRS 9 introduces a new model for classifying and measuring financial assets based on the characteristics of contractual cash flows and the assets' business model. The four categories set out in IAS 39 for classifying financial assets have been replaced by the following three categories:

- financial assets at amortised cost;
- financial assets at fair value through profit or loss (FVPL);
- financial assets at fair value through other comprehensive income (FVOCI).

These new principles for classifying and measuring financial assets did not have a material impact on the accounting policies applied by the Group, since most financial assets, previously classified within "Loans and receivables", continue to be recorded at amortised cost under IFRS 9, as detailed below:

Financial assets at January 1, 2018	IAS 39		IFRS 9	
	Category	Carrying amount (in €millions)	Category	Carrying amount [1] (in €millions)
Investments in non-consolidated companies	Available-for-sale financial assets (FVOCI / Historical cost)	101	FVOCI (option)	78
			FVPL	23
Other long-term investments	Available-for-sale financial assets (FVOCI)	425	FVOCI	249
			FVPL	177
	Loans and receivables (amortised cost)	841	Amortised cost	841
Other non-current financial assets		**1 367**		**1 367**
Consumer credit granted by the financial services companies	Loans and receivables (amortised cost)	6 321	Amortised cost	6 321
Trade receivables	Loans and receivables (amortised cost)	2 750	Amortised cost	2 750
Other current financial assets	Available-for-sale financial assets (FVOCI)	70	FVOCI	70
	Loans and receivables (amortised cost)	64	Amortised cost	64
	Derivative instruments - FVPL	11	FVPL	11
	Derivative instruments - Cash flow hedges (FVOCI)	16	FVOCI	16
Other assets [2]	Loans and receivables (amortised cost)	506	Amortised cost	506
Cash and cash equivalents	Fair value	3 593	FVPL	3 593
ASSETS		**14 698**		**14 698**

(1) Excluding the impact of IFRS 9, topics 2 and 3 set out below.

(2) Excluding prepaid expenses.

More detailed information on the Group's approach to classifying and measuring its financial assets is provided in Note 14 (see the section on accounting policies along with 14.1 – "Financial instruments by category").

The only impact of IFRS 9 on the Group's financial liabilities results from the change in the accounting for financial liabilities with renegotiated terms (when the renegotiated terms are not considered substantial): IFRS 9 requires the original effective interest rate to be applied and the impact of the renegotiated terms to be recognised immediately in profit or loss. This change, applied retrospectively to bonds renegotiated in 2014, is reflected in the Group's Consolidated Financial Statements by:

- a 17 million-euro increase in consolidated reserves (excluding deferred taxes) at January 1, 2018;
- additional annual interest expense of approximately 3.6 million euros over the residual term of the renegotiated liabilities (i.e., up to 2022).

4.1.2 Topic 2: Impairment of financial assets

IFRS 9 replaces the IAS 39 financial asset impairment model, which was based on actual credit losses, with a model based on expected credit losses. This new model applies to financial assets carried at amortised cost and financial assets representing debt instruments carried at fair value through other comprehensive income, as well as to loan commitments and financial guarantee contracts.

This change primarily affects the banking and insurance business. The Group has developed a new methodological framework for this business, which notably defines rules for assessing an increase in credit risk, for determining expected losses (at one year and at maturity) and for taking information into account on a prospective basis (see Note 7.5).

Applying these new provisions as of the date of first-time application of IFRS 9 results in an increase of 294 million euros in impairment recognised against loans and credit granted by the Group's banking subsidiaries (excluding the tax effect). This increase arises mainly from the recognition of expected losses on loans and credit for which there is no objective evidence of impairment within the meaning of IAS 39. It also results in the recognition of a 90 million-euro provision (excluding the tax effect) for expected losses on undrawn loan commitments and credit facilities (expected losses recognised as from the signature of a lending agreement).

Additional impairment of 14 million euros was also recognised in respect of expected credit losses on long-term receivables from equity interests.

Applying the new impairment model to trade receivables and lease receivables did not have a material impact on the Consolidated Financial Statements: expected credit losses at maturity on receivables not yet due (calculated based on the past due period) were estimated at 4 million euros at January 1, 2018.

This change in accounting policy had a negative 277 million-euro impact (net of tax) on equity at January 1, 2018.

4.1.3 Topic 3: Hedge accounting

The Group chose to adopt the new general hedge accounting model introduced by IFRS 9, whereby hedge accounting must be aligned with its risk management objectives and strategy. IFRS 9 also requires a more qualitative and prospective approach to assessing hedge effectiveness.

These new principles did not have a material impact on the Group's Consolidated Financial Statements, since all transactions eligible for hedge accounting under IAS 39 remain eligible for hedge accounting under IFRS 9. The impact of the change in the accounting for the time value of options at the transition date (interest rate derivatives classified as cash flow hedges) is not material (negative impact of 1.6 million euros).

4.2 IFRS 15 – *Revenue from Contracts with Customers*

IFRS 15, which defines the principles for recognising revenue, replaced IAS 18 – *Revenue* and IAS 11 – *Construction Contracts*, along with the related interpretations (including IFRIC 13 – *Customer Loyalty Programmes*), as from January 1, 2018. IFRS 15 applies to all contracts with customers except for leases (rental revenue and sublease income), financial instruments (interest income) and insurance contracts, which are dealt with in other standards.

IFRS 15 defines a single framework for recognising revenue. It introduces new concepts and principles with regard to revenue recognition, particularly in terms of identifying performance obligations and allocating the transaction price to performance obligations when there are several different performance obligations in a given contract.

An analysis of typical transactions and contracts representing different major sources of revenue for the Group showed that the accounting policies applied by the Group to recognise net sales (revenue) and other operating revenue remained appropriate under IFRS 15. The factors considered are described below.

- Impact of IFRS 15 on the timing of recognition of net sales and other revenue:
  - (i) revenue from sales to end customers in stores and service stations, which represents the bulk of the Group's net sales, continues to be recorded when the customer pays at the check-out, pursuant to IFRS 15 (the date on which control of the goods and services is transferred to the customer, since the sales do not represent any other unsatisfied performance obligation at that date);
  - (ii) revenue from sales to end customers on e-commerce sites and from sales to franchisees is recognised at the time of delivery (the date on which control of the goods sold is transferred to the customer);
  - (iii) generally speaking, revenue from property development continues to be recognised at the date the built property is delivered to the customer; only revenue relating to off-

plan sales in France is recognised over time (based on the percentage of completion of the construction work, as measured based on costs incurred), since control is transferred to the customer as and when the work is completed by Carrefour.

- Impact of IFRS 15 requirements in terms of payments made to customers, applicable to payments received from suppliers: these new requirements did not impact the Group's accounting for commercial income billed to suppliers, which continues to be recognised as a deduction from cost of sales.
- Impact of the changes introduced by IFRS 15 to determine whether an entity acts as principal (i.e., on its own behalf) or as an agent: analyses carried out of the requirements introduced by IFRS 15 (based on the transfer of control) did not identify any material differences with previous analyses performed in accordance with IAS 18 principles (based on the transfer of risks and rewards).
- The portion of an initial sale that is allocated to award credits under a customer loyalty programme is qualified as a separate performance obligation from that resulting from the initial sale. The result of measuring award credits allocated under the Group's customer loyalty programmes proportionately to the stand-alone selling price in accordance with IFRS 15, compared to that obtained by the residual method applied by the Group, is not material.

The principles for recognising net sales and other revenue applied by the Group are discussed in further detail in Note 7.1.

4.3 IAS 29 – *Financial Reporting in Hyperinflationary Economies*

In Argentina, all of the three-year cumulative inflation rates commonly used to evaluate the country's inflation exceed 100% and the rate is not expected to ease significantly in 2019 in light of the peso's current weakness.

The criteria in IAS 29 – *Financial Reporting in Hyperinflationary Economies* are therefore met and AMF and ESMA both consider that Argentina should be qualified as a hyperinflationary economy within the meaning of IFRS as from July 1, 2018.

Consequently, IAS 29 is applicable to the Group's operations in Argentina as from January 1, 2018 as if it had always been a hyperinflationary economy.

- In accordance with IAS 29, non-monetary assets and liabilities are restated by applying a general price index, but monetary assets and liabilities are not restated. All local currency items in the income statement and statement of other comprehensive income are restated by applying the change in the general price index from the dates when the items of income and expenses were initially recorded in the financial statements. The statement of financial position, income statement and statement of comprehensive income are translated into euros at the closing rate for the reporting period.
- Comparative information for 2017 is not restated. Consequently, the impact of restating the financial statements of the Argentinian subsidiary has been recognised in consolidated equity at January 1, 2018.

NOTE 5: RESTATEMENT OF COMPARATIVE INFORMATION

The sale or closure of ex-Dia stores as part of the transformation plan (see Note 2.1) resulted in the termination of the Group's integrated convenience stores business in France. This business, representing a network of 352 stores at December 31, 2017, was classified within discontinued operations in accordance with IFRS 5 – *Non-current Assets Held for Sale and Discontinued Operations*.

In accordance with IFRS 5, the following reclassifications were made in the Consolidated Financial Statements for the year ended December 31, 2018:

- the net profits or losses of the closed, sold or held-for-sale stores (including closure costs) are shown on the "Impact of discontinued operations" line. To enable a meaningful comparison, the net profits or losses of these stores in 2017 were also reclassified on this line;
- in the statement of cash flows, all of these stores' cash flows for 2018 are presented on the lines "Impact of discontinued operations", with 2017 cash flows reclassified accordingly.

Key consolidated income statement figures for integrated convenience stores in France classified in accordance with IFRS 5 in 2018 and 2017 are as follows:

(in € millions)	**2018 (1)**	**2017**
Net sales	347	582
Gross margin from recurring operations	80	133
Sales, general and administrative expenses, depreciation and amortisation	(186)	(263)
Recurring operating loss	(107)	(130)
Operating loss	(297)	(278)
Loss before taxes	(297)	(278)
Income tax expense	-	-
Net loss for the period	(297)	(278)

(1) The figures shown for 2018 include the profits or losses of the stores up to the date of their sale or closure.

5.1 Impact on the consolidated income statement for 2017

(in € millions)	**2017 published**	**IFRS 5 reclassification**	**2017 restated**
Net sales	78 897	(582)	78 315
Loyalty program costs	(644)	2	(642)
Net sales net of loyalty program costs	**78 253**	**(580)**	**77 673**
Other revenue	2 722	(3)	2 719
Total revenue	**80 975**	**(583)**	**80 392**
Cost of sales	(62 760)	449	(62 311)
Gross margin from recurring operations	**18 214**	**(133)**	**18 081**
Sales, general and administrative expenses, depreciation and amortisation	(16 209)	263	(15 946)
Recurring operating income	**2 006**	**130**	**2 135**
Net income from equity-accounted companies	4	-	4
Recurring operating income after net income from equity-accounted companies	**2 010**	**130**	**2 139**
Non-recurring income and expenses, net	(1 310)	148	(1 162)
Operating income	**700**	**278**	**978**
Finance costs and other financial income and expenses, net	(445)	-	(445)
Finance costs, net	*(317)*	-	*(317)*
Other financial income and expenses, net	*(128)*	-	*(128)*
Income before taxes	**255**	**278**	**533**
Income tax expense	(618)	-	(618)
Net loss from continuing operations	**(363)**	**278**	**(85)**
Net income/(loss) from discontinued operations	1	(278)	(277)
Net income / (loss) for the period	**(362)**	**-**	**(362)**
Group share	**(531)**	**-**	**(531)**
of which net loss from continuing operations	(531)	278	(254)
of which net income/(loss) from discontinued operations	1	(278)	(277)
Attributable to non-controlling interests	**169**	**-**	**169**

5.2 Impact on the consolidated cash flow statement for 2017

(in € millions)	2017 published	IFRS 5 reclassification	2017 restated
INCOME BEFORE TAXES	**255**	**278**	**533**
CASH FLOWS FROM OPERATING ACTIVITIES			
Income tax	(588)	-	(588)
Depreciation and amortisation expense	1 632	(31)	1 601
Capital gains on sales of assets	(49)	0	(49)
Change in provisions and impairment	1 013	(150)	863
Finance costs, net	317	-	317
Net income and dividends received from equity-accounted companies	76	-	76
Impact of discontinued operations	(4)	(96)	(100)
Cash flow from operations	**2 653**	**0**	**2 653**
Change in working capital requirement	157	(2)	156
Impact of discontinued operations	(0)	2	2
Net cash from operating activities (excluding financial services companies)	**2 810**	**0**	**2 810**
Change in consumer credit granted by the financial services companies	32	-	32
Net cash from operating activities	**2 843**	**0**	**2 843**
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of property and equipment and intangible assets	(2 379)	9	(2 369)
Acquisitions of non-current financial assets	1	-	1
Acquisitions of subsidiaries and investments in associates	(260)	-	(260)
Proceeds from the disposal of subsidiaries and investments in associates	9	-	9
Proceeds from the disposal of property and equipment and intangible assets	158	-	158
Proceeds from the disposal of non-current financial assets	4	-	4
Change in amounts receivable from disposals of non-current assets and due to suppliers of non-current assets	(117)	11	(106)
Investments net of disposals	**(2 584)**	**20**	**(2 564)**
Other cash flows from investing activities	(54)	-	(54)
Impact of discontinued operations	3	(20)	(17)
Net cash used in investing activities	**(2 635)**	**-**	**(2 635)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from share issues to non-controlling interests	969	-	969
Acquisitions and disposals of investments without any change of control	479	-	479
Dividends paid by Carrefour (parent company)	(151)	-	(151)
Dividends paid by consolidated companies to non-controlling interests	(141)	-	(141)
Change in treasury stock and other equity instruments	(40)	-	(40)
Change in current financial assets	34	-	34
Issuance of bonds	981	-	981
Repayment of bonds	(1 250)	-	(1 250)
Net financial interests paid	(320)	-	(320)
Other changes in borrowings	(197)	-	(197)
Net cash from financing activities	**362**	**-**	**362**
Net change in cash and cash equivalents before the effect of changes in exchange rates	**570**	**0**	**570**
Effect of changes in exchange rates	(283)	-	(283)
Net change in cash and cash equivalents	**288**	**0**	**288**
Cash and cash equivalents at beginning of the period	**3 305**	**-**	**3 305**
Cash and cash equivalents at end of the period	**3 593**	**-**	**3 593**

NOTE 6: SEGMENT INFORMATION

Accounting principles

IFRS 8 – *Operating Segments* requires the disclosure of information about an entity's operating segments derived from the internal reporting system and used by the entity's chief operating decision-maker to make decisions about resources to be allocated to the segment and assess its performance. The Carrefour Group's operating segments consist of the countries in which it conducts its business through the integrated store network, as each country's results are reviewed monthly by the Group's Chief Executive Officer who is the chief operating decision-maker within the meaning of IFRS 8.

Countries located in the same region are considered to have similar characteristics and have been combined to create four geographical segments, as allowed by IFRS 8. These segments are:

- France;
- Rest of Europe: Spain, Italy, Belgium, Poland and Romania;
- Latin America: Brazil and Argentina;
- Asia: China and Taiwan.

The income and expenses of certain support entities are allocated to the various countries proportionately to the services provided to each, with any unallocated income and expenses reported under "Global functions".

Segment assets include goodwill, other intangible assets, property and equipment, investment property and "other segment assets", corresponding to inventories, trade receivables, consumer credit granted by the financial services companies and other assets. Segment liabilities comprise suppliers and other creditors, consumer credit financing and other payables.

Segment capital expenditure corresponds to the acquisitions of property and equipment and intangible assets (other than goodwill) reported in the statement of cash flows.

The disclosures in the tables below have been prepared using the same accounting policies as those applied to prepare the Consolidated Financial Statements.

6.1 Segment results

2018 *(in € millions)*	**Total**	**France**	**Europe**	**Latin America**	**Asia**	**Global Functions**
Net sales	76 000	35 615	21 076	13 809	5 501	0
Other revenue	2 656	843	695	756	298	65
Recurring operating income before depreciation and amortisation	**3 469**	**1 095**	**1 122**	**983**	**204**	**64**
Recurring operating income (1)	**1 905**	**466**	**664**	**767**	**45**	**(38)**
Capital expenditure	1 611	537	385	429	94	166
Depreciation and amortisation expense (2)	(1 564)	(629)	(458)	(216)	(159)	(102)

2017 restated *(in € millions)*	**Total**	**France**	**Europe**	**Latin America**	**Asia**	**Global Functions**
Net sales	78 315	35 253	21 112	16 042	5 907	0
Other revenue	2 719	868	692	802	300	56
Recurring operating income before depreciation and amortisation	**3 735**	**1 482**	**1 136**	**936**	**182**	**(2)**
Recurring operating income	**2 135**	**822**	**677**	**715**	**4**	**(83)**
Capital expenditure	2 369	894	636	526	164	150
Depreciation and amortisation expense (2)	(1 599)	(661)	(459)	(221)	(178)	(81)

(1) *Recurring operating income in Latin America takes into account a 33 million-euro negative adjustment resulting from the application of IAS 29 in Argentina as from January 1, 2018.*

(2) *Including the depreciation and amortisation relating to logistics equipment included in the cost of sales.*

6.2 Segment assets and liabilities

December 31, 2018 *(in € millions)*	**Total**	**France**	**Europe**	**Latin America**	**Asia**	**Global Functions**
ASSETS						
Goodwill	7 983	4 901	2 508	467	107	1
Other intangible assets	1 461	268	503	161	34	495
Property and equipment	12 637	5 448	3 642	2 677	863	7
Investment property	389	9	137	120	122	-
Other segment assets	16 999	8 743	3 135	3 633	863	626
Total segment assets	**39 470**	**19 370**	**9 925**	**7 057**	**1 989**	**1 129**
Unallocated assets	7 908					
Total Assets	**47 378**					
LIABILITIES (excluding equity)						
Segment liabilities	**23 756**	**11 195**	**5 553**	**4 440**	**2 085**	**483**
Unallocated liabilities	12 336					
Total Liabilities	**36 092**					

December 31, 2017 *(in € millions)*	**Total**	**France**	**Europe**	**Latin America**	**Asia**	**Global Functions**
ASSETS						
Goodwill	7 977	4 814	2 518	537	106	1
Other intangible assets	1 364	275	451	157	27	453
Property and equipment	13 097	5 670	3 896	2 574	946	11
Investment property	410	4	160	120	126	-
Other segment assets	17 839	9 158	3 402	3 808	923	549
Total segment assets	**40 686**	**19 921**	**10 427**	**7 195**	**2 128**	**1 015**
Unallocated assets	7 127					
Total Assets	**47 813**					
LIABILITIES (excluding equity)						
Segment liabilities	**24 655**	**11 658**	**5 781**	**4 616**	**2 137**	**462**
Unallocated liabilities	11 000					
Total Liabilities	**35 654**					

NOTE 7: OPERATING ITEMS

7.1 Revenue

Accounting principles

Revenue ("Total revenue") comprises net sales and other revenue.

Net sales correspond to sales via the Group's stores, e-commerce sites and service stations (to end customers) and cash-and-carry sales (to franchisees).

Other revenue comprises revenue from the banking and insurance businesses (including bank card fees, and arranging fees for traditional and revolving credit facilities), property development revenue, travel agency revenue, commission on e-commerce sales made on behalf of third parties (marketplaces), shopping mall rental income and franchise fees (mainly in the form of royalties).

(i) Recognition of net sales and other revenue

Revenue from sales in stores and service stations, which represents the bulk of the Group's net sales, is recorded when the customer pays at the check-out, pursuant to IFRS 15. Control is transferred when the goods and services are transferred to the customers, because the sales do not include any other unsatisfied performance obligation at that date. Some of the products on sale in the Group’s stores are sold with a right of return. This concerns only certain specific product categories and the return period is limited based on local regulations in the countries concerned and/or the Group’s general conditions of sale.

E-commerce sales correspond to sales on the Group’s e-commerce sites (direct sales) and to commission on e-commerce sales carried out on behalf of third parties (marketplaces). The Group acts as the principal for direct sales on its e-commerce sites. Revenue from direct sales is recorded when the goods are delivered (corresponding to the date when control of the goods is transferred). In the same way as for in-store sales, certain products offered on the Group’s e-commerce sites are sold with a time-limited right of return. In the case of marketplace sales, the Group acts as an agent and revenue from these sales corresponds to the commission billed to the third-party suppliers of the goods concerned.

Revenue from sales to franchisees is recorded when the goods are delivered (corresponding to the date when control of the goods is transferred).

Net banking revenue generated by the Group’s financial services companies consists mainly of net interest revenue that does not fall within the scope of IFRS 15 and is accounted for in accordance with IFRS 9 (since January 1, 2018). IFRS 15 only applies to payment card services that do not qualify as financing or credit transactions (bank card fees, arranging fees for traditional and revolving credit facilities). These fees are recognised over the life of the underlying contracts.

Revenue from franchise fees is accounted for in accordance with the specific provisions of IFRS 15 concerning intellectual property licences (dynamic licences). The remuneration received in exchange for the right to use the Group’s brand and expertise is calculated as a percentage of the net sales generated by the franchise outlet and is recognised over time.

The accounting treatment of business lease fees is the same as for franchise fees.
Revenue from leases and sub-leases where the Group is lessor does not fall within the scope of IFRS 15 and is accounted for in accordance with IAS 17 (IFRS 16 as from January 1, 2019).

The property development business corresponds primarily to the construction and extension of shopping centres adjacent to Carrefour hypermarkets and their subsequent sale. It also includes the specialty leasing business, corresponding to the enhancement of space in the shopping centres’ common areas for the sale or display of products during a limited period. The property development business is conducted by Carrefour Property, a wholly-owned subsidiary of the Group. Generally speaking, revenue from property development continues to be recognised at the date the built property is delivered to the customer; only revenue relating to off-plan sales is recognised over time (based on the percentage of completion of the construction work, as measured based on costs incurred), since control is transferred to the customer as and when the work is completed by the Group.

(ii) Accounting treatment of customer loyalty programmes

When the purchase of goods or services entitles the customer to award credits under a loyalty programme, the contract with the customer comprises two separate performance obligations:

- the obligation to deliver the goods or services, which is satisfied immediately; and
- the obligation to subsequently supply goods or services at a reduced price or free of charge.

The sale proceeds are allocated between these two performance obligations proportionately to their respective specific sale prices.

7.1.1 Net sales

(in € millions)	2018	2017 restated	% change
Net sales	76 000	78 315	(3.0)%

Excluding the currency effect, 2018 net sales amounted to 80,960 million euros versus 78,315 million euros the previous year, an increase of 3.4%.

Changes in exchange rates reduced net sales by 4,960 million in 2018, and for the most part concerned the Latin America segment.

Net sales by country [(1)]

(in € millions)	2018	2017 restated
France	**35 615**	**35 253**
Rest of Europe	**21 076**	**21 112**
Spain	8 750	8 634
Italy	4 702	4 919
Belgium	3 907	3 993
Poland	1 828	1 785
Romania	1 890	1 781

(in € millions)	2018	2017 restated
Latin America	**13 809**	**16 042**
Brazil	11 919	13 248
Argentina	1 889	2 795
Asia	**5 501**	**5 907**
China	3 646	4 050
Taiwan	1 855	1 857

(1) Substantially all revenue is recognised on a specific date. Revenue recognised over time is not material at Group level.

7.1.2 Other revenue

(in € millions)	2018	2017 restated	% change
Financing fees and commissions [(1)]	1 383	1 384	(0.1)%
Franchise and location-gérance fees	258	258	(0.0)%
Rental revenue	218	228	(4.3)%
Revenue from sub-leases	246	256	(4.2)%
Property development revenue [(2)]	70	89	(20.9)%
Other revenue [(3)]	481	504	(4.5)%
Total Other revenue	**2 656**	**2 719**	**(2.3)%**

(1) Including net banking revenue and net insurance revenue generated by the Group's financial services and insurance companies.

(2) Corresponding to the sale price of properties developed by the Group for resale. After deducting development costs recorded in "Cost of sales", the property development margin amounted to 30 million euros in 2018 (including 13 million euros from the specialty leasing business) compared with 20 million euros the previous year.

(3) Other revenue includes sales commissions, commissions received from suppliers, revenue from ticket/travel agency sales and in-store advertising fees.

7.2 Recurring operating income

Accounting principles

Recurring operating income is an earnings indicator disclosed in order to help users of the Consolidated Financial Statements to better understand the Group's underlying operating performance. It corresponds to operating income (defined as earnings from continuing operations before interest and tax) before material items that are unusual in terms of their nature and frequency and are reported under "Non-recurring income" or "Non-recurring expenses" (see Note 7.3).

7.2.1 Cost of sales

Accounting principles

Cost of sales corresponds to the cost of purchases net of rebates and commercial income, changes in inventory (including impairments), discounting revenue, exchange gains and losses on goods purchases, logistics costs and other costs (primarily the cost of products sold by the financial services companies and the production costs of the property development business).

Rebates are calculated based on immediate or deferred discount rates on purchases, as specified in the contractual terms negotiated each year. Rebates can be:

- unconditional, i.e., proportionate to total purchases and subject to no other conditions;
- conditional, i.e., dependent on meeting certain conditions (e.g., growth in the supplier's net sales with the Group).

Commercial income corresponds to income from services carried out by Carrefour for its suppliers.
Rebates and commercial income recognised in "Cost of sales" are measured based on the contractual terms specified in the agreements signed with suppliers.

7.2.2 Sales, general and administrative expenses, and depreciation and amortisation

(in € millions)	2018	2017 restated	% change
Sales, general and administrative expenses	(13 668)	(14 409)	(5.1)%
Depreciation and amortisation of property and equipment, intangible assets, and investment property	(1 494)	(1 536)	(2.8)%
Total SG&A expenses and depreciation and amortisation	**(15 162)**	**(15 946)**	**(4.9)%**

Sales, general and administrative expenses

Sales, general and administrative expenses break down as follows:

(in € millions)	2018	2017 restated	% change
Employee benefits expense	(8 139)	(8 458)	(3.8)%
Property rentals	(1 045)	(1 056)	(1.0)%
Advertising expense	(884)	(969)	(8.8)%
Fees	(814)	(883)	(7.8)%
Maintenance and repair costs	(762)	(835)	(8.8)%
Energy and electricity	(565)	(616)	(8.2)%
Taxes other than on income	(549)	(580)	(5.3)%
Other SG&A expenses	(910)	(1 012)	(10.2)%
Total SG&A expenses	**(13 668)**	**(14 409)**	**(5.1)%**

Depreciation and amortisation

Including supply chain depreciation recognised in cost of sales, total depreciation and amortisation expense recognised in the consolidated income statement amounted to 1,564 million euros in 2018 (2017: 1,599 million euros), as follows:

(in € millions)	2018	2017 restated	% change
Property and equipment	(1 252)	(1 328)	(5.8)%
Intangible assets	(211)	(175)	20.8%
Assets under finance leases	(15)	(20)	(22.6)%
Investment property	(16)	(13)	16.5%
Depreciation and amortisation of property and equipment, intangible assets, and investment property	**(1 494)**	**(1 536)**	**(2.8)%**
Depreciation and amortisation of logistic activity	**(70)**	**(63)**	**10.8%**
Total Depreciation and amortisation	**(1 564)**	**(1 599)**	**(2.2)%**

7.3 Non-recurring income and expenses

Accounting principles

In accordance with the recommendation of the French accounting authorities (*Autorité des normes comptables* [ANC] recommendation no. 2013-03 dated November 7, 2013), non-recurring income and expenses are reported on a separate line of the income statement. Non-recurring items are defined as "items that are limited in number, clearly identifiable and non-recurring that have a material impact on consolidated results".

This classification is applied to certain material items of income and expense that are unusual in terms of their nature and frequency, such as non-recurring impairment charges, restructuring costs and provision charges and incomes recorded to reflect revised estimates of risks provided for in prior periods, based on information that came to the Group's attention during the reporting year.

They are presented separately in the income statement to "help users of the financial statements to better understand the Group's underlying operating performance and provide them with useful information to assess the earnings outlook".

(in € millions)	**2018**	**2017 restated**
Net gains on sales of assets	57	22
Restructuring costs	(727)	(279)
Other non-recurring income and expenses	(289)	(13)
Non-recurring income and expenses, net before asset impairments and write-offs	**(959)**	**(271)**
Asset impairments and write-offs	(202)	(891)
of which Impairments and write-offs of goodwill	*(3)*	*(707)*
of which Impairments and write-offs of property and equipment and intangible assets	*(199)*	*(184)*
Non-recurring income and expenses, net	**(1 161)**	**(1 162)**
of which:		
Non-recurring income	*135*	*397*
Non-recurring expense	*(1 295)*	*(1 558)*

Net gains on sales of assets

As in 2017, gains on disposals of assets in 2018 primarily related to sales of various individually non-material assets, mainly in France and Italy.

Restructuring costs

Restructuring costs recognised in 2018 resulted from plans to streamline operating structures launched as part of the first pillar of the transformation plan described in Note 2.1. The expense included in non-recurring items relates chiefly to severance paid or payable within the scope of:

- the voluntary redundancy plan implemented in France and affecting 2,400 jobs;
- restructuring measures launched in Belgium and affecting around 1,000 employees;
- the voluntary redundancy plan implemented in Argentina and affecting some 1,000 jobs.

A provision was accrued at June 30, 2018 for the amount which the Group estimates it will have to pay in severance in respect of these restructuring plans.

The expense recognised in 2017 primarily included the costs relating to the overhaul of supply chains in France as well as the plan to integrate the hypermarkets acquired in Spain.

Other non-recurring income and expenses

Other non-recurring income and expenses recorded in 2018 mainly concerned France and Brazil.

- In France, under an agreement with trade union representatives, employees who participated in the profit-sharing scheme in 2017 had their profit-share for that year increased by 350 euros and were also given a 150-euro voucher. The payments were made and the vouchers distributed in April 2018. In addition, employees on the payroll as of December 31, 2018 who were paid up to three times the “SMIC” minimum wage were awarded a special "purchasing power" bonus of 200 euros, paid in February 2019. The special bonuses were decided in application of the French Act of December 24, 2018 introducing a range of emergency economic and social measures.

- In Brazil, allowances were recorded in 2018 to write down certain ICMS sales tax credits.

Impairment losses and asset write-offs

In 2018, impairment losses of 97 million euros were recognised against fixed assets other than goodwill to take account of the difficulties experienced by certain stores, particularly in France, Italy and China (see accounting principles explained in Note 8.3). In 2017, impairment losses against fixed assets other than goodwill amounted to 154 million euros and mainly concerned the above three countries.

In addition, 82 million euros' worth of software and other assets were written off during the year (2017: 30 million euros).

In 2017, impairment tests led the Group to recognise a 700 million-euro impairment loss against goodwill allocated to its Italian operations.

7.4 Working capital

7.4.1 Change in working capital

The change in working capital reported in the consolidated statement of cash flows under "Net cash from operating activities" breaks down as follows:

(in € millions)	**2018**	**2017 restated**	**Change**
Change in inventories	279	22	257
Change in trade receivables	(7)	(73)	66
Change in trade payables	(225)	329	(553)
Change in loyalty program liabilities	(2)	(29)	27
Change in trade working capital requirement	**44**	**248**	**(204)**
Change in other receivables and payables	70	(92)	162
Change in working capital requirement	**115**	**156**	**(41)**

Working capital, like all other items in the statement of cash flows, is translated at the average exchange rate for the period (except for working capital in Argentina, see Note 4).

7.4.2 Inventories

Accounting principles

In accordance with IAS 2 – *Inventories*, goods inventories and the inventories of the property development business (properties under construction) are measured at the lower of cost and net realisable value.

The cost of goods inventories corresponds to the latest purchase price plus all related expenses. This method is appropriate given the rapid inventory turnover, and the resulting values are close to those obtained by the first in-first out (FIFO) method. The cost of goods inventories includes all components of the purchase cost of goods sold (with the exception of exchange gains and losses) and takes into account the rebates and commercial income negotiated with suppliers.

Net realisable value corresponds to the estimated selling price in the ordinary course of business, less the estimated additional costs necessary to make the sale.

(in € millions)	**December 31, 2018**	**December 31, 2017**
Inventories at cost	6 352	6 927
Impairment	(218)	(237)
Inventories, net	**6 135**	**6 690**

7.4.3 Trade receivables

Accounting principles

Trade receivables correspond for the most part to rebates and commercial income receivable from suppliers, amounts receivable from franchisees, shopping mall rental receivables and receivables of the property development business.

Trade receivables are measured at amortised cost (see Note 14). They are recognised for the initial invoice amount, less a loss allowance recorded in accordance with the simplified impairment model based on expected losses defined in IFRS 9 – *Financial Instruments* (see Note 14.7.4).

Certain Group subsidiaries operate receivables discounting programmes. In accordance with IFRS 9, receivables sold under these programmes are derecognised when substantially all of the related risks and rewards (i.e., mainly default, late payment and dilution risks) are transferred to the buyer.

(in € millions)	**December 31, 2018**	**December 31, 2017 (1)**
Receivables from clients	1 611	1 601
Impairment	(188)	(168)
Receivables from clients, net	**1 424**	**1 433**
Receivables from suppliers	1 113	1 317
Total Trade receivables	**2 537**	**2 750**

(1) The first-time application of IFRS 9 as from 2018 had the effect of reducing trade receivables from 2,750 million euros as of December 31, 2017 to 2,747 million euros as of January 1, 2018 (see Note 4).

7.4.4 Suppliers and other creditors

Accounting principles

Suppliers and other creditors correspond primarily to trade payables. They also include payables that suppliers have transferred to financial institutions as part of reverse factoring programmes. These programmes are set up by the Group to enable suppliers to receive payment for the Group's purchases in advance of the normal payment terms. The Group's analyses show that there is no substantial difference in the nature or terms of the liabilities before and after factoring (the payment and other contractual terms are unchanged) and they therefore continue to be classified as trade payables.

Suppliers and other creditors as of December 31, 2018 included reverse factored payables for a total of 2.0 billion euros (December 31, 2017: 1.9 billion euros).

Suppliers and other creditors are classified in the category of "Financial liabilities measured at amortised cost", as defined in IFRS 9 – *Financial Instruments* (see Note 14). They are initially recognised at their nominal amount, which represents a reasonable estimate of fair value in light of their short maturities.

7.4.5 Tax receivables and payables

Tax receivables

(in € millions)	**December 31, 2018**	**December 31, 2017**
VAT and sales tax receivables	479	527
Other tax (other than on income) receivables	42	41
Current income tax receivables (1)	333	322
Total Tax receivables	**853**	**890**

(1) In 2018, CICE (tax credit for competitiveness and employment) receivables were sold for a total of 123 million euros (2017: 197 million euros). The Group was able to demonstrate that substantially all the risks and rewards of ownership of the tax credits had been transferred to the buyer and the credits were therefore derecognised by analogy with the principle in IFRS 9 concerning the derecognition of financial assets. The cost of this discounting transaction amounted to 1.5 million euros (2017: 1.6 million euros) and was recorded in "Other financial income and expenses".

Tax payables

(in € millions)	**December 31, 2018**	**December 31, 2017**
VAT and sales tax payables	355	425
Other tax (other than on income) payables	652	699
Current income tax payables	135	157
Total Tax payables	**1 142**	**1 282**

7.4.6 Other current assets and other payables

Other current assets

(in € millions)	**December 31, 2018**	**December 31, 2017 (1)**
Prepaid expenses	329	344
Proceeds receivable from disposals of non-current assets	22	44
Employee advances	19	18
Other operating receivables, net	517	445
Total Other current assets	**887**	**851**
Prepaid expenses – long term	60	73
Tax receivables – long term (2)	319	264
Total Other non-current assets	**379**	**337**

(1) The first-time application of IFRS 9 as from 2018 had the effect of reducing other current assets from 851 million euros as of December 31, 2017 to 850 million euros as of January 1, 2018.

(2) These correspond to tax credits expected to be collected in over 12 months. At December 31, 2018, the total amount of the Brazilian ICMS tax credits, mainly attributable to favourable rulings handed down by the Brazilian Supreme Court, represented 713 million euros. This amount has been written down by 374 million euros (resulting in a net receivable of 339 million euros) to reflect the market value of the tax credits, which the company intends to use over a period not exceeding three years. In the income statement, the total amount of the Brazilian ICMS tax credits for the year are recorded in recurring operating income and those for prior years are recorded in non-recurring income.

Other payables

(in € millions)	**December 31, 2018**	**December 31, 2017**
Accrued employee benefits expense	1 695	1 608
Payables to suppliers of non-current assets	576	640
Deferred revenue	120	118
Other payables	546	447
Total Other current payables	**2 938**	**2 813**

7.5 Banking and insurance activities

Accounting principles

To support its core retailing business, the Group offers banking and insurance services to customers, mainly in France, Spain and Brazil.

The financial services companies offer their customers "Carrefour" bank cards that can be used in the Group's stores and elsewhere, consumer loans and savings products such as life insurance and passbook savings accounts.

Due to its contribution to the Group's total assets and liabilities and its specific financial structure, this secondary business is presented separately in the Consolidated Financial Statements:

- Consumer credit granted by the financial services companies (payment card receivables, personal loans, etc.) is presented in the statement of financial position under "Consumer credit granted by the financial services companies – long-term" and "Consumer credit granted by the financial services companies – short-term", as appropriate.
- Financing for these loans is presented under "Consumer credit financing – long-term" and "Consumer credit financing – short-term", as appropriate.
- The other assets and liabilities of the banking activities (property and equipment, intangible assets, cash and cash equivalents, accrued taxes and payroll costs, etc.) are presented on the corresponding lines of the statement of financial position.
- Net revenues from banking activities are reported in the income statement under "Other revenue".
- The change in the banking and insurance activities' working capital is reported in the statement of cash flows under "Change in consumer credit granted by the financial services companies".

7.5.1 Consumer credit granted by the financial services companies

As of December 31, 2018, consumer credit granted by the financial services companies totalled 6,208 million euros (December 31, 2017: 6,321 million euros), as follows:

(in € millions)	**December 31, 2018**	**December 31, 2017 (1)**
Payment card receivables	4 511	4 352
Loans	2 110	2 450
Consumer credit (on purchases made in Carrefour stores)	97	70
Other financing	627	273
Impairment	(1 136)	(824)
Total Consumer credit granted by the financial services companies	**6 208**	**6 321**
Short-term financing	*3 722*	*3 866*
Long-term financing	*2 486*	*2 455*

(1) The first-time application of IFRS 9 as from 2018 had the effect of reducing consumer credit granted by the financial services companies from 6,321 million euros as of December 31, 2017 to 6,028 million euros as of January 1, 2018. The 293 million-euro decrease concerned short-term financing for 233 million euros and long-term financing for 60 million euros (see Note 4).

Credit risk management and impairment approach

Accounting principles

The impairment model for consumer credit granted by the financial services companies was adjusted in line with the requirements of IFRS 9 – *Financial Instruments* using a two-step process:

- classification of outstanding loans in uniform risk categories based on the probability of default; then
- modelling of the probability of credit losses over a 12-month period or at maturity (representing the remaining term of the financial instrument), based on the classification of the instrument.

Classification of consumer credit

Consumer credit is divided into three categories, based on an analysis of potentially significant increases in credit risk:

- category 1: credit granted to consumers whose credit risk has not significantly increased since the

credit was initially recognised;
- category 2: credit granted to consumers whose financial situation has worsened (significant increase in credit risk) since the credit was initially recognised but for which no objective evidence of impairment (default) of a specific credit has yet been identified;
- category 3: credit granted to consumers in default.

(i) Significant increase in credit risk

The main criteria applied by the Group to identify a significant increase in credit risk since initial recognition and where necessary, to reclassify category 1 assets within category 2, are as follows:
- late payment criterion: payments more than 30 days past due (non-rebuttable presumption under IFRS 9);
- renegotiation criterion: credit with renegotiated terms with payment less than 30 days past due.

The Group determines whether there has been a significant increase in credit risk for each of its contracts and applies the "contagion" principle, whereby reclassification of a given credit granted to a consumer will lead to all credit granted to that consumer to be reclassified accordingly.

(ii) Objective evidence of impairment (default)

Carrefour considers that there is objective evidence of impairment if any of the following criteria are met:
- late payment criterion: payments more than 90 days past due (non-rebuttable presumption under IFRS 9);
- renegotiation criterion: credit with renegotiated terms (not considered substantial) owing to significant difficulties of the debtor, with payment more than 30 days past due;
- litigation criterion: credit in dispute at the reporting date;
- "contagion" criterion: if a given credit granted to a consumer meets the aforementioned criteria, all credit granted to that consumer is also deemed to meet those criteria.

The consumer credit concerned is classified in category 3.

Estimates of expected credit losses

Calculation of the amount of expected credit losses is based on four main inputs: probability of default, loss given default, exposure at default and the discount rate. Each of these inputs is calibrated according to the consumer credit segmentation – itself based on the products distributed by each entity (personal loans, credit cards/renewable facilities and credit granted for a specific purpose) – based on historical data and taking into account prospective factors. The methods used to calibrate these inputs are consistent with those adopted to meet regulatory and prudential requirements (particularly the Basel Accord).

Expected credit losses are calculated over a 12-month period for consumer credit classified in category 1 and over the life of the credit for items classified in categories 2 and 3.

To protect against default by borrowers, the Group's financial services companies have set up systems to check the quality and repayment capacity of their customers. These include:
- decision-making aids such as credit scoring applications, income/debt simulation tools and credit history checking procedures;
- interrogation of positive and negative credit history databases, where they exist;
- active management of collection processes;
- credit risk monitoring and control systems.

Within each credit company, a Credit Risk Department is responsible for all of these processes, and the Board of Directors receives copies of all Credit Risk Management Committee reports.

At Group level, a Credit Risk – Europe unit has been set up to oversee and implement credit risk management policies in France, Spain, Belgium and Italy.

As of December 31, 2018, 68% of the gross value of consumer credit granted by the financial services companies was classified in category 1, 18% in category 2 and 14% in category 3.

7.5.2 Consumer credit financing

The related consumer credit financing amounted to 5,514 million euros at December 31, 2018 (December 31, 2017: 5,478 million euros), as follows:

(in € millions)	**December 31, 2018**	**December 31, 2017**
Bonds and notes (1)	1 764	1 932
Debt securities (retail certificates of deposit, medium-term notes) (2)	1 363	1 032
Bank borrowings	601	554
Customer passbook savings deposits	456	567
Securitisations (3)	300	410
Other refinancing debt to financial institutions	1 017	973
Other	12	10
Total Consumer credit financing	**5 514**	**5 478**
Short-term borrowings	*3 582*	*2 817*
Long-term borrowings	*1 932*	*2 661*

(1) In March 2018, Carrefour Banque redeemed the 500 million-euro bond it had issued in 2014 at three-month Euribor +75 bps and, in June 2018, issued a new four-year 400 million-euro bond at three-month Euribor +62 bps, maturing in June 2022.
(2) Debt securities mainly comprised certificates of deposit and medium-term notes issued by Carrefour Banque.
(3) Master Credit Cards Pass reloadable securitisation programme with compartments launched by Carrefour Banque in November 2013. Asset pool: 560 million euros. Proceeds from the securitisation: 400 million euros. The fund amount at December 31, 2018 was 300 million euros following the redemption during the first half of 110 million euros' worth of senior tranches. The securitisation fund is fully consolidated in the Group's financial statements.

NOTE 8: INTANGIBLE ASSETS, PROPERTY AND EQUIPMENT, INVESTMENT PROPERTY

8.1 Intangible assets

Accounting principles

Goodwill

Goodwill is initially recognised on business combinations as explained in Note 3.1.
In accordance with IAS 36 – *Impairment of Assets*, goodwill recognised on business combinations is not amortised but is tested for impairment every year, or more frequently if there is an indication that its carrying amount may not be recovered, by the method described in Note 8.3.

Other intangible assets

Intangible assets consist mainly of software and other intangible assets related to the stores.
Separately acquired intangible assets are initially recognised at cost and intangible assets acquired in business combinations are recognised at fair value (see Note 3.1).
Software is amortised by the straight-line method over periods ranging from one to eight years.

Goodwill, which constitutes the main intangible asset, is reported separately from other intangible assets in the statement of financial position.

(in € millions)	December 31, 2018	December 31, 2017
Goodwill, net	7 983	7 977
Other intangible assets	1 461	1 364
Intangible assets, net	**9 444**	**9 341**

8.1.1 Goodwill

The recoverable amount of goodwill is generally monitored at the level of the cash-generating units (CGUs) represented by the countries in which the Group conducts its business through its integrated store networks.

The total carrying amount of goodwill as of December 31, 2018 was very close to the year-earlier amount (6 million euros higher), because goodwill recognised on acquisitions for the year in France was offset by negative translation adjustments, primarily on goodwill recognised in Brazil and Argentina.

(in € millions)	Net goodwill at December 31, 2017	Acquisitions	Disposals	Impairment	Other movements	Translation adjustment	Net goodwill at December 31, 2018
France	4 814	78	-	-	9	-	4 901
Belgium	956	-	-	(0)	-	-	956
Spain	952	-	-	-	-	-	952
Brazil	498	-	-	-	1	(53)	446
Italy	253	-	-	(2)	(0)	-	251
Poland	252	-	-	-	-	(7)	244
Argentina	39	-	-	-	-	(19)	20
Other countries	213	-	-	-	-	0	213
Total	**7 977**	**78**	**-**	**(3)**	**10**	**(79)**	**7 983**

The 663 million-euro decrease in net goodwill in 2017 was mainly due to impairment losses recognised for 707 million euros in Italy.

(in € millions)	Net goodwill at December 31, 2016	Acquisitions	Disposals	Impairment	Other movements	Translation adjustment	Net goodwill at December 31, 2017
France	4 775	39	-	-	-	-	4 814
Belgium	956	-	-	-	-	-	956
Spain	862	90	-	-	-	-	952
Brazil	575	-	-	-	-	(77)	498
Italy (1)	960	-	-	(707)	-	-	253
Poland	238	-	-	-	-	13	252
Argentina	53	-	-	-	-	(13)	39
Other countries	221	-	-	-	-	(9)	213
Total	**8 640**	**129**	**-**	**(707)**	**-**	**(85)**	**7 977**

(1) Impairment recognised in 2017 concerned goodwill allocated to countries (operating segments) for 700 million euros, and to stores for 7 million euros.

8.1.2 Other intangible assets

(in € millions)	December 31, 2018	December 31, 2017 (1)
Other intangible assets, at cost	3 510	3 233
Amortisation	(2 146)	(1 974)
Impairment	(101)	(90)
Intangible assets in progress	198	195
Other intangible assets, net	**1 461**	**1 364**

(2) The first-time application of IAS 29 as from 2018 had the effect of increasing the carrying amount of other intangible assets from 1,364 million euros as of December 31, 2017 to 1,370 million euros as of January 1, 2018 (see Note 4).

Change in other intangible assets

(in € millions)	Cost	Amortisation and impairment	Net carrying amount
At December 31, 2016	**3 202**	**(1 937)**	**1 266**
Acquisitions	379	-	379
Disposals	(81)	33	(48)
Translation adjustment	(70)	43	(27)
Amortisation	-	(181)	(181)
Impairment	-	(18)	(18)
Changes in scope of consolidation, transfers and other movements	(3)	(3)	(6)
At December 31, 2017	**3 427**	**(2 063)**	**1 364**
IAS 29 first application adjustments	27	(21)	6
At January 1, 2018	**3 454**	**(2 084)**	**1 370**
Acquisitions	377	-	377
Disposals	(69)	34	(36)
Translation adjustment	(66)	41	(25)
Amortisation	-	(217)	(217)
Impairment	-	(20)	(20)
Changes in scope of consolidation, transfers and other movements	13	0	13
At December 31, 2018	**3 707**	**(2 246)**	**1 461**

8.2 Property and equipment

Accounting principles

Property and equipment mainly comprise buildings, store fixtures and fittings and land.

Initial recognition

In accordance with IAS 16 – *Property, Plant and Equipment*, land, buildings and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the asset. Qualifying assets are defined in IAS 23 – *Borrowing Costs* as assets that necessarily take a substantial period of time to get ready for their intended use or sale, corresponding in the Group's case to investment properties, hypermarkets and supermarkets for which the construction period exceeds one year.
Assets under construction are recognised at cost less any identified impairment losses.

Useful lives

Depreciation of property and equipment begins when the asset is available for use and ends when the asset is sold, scrapped or reclassified as held for sale in accordance with IFRS 5 – *Non-current Assets Held for Sale and Discontinued Operations*.

Land is not depreciated. Other property and equipment, or each significant part of an item of property or equipment, are depreciated by the straight-line method over the following estimated useful lives:

Buildings	
▪ Building	40 years
▪ Site improvements	10 to 20 years
▪ Car parks	6 to 10 years
Equipment, fixtures and fittings	4 to 8 years
Other	3 to 10 years

In light of the nature of its business, the Group considers that its property and equipment have no residual value.

Depreciation periods are reviewed at each year-end and, where appropriate, adjusted prospectively in accordance with IAS 8 – *Accounting Policies, Changes in Accounting Estimates and Errors*.

Leases

New long-term leases – particularly property leases – are analysed in accordance with IAS 17 – *Leases* to determine whether they represent finance leases, i.e., leases that transfer substantially all the risks and rewards incidental to ownership of the asset to the lessee, or operating leases. For property leases, the analysis is performed separately for the land on the one hand and the building on the other.
Finance leases are accounted for as follows:

- The leased assets are recognised in the statement of financial position at fair value or, if lower, the present value of the minimum lease payments. They are depreciated over their useful life, in the same way as assets owned outright, or, if shorter, over the lease term.
- The liability for the future lease payments is recognised in the statement of financial position under "Long-term borrowings" and "Short-term borrowings" (see Note 14.2.1).
- Lease payments are apportioned between the finance charge and the reduction of the outstanding liability.

Leases that do not transfer substantially all the risks and rewards incidental to ownership of the asset to the lessee are classified as operating leases. Operating lease payments are recognised in the income statement (under "recurring operating expenses") on a straight-line basis over the life of the lease (see Note 7.2.2).

	December 31, 2018			
(in € millions)	**Cost**	**Depreciation**	**Impairment**	**Net carrying amount**
Land	2 606	(88)	(99)	2 419
Buildings	10 611	(5 175)	(264)	5 173
Equipment, fixtures and fittings	16 060	(12 055)	(352)	3 653
Other fixed assets	430	(298)	(5)	127
Assets under construction	567	-	-	567
Finance leases – land	448	-	-	448
Finance leases – buildings	1 166	(915)	-	250
Finance leases – equipment, fixtures and fittings	83	(83)	-	0
Total property and equipment	**31 971**	**(18 614)**	**(719)**	**12 637**
Of which assets held under finance leases	*1 697*	*(998)*	*-*	*699*

	December 31, 2017 (1)			
(in € millions)	**Cost**	**Depreciation**	**Impairment**	**Net carrying amount**
Land	2 576	(79)	(95)	2 402
Buildings	10 403	(4 933)	(259)	5 211
Equipment, fixtures and fittings	15 842	(11 461)	(425)	3 956
Other fixed assets	431	(286)	(4)	141
Assets under construction	658	-	-	658
Finance leases – land	456	-	-	456
Finance leases – buildings	1 171	(899)	-	272
Finance leases – equipment, fixtures and fittings	84	(83)	-	0
Total property and equipment	**31 621**	**(17 741)**	**(783)**	**13 097**
Of which assets held under finance leases	*1 711*	*(983)*	*-*	*728*

(1) The first-time application of IAS 29 as from 2018 had the effect of increasing the carrying amount of property and equipment from 13,097 million euros as of December 31, 2017 to 13,379 million euros as of January 1, 2018 (see Note 4).

Changes in property and equipment

(in € millions)	Cost	Depreciation and impairment	Net carrying amount
At December 31, 2016	**31 169**	**(17 763)**	**13 406**
Acquisitions (1)	1 995	-	1 995
Disposals	(796)	644	(153)
Depreciation	-	(1 438)	(1 438)
Impairment	-	(266)	(266)
Translation adjustment	(804)	352	(453)
Changes in scope of consolidation, transfers and other movements	58	(53)	5
At December 31, 2017	**31 621**	**(18 524)**	**13 097**
IAS 29 first application adjustments	752	(469)	283
At January 1, 2018	**32 372**	**(18 993)**	**13 379**
Acquisitions (1)	1 226	-	1 226
Disposals	(838)	681	(156)
Depreciation	-	(1 310)	(1 310)
Impairment	-	(84)	(84)
Translation adjustment	(954)	473	(481)
Changes in scope of consolidation, transfers and other movements	165	(102)	63
At December 31, 2018	**31 971**	**(19 334)**	**12 637**

(1) Acquisitions: the amount shown for acquisitions essentially includes operational maintenance and refurbishment investments for the Group's assets and investments to develop the store network, along with investments made by Cargo Property, the real estate entity dedicated to logistics that was created in 2016. The decrease in acquisitions reflects the changes in the Group's investment strategy and the more selective approach adopted during the second half of 2017 and the whole of 2018.

8.3 Impairment tests

Accounting principles

In accordance with IAS 36 – *Impairment of Assets*, intangible assets and property and equipment are tested for impairment whenever events or changes in the market environment indicate that the recoverable amount of an individual asset and/or a cash-generating unit (CGU) may be less than its carrying amount. For assets with an indefinite useful life – mainly goodwill in the case of the Carrefour Group – the test is performed at least once a year.

Individual assets or groups of assets are tested for impairment by comparing their carrying amount to their recoverable amount, defined as the higher of their fair value less costs of disposal and their value in use. Value in use is the present value of the future cash flows expected to be derived from the asset.

If the recoverable amount is less than the carrying amount, an impairment loss is recognised for the difference. Impairment losses on property and equipment and intangible assets (other than goodwill) may be reversed in future periods provided that the asset's increased carrying amount attributable to the reversal does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for the asset in prior years.

Impairment of assets other than goodwill

Impairment tests on property and equipment are performed at the level of the individual stores (CGUs), for all formats.

In accordance with IAS 36, intangible assets (other than goodwill) and property and equipment are tested for impairment whenever there is an indication that their recoverable amount may be less than their carrying amount. All stores that report a recurring operating loss before depreciation and amortisation in two consecutive years (after the start-up period) are tested.

Recoverable amount is defined as the higher of value in use and fair value less the costs of disposal.
Value in use is considered to be equal to the store's discounted future cash flows over a period of up to five years plus a terminal value. Fair value is estimated based on the prices of recent transactions, industry practice, independent valuations or the estimated price at which the store could be sold to a competitor.
The discount rate applied is the same as for impairment tests on goodwill.

Goodwill impairment

IAS 36 requires impairment tests to be performed annually at the level of each CGU or group of CGUs to which the goodwill is allocated.

According to the standard, goodwill is allocated to the CGU or group of CGUs that is expected to benefit from the synergies of the business combination. Each CGU or group of CGUs to which the goodwill is allocated should represent the lowest level within the entity at which the goodwill is monitored for internal management purposes and should not be larger than an operating segment as defined in IFRS 8 – *Operating Segments* before aggregation.

For the purpose of analysing the recoverable amount of goodwill, each individual country is considered to represent a separate CGU. The choice of this level is based on a combination of organisational and strategic criteria. In particular, operations within each country (hypermarkets, supermarkets, etc.) use shared resources (country-level centralised purchasing organisation, marketing systems, headquarters functions, etc.) that represent an essential source of synergies between the various operations.

Value in use corresponds to the sum of discounted future cash flows for a period generally not exceeding five years, plus a terminal value calculated by projecting data for the final year to perpetuity at a perpetual growth rate. A specific discount rate by country is used for the calculation. Future cash flows used in the impairment tests carried out in 2018 were estimated based on the financial trajectories defined by the Executive Management teams at country level and approved by the Group's Executive Management.

The discount rate for each country corresponds to the weighted average cost of equity and debt, determined using the median gearing rate for the sector. Each country's cost of equity is determined based on local parameters (risk-free interest rate and market premium). The cost of debt is determined by applying the same logic.

Fair value is the price that would be received to sell the operations in the country tested for impairment in an orderly transaction between market participants. Fair value is measured using observable inputs where these exist (multiples of net sales and/or EBITDA for recent transactions, offers received from potential buyers, stock market multiples for comparable companies) or based on analyses performed by internal or external experts.
Additional tests are performed at the interim period-end when there is an indication of impairment. The main impairment indicators used by the Group are as follows:

- internal impairment indicator: a material deterioration in the ratio of recurring operating income before depreciation and amortisation to net revenues excluding petrol between the budget and the most recent forecast;
- external impairment indicator: a material increase in the discount rate and/or a severe downgrade in the IMF's GDP growth forecast.

Impairment losses recognised on goodwill are irreversible, including those recorded at an interim period-end.

8.3.1 Impairment of goodwill and sensitivity analysis

The impairment tests performed in 2018 did not result in any impairment losses being recorded against goodwill. Based on the impairment tests carried out in 2017, the Group recognised a 700 million-euro impairment loss against goodwill allocated to its Italian operations.

8.3.1.1 Countries for which the recoverable amount of goodwill was close to the carrying amount

In the impairment tests carried out at December 31, 2018, the recoverable amount of the Italy and Poland CGUs was found to be close to – but still greater than – the carrying amount. Consequently, no impairment was recognised but sensitivity analyses were performed for both countries.

Italy

An impairment loss of 700 million euros was recorded against Italian goodwill in 2017 to reflect the significant decline in the value in use of the Group's operations in this country. The indications of impairment prompted the Group to carry out an in-depth analysis to determine the Italian operations' fair value. This analysis adopted a multi-criteria valuation approach which took into account multiples observed for comparable companies in the retail sector in Europe, and the market value of Italian real estate assets, determined based on independent appraisals.

The multi-criteria approach was also used to test Italian goodwill for impairment at December 31, 2018. The resulting fair value represented Executive Management's best estimate and confirmed that the 251 million-euro carrying amount of goodwill at December 31, 2018 was reasonable.

Poland

New sensitivity analyses were performed on Polish goodwill at December 31, 2018 to measure changes in the main financial assumptions that could lead to an impairment loss being recognised. The amounts below represent the difference between the recoverable amount and the carrying amount of the net assets allocated to the CGU concerned. The "-" sign indicates that the scenario would have led to the recognition of an impairment loss for the amount shown.

Sensitivity to changes in WACC and perpetual growth rate

		WACC (%)				
		(1.00)%	(0.50)%	**0.00%**	0.50%	1.00%
Perpetual growth (%)	(0.50)%	297	212	142	84	34
	(0.25)%	350	256	179	115	61
	0.00%	410	304	**219**	148	89
	0.25%	477	358	262	185	120
	0.50%	553	418	311	225	154

A 50 bp decrease in the EBITDA margin (recurring operating income before depreciation and amortisation as a proportion of net sales) assumption used to determine the terminal value would not have changed the conclusions of the impairment test.

8.3.1.2 Other countries

For the other countries where the Group conducts business, the analysis of sensitivity to a simultaneous change in the key inputs based on reasonably possible assumptions did not reveal any probable scenario according to which the recoverable amount of any of the groups of CGUs would be less than its carrying amount.

8.3.1.3 Main financial assumptions used to estimate value in use

The perpetual growth rates and discount rates (corresponding to the weighted average cost of capital – WACC) applied for impairment testing purposes in 2018 and 2017 are presented below by CGU:

	2018		2017	
Country	**After-tax discount rate**	**Perpetual growth rate**	**After-tax discount rate**	**Perpetual growth rate**
France	5.9%	1.6%	6.3%	1.8%
Spain	6.5%	2.1%	6.8%	2.1%
Italy	6.7%	1.7%	6.7%	1.7%
Belgium	6.0%	1.8%	6.2%	1.8%
Poland	7.9%	2.7%	8.4%	3.0%
Romania	9.4%	3.1%	9.0%	2.6%
Brazil	12.5%	4.6%	12.3%	4.4%
Argentina	25.3%	13.3%	16.2%	7.4%
China	9.2%	2.3%	9.7%	2.4%
Taiwan	6.8%	1.8%	7.2%	1.9%

8.4 Investment property

Accounting principles

IAS 40 – *Investment Property* defines investment property as property (land or a building or both) held to earn rentals or for capital appreciation or both. Based on this definition, investment property held by the Group consists of shopping malls (retail and service units located behind the stores' checkout area) that are exclusively or jointly owned or subject to a finance lease and represent a surface area of at least 2,500 square metres. These assets generate cash flows that are largely independent of the cash flows generated by the Group's other retail assets.

Investment property is recognised at cost and is depreciated over the same period as owner-occupied property (see Note 8.2).

Rental revenue generated by investment property is reported in the income statement under "Other revenue" on a straight-line basis over the lease term. The incentives granted by the Group under its leases are an integral part of the net rental revenue and are recognised over the lease term (see Note 8.2).

The fair value of investment property is measured twice a year:

- by applying a multiple that is a function of (i) each shopping mall's profitability and (ii) a country-specific capitalisation rate, to the gross annualised rental revenue generated by each property; or
- by obtaining independent valuations prepared using two methods: the discounted cash flows method and the yield method. Valuers generally also compare the results of applying these methods to market values per square metre and to recent transaction values.

In view of the limited external data available, particularly concerning capitalisation rates, the complexity of the property valuation process and the use of passing rents to value the Group's own properties, the fair value of investment property is determined on the basis of level 3 inputs.

(in € millions)	**December 31, 2018**	**December 31, 2017 (1)**
Investment property at cost	576	593
Depreciation and impairment	(187)	(183)
Total Investment property, net	**389**	**410**

(1) *The first-time application of IAS 29 as from 2018 had the effect of increasing the carrying amount of investment property from 410 million euros as of December 31, 2017 to 434 million euros as of January 1, 2018 (see Note 4).*

Changes in investment property

(in € millions)	
At December 31, 2016	**314**
Depreciation	(18)
Translation adjustment	(20)
Acquisitions	12
Investment properties acquired in a business combination	29
Transfers from "Property and equipment"	93
At December 31, 2017	**410**
IAS 29 first application adjustments	25
At January 1, 2018	**434**
Depreciation	(14)
Translation adjustment	(35)
Acquisitions	8
Investment properties acquired in a business combination	0
Transfers from "Property and equipment"	(4)
At December 31, 2018	**389**

Rental revenue generated by investment property, reported in the income statement under "Other revenue", totalled 73.8 million euros in 2018 (2017: 76.6 million euros). Operating costs directly attributable to the properties amounted to 16.0 million euros in 2018 (2017: 12.3 million euros).

The estimated fair value of investment property at December 31, 2018 was 982 million euros (December 31, 2017: 988 million euros). Changes in fair values in the various countries were not individually material.

8.5 Leased property

All property leases have been reviewed to determine whether they are operating leases or finance leases to be accounted for by the method described in Note 8.2.

8.5.1 Finance leases

The following table shows future minimum lease payments due for the non-cancellable term of finance leases at December 31, 2018 and 2017:

Lease commitments at December 31, 2018 *(in € millions)*	**Total**	**Within one year**	**In one to five years**	**Beyond five years**
Minimum future lease payments	486	42	158	285
Discounted present value	307	40	126	141

Lease commitments at December 31, 2017 *(in € millions)*	**Total**	**Within one year**	**In one to five years**	**Beyond five years**
Minimum future lease payments	546	47	165	333
Discounted present value	324	44	130	150

Rental expense and rental revenue from subleases recorded in the income statement are as follows:

Lease payments and revenue from subleases *(in € millions)*	**2018**	**2017**
Minimum lease payments made during the year	(35)	(40)
Contingent lease payments made during the year	-	(0)
Revenue from subleases received during the year	16	17

The future minimum sublease payments expected to be received under non-cancellable subleases amounted to 21 million euros at December 31, 2018 (December 31, 2017: 14 million euros).

8.5.2 Operating leases

The following table shows future minimum lease payments due for the non-cancellable term of operating leases at December 31, 2018 and 2017:

Lease commitments at December 31, 2018 *(in € millions)*	**Total**	**Within one year**	**In one to five years**	**Beyond five years**
Minimum future lease payments	3 569	1 100	1 618	851
Discounted present value	2 872	1 027	1 289	557

Lease commitments at December 31, 2017 *(in € millions)*	**Total**	**Within one year**	**In one to five years**	**Beyond five years**
Minimum future lease payments	3 712	1 115	1 744	853
Discounted present value	2 928	1 034	1 358	536

Rental expense and rental revenue from subleases recorded in the income statement are as follows:

Lease payments and revenue from subleases *(in € millions)*	**2018**	**2017**
Minimum lease payments made during the year	(1 213)	(1 217)
Contingent lease payments made during the year	(10)	(12)
Revenue from subleases received during the year	245	255

The future minimum sublease payments expected to be received under non-cancellable subleases amounted to 78 million euros at December 31, 2018 (December 31, 2017: 197 million euros).

NOTE 9 INVESTMENTS IN EQUITY-ACCOUNTED COMPANIES

Accounting principles

The consolidated statement of financial position includes the Group's share of the change in the net assets of companies accounted for by the equity method (associates and joint ventures), as adjusted to comply with Group accounting policies, from the date when significant influence or joint control is acquired until the date when it is lost.

Companies accounted for by the equity method are an integral part of the Group's operations and the Group's share of their net profit or loss is therefore reported as a separate component of recurring operating income ("Recurring operating income after net income from equity-accounted companies"), in accordance with the recommendation of the French accounting authorities (*Autorité des normes comptables* [ANC] recommendation no. 2013-01).

The carrying amount of investments in equity-accounted companies is tested for impairment in line with the accounting principles described in Note 8.3.

9.1 Changes in investments in equity-accounted companies

Changes in investments in equity-accounted companies can be analysed as follows:

(in € millions)	
At December 31, 2016	**1 361**
Translation adjustment	(19)
Share of net income	4
Dividends	(80)
Acquisitions and capital increases	64
Other movements	24
At December 31, 2017	**1 355**
IFRS 9 first application adjustments	7
At January 1, 2018	**1 362**
Translation adjustment	(15)
Share of net income	14
Dividends	(51)
Acquisitions and capital increases	115
Other movements	(51)
At December 31, 2018	**1 374**

9.2 Information about associates

The following table shows key financial indicators for associates:

(in € millions)	**% interest**	**Total assets**	**Shareholders' equity**	**Non-current assets**	**Net sales / Revenues**	**Net income / (loss)**
Carmila (France)	35%	5 489	2 754	5 047	340	30
Provencia SA (France)	50%	454	263	247	861	26
Showroomprive.com (France)	21%	447	197	197	655	(5)
CarrefourSA (Turkey)	46%	437	30	236	906	(2)
Costasol (Spain)	34%	97	57	60	129	7
Mestdagh (Belgium)	25%	290	22	109	585	(42)
Ulysse (Tunisia)	25%	131	62	112	335	14
Other companies (1)	NA	971	346	552	1 424	(1)

(1) Corresponding to a total of 191 companies, none of which is individually material.

As of December 31, 2018, the two main associates were Carmila with a carrying amount of 908 million euros (December 31, 2017: 942 million euros) and Provencia with a carrying amount of 122 million euros (December 31, 2017: 118 million euros). These two associates represented 75% of the total value of equity-accounted companies at end-2018.

All of the summary financial data presented in the table above have been taken from the financial statements of associates, restated where necessary to reflect adjustments made to harmonise accounting methods on application of equity accounting. These data have not been adjusted for any changes in fair value recognised at the time of the acquisition or for any loss of control and elimination of the Group's share of profit or loss arising on asset disposals or acquisitions carried out between the Group and the associate.

Carmila was set up in 2014 by the Group and its co-investment partners. Its corporate purpose is to enhance the value of the shopping centres adjacent to Carrefour hypermarkets in France, Spain and Italy. Carmila is accounted for by the equity method because the governance system established with the co-investors allows Carrefour to exercise significant influence over its financial and operating policy decisions.

Up until its merger with Cardety on June 12, 2017, Carmila's governance was organised by a shareholders' agreement between Carrefour (owner of a 42% stake in Carmila) and other institutional investors (owner of the remaining 58% stake). This agreement specified the composition of the Board of Directors and the list of decisions requiring the Board's prior approval (votes subject to a simple or qualified majority, depending on the importance of the matters discussed).

In parallel with the merger of Carmila into Cardety (details of which are provided in Note 3.2.2), the entity's corporate governance rules were adjusted, resulting in the restructuring of its administration and management bodies, and amendments to its articles of association and the Board of Directors' internal rules. In light of the amended corporate governance rules, the Group considers that it has significant influence over the new entity, Carmila, which is accounted for using the equity method. The Group's position is primarily based on the fact that the Carrefour Group is not represented by a majority on the Board of Directors, which comprises 14 members, of which eight are independent and five are appointed by Carrefour. Therefore, the Group cannot alone impose decisions requiring the Board's prior consent, which partly concern the relevant activities.

The following table presents key financial indicators for Carmila at December 31, 2018 and 2017 (as published in Carmila's consolidated financial statements[(1)]). Carmila's net asset value measured based on the best practice recommendations of the European Public Real Estate Association (NAV EPRA) came to 3,876 million euros at December 31, 2018.

(in € millions)	**2018**	**2017**
Revenue (rental income)	340	301
Operating income before fair value adjustment of assets	261	230
Operating income [(1)]	275	394
Net income from continuing operations	164	314
Total non-current assets [(1)]	6 092	5 521
Total current assets	411	513
of which cash and cash equivalents	*71*	*329*
Total non-current liabilities	2 550	2 158
Total current liabilities	301	334
% interest held by Carrefour	*35.4%*	*35.8%*
Amount of the investment in equity-accounted company	908	942
Carrefour - Cash dividends received from Carmila	36	66

(1) Since Carmila opted to apply the fair value model for the accounting of its investment properties, in accordance with the option provided in IAS 40, the figures presented in the above table are adjusted to reflect real estate fair value corrections. Before being accounted for by the equity method in the Group financial statements, Carmila's consolidated financial statements are therefore restated to apply the cost model applied by Carrefour.

9.3 Transactions with associates (related parties)

The following table presents the main related-party transactions carried out in 2018 with companies over which the Group exercises significant influence:

(in € millions)	**Carmila** (France)	**CarrefourSA** (Turkey)	**Provencia** (France)	**Mestdagh** (Belgium)	**Ulysse** (Tunisia)
Net sales (sales of goods)	-	1	590	49	8
Franchise fees	-	2	9	8	2
Property development revenue (1)	67	-	-	-	-
Sales of services	15	-	-	6	-
Fees and other operating expenses	(7)	-	-	-	-
Receivables at December 31, 2018	32	0	31	4	4
Payables at December 31, 2018	(6)	(4)	-	-	-

(1) Amounts are presented before elimination of the Group's share in the associate of revenues and proceeds arising on transactions carried out between the Group and the associate.

NOTE 10: INCOME TAX

Accounting principles

Income tax expense comprises current taxes and deferred taxes. It includes the *Cotisation sur la Valeur Ajoutée des Entreprises* (CVAE) local business tax in France assessed on the value-added generated by the business, which is reported under income tax expense because the Group considers that it meets the definition of a tax on income contained in IAS 12 – *Income Tax*.

Deferred taxes are calculated on all temporary differences between the carrying amount of assets and liabilities in the consolidated statement of financial position and their tax basis (except in the specific cases referred to in IAS 12), and carried-forward tax losses. They are measured at the tax rates that are expected to apply to the period when the asset will be realised or the liability will be settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Deferred tax assets and liabilities are not discounted and are classified in the statement of financial position under "Non-current assets" and "Non-current liabilities".

The recoverability of deferred tax assets is assessed separately for each tax entity, based on estimates of future taxable profits contained in the business plan for the country concerned (prepared as described in Note 8.3) and the amount of deferred tax liabilities at the period-end. A valuation allowance is recorded to write down deferred tax assets whose recovery is not considered probable.

10.1 Income tax expense for the period

(in € millions)	**2018**	**2017 restated**
Current income tax expense (including provisions)	(544)	(496)
Deferred income taxes	5	(122)
Total Income tax expense	**(539)**	**(618)**

Tax proof

Theoretical income tax for 2018 and 2017 has been calculated by multiplying consolidated income before tax by the standard French corporate income tax rate. For 2018, theoretical income tax expense amounted to 171 million euros compared with actual net income tax expense of 539 million euros, as follows:

(in € millions)	**2018**	**2017 restated**
Income before taxes	496	533
Standard French corporate income tax rate	*34.4%*	*34.4%*
Theoretical income tax expense	**(171)**	**(184)**
Adjustments to arrive at effective income tax rate:		
- Differences between the standard French corporate income tax rate and overseas nominal taxation rates	33	(40)
- Effect of changes in applicable tax rates	(40)	(46)
- Tax expense and tax credits not based on the taxable income [(1)]	(36)	19
- Tax effect of other permanent differences	(15)	(135)
- Deferred tax assets recognised on temporary differences and tax loss carryforwards of previous years [(2)]	66	139
- Deferred tax assets not recognised on temporary differences and tax loss carryforwards arising in the year [(3)]	(260)	(98)
- Valuation allowances on deferred tax assets recognised in prior years [(3)]	(113)	(270)
- Tax effect of net income from equity-accounted companies	(5)	(1)
- Other differences	1	(1)
Total Income tax expense	**(539)**	**(618)**
Effective tax rate	*108.6%*	*116.0%*

(1) *The reported amount of taxes with no tax base takes into account the CVAE local business tax in France, amounting to 51 million euros in 2018 (2017: 62 million euros), withholding taxes and changes in provisions for tax risks (see Note 11.2.1). It also includes the tax effect associated with the net profits or losses of discontinued operations (see Note 5).*

(2) *Deferred tax assets recognised in 2018 on prior years' tax losses primarily concerned Belgium. In 2017, they mainly concerned Brazil.*

(3) *Valuation allowances recorded on deferred tax assets mainly concerned France, China and Argentina.*

10.2 Deferred tax assets and liabilities

The Group had a net deferred tax asset of 182 million euros at December 31, 2018, versus 147 million euros at the previous year-end.

(in € millions)	**December 31, 2018**	**December 31, 2017**
Deferred tax assets	723	636
Deferred tax liabilities	(541)	(489)
Net deferred tax assets	**182**	**147**

The following table shows the main sources of deferred taxes:

(in € millions)	December 31, 2017	Adjustments on first-time application of IFRS 9 and IAS 29	At January 1, 2018	Change			December 31, 2018
				Income statement	Income tax on other comprehensive income (OCI)	Changes in consolidation scope, translation adjustment, other	
Tax loss carryforwards	1 108		1 108	289		(135)	1 262
Property and equipment	205		205	(72)		(1)	131
Non-deductible provisions	738		738	93	(14)	(37)	779
Goodwill amortisation allowed for tax purposes	247		247	67		1	315
Other intangible assets	4		4	(0)		(0)	4
Inventories	172		172	(17)		(4)	151
Financial instruments	5	127	133	2	1	(0)	136
Other temporary differences	118		118	(83)		(58)	(23)
Deferred tax assets before netting	**2 597**	**127**	**2 725**	**280**	**(13)**	**(235)**	**2 756**
Effect of netting deferred tax assets and liabilities	(508)		(508)	0		24	(484)
Deferred tax assets after netting	**2 090**	**127**	**2 217**	**280**	**(13)**	**(211)**	**2 272**
Valuation allowances on deferred tax assets	(1 454)	(4)	(1 457)	(290)		197	(1 550)
Net deferred tax assets	**636**	**124**	**760**	**(10)**	**(13)**	**(14)**	**723**
Property and equipment	(208)	(77)	(285)	(14)		50	(250)
Provisions recorded solely for tax purposes	(413)		(413)	18		(0)	(394)
Goodwill amortisation allowed for tax purposes	(171)		(171)	(2)		17	(157)
Other intangible assets	(1)		(1)	0		0	(1)
Inventories	(19)		(19)	3			(16)
Financial instruments	(7)	(4)	(12)	7	(7)	(2)	(14)
Other temporary differences	(177)		(177)	1		(18)	(193)
Deferred tax liabilities before netting	**(997)**	**(81)**	**(1 078)**	**14**	**(7)**	**46**	**(1 025)**
Effect of netting deferred tax assets and liabilities	508		508	0		(24)	484
Deferred tax liabilities after netting	**(489)**	**(81)**	**(570)**	**14**	**(7)**	**22**	**(541)**
NET DEFERRED TAXES	**147**	**42**	**190**	**5**	**(20)**	**8**	**182**

10.3 Unrecognised deferred tax assets

Unrecognised deferred tax assets amounted to 1,550 million euros at December 31, 2018 (December 31, 2017: 1,454 million euros), including 1,026 million euros related to tax loss carryforwards (December 31, 2017: 738 million euros) and 524 million euros on temporary differences (December 31, 2017: 716 million euros).

NOTE 11: PROVISIONS AND CONTINGENT LIABILITIES

Accounting principles

In accordance with IAS 37 – *Provisions, Contingent Liabilities and Contingent Assets*, a provision is recorded when, at the period-end, the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount of the provision is estimated based on the nature of the obligation and the most probable assumptions. Provisions are discounted when the effect of the time value of money is material.

Contingent liabilities, which are not recognised in the statement of financial position, are defined as:

- possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or
- present obligations that arise from past events but are not recognised because (i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or (ii) the amount of the obligation cannot be measured with sufficient reliability.

11.1 Changes in provisions

(in € millions)	**December 31, 2017**	**IFRS 9 first application adjustments**	**At January 1, 2018**	**Translation adjustment**	**Increases**	**Discounting adjustment**	**Reversals of surplus provisions**	**Utilisations**	**Other**	**December 31, 2018**
Post-employment benefit obligations (1)	1 256		1 256	0	87	(64)	(123)	(60)	0	1 095
Claims and litigation	1 280		1 280	(91)	421		(206)	(116)	1	1 290
Tax reassessments	*960*		*960*	*(65)*	*279*		*(138)*	*(35)*	*(4)*	*998*
Disputes with current and former employees	*166*		*166*	*(16)*	*82*		*(33)*	*(61)*	*4*	*143*
Legal disputes	*154*		*154*	*(10)*	*59*		*(35)*	*(20)*	*1*	*149*
Restructuring	108		108	(0)	695		(25)	(80)	(1)	697
Provisions related to banking and insurance business (2)	215	90	306	(7)	23		(22)	(25)	1	276
Other (3)	144		144	(0)	65		(38)	(17)	10	163
Total Provisions	**3 003**	**90**	**3 094**	**(98)**	**1 290**	**(64)**	**(413)**	**(298)**	**12**	**3 521**

(1) See Note 12.

(2) Provisions relating to the banking and insurance businesses include provisions for credit risk on loan commitments (off-balance sheet) recognised in accordance with IFRS 9 (see Notes 4 and 7.5.1), and provisions set aside to cover insurance underwriting risk.

(3) Other provisions mainly concern onerous contracts.

Group companies are involved in a certain number of claims and legal proceedings in the normal course of business. They are also subject to tax audits that may result in reassessments. The main claims and legal proceedings are described below. In each case, the risk is assessed by Group management and their advisors.

At December 31, 2018, the claims and legal proceedings in which the Group was involved were covered by provisions totalling 1,290 million euros (December 31, 2017: 1,280 million euros). No details are provided because the Group considers that disclosure of the amount set aside in each case could be seriously detrimental to its interests.

11.2 Claims and litigation

In the normal course of its operations in around a dozen different countries, the Group is involved in tax, employee-related and commercial disputes and legal proceedings.

11.2.1 Tax reassessments

Certain Group companies have been or are currently the subject of tax audits conducted by their local tax authorities.

In Brazil, tax audits are in progress covering, in particular, the tax on the distribution of goods and services (ICMS), related tax credits (determination of the amounts claimable and documentation of the claims), and federal contributions to the social integration programme and to the financing of the social security system (Pis-Cofins). The Group has challenged most of the assessments, particularly the constitutionality of certain legislative provisions on which they are based. The estimated risk in each case is reviewed regularly with Carrefour Brazil's advisors and an appropriate provision is recorded. At December 31, 2018, the corresponding provision totalled 510 million euros (December 31, 2017: 518 million euros) and legal deposits paid in connection with reassessments contested by the Group – recorded in "Other non-current financial assets" (see Note 14.5) – amounted to 471 million euros (December 31, 2017: 509 million euros).

In France, Carrefour was notified of corporate income tax reassessments relating to (i) the scope of the cap on deductible financial expenses in 2015 (Carrefour is challenging this reassessment) and (ii) the one-year deferral of payroll tax deductions on bonuses.

The tax authorities in several countries have disallowed part of the headquarters expenses deducted by Group companies. The Group has contested these reassessments.

11.2.2 Employee-related disputes

As a major employer, the Group is regularly involved in disputes with current or former employees.

From time to time, disputes may also arise with a large group of current or former employees. In Brazil, many former employees have initiated legal proceedings against the Group, primarily claiming overtime pay that they allege is due to them.

11.2.3 Legal and commercial disputes

The Group is subject to regular audits by the authorities responsible for overseeing compliance with the laws applicable to the retail industry and by the competition authorities. Disputes may also arise with suppliers as a result of differing interpretations of legal or contractual provisions.

11.3 Contingent liabilities

To the best of the Group's knowledge, there are no contingent liabilities that may be considered likely to have a material impact on the Group's results, financial position, assets and liabilities or business.

In Brazil, due to the highly complex tax rules, especially those applicable to retailers, the Group is exposed to tax risks which the Group and its counsel consider are unlikely to lead to an outflow of resources. The tax risks represented a total exposure of 2.1 billion euros at December 31, 2018. The main tax risk concerns the deductibility for tax purposes of amortisation expense on goodwill related to the 2007 acquisition of Atacadão, representing a total exposure of 603 million euros at December 31, 2018. This exposure should be reduced to 55 million euros following the partial ruling handed down by Brazil's High Court for tax matters in February 2018 which has not yet been published.
The Group continues to believe that the risk is unlikely to lead to an outflow of resources.

In 2018, the Group filed claims under the tax amnesty program in respect of several ICMS tax credit disputes relating to the transfer of "commodities" in the states of Rio de Janeiro, Rio Grande de Sul and Paraiba and for which the final rulings could be handed down before the end of 2019. The Group's position remains unchanged with regard to the disputes that are expected to be settled after 2019 and the risk of an unfavourable ruling in the "commodity" disputes is considered unlikely. It is expecting the Supreme Court to adjust its ruling in its favour by end-2019.

In France, on July 16, 2018, the French Competition Authority (*Autorité de la concurrence*) announced the beginning of investigations regarding purchasing alliances in the predominantly food-based retail industry.

NOTE 12: NUMBER OF EMPLOYEES, EMPLOYEE COMPENSATION AND BENEFITS

Accounting principles

Group employees receive short-term benefits (such as paid vacation, paid sick leave and statutory profit-sharing bonuses), long-term benefits (such as long-service awards and seniority bonuses) and post-employment benefits (such as length-of-service awards and supplementary pension benefits). Post-employment benefits may be paid under defined contribution or defined benefit plans.

All of these benefits are accounted for in accordance with IAS 19 – *Employee Benefits*. Short-term benefits (i.e., benefits expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related services) are classified as current liabilities (under "Other payables") and recorded as an expense for the year in which the employees render the related services (see Note 7.2.2). Post-employment benefits and other long-term benefits are measured and recognised as described in Note 12.1.

Two types of share-based payment plans have been set up for management and selected employees – stock option plans and performance share plans. These plans fall within the scope of IFRS 2 – *Share-based Payment* and are accounted for as described in Note 12.2.

12.1 Pension and other post-employment benefits

Accounting principles

Post-employment benefits are employee benefits that are payable after the completion of employment. The Group's post-employment benefit plans include both defined contribution plans and defined benefit plans.

Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into a separate entity that is responsible for the plan's administrative and financial management as well as for the payment of benefits, such that the Group has no obligation to pay further contributions if the plan assets are insufficient. Examples include government-sponsored pension schemes, defined contribution supplementary pension plans and defined contribution pension funds.

The contributions are recorded as an expense for the period in which they become due.

Defined benefit and long-term benefit plans

A liability is recognised for defined benefit obligations that are determined by reference to the plan participants' years of service with the Group.

The defined benefit obligation is calculated annually using the projected unit credit method, taking into account actuarial assumptions concerning future salary levels, retirement age, mortality, staff turnover and the discount rate.

The discount rate corresponds to the interest rate observed at the period-end for investment grade corporate bonds with a maturity close to that of the defined benefit obligation. The calculations are performed by a qualified actuary.

The net liability recorded for defined benefit plans corresponds to the present value of the defined benefit obligation less the fair value of plan assets (if any). The cost recognised in the income statement comprises:

- current service cost, past service cost and the gain or loss on plan amendments or settlements (if any), recorded in operating expense;
- interest expense on the defined benefit liability, net of interest income on the plan assets, recorded in net financial expense.
-

Remeasurements of the net defined benefit liability (comprising actuarial gains and losses, the return on plan assets and any change in the effect of the asset ceiling) are recognised immediately in "Other comprehensive income".

12.1.1 Description of the main defined benefit plans

The main defined benefit plans concern supplementary pension benefits paid annually in some countries to retired employees of the Group, and length-of-service awards provided for in collective bargaining agreements that are paid to employees upon retirement. The plans, which are presented below, mainly concern France, Belgium and Italy.

French plans

Group employees in France are entitled to a length-of-service award when they retire, determined in accordance with the law and the applicable collective bargaining agreement. The award is measured as a multiple of the individual's monthly salary for the last 12 months before retirement, determined by reference to his or her years of service.

In 2009, the Group set up a supplementary pension plan, amended in 2015. The main characteristics of the plan are as follows:

- eligibility: plan participants must have completed at least three years' service at the time of retirement and their annual compensation must be greater than 18 times the annual ceiling for social security contributions;
- benefits: 2.75% of the reference compensation per year of service, subject to the applicable performance conditions being met for each year. No benefits are paid if a minimum number of years has not been validated in connection with the performance conditions;
- years of service taken into account for the calculation of plan benefits: years of service with the Carrefour Group under consecutive or non-consecutive employment contracts. The plan's terms do not provide for any increase in benefits for participants who have completed more than a certain number of years' service;
- the reference compensation is calculated as the average of the last three salaries (basic salary + annual variable compensation) received over the last three calendar years preceding retirement or 60 times the annual ceiling for social security contributions, whichever is lower;
- annual benefit cap: 25% of the reference compensation and the difference between 45% of the reference compensation and the total basic and supplementary pension benefits received by the plan participant;
- reversionary pension: upon the participant's death, payable to the surviving spouse in an amount equal to 50% of the original benefit.

Belgian plans

The Group's main commitments in Belgium concern "prepensions" and the "solidarity fund".

The prepension scheme provides for the payment of unemployment benefits during the period from the retirement age proposed in the collective bargaining agreement to the statutory retirement age. Carrefour is committed to topping up the benefits paid by the Belgian State, so that the individuals concerned receive 95% of their final net salary. The retirement age under Belgian law, amended in 2015, is 65 (unless otherwise provided). Under the collective bargaining agreement applicable to Carrefour, employees are eligible for prepension benefits from the age of 62 (unless otherwise provided).

The solidarity fund is a corporate supplementary pension plan that offers participants the choice between a lump sum payment on retirement or a monthly pension for the rest of their lives. The plan was closed in 1994 and replaced by a defined contribution plan. Consequently, the projected benefit obligation only concerns pension rights that vested before 1994.

Furthermore, as of 2016, an additional provision has been recorded for defined contribution plans with a minimum legal guaranteed yield, in view of the current economic conditions.

Italian plans

The Group's commitments in Italy primarily concern the *Trattemento di Fine Rapporto* (TFR) deferred salary scheme. The TFR scheme underwent a radical reform in 2007, with employers now required to pay contributions to an independent pension fund in full discharge of their liability. The Group's obligation therefore only concerns deferred salary rights that vested before 2007.

12.1.2 Net expense for the period

The expense recorded in the income statement is detailed as follows:

2017 *(in € millions)*	France	Belgium	Italy	Other countries	**Group total**
Service cost [1]	31	12	0	1	44
Interest cost (discount effect)	11	6	2	1	18
Return on plan assets	(0)	(3)	-	(0)	(3)
Other items	(1)	-	-	-	(1)
Expense (income) for 2017	**40**	**15**	**2**	**1**	**58**

2018 *(in € millions)*	France	Belgium	Italy	Other countries	**Group total**
Service cost [1]	(42)	(8)	(0)	1	(50)
Interest cost (discount effect)	13	6	2	1	22
Return on plan assets	(0)	(3)	-	(0)	(3)
Other items	(1)	-	-	0	(1)
Expense (income) for 2018	**(31)**	**(5)**	**1**	**1**	**(33)**

(1) The following table presents details of service cost:

2017 *(in € millions)*	France	Belgium	Italy	Other countries	**Group total**
Current service cost	57	17	0	1	74
Past service cost (plan amendments and curtailments)	1	(4)	-	(0)	(3)
Settlements and other	(26)	-	(0)	-	(26)
Total Service cost 2017	**31**	**12**	**0**	**1**	**44**

2018 *(in € millions)*	France	Belgium	Italy	Other countries	**Group total**
Current service cost	52	16	0	1	68
Past service cost (plan amendments and curtailments)	0	(24)	-	-	(24)
Settlements and other	(93)	-	(1)	-	(94)
Total Service cost 2018	**(42)**	**(8)**	**(0)**	**1**	**(50)**

The service cost for 2018 represented a net positive amount of 33 million euros, due to plan curtailments arising from redundancy plans in France, Belgium and other countries (see Note 2.1). Reversals of the related provisions were recorded in "Non-recurring income and expenses". The other income and expenses for pension and other post-employment benefit plans in 2018 were recorded in employee benefits expense, except for 19 million euros recorded in financial expense.

12.1.3 Breakdown of the provision

(in € millions)	France	Belgium	Italy	Other countries	**Group total**
Defined benefit obligation	889	450	128	42	1 509
Fair value of plan assets	(16)	(230)	-	(7)	(253)
Provision at December 31, 2017	**873**	**221**	**128**	**35**	**1 256**
Defined benefit obligation	770	398	115	42	1 326
Fair value of plan assets	(6)	(217)	-	(8)	(231)
Provision at December 31, 2018	**764**	**181**	**115**	**35**	**1 095**

12.1.4 Change in the provision

(in € millions)	France	Belgium	Italy	Other countries	**Group total**
Provision at December 31, 2016	**858**	**253**	**136**	**32**	**1 279**
Movements recorded in the income statement	40	15	2	1	59
Benefits paid directly by the employer	(7)	(12)	(9)	(0)	(28)
Effect of changes in scope of consolidation	(5)	-	-	-	(5)
Change in actuarial gains and losses (1)	(13)	(28)	(1)	4	(38)
Other	(0)	(8)	-	(2)	(10)
Provision at December 31, 2017	**873**	**221**	**128**	**35**	**1 256**
Movements recorded in the income statement	(31)	(5)	1	1	(33)
Benefits paid directly by the employer	(18)	(12)	(12)	(0)	(42)
Effect of changes in scope of consolidation	(8)	-	-	-	(8)
Change in actuarial gains and losses (1)	(51)	(13)	(2)	2	(64)
Other	(1)	(10)	(0)	(3)	(14)
Provision at December 31, 2018	**764**	**181**	**115**	**35**	**1 095**

(1) This line breaks down as follows:

2017 *(in € millions)*	France	Belgium	Italy	Other countries	**Group total**
Actuarial (gain)/loss due to experience	6	-	1	2	9
Actuarial (gain)/loss due to demographic assumption changes	(6)	-	(0)	1	(5)
Actuarial (gain)/loss due to financial assumption changes	(12)	(20)	(2)	0	(34)
Return on plan assets (greater)/less than discount rate	(1)	(8)	-	0	(9)
Changes in actuarial gains and losses 2017	**(13)**	**(28)**	**(1)**	**4**	**(38)**

2018 *(in € millions)*	France	Belgium	Italy	Other countries	**Group total**
Actuarial (gain)/loss due to experience	(24)	-	0	0	(24)
Actuarial (gain)/loss due to demographic assumption changes	(11)	-	-	1	(10)
Actuarial (gain)/loss due to financial assumption changes	(16)	(15)	(2)	0	(32)
Return on plan assets (greater)/less than discount rate	(0)	1	-	(0)	1
Changes in actuarial gains and losses 2018	**(51)**	**(13)**	**(2)**	**2**	**(64)**

12.1.5 Plan assets

(in € millions)	France	Belgium	Italy	Other countries	**Group total**
Fair value at December 31, 2016	**53**	**227**	**-**	**7**	**286**
Return on plan assets	0	3	-	0	3
Benefits paid out of plan assets	(31)	(16)	-	7	(40)
Actuarial gain/(loss)	1	8	-	(0)	9
Other	(6)	8	-	(7)	(5)
Fair value at December 31, 2017	**16**	**230**	**-**	**7**	**253**
Return on plan assets	0	3	-	0	3
Benefits paid out of plan assets	(11)	(24)	-	(3)	(38)
Actuarial gain/(loss)	0	(1)	-	0	(1)
Other	-	10	-	3	13
Fair value at December 31, 2018	**6**	**217**	**-**	**8**	**231**

Plan assets break down as follows by asset class:

	December 31, 2018				**December 31, 2017**			
	Bonds	Equities	Monetary investments	Real estate and other	Bonds	Equities	Monetary investments	Real estate and other
France	28%	3%	68%	1%	57%	7%	33%	3%
Belgium	33%	9%	57%	0%	36%	9%	55%	0%

All bonds and equities held in plan asset portfolios are listed securities.

12.1.6 Actuarial assumptions and sensitivity analysis

The assumptions used to measure defined benefit obligations for length-of-service awards are as follows:

	2018	2017
Retirement age	62-67	62-67
Rate of future salary increases	1.9% to 2.5%	1.9% to 2.5%
Inflation rate	1.9%	1.9%
Discount rate	1.6%	1.4%

At December 31, 2018, a discount rate of 1.60% was used for France, Belgium and Italy (December 31, 2017: 1.44%). The discount rate is based on an index of AA-rated corporate bonds with maturities similar to the estimated duration of the defined benefit obligation.

In 2018, the average duration of the defined benefit obligation under French, Belgian and Italian plans was 11.6 years, 8.2 years and 8.5 years respectively (2017: 11.3 years, 9 years and 9.2 years respectively).
Sensitivity tests show that:

- a 25-bps increase in the discount rate would reduce the defined benefit obligation under the French, Belgian and Italian plans by around 31 million euros;
- a 25-bps increase in the inflation rate would increase the defined benefit obligation under the French, Belgian and Italian plans by around 24 million euros.

12.2 Share-based payments

Accounting principles

Two types of share-based payment plans have been set up for members of management and selected employees – stock option plans and performance share plans.

As the plans are equity-settled, the benefit represented by the share-based payment is recorded in employee benefits expense with a corresponding increase in shareholders' equity in accordance with IFRS 2 – *Share-based Payment*. The cost recorded in employee benefits expense corresponds to the fair value of the equity instruments on the grant date (i.e., the date on which grantees are informed of the plan's characteristics and terms). Fair value is determined using the Black & Scholes option pricing model for stock options and the share price on the grant date for performance shares. Performance conditions that are not based on market conditions are not taken into account to estimate the fair value of stock options and performance shares at the measurement date. However, they are taken into account in estimates of the number of shares that are expected to vest, as updated at each period-end based on the expected achievement rate for the non-market performance conditions.

The cost calculated as described above is recognised on a straight-line basis over the vesting period.

The cost of share-based payment plans for 2018 recorded under "Employee benefits expense" in recurring operating income was 6.3 million euros, with a corresponding increase in equity (2017: 13.1 million euros).

Details of the stock option and performance share plans set up for Executive Management and selected employees are presented below.

12.2.1 Stock option plans

There were no longer any Carrefour SA stock option plans outstanding at December 31, 2018, since the 2010 plans based on performance conditions and continued employment in the Group expired in July 2017. Movements in these plans in 2017 were as follows:

	2018	2017
Options outstanding at January 1	**-**	**1 823 200**
- of which, exercisable options	-	*1 823 200*
Options granted during the year (1)	-	-
Options exercised during the year	-	-
Options cancelled or that expired during the year (2)	-	(1 823 200)
Options outstanding at December 31	**-**	**-**
- of which, exercisable options	-	-

(1) The Compensation Committee decided not to grant any Carrefour SA stock options in 2017 or 2018.

(2) The 2010 plans expired in July 2017. The 1,823,200 options that had not been exercised as of that date were cancelled.

On March 21, 2017, the Board of Directors of Atacadão decided to award options on existing or new Atacadão shares. This stock option plan was approved by Atacadão's Shareholders' Meeting held on the same date. Options awarded under this plan represent a maximum number of 9,283,783 shares, or 0.47% of Atacadão's share capital. The options are subject to the following vesting conditions:

- one-third of the options vest at the date of the company's IPO;
- one-third of the options will vest 12 months after the date of the IPO;
- one-third of the options will vest 24 months after the date of the IPO.

The options may be exercised up to March 21, 2023 at a price of 11.7 reals.

The table below shows the **main assumptions used** to calculate the fair value of the options awarded in 2017.

Fair value of the options at the grant date	**Brazil 2017 "Pre-IPO" Plan**
Exercise price (in R$)	11.7
Estimated fair value of the share (in R$)	11.7
Volatility (in %)	29.02%
Dividend growth (in %)	1.35%
Risk-free interest rate (in %)	10.25%
Expected life of share option (years)	2.72
Model	Binomial
Fair value option at grant date (in R$)	**3.73**

Movements during the period in the stock option plan were as follows:

	2018
Options outstanding at January 1	**7 838 783**
- of which, exercisable options	*2 612 928*
Options granted during the year	500 000
Options exercised during the year	(2 391 617)
Options cancelled or that expired during the year	(2 094 279)
Options outstanding at December 31	**3 852 887**
- of which, exercisable options	*1 284 296*

12.2.2 Performance share plans

On July 27, 2016, based on the Compensation Committee's recommendation, the Board of Directors decided to use the authorisation given in the 14th resolution of the Annual Shareholders' Meeting held on May 17, 2016 to grant performance shares (new or existing shares) to some 950 Group employees. The plan provided for the grant of a maximum of 1,950,000 shares (representing 0.26% of the share capital). The shares will vest only if the grantee remains with the Group until the end of the vesting period and several performance conditions are met.
The vesting period is three years from the date of the Board meeting at which the rights were granted. The number of shares that vest will depend on the achievement of three performance conditions:

- two conditions linked to financial performance (EBITDA growth for 35% and organic sales growth for 35%); and
- a CSR-related condition (for 30%).

Details of the performance share plans in progress at December 31, 2018 are presented below:

	2016 Performance Plan
Shareholders' Meeting date	May 17, 2016
Grant date (1)	September 15, 2016
Vesting date (2)	July 28, 2019
Total number of shares allotted at the grant date	1 944 850
Number of grantees at the grant date	950
Fair value of each share (in €) (3)	20,18

(1) Notification date (i.e., date on which grantees were notified of the plans' characteristics and terms).

(2) The shares will vest only if the grantee remains with the Group until the end of the vesting period and several performance conditions are met.

(3) The Carrefour share price on the grant date (reference price) adjusted for estimated dividends not received during the vesting period.

Movements in performance share grants were as follows:

	2018	2017
Shares allotted at January 1	**1 739 450**	**1 942 150**
- of which, vested shares	*8 000*	-
Shares granted during the year	-	-
Shares delivered to the grantees during the year	(12 000)	(3 500)
Shares cancelled during the year	(210 900)	(199 200)
Shares allotted at December 31	**1 516 550**	**1 739 450**
- of which, vested shares	*0*	*8 000*

12.3 Management compensation (related parties)

The following table shows the compensation paid by the Carrefour Group during the year to the Group's key management personnel.

(in € millions)	2018	2017
Compensation for the year [(1)]	8.5	5.3
Prior year bonus [(2)]	4.8	11.4
Benefits in kind (accommodation and company car)	0.4	0.1
Total compensation paid during the year	**13.7**	**16.8**
Employer payroll taxes	4.1	5.1
Termination benefits [(3)]	-	4.0

(1) In 2017, the key management personnel were the members of the Board of Directors, the six members of the Group's management team (up to October 2, 2017), and the 14 members of the Group's Executive Committee (as from October 2, 2017). In 2018, the management team's fixed compensation was calculated on a full-year basis (including for the 16 members of the Group's Executive Committee at end-2018).

(2) Amounts shown for the year 2017 include compensation paid to Mr Georges Plassat, Chairman of the Board of Directors and Chief Executive Officer of the Carrefour group until July 18, 2017, in respect of the 2014/2015 and 2016/2017 long-term incentive plans.

(3) Note that Mr. Georges Plassat decided to waive the application of the non-compete clause that had been granted to him, and consequently waived payment of the corresponding termination payment (June 16, 2018 press release).

Other management benefit plans are as follows:

- defined benefit pension plan described in Note 12.1. The plan liability and cost attributable to members of the management team cannot be disclosed separately as the total liability and cost are allocated among members of management and other plan participants using allocation keys;
- stock options and performance shares: the serving members of the management team at December 31, 2018 held 133,000 performance shares (December 31, 2017: 123,000), for which the vesting conditions are described in Note 12.2.2. The recognised cost of share-based payment plans for members of the management team was not material in either 2018 or 2017.

Attendance fees paid to members of the Board of Directors amounted to 1.1 million euros in 2018 (2017: 1 million euros).

12.4 Number of employees

	2018	2017
Senior Directors	489	522
Directors	2 222	2 267
Managers	40 978	42 575
Employees	317 241	330 790
Average number of Group employees	**360 930**	**376 154**
Number of Group employees at the year-end	**363 862**	**378 923**

NOTE 13: EQUITY AND EARNINGS PER SHARE

13.1 Capital management

The parent company, Carrefour SA, must have sufficient equity capital to comply with the provisions of France's Commercial Code.

The Group owns interests in a certain number of financial services companies (banks, insurance companies). These subsidiaries must have sufficient equity capital to comply with capital adequacy ratios and the minimum capital rules set by their local banking and insurance supervisors.

Capital management objectives (equity and debt capital) are to:

- ensure that the Group can continue operating as a going concern, in particular by maintaining high levels of liquid resources;
- optimise shareholder returns;
- keep gearing at an appropriate level, in order to minimise the cost of capital and maintain the Group's credit rating at a level that allows it to access a wide range of financing sources and instruments.

In order to maintain or adjust its gearing, the Group may take on new borrowings or retire existing borrowings, adjust the dividend paid to shareholders, return capital to shareholders, issue new shares, buy back shares or sell assets in order to use the proceeds to pay down debt.

13.2 Share capital and treasury stock

13.2.1 Share capital

At December 31, 2018, the share capital was made up of 789,252,839 ordinary shares with a par value of 2.5 euros each, all fully paid.

(in thousands of shares)	**2018**	**2017**
Outstanding at January 1	**774 678**	**756 235**
Issued for cash	-	-
Issued upon exercise of stock options	-	-
Issued in payment of dividends	14 575	18 443
Cancelled shares	-	-
Outstanding at December 31	**789 253**	**774 678**

The increase during the year corresponded to new shares issued to shareholders who chose to reinvest their 2017 dividend (see Notes 2.4 and 13.3).

13.2.2 Treasury stock

Accounting principles

Treasury stock is recorded as a deduction from shareholders' equity, at cost. Gains and losses from sales of treasury stock (and the related tax effect) are recorded directly in shareholders' equity without affecting net income for the year.

At December 31, 2018, a total of 9,457,539 shares were held in treasury (December 31, 2017: 11,719,539 shares).

The shares held in treasury are intended notably for the Group's stock option and performance share plans, or for the liquidity agreement set up in July 2016 with Rothschild & Cie Banque (which replaced the 2014 agreement with Oddo Corporate Finance).

All rights attached to these shares are suspended for as long as they are held in treasury.

13.3 Dividends

At the Annual Shareholders' Meeting held on June 15, 2018, the shareholders decided to set the 2017 dividend at 0.46 euros per share with a dividend reinvestment option.

At the end of the option period on July 4, 2018, shareholders owning 56.93% of Carrefour's shares had elected to reinvest their 2017 dividend.

July 13, 2018 was set as the date for:

- settlement/delivery of the 14,575,028 new shares corresponding to reinvested dividends, representing a total capital increase including premiums of 200 million euros;
- payment of the cash dividend to shareholders who chose not to reinvest their dividends, representing a total payout of 152 million euros.

13.4 Other comprehensive income

(in € millions)

Group share	2018			2017		
	Pre-tax	Tax	Net	Pre-tax	Tax	Net
Effective portion of changes in the fair value of cash flow hedges	5	(7)	(2)	(29)	10	(19)
Changes in the fair value of available-for-sale financial assets		N/A		(2)	1	(1)
Changes in the fair value of debt instruments through other comprehensive income	(4)	1	(4)			
Exchange differences on translating foreign operations	(333)	0	(333)	(349)	0	(349)
Items that may be reclassified subsequently to profit or loss	**(332)**	**(7)**	**(339)**	**(380)**	**11**	**(369)**
Remeasurements of defined benefit plans obligation	65	(14)	50	39	(29)	11
Changes in the fair value of equity instruments through other comprehensive income	0	(0)	0		N/A	
Items that will not be reclassified to profit or loss	**65**	**(14)**	**51**	**39**	**(29)**	**11**
Total other comprehensive loss - Group share	**(267)**	**(21)**	**(288)**	**(340)**	**(18)**	**(358)**

(in € millions)

Non-controlling interests	2018			2017		
	Pre-tax	Tax	Net	Pre-tax	Tax	Net
Effective portion of changes in the fair value of cash flow hedges	(1)	0	(1)	4	(1)	2
Changes in the fair value of available-for-sale financial assets		N/A		(3)	1	(2)
Changes in the fair value of debt instruments through other comprehensive income	(3)	1	(2)			
Exchange differences on translating foreign operations	(112)	0	(112)	(124)	0	(124)
Items that may be reclassified subsequently to profit or loss	**(116)**	**1**	**(115)**	**(123)**	**(0)**	**(124)**
Remeasurements of defined benefit plans obligation	(0)	0	0	(1)	1	(0)
Changes in the fair value of equity instruments through other comprehensive income	0	0	0		N/A	
Items that will not be reclassified to profit or loss	**(0)**	**0**	**0**	**(1)**	**1**	**(0)**
Total other comprehensive income/ (loss) - Non-controlling interests	**(116)**	**1**	**(115)**	**(124)**	**0**	**(124)**

13.5 Shareholders' equity attributable to non-controlling interests

Non-controlling interests mainly concern:

- the sub-group made up of Carrefour Banque SA and its subsidiaries (part of the France operating segment), which is 60% owned by the Group;
- the Grupo Carrefour Brasil sub-group made up of Atacadão and its subsidiaries (part of the Brazil operating segment), which is 71.8% owned by the Group.

The following tables present the key information from the sub-groups' Consolidated Financial Statements:

Carrefour Banque SA sub-group

(in € millions)

Income statement	2018	2017
Revenue (Net Banking Revenue)	323	360
Net income	17	38
of which:		
- attributable to the Carrefour group	*10*	*23*
- attributable to non-controlling interests	*7*	*15*

Statement of financial position	December 31, 2018	December 31, 2017
Non-current assets	1 652	1 823
Current assets	3 112	3 021
Non-current liabilities (excluding shareholders' equity)	1 883	2 631
Current liabilities	2 462	1 686
Dividends paid to non-controlling interests	0	9

Grupo Carrefour Brasil sub-group

(in € millions)

Income statement	2018	2017
Total revenue	12 615	13 945
Net income	433	475
of which:		
- attributable to the Carrefour group	*275*	*319*
- attributable to non-controlling interests	*156*	*155*

Statement of financial position	December 31, 2018	December 31, 2017
Non-current assets	4 235	4 313
Current assets	4 027	4 222
Non-current liabilities (excluding shareholders' equity)	1 332	1 122
Current liabilities	3 766	4 102
Dividends paid to non-controlling interests	58	57

There are no individually material non-controlling interests in other subsidiaries.

13.6 Earnings per share (Group share)

Accounting principles

In accordance with IAS 33 – *Earnings Per Share*, basic earnings per share is calculated by dividing net income, Group share by the weighted average number of shares outstanding during the period. Treasury stock, including shares held indirectly through the equity swap described in Note 13.2.2, are not considered to be outstanding and are therefore deducted from the number of shares used for earnings per share calculations. Contingently issuable shares are treated as outstanding and included in the calculation only from the date when all necessary conditions are satisfied.

Diluted earnings per share is calculated by adjusting net income, Group share and the weighted average number of shares outstanding for the effects of all dilutive potential ordinary shares. Dilutive potential ordinary shares correspond exclusively to the stock options and performance shares presented in Note 12.2.1. Their dilutive effect is calculated by the treasury stock method provided for in IAS 33 which consists in applying the proceeds that would be generated from the exercise of stock options to the purchase of shares at market price (defined as the average share price for the period). In accordance with this method, stock options are considered to be potentially dilutive if they are in the money (based on the sum of the exercise price and the fair value of the services rendered by the grantee, in accordance with IFRS 2 – *Share-based Payment*).

Basic earnings per share	**2018**	**2017 restated**
Net loss from continuing operations	(259)	(254)
Net loss from discontinued operations	(301)	(277)
Net loss for the year	(561)	(531)
Weighted average number of shares outstanding [(1)]	772 905 012	755 487 674
Basic loss from continuing operations per share (in €)	**(0.34)**	**(0.34)**
Basic loss from discontinued operations per share (in €)	**(0.39)**	**(0.37)**
Basic loss per share (in €)	**(0.73)**	**(0.70)**

(1) In accordance with IAS 33, the weighted average number of shares used to calculate 2017 earnings per share was adjusted to take into account the effect of the 2017 dividends paid in shares on July 13, 2018 (retrospective adjustment of the effect of the 10% discount on shares issued in payment of dividends, determined by the treasury stock method).

Diluted earnings per share	**2018**	**2017 restated**
Net loss from continuing operations	(259)	(254)
Net loss from discontinued operations	(301)	(277)
Net loss for the year	(561)	(531)
Weighted average number of shares outstanding, before dilution	772 905 012	755 487 674
Potential dilutive shares	-	-
Stock grants	-	-
Stock options	-	-
Diluted weighted average number of shares outstanding	772 905 012	755 487 674
Diluted loss from continuing operations per share (in €)	**(0.34)**	**(0.34)**
Diluted loss from discontinued operations per share (in €)	**(0.39)**	**(0.37)**
Diluted loss per share (in €)	**(0.73)**	**(0.70)**

Since the Group recorded a loss from continuing operations in 2018, performance shares are not considered to have a dilutive impact.

NOTE 14: FINANCIAL ASSETS AND LIABILITIES, FINANCE COSTS AND OTHER FINANCIAL INCOME AND EXPENSES

Accounting principles

Non-derivative financial assets

In accordance with IFRS 9 – *Financial Instruments*, the main financial assets are classified in one of the following three categories:

- financial assets at amortised cost;
- financial assets at fair value through other comprehensive income (FVOCI);
- financial assets at fair value through profit or loss (FVPL).

Their classification determines their accounting treatment. Financial assets are classified by the Group upon initial recognition, based on the characteristics of the contractual cash flows and the objective behind the asset's purchase (business model).

Purchases and sales of financial assets are recognised on the trade date, defined as the date on which the Group is committed to buying or selling the asset.

(i) Financial assets at amortised cost

Financial assets at amortised cost are debt instruments (mainly loans and receivables) that give rise to contractual cash flows that are solely payments of principal and interest on the principal amount outstanding and that are held within a business model whose objective is to hold assets to collect contractual cash flows.
They are initially recognised at fair value and are subsequently measured at amortised cost by the effective interest method. For short-term receivables with no specified interest rate, fair value is considered to be equal to the original invoice amount.

These assets are impaired as described below.

Financial assets at amortised cost include trade receivables, other loans and receivables (reported under "Other financial assets"), deposits and guarantees, and consumer credit granted by the financial services companies.

(ii) Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income are debt instruments that give rise to contractual cash flows that are solely payments of principal and interest on the principal amount outstanding and that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets. Available-for-sale financial assets are measured at fair value, with changes in fair value recognised in "Other comprehensive income", under "Changes in the fair value of debt instruments at fair value through other comprehensive income" until the underlying assets are sold, at which time they are transferred to profit or loss.

This category also includes investments in equity instruments (primarily shares) that the Group has irrevocably elected to classify in this category. In this case, when the shares are sold, the unrealised gains or losses previously carried in equity (other comprehensive income) will not be reclassified to profit or loss; only dividends will be transferred to the income statement.

This category notably includes investments in non-consolidated companies which the Group has elected to recognise at fair value through other comprehensive income (an option generally chosen by the Group).
The fair value of listed securities corresponds to their market price. For unlisted securities, fair value is determined first and foremost by reference to recent transactions or by using valuation techniques based on reliable and observable market data. However, where there is no observable market data for comparable companies, the fair value of unlisted securities is usually measured based on the present value of future estimated cash flows or on the revised net asset value, as calculated by reference to internal inputs (level 3 of the fair value hierarchy).

(iii) Financial assets at fair value through profit or loss

This category includes all debt instruments that are not eligible to be classified as financial assets at amortised cost or at fair value through other comprehensive income, as well as investments in equity instruments such as shares which the Group has chosen not to measure at fair value through other comprehensive income.
They are measured at fair value with changes in fair value recognised in the income statement, under financial income or expense.

Impairment

Trade receivables and other current financial assets (other than consumer credit granted by the financial services companies) carried at amortised cost are impaired based on the total lifetime expected losses resulting from a payment default, pursuant to the simplified approach allowed under IFRS 9. Impairment is calculated using a provision matrix which is applied to receivables past due and not yet past due (provision rates based on the length of time past due, as calculated for each country and each receivable with similar characteristics).

For consumer credit granted by the financial services companies and other non-current financial assets carried at amortised cost, impairment is determined using the general approach available under IFRS 9 and corresponds:

- on initial recognition of the asset, to expected losses over the next 12 months;
- when the credit risk significantly increases, to the total lifetime expected losses resulting from default.

The approach applied to consumer credit granted by the financial services companies is described in Note 7.5.1.

Non-derivative financial assets held by the Group

The main non-derivative financial assets held by the Group are as follows:

- non-current financial assets: this line of the statement of financial position mainly includes deposits and guarantees, investments of insurance companies (corresponding mainly to bonds and other debt securities) and of the Group's other financial services companies, along with investments in non-consolidated companies;
- trade receivables;
- consumer credit granted by the financial services companies (see Note 7.5.1);
- other current financial assets: mainly debt securities held by the financial services companies and measured at fair value, along with short-term deposits.

Non-derivative financial liabilities

Non-derivative financial liabilities are initially recognised at fair value plus transaction costs and premiums directly attributable to their issue. They are subsequently measured at amortised cost.

Non-derivative financial liabilities held by the Group

The main non-derivative financial liabilities held by the Group are as follows:

- borrowings: "Long-term borrowings" and "Short-term borrowings" include bonds and notes issued by the Group, finance lease liabilities, other bank loans and overdrafts, and financial liabilities related to securitised receivables for which the credit risk is retained by the Group;
- suppliers and other creditors;
- consumer credit financing (see Note 7.5.2);
- other payables: other payables classified in current liabilities correspond to all other operating payables (mainly accrued employee benefits expense and amounts due to suppliers of non-current assets) and miscellaneous liabilities.

Derivative financial instruments

The Group uses derivative financial instruments to hedge its exposure to risks arising in the course of business, mainly interest rate and currency risks. Exceptionally, the risk of changes in the prices of certain commodities – mainly diesel – may also be hedged.

Derivatives are initially recognised at fair value. They are subsequently measured at fair value with the resulting unrealised gains and losses recorded as explained below.

(i) Derivatives designated as hedging instruments

Hedge accounting is applied if, and only if, the following conditions are met:

- the hedging instrument and hedged item forming the hedging relationship are eligible for hedge accounting;
- at the inception of the hedge, there is a clearly identified and formally documented hedging relationship and the effectiveness of the hedge can be demonstrated (qualitative and prospective tests);
- there is formal designation and structured documentation of the hedging relationship and the entity's risk management objective and strategy for undertaking the hedge.

The derivatives used by the Group may be qualified as either cash flow hedges or fair value hedges. The Group does not currently hedge its net investment in foreign operations.

Cash flow hedges

For instruments qualified as cash flow hedges, the portion of the change in fair value determined to be an effective hedge is recognised in "Other comprehensive income" and accumulated in shareholders' equity until the hedged transaction affects profit. The ineffective portion of the change in fair value is recognised in the income statement, under "Financial income and expense".

The main cash flow hedges consist of interest rate options and swaps that convert variable rate debt to fixed rate debt, and forward purchases of foreign currencies that hedge future goods purchases in foreign currency.

Fair value hedges

Changes in fair value of instruments qualified as fair value hedges are recognised in the income statement, with the effective portion offsetting changes in the fair value of the hedged item.

Examples of fair value hedges include swaps set up to convert fixed rate bonds and notes to variable rate. The hedged portion of the underlying financial liability is remeasured at fair value. Changes in fair value are recognised in the income statement and are offset by the effective portion of symmetrical changes in the fair value of the interest rate swaps. At both December 31, 2018 and December 31, 2017, the Group had no fair value hedges of assets or liabilities.

(ii) Other derivative instruments

Other derivative instruments are measured at fair value, with changes in fair value recognised in profit or loss. Derivative instruments used by the Group include interest rate and currency swaps and vanilla interest rate options.

Fair value calculation method

The fair values of currency and interest rate instruments are determined using market-recognised pricing models or prices quoted by external financial institutions.

Values estimated using pricing models are based on discounted future cash flows for futures and forward contracts or, for options, the Black & Scholes option pricing model. The models are calibrated using market data such as yield curves and exchange rates obtained from recognised financial data services.

The fair value of long-term borrowings is estimated based on the quoted market price for bonds and notes or the value of future cash flows discounted based on market conditions for similar instruments (in terms of currency, maturity, interest rate and other characteristics).

Fair value measurements of derivative financial instruments incorporate counterparty risk in the case of instruments with a positive fair value, and own credit risk for instruments with a negative fair value. Credit risk is measured using the mathematical models commonly used by market analysts. At June 30, 2018 and December 31, 2017, the effect of incorporating these two types of risk was not material.

14.1 Financial instruments by category

At December 31, 2018 *(in € millions)*	**Carrying amount**	**Breakdown by category**					**Fair value**
		Financial assets at fair value through profit or loss	Financial assets at fair value through OCI	Amortised cost	Derivative instruments at fair value through profit or loss	Derivative instruments at fair value through OCI	
Investments in non-consolidated companies	92	12	80	-	-	-	92
Other long-term investments	1 183	44	360	780	-	-	1 183
Other non-current financial assets	**1 275**	**56**	**440**	**780**	**-**	**-**	**1 275**
Consumer credit granted by the financial services companies	6 208	-	-	6 208	-	-	6 208
Trade receivables	2 537	-	-	2 537	-	-	2 537
Other current financial assets	190	-	67	37	46	40	190
Other assets (1)	558	-	-	558	-	-	558
Cash and cash equivalents	4 300	4 300	-	-	-	-	4 300
ASSETS	**15 069**	**4 356**	**507**	**10 120**	**46**	**40**	**15 069**
Total long- and short-term borrowings	8 275	-	-	8 225	41	9	8 421
Total consumer credit financing	5 514	-	-	5 502	0	12	5 514
Suppliers and other creditors	14 161	-	-	14 161	-	-	14 161
Other payables (2)	2 818	-	-	2 818	-	-	2 818
LIABILITIES	**30 768**	**-**	**-**	**30 706**	**41**	**21**	**30 915**

At December 31, 2017 (in € millions)	Carrying amount	Breakdown by category						Fair value
		Financial assets at fair value through profit or loss	Available-for-sale financial assets	Loans and receivables	Financial liabilities at amortised cost	Debt hedged by fair value hedges	Derivative instruments	
Investments in non-consolidated companies	101	-	101	-	-	-	-	101
Other long-term investments	1 266	-	425	841	-	-	-	1 266
Other non-current financial assets	**1 367**	**-**	**526**	**841**	**-**	**-**	**-**	**1 367**
Consumer credit granted by the financial services companies	6 321	-	-	6 321	-	-	-	6 321
Trade receivables	2 750	-	-	2 750	-	-	-	2 750
Other current financial assets	161	-	70	64	-	-	27	161
Other assets (1)	506	-	-	506	-	-	-	506
Cash and cash equivalents	3 593	3 593	-	-	-	-	-	3 593
ASSETS	**14 698**	**3 593**	**596**	**10 483**	**-**	**-**	**27**	**14 698**
Total long- and short-term borrowings	7 497	-	-	-	7 419	-	78	7 878
Total consumer credit financing	5 478	-	-	-	5 468	-	10	5 478
Suppliers and other creditors	15 082	-	-	-	15 082	-	-	15 082
Other payables (2)	2 695	-	-	-	2 695	-	-	2 695
LIABILITIES	**30 751**	**-**	**-**	**-**	**30 663**	**-**	**88**	**31 133**

(1) *Excluding prepaid expenses.*

(2) *Excluding deferred revenue.*

Analysis of assets and liabilities measured at fair value

The table below shows assets and liabilities presented according to the fair value hierarchy provided for in IFRS 13 – *Fair Value Measurement* (see Note 1.4):

December 31, 2018 *(in € millions)*	**Level 1**	**Level 2**	**Level 3**	**Total**
Investments in non-consolidated companies	-	12	80	**92**
Other long-term investments	404	-	-	**404**
Other current financial assets - FVOCI	67	-	-	**67**
Other current financial assets - Derivative instruments recorded in current financial assets	-	86	-	**86**
Cash and cash equivalents	4 300	-	-	**4 300**
Consumer credit financing - Derivative instruments recorded in liabilities	-	(12)	-	**(12)**
Borrowings - Derivative instruments recorded in liabilities	-	(49)	(1)	**(50)**

December 31, 2017 *(in € millions)*	**Level 1**	**Level 2**	**Level 3**	**Total**
Investments in non-consolidated companies	-	-	101	**101**
Other long-term investments	425	-	-	**425**
Other current financial assets - Available-for-sale	70	-	-	**70**
Other current financial assets - Derivative instruments recorded in current financial assets	-	27	-	**27**
Cash and cash equivalents	3 593	-	-	**3 593**
Consumer credit financing - Derivative instruments recorded in liabilities	-	(10)	-	**(10)**
Borrowings - Derivative instruments recorded in liabilities	-	(76)	(2)	**(78)**

14.2 Net debt

14.2.1 Net debt calculation

Net debt at December 31, 2018 amounted to 3,785 million euros, unchanged from December 31, 2017. The total breaks down as follows:

(in € millions)		December 31, 2018	December 31, 2017
Bonds and notes		7 545	6 596
Other borrowings		405	522
Finance lease liabilities		275	301
Total borrowings before derivative instruments recorded in liabilities		**8 225**	**7 419**
Derivative instruments recorded in liabilities		50	78
TOTAL BORROWINGS	[1]	**8 275**	**7 497**
of which Long-term borrowings		*6 936*	*6 428*
of which Short-term borrowings		*1 339*	*1 069*
Other current financial assets		190	161
Cash and cash equivalents		4 300	3 593
TOTAL CURRENT FINANCIAL ASSETS	[2]	**4 490**	**3 753**
NET DEBT	[1] - [2]	**3 785**	**3 743**

14.2.2 Bonds and notes

(in € millions)		Face value					Book value of the debt
	Maturity	December 31, 2017	Issues	Repayments	Translation adjustments	December 31, 2018	December 31, 2018
Public placements (1)		**6 196**	**1 406**	**(279)**	**50**	**7 373**	**7 207**
Euro Bond Fixed rate, EUR, 7 years, 5.25%	2018	279	-	(279)	-	-	-
EMTN, EUR, 6 years, 1.75%	2019	1 000	-	-	-	1 000	1 000
EMTN, EUR, 10 years, 4.00%	2020	1 000	-	-	-	1 000	999
EMTN, EUR, 11 years, 3.875%	2021	1 000	-	-	-	1 000	995
EMTN, EUR, 8 years, 1.75%	2022	1 000	-	-	-	1 000	957
Cash-settled convertible bonds, USD 500 million, 6 years, 0%	2023	417	-	-	20	437	396
EMTN, EUR, 8 years, 0.750%	2024	750	-	-	-	750	745
EMTN, EUR, 10 years, 1.25%	2025	750	-	-	-	750	746
Cash-settled convertible bonds, 6 years, 0%	2024	-	406	-	31	437	378
EMTN, EUR, 5 years, 0.88%	2023	-	500	-	-	500	496
EMTN, EUR, 7.5 years, 1.75%	2026	-	500	-	-	500	496
Placements (2)		**504**	**351**	**(465)**	**(52)**	**338**	**338**
Notas promissorias comerciais, BRL 500 million, 6 months, 102% CDI	2018	126	-	(117)	(9)	-	-
Notas promissorias comerciais, BRL 500 million, 8 months, 102.25% CDI	2018	126	-	(117)	(9)	-	-
Notas promissorias comerciais, BRL 500 million, 14 months, 102.3% CDI	2019	126	-	(117)	(9)	-	-
Notas promissorias comerciais, BRL 500 million, 19 months, 103.25% CDI	2019	126	-	(114)	(12)	-	-
Debentures, BRL 500 million, 5 years, 105.75% CDI	2023	-	117	-	(5)	113	113
Debentures, BRL 1,000 million, 3 years, 104.4% CDI	2021	-	234	-	(9)	225	225
Total Bonds and notes		**6 700**	**1 758**	**(744)**	**(2)**	**7 711**	**7 545**

(1) Issues carried out by Carrefour SA.

(2) Issues carried out by Atacadão SA.

On March 22, 2018, Carrefour issued 500 million US dollars' worth of six-year cash-settled convertible bonds. The bonds, which do not bear interest, may be converted into cash only and will not give rise to the issuance of new shares or carry rights to existing shares.

In accordance with IFRS 9 – *Financial Instruments*, conversion options on the bonds qualify as embedded derivatives and are therefore accounted for separately from inception. Subsequent changes in the fair value of these options are recognised in income and set off against changes in the fair value of the call options purchased on Carrefour shares in parallel with the bond issue.

The bonds are recognised at amortised cost, excluding the conversion feature.

Two EUR/USD cross-currency swaps for 250 million US dollars were arranged at the inception of the transaction for the same maturity. The swaps have been accounted for as a cash flow hedge and had a positive fair value of 33 million euros at December 31, 2018.

The fair value in euros of the currency swap for 500 million US dollars set up in 2017 to hedge bonds redeemable in cash issued on June 7, 2017 (classified as a cash flow hedge for accounting purposes) was a negative 5 million euros at December 31, 2018.

14.2.3 Other borrowings

(in € millions)	December 31, 2018	December 31, 2017
Latin America borrowings	90	237
Other borrowings	165	145
Accrued interest (1)	92	92
Other financial liabilities	58	48
Total Other borrowings	**405**	**522**

(1) Accrued interest on total borrowings, including bonds and notes.

14.2.4 Cash and cash equivalents

Accounting principles

Cash includes cash on hand and demand deposits.
Cash equivalents are highly liquid investments with an original maturity of less than three months that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

(in € millions)	December 31, 2018	December 31, 2017
Cash	1 309	1 685
Cash equivalents	2 991	1 908
Total Cash and cash equivalents	**4 300**	**3 593**

There are no material restrictions on the Group's ability to recover or use the assets and settle the liabilities of foreign operations, except for those resulting from local regulations in its host countries. The local supervisory authorities may require banking subsidiaries to comply with certain capital, liquidity and other ratios and to limit their exposure to other Group parties.

14.2.5 Other current financial assets

(in € millions)	December 31, 2018	December 31, 2017 (1)
Other current financial assets - FVOCI	67	70
Deposits with maturities of more than three months	26	53
Derivative instruments	86	27
Other	11	11
Total Other current financial assets	**190**	**161**

(1) The first-time application of IFRS 9 as from 2018 had the effect of reducing other current financial assets from 161 million euros as of December 31, 2017 to 159 million euros as of January 1, 2018.

14.3 Analysis of borrowings (excluding derivative instruments recorded in liabilities)

14.3.1 Analysis by interest rate

	December 31, 2018		December 31, 2017	
(in € millions)	Before hedging	After hedging	Before hedging	After hedging
Fixed rate borrowings	7 791	7 791	6 701	6 701
Variable rate borrowings	434	434	717	717
Total borrowings (before derivative instruments recorded in liabilities)	**8 225**	**8 225**	**7 419**	**7 419**

14.3.2 Analysis by currency

(in € millions)	December 31, 2018	December 31, 2017
Euro	7 608	6 500
Brazilian real	432	623
Argentine peso	0	122
Taiwan dollar	62	66
Polish zloty	57	65
Chinese yuan	61	37
Romanian leu	4	5
Total borrowings (before derivative instruments recorded in liabilities)	**8 225**	**7 419**

The above analysis by currency concerns borrowings including the impact of currency swaps.

Euro-denominated borrowings represented 92% of total borrowings (excluding derivative instruments recorded in liabilities) at December 31, 2018 (December 31, 2017: 88%).

14.3.3 Analysis by maturity

(in € millions)	December 31, 2018	December 31, 2017
Due within 1 year	1 289	991
Due in 1 to 2 years	1 129	1 333
Due in 2 to 5 years	3 298	3 056
Due beyond 5 years	2 510	2 039
Total borrowings (before derivative instruments recorded in liabilities)	**8 225**	**7 419**

14.4 Changes in liabilities arising from financing activities

(in € millions)	Other current financial assets	Borrowings	Total Liabilities arising from financing activities
At December 31, 2017	**(161)**	**7 497**	**7 336**
IFRS 9 first application adjustments	2	(17)	(16)
At January 1, 2018	**(159)**	**7 479**	**7 320**
Changes from financing cash flows	(11)	899	888
Change in current financial assets	(11)	-	(11)
Issuance of bonds	-	1 758	1 758
Repayments of bonds	-	(744)	(744)
Net financial interest paid	-	(245)	(245)
Other changes in borrowings	-	130	130
Non-cash changes	(19)	(104)	(123)
Effect of changes in foreign exchange rates	8	(122)	(114)
Effect of changes in scope of consolidation	0	6	6
Changes in fair values	(11)	(5)	(16)
Finance costs, net	-	233	233
Other changes	(16)	(215)	(232)
At December 31, 2018	**(190)**	**8 275**	**8 085**

14.5 Other non-current financial assets

(in € millions)	December 31, 2018	December 31, 2017 (2)
Deposits (1)	701	741
Financial services companies' portfolio of assets	405	426
Investments in non-consolidated companies	92	101
Long-term loans	10	9
Other	68	90
Total Other non-current financial assets	**1 275**	**1 367**

(1) *Deposits and guarantees include legal deposits paid in Brazil in connection with the disputes discussed in Notes 11.2 and 11.3 (disputes relating mainly to tax reassessments challenged by the Group) pending final court rulings, as well as security deposits paid to lessors under property leases.*

(2) *The first-time application of IFRS 9 as from 2018 had the effect of reducing other non-current financial assets from 1,367 million euros as of December 31, 2017 to 1,353 million euros as of January 1, 2018.*

14.6 Finance costs and other financial income and expenses

Accounting principles

This item corresponds mainly to finance costs. Other financial income and expenses consist for the most part of discounting adjustments and late interest payable on certain liabilities.

This item breaks down as follows:

(in € millions)	2018	2017
Interest income from loans and cash equivalents	**13**	**25**
Interest income from bank deposits	13	24
Interest income from loans	(0)	0
Finance costs	**(245)**	**(342)**
Interest expense on financial liabilities measured at amortised cost, adjusted for income and expenses from interest rate instruments	(200)	(319)
Cost of receivables discounting in Brazil	(25)	-
Interest expense on finance lease liabilities	(21)	(23)
Ineffective portion of fair value hedges of borrowings	-	1
Finance costs, net	**(233)**	**(317)**
Other financial income and expenses, net	**(29)**	**(128)**
Actualisation cost on defined employee benefit debt	(22)	(18)
Interest income on pension plan assets	3	3
Financial transaction tax	(22)	(38)
Late interest due in connection with tax reassessments and employee-related litigation	(28)	(37)
Dividends received on available-for-sale financial assets	3	3
Proceeds from the sale of available-for-sale financial assets	22	9
Cost of sold available-for-sale financial assets	(16)	(2)
Exchange gains and losses	(0)	(4)
Cost of bond buybacks	(9)	(7)
Changes in the fair value of interest rate derivatives	(1)	(9)
Impact of hyperinflation in Argentina - application of IAS 29	53	-
Other	(12)	(28)
Finance costs and other financial income and expenses, net	**(262)**	**(445)**
Financial expenses	*(356)*	*(485)*
Financial income	*94*	*41*

14.7 Risk management

The main risks associated with the financial instruments used by the Group are liquidity, interest rate, currency, credit and equity risks. The Group's policy for managing these risks is described below.

Due to the differing natures of the various businesses, financial risks arising from the banking and insurance business (including Carrefour Banque in particular) are managed separately from those related to the retail business.

An organisation has been set up to track financial risks based on a cash-pooling system managed by the Corporate Treasury and Financing Department. A reporting system ensures that Group Executive Management can oversee the department’s implementation of the approved management strategies.

The risks associated with the consumer credit business are managed and tracked directly by the entities concerned. Corporate Treasury and Financing oversees the proper implementation of the rules governing the consumer credit business, jointly with the other investors in the business where applicable. A reporting system exists between local teams and Corporate Treasury and Financing.

14.7.1 Liquidity risk

14.7.1.1 Retail business

Liquidity risk is the risk that Carrefour will be unable to settle its financial liabilities when they fall due.

The Group manages its liquidity risk by ensuring, to the extent possible, that it has sufficient liquid assets at all times to settle its liabilities when they fall due, whatever the conditions in the market.

A Liquidity Committee meets at monthly intervals to check that the Group’s financing needs are covered by its available resources.

Corporate Treasury and Financing's liquidity management strategy consists of:

- promoting conservative financing strategies in order to ensure that the Group's credit rating allows it to raise funds on the bond and commercial paper markets;
- maintaining a presence in the debt market through regular debt issuance programmes, mainly in euros, in order to create a balanced maturity profile. The Group's issuance capacity under its Euro Medium-Term Notes (EMTN) programme totals 12 billion euros;
- using the 5 billion-euro commercial paper programme on Euronext Paris, described in a prospectus filed with the Banque de France;
- maintaining undrawn medium-term bank facilities that can be drawn down at any time according to the Group’s needs. At December 31, 2018, the Group had two undrawn syndicated lines of credit obtained from a pool of leading banks, for a total of 3.9 billion euros. In April 2018, the Group extended the maturity of its 1.4 billion-euro syndicated credit line by one year to May 2023. Group policy consists of keeping these facilities on stand-by to support the commercial paper programme. The loan agreements for the syndicated lines of credit include the usual commitments clauses, including *pari passu*, negative pledge, change of control and cross-default clauses and a clause restricting substantial sales of assets. The pricing grid may be adjusted up or down to reflect changes in the long-term credit rating.

In Brazil, two debenture issues were carried out by Atacadão S.A. in 2018, with maturities of three and five years respectively, for a total of 1.5 billion reals (see Note 14.2.2). The commercial promissory notes (*notas promissórias*) issued by Atacadão S.A. in 2017 for a total of 2 billion reals were repaid in 2018.

The Group considers that its liquidity position is robust. It has sufficient cash reserves to meet its debt repayment obligations in the coming year.

The Group's debt profile is balanced, with no peak in refinancing needs across the remaining life of bond debt, which averages 3.6 years.

14.7.1.2 Banking and insurance business

Carrefour Banque's liquidity risk is monitored within the framework of an Executive Management-approved liquidity strategy that is part of the Group's overall strategy. Carrefour Banque's refinancing situation is assessed based on internal standards, early warning indicators and regulatory ratios.

Liquidity risk management objectives are to:

- ensure that refinancing needs are met, based on monthly assessments of projected cash surpluses or shortfalls over a three-year period performed by comparing static forecasts of committed financing facilities with dynamic lending forecasts;
- achieve compliance with the new Basel III liquidity coverage ratios, through a process that is designed to deliver a sustainable improvement in asset quality by investing in a dedicated fund eligible for inclusion in the ratio calculation and extending the maturity of liabilities in order to improve the net stable funding ratio;
- diversify refinancing sources to include bank lines of credit, bond issues, securitisation programmes, money market issues and customer deposits. In March 2018, Carrefour Banque redeemed the 500 million euros' worth of bonds issued in 2014. In June 2018, Carrefour Banque carried out a 400 million-euro bond issue to support the financing and development of its businesses (see Note 7.5.2). The master trust structure allows it to dynamically manage asset-backed securities series issued by the securitisation fund.

  In November 2014, Carrefour Banque secured its refinancing sources by rolling over its 750 million-euro five-year syndicated line of credit and negotiating two one-year extension options. The second of these was exercised in 2016, extending the facility's maturity to November 2021.

The following tables analyse the cash flows generated by the Group's financial and other liabilities by period.

December 31, 2018 *(in € millions)*	**Carrying amount**	**Contractual cash flows**	**Within 1 year**	**In 1 to 5 years**	**Beyond 5 years**
Fixed rate borrowings	7 612	8 333	1 584	4 277	2 472
Unhedged borrowings	338	338	0	338	0
Finance lease liabilities	275	486	42	158	285
Derivative instruments	50	43	3	13	27
Total Borrowings	**8 275**	**9 199**	**1 629**	**4 786**	**2 785**
Suppliers and other creditors	14 161	14 161	14 161	-	-
Consumer credit financing	5 514	5 514	3 582	1 932	-
Other payables (1)	2 818	2 818	2 818	-	-
Total Financial liabilities	**30 768**	**31 693**	**22 190**	**6 718**	**2 785**

December 31, 2017 *(in € millions)*	Carrying amount	Contractual cash flows	Within 1 year	In 1 to 5 years	Beyond 5 years
Fixed rate borrowings	7 117	7 557	1 285	4 325	1 947
Finance lease liabilities	301	546	47	165	333
Derivative instruments	78	64	25	0	39
Total Borrowings	**7 497**	**8 167**	**1 358**	**4 490**	**2 319**
Suppliers and other creditors	15 082	15 082	15 082	-	-
Consumer credit financing	5 478	5 478	2 817	2 661	-
Other payables (1)	2 695	2 695	2 695	-	-
Total Financial liabilities	**30 751**	**31 422**	**21 952**	**7 151**	**2 319**

(1) Excluding deferred revenue.

14.7.2 Interest rate risk

Interest rate risk is the risk of a change in interest rates leading to an increase in the Group's net borrowing costs.

It is managed at headquarters level by Corporate Treasury and Financing, which reports monthly to an Interest Rate Risk Committee responsible for recommending hedging strategies and methods to be used to limit interest rate exposures and optimise borrowing costs.

Long-term borrowings are generally at fixed rates of interest and do not therefore give rise to any exposure to rising interest rates. Various financial instruments are nonetheless used to hedge borrowings against the risk of changes in interest rates. These are mainly basic swaps and options. Hedge accounting is applied in all cases where the required criteria are met.

Variable rate long-term borrowings are hedged using financial instruments that cap rises in interest rates over all or part of the life of the debt.

The following table shows the sensitivity of total borrowings to changes in interest rates over one year:

(in € millions) (- = loss; + = gain)	**50-bps decline**		**50-bps increase**	
	Impact on shareholders' equity (OCI)	Impact on income statement	Impact on shareholders' equity (OCI)	Impact on income statement
Investments	-	(10.0)	-	10.0
Swaps qualified as cash flow hedges	(2.7)	-	2.5	-
Options qualified as cash flow hedges	(7.3)	-	12.5	-
Instruments classified as held for trading	-	(0.1)	-	0.5
Total effect	**(10.0)**	**(10.1)**	**15.0**	**10.5**

14.7.3 Currency risk

Currency transaction risk is the risk of an unfavourable change in exchange rates having an adverse effect on cash flows from commercial transactions denominated in foreign currency.

The Group conducts its international operations through subsidiaries that operate almost exclusively in their home country, such that purchases and sales are denominated in local currency. As a result, the Group's exposure to currency risk on commercial transactions is naturally limited and mainly concerns imported products. Currency risks on import transactions (i.e., goods purchases billed in foreign currencies) covered by firm commitments are hedged by forward purchases of the payment currency. Currency hedges are generally for periods of less than 12 months.

The following table shows the effect of an increase/decrease in exchange rates on currency instruments:

(in € millions) (- = loss; + = gain)	10% decline		10% increase	
	Impact on shareholders' equity (OCI)	Impact on income statement	Impact on shareholders' equity (OCI)	Impact on income statement
Position EUR / USD	-	(137.3)	-	137.3
Position EUR / RON	-	2.8	-	(2.8)
Position EUR / PLN	-	(10.4)	-	10.4
Position EUR / HKD	-	5.2	-	(5.2)
Position EUR / CNY	-	-	-	-
Position USD / RON	-	1.5	-	(1.5)

Currency translation risk is the risk of an unfavourable change in exchange rates reducing the value of the net assets of a subsidiary whose functional currency is not the euro, after conversion into euros for inclusion in the Group's consolidated statement of financial position.

The consolidated statement of financial position and income statement are exposed to a currency translation risk: consolidated financial ratios are affected by changes in exchange rates used to translate the income and net assets of foreign subsidiaries operating outside the eurozone.

The translation risk on foreign operations outside the eurozone mainly concerns the Brazilian real, Argentine peso and Chinese renminbi. For example, changes in the average exchange rates used in 2018 compared with those for 2017 decreased consolidated net sales by 4,960 million euros, or -6.5%, and recurring operating income by 121 million euros, or -6.4%.

Lastly, when financing is arranged locally, it is generally denominated in local currency.

14.7.4 Credit risk

The Group's estimated exposure to credit risk is presented below:

(in € millions)	December 31, 2018	December 31, 2017
Investments in non-consolidated companies	92	101
Other long-term investments	1 183	1 266
Total Other non-current financial assets	**1 275**	**1 367**
Consumer credit granted by the financial services companies	6 208	6 321
Trade receivables	2 537	2 750
Other current financial assets	190	161
Other assets (1)	558	506
Cash and cash equivalents	4 300	3 593
Maximum exposure to credit risk	**15 069**	**14 698**

(1) Excluding prepaid expenses.

14.7.4.1 Retail business

1) Trade receivables

Trade receivables correspond mainly to amounts receivable from franchisees (for delivered goods and franchise fees), suppliers (mainly rebates and commercial income) and tenants of shopping mall units (rent). Impairment losses are recognised where necessary, based on an estimate of the debtor's ability to pay the amount due and the age of the receivable.

At December 31, 2018, trade receivables net of impairment (excluding receivables from suppliers) amounted to 1,424 million euros (see Note 7.4.3). At that date, past due receivables amounted to a net 188 million euros, of which 51 million euros were over 90 days past due (3.6% of total trade receivables net of impairment excluding receivables from suppliers). No impairment has been recognised for these receivables as the Group considers that the risk of non-recovery is very limited.

2) Investments (cash equivalents and other current financial assets)

The Group's short-term cash management strategy focuses on acquiring liquid investments that are easily convertible into cash and are subject to an insignificant risk of changes in value.

Investments are made for the most part by Corporate Treasury and Financing, in diversified instruments such as term deposits with leading banks and mutual funds classified by the AMF as "money market" and "short-term money market" funds without any withdrawal restrictions. Investments made at the country level are approved by Corporate Treasury and Financing.

Counterparty risk monitoring procedures are implemented to track counterparties' direct investment strategies and the underlying assets held by mutual funds in which the Group invests. The Group's objective is to never hold more than 5% of a fund's units and to never invest more than 250 million euros in any single fund.

14.7.4.2 Banking and insurance businesses

A description of credit risk management processes and the method used to determine and record impairment losses in the banking and insurance businesses is provided in Note 7.5.1.

Analysis of due and past due consumer loans

(in € millions)	**December 31, 2018**	**Amounts not yet due at the period-end**	**Amounts due and past due at the period-end**			
			0 to 3 months	3 to 6 months	6 months to 1 year	More than one year
Consumer credit granted by the financial services companies	**6 208**	4 852	1 084	73	87	112

(in € millions)	**December 31, 2017**	**Amounts not yet due at the period-end**	**Amounts due and past due at the period-end**			
			0 to 3 months	3 to 6 months	6 months to 1 year	More than one year
Consumer credit granted by the financial services companies	**6 321**	6 063	46	47	57	108

Analysis of consumer loans by maturity

(in € millions)	**December 31, 2018**	**Due within 1 year**	**Due in 1 to 5 years**	**Due beyond 5 years**
France	2 128	920	1 153	55
Belgium	158	6	144	9
Spain	2 173	1 222	402	549
Italy	177	74	103	-
Argentina	99	99	-	-
Brazil	1 472	1 401	71	0
TOTAL	**6 208**	**3 722**	**1 874**	**613**

(in € millions)	**December 31, 2017**	**Due within 1 year**	**Due in 1 to 5 years**	**Due beyond 5 years**
France	2 383	1 018	1 300	64
Belgium	162	8	143	11
Spain	2 057	1 293	293	471
Italy	205	92	92	22
Argentina	141	139	2	-
Brazil	1 374	1 316	58	-
TOTAL	**6 321**	**3 866**	**1 887**	**568**

14.7.5 Equity risk

Group policy is to avoid taking positions on its own shares or those of other companies, except in response to particular circumstances or needs.

Marketable securities portfolios and other financial investments held by the Group consist for the most part of money market instruments that do not expose the Group to any material equity risk.

From time to time, the Group buys back its shares on the market or purchases call options on its shares.

These shares are mainly used to cover stock option and performance share plans. At December 31, 2018, shares held by the Group covered its total commitments under past and existing plans.

The equity risk associated with the conversion options embedded in the bonds issued by the Group in June 2017 and March 2018 is fully hedged by symmetrical options contracted with banks. The derivatives are recognised as assets and liabilities in the statement of financial position in a total amount of 31.4 million euros.

NOTE 15: OFF-BALANCE SHEET COMMITMENTS

Accounting principles

Commitments given and received by the Group that are not recognised in the statement of financial position correspond to contractual obligations whose performance depends on the occurrence of conditions or transactions after the period-end. There are three types of off-balance sheet commitments, related to (i) cash transactions, (ii) retailing operations and (iii) acquisitions of securities. The Group is also party to leases that give rise to future commitments such as for the payment of rent on retail units leased by the Group from owners (commitments given), and the payment of rent on retail units in shopping malls owned by the Group and leased to other parties (commitments received).

Commitments given *(in € millions)*	**December 31, 2018**	**By maturity**			**December 31, 2017**
		Due within 1 year	Due in 1 to 5 years	Due beyond 5 years	
Related to cash management transactions	**11 381**	**10 452**	**851**	**78**	**11 606**
Financial services companies	*11 171*	*10 353*	*817*	*1*	*11 403*
Other companies	*210*	*99*	*34*	*77*	*203*
Related to operations/real estate/expansion	**2 671**	**1 534**	**1 055**	**82**	**2 672**
Related to purchases and sales of securities	**130**	**49**	**16**	**65**	**159**
Related to leases	**3 569**	**1 100**	**1 618**	**851**	**3 712**
TOTAL	**17 750**	**13 134**	**3 541**	**1 076**	**18 149**

Commitments received *(in € millions)*	**December 31, 2018**	**By maturity**			**December 31, 2017**
		Due within 1 year	Due in 1 to 5 years	Due beyond 5 years	
Related to cash management transactions	**6 383**	**822**	**4 688**	**873**	**6 351**
Financial services companies	*1 848*	*252*	*725*	*871*	*1 799*
Other companies	*4 535*	*570*	*3 963*	*2*	*4 552*
Related to operations/real estate/expansion	**1 204**	**311**	**739**	**154**	**1 321**
Related to purchases and sales of securities	**330**	**240**	**54**	**36**	**323**
Related to leases	**627**	**272**	**289**	**66**	**671**
TOTAL	**8 544**	**1 646**	**5 769**	**1 129**	**8 666**

Off-balance sheet commitments related to cash transactions include:

- credit commitments given to customers by the financial services companies in the course of their operating activities, and credit commitments received from banks;
- mortgages and other guarantees given or received, mainly in connection with the Group's real estate activities;
- committed lines of credit available to the Group but not drawn down at the period-end.

Off-balance sheet commitments related to operations mainly include:

- commitments to purchase land given in connection with the Group's expansion programmes;
- miscellaneous commitments arising from commercial contracts;
- performance bonds issued in connection with the Group's expansion programmes;
- rent guarantees and guarantees from shopping mall operators;
- guarantees for the payment of receivables.

Off-balance sheet commitments related to securities consist of commitments to purchase and sell securities received from or given to third parties:

- for the most part in France, in connection with the Group's franchising activities;
- including immediately exercisable put and call options and sellers' warranties given to third parties. No value is attributed to sellers' warranties received by the Group.

Off-balance sheet commitments related to leases correspond to minimum operating lease payments to be made over the non-cancellable lease term.

At December 31, 2018, 591 hypermarket properties and 447 supermarket properties were owned outright out of a total integrated store base of 1,086 hypermarkets and 1,399 supermarkets.

Rent on store properties not owned by the Group totalled 1,045 million euros in 2018 (see Note 7.2.2).

Of total future minimum rentals due under operating and finance leases, 28% are due within one year, 45% in one to five years and 27% beyond five years.

Future rentals under operating leases – determined based on the Group's minimum commitment in terms of both duration and amount for each of the property leases in progress at the period-end – amounted to 3,569 million euros at December 31, 2018, or 2,872 million euros after discounting (see Note 8.5).

The Group also owns various shopping malls built mainly on the same sites as its hypermarkets and supermarkets and leased to third parties, as well as a number of store premises leased to franchisees. Rental revenues from these retail units in 2018 amounted to 218 million euros. Future rentals receivable from these retail units – determined based on the tenants' commitment in terms of both duration and amount for each of the leases in progress at the period-end – amounted to 627 million euros at December 31, 2018, or 527 million euros after discounting.

NOTE 16: SUBSEQUENT EVENTS

On January 7, 2019, Atacadão S.A. issued debentures in Brazil for a total amount of 900 million reals (around 200 million euros) in two tranches with respective maturities of two months (for 200 million reals) and 12 months (for 700 million reals).

On January 31, 2019, Carrefour France presented to trade unions its hypermarket business transformation plan combining the integration of technology and the elimination of certain activities and job positions. The planned measures include installing self-checkout and scanner equipment for customers and transitioning to a low-cost self-service model in some stores, and shifting to all-automatic mode in some service stations.

On February 15, 2019, Carrefour Italy announced its transformation plan for 2019-2020 to the trade unions. The plan sets out several operational measures, such as opening several hundreds of stores in the Market and Express formats, stepping up the e-commerce business, updating the hypermarket model to comprise three clusters and reducing surface area on a targeted basis in some supermarkets. The plan also details reorganisation measures that will reduce the number of employees by a maximum of 590 people.

NOTE 17: FEES PAID TO THE AUDITORS

	Fees 2018								
(in € thousands)	Deloitte & Associés[(1)]	Network	**Total Deloitte**	KPMG S.A.[(1)]	Network	**Total KPMG**	MAZARS[(1)]	Network	**Total MAZARS**
Financial statements certification services	**1 789**	**588**	**2 377**	**3 210**	**5 249**	**8 459**	**1 309**	**748**	**2 057**
Carrefour S.A. - Issuer	*314*	*-*	***314***	*474*	*-*	***474***	*328*	*-*	***328***
Subsidiaries (controlled entities)	*1 475*	*588*	***2 063***	*2 736*	*5 249*	***7 985***	*981*	*748*	***1 729***
Other services [(2)]	**24**	**510**	**534**	**226**	**580**	**806**	**51**	**250**	**301**
Carrefour S.A. - Issuer	*20*	*-*	***20***	*29*	*-*	***29***	*48*	*84*	***132***
Subsidiaries (controlled entities)	*4*	*510*	***514***	*197*	*580*	***777***	*3*	*166*	***169***
TOTAL	**1 813**	**1 098**	**2 911**	**3 436**	**5 829**	**9 265**	**1 360**	**998**	**2 358**

(1) Carrefour SA (holding company) statutory auditors (excluding services provided by their network).

(2) Including services that are by law to be provided by statutory auditors.

Other services provided by Carrefour SA's auditors include mainly services in relation to the issuance of certificates and agreed-upon procedures on financial information and internal control.

NOTE 18: LIST OF CONSOLIDATED COMPANIES

18.1 Fully consolidated companies at December 31, 2018

FRANCE	Percent interest used in consolidation
ALSATOP	100
AMIDIS ET CIE	100
ANTIDIS	100
AVENUE	52
BELLEVUE DISTRIBUTION	100
BERESA	100
BLO DISTRIBUTION	100
BRUVALDIS	100
C.S.D	74
C.S.F	100
CADS	100
CALLOUETS	51
CARAUTOROUTES	100
CARDADEL	100
CARFUEL	100
CARGO PROPERTY ALLONNES	32
CARGO PROPERTY BAGÉ LA VILLE	32
CARGO PROPERTY BAIN DE BRETAGNE	32
CARGO PROPERTY BRIE COMTE ROBERT	32
CARGO PROPERTY CHOLET	32
CARGO PROPERTY COMBS LA VILLE	32
CARGO PROPERTY CREPY	32
CARGO PROPERTY EPAUX BEZU	32
CARGO PROPERTY GERANT	100
CARGO PROPERTY ASSETS (ex-HOLDING)	32
CARGO PROPERTY LA COURNEUVE	32
CARGO PROPERTY LABENNE	32
CARGO PROPERTY LAUDUN	32
CARGO PROPERTY LUNEVILLE	32
CARGO PROPERTY PLAISANCE DU TOUCH	32
CARGO PROPERTY POUPRY ARTENAY	32
CARGO PROPERTY SAVIGNY SUR CLAIRIS	32
CARGO PROPERTY ST QUENTIN FALLAVIER	32
CARGO PROPERTY VENDIN	32
CARIMA	100
CARMA	50
CARMA VIE	50
CARREFOUR ADMINISTRATIF FRANCE	100
CARREFOUR BANQUE (Ex S2P - SOCIETE DES PAIEMENTS PASS)	60
CARREFOUR DRIVE	100
CARREFOUR FRANCE	100
CARREFOUR France PARTICIPATION	100
CARREFOUR HYPERMARCHES	100
CARREFOUR IMPORT	100
CARREFOUR LIBERTY	100
CARREFOUR MANAGEMENT	100
CARREFOUR MARCHANDISES INTERNATIONALES	100
CARREFOUR MONACO	100
CARREFOUR NOLIM	100
CARREFOUR OMNICANAL	100
CARREFOUR PARTENARIAT INTERNATIONAL	100
CARREFOUR PROPERTY France	100
CARREFOUR PROPERTY GESTION	100
CARREFOUR PROPERTY INTERNATIONAL	100
CARREFOUR PROXIMITE France	100
CARREFOUR SA	100
CARREFOUR SERVICES CLIENTS	100
CARREFOUR STATION SERVICE	100
CARREFOUR SUPPLY CHAIN	100
CARREFOUR VOYAGES	100
CENTRE DE FORMATION ET COMPETENCES	100
CHALLENGER	100
CIGOTOP	100
CLAIREFONTAINE	100
CLP	100
CMCB DISTRIBUTION	100
COMPAGNIE D'ACTIVITE ET DE COMMERCE INTERNATIONAL -CACI-	100
CORSAIRE	50
COVIAM 21	100
COVIAM 8	100
COVIAM 9	100
COVICAR 2	100
COVICAR 40	100
COVICAR 46	100
COVICAR 47	100
COVICAR IC 6	32
COVICAR IC 8	32
CPD BILLY	100
CPF ASSET MANAGEMENT	100
CPF PROJECT	100
CRF REGIE PUBLICITAIRE	100

FRANCE	Percent interest used in consolidation
CRFP13	100
CRFP20	100
CRFP21	100
CRFP22	100
CRFP23	100
CRFP8	100
CROQUETTELAND	70
CSD TRANSPORTS	74
CSI	100
DAUPHINOISE DE PARTICIPATIONS	100
DE LA FONTAINE	51
DE SIAM	51
DIGITAL MEDIA SHOPPER	100
DISEVAL	100
DISTRIVAL	100
DOREL	100
EPG	66
FALDIS	100
FCT MASTER CREDIT CARD 2013	60
FINANCIERE RSV	100
FINIFAC	100
FONCIERE LES 4 ROUTES	100
FORUM DEVELOPPEMENT	100
FRAMIDIS	100
FRANCE SFA	100
FRED 8	100
GAMACASH	100
GANDIS	100
GEILEROP	100
GENEDIS	100
GERNIMES	100
GIE BREST BELLEVUE	80
GRANDVINS-PRIVÉS.COM	100
GREENWEEZ	98
GUILVIDIS	100
GUYENNE & GASCOGNE	100
GVTIMM	51
HAUTS DE ROYA	100
HYPARLO	100
HYPERADOUR	100
HYPERMARCHES DE LA VEZERE	50
IMMAUFFAY	100
IMMO ARTEMARE	51
IMMO BACQUEVILLE	51
IMMOBILIERE CARREFOUR	100
IMMOBILIERE ERTECO	100
IMMOCYPRIEN	51
IMMODIS	100
IMMOLOUBES	51
IMMOTOURNAY	51
INTERDIS	100
LA CROIX VIGNON	51
LALAUDIS	99
LANN KERGUEN	51
LAPALUS	100
LE COURTEMBLET	100
LEATILD	100
LES TASSEAUX	51
LES VALLEES	51
LESCHENES	100
LOGIDIS	100
LUDIS	100
LVDIS	100
LYBERNET (EX CARMA COURTAGE)	50
MAISON JOHANES BOUBEE	100
MAJOR	100
MARKET PAY	100
MARKET PAY TECH	100
MATOLIDIS	100
MAXIMOISE DE CREATION	51
MENUDIS	100
MICHEL HOCHARD	100
MONTEL DISTRIBUTION	100
MY DESIGN	100
NOOPART	100
NOSAEL	51
OOSHOP	100
PASDEL	100
PHIVETOL	100
PLANETA HUERTO	98
PROFIDIS	100

FRANCE	Percent interest used in consolidation
PROPHI	100
PUECH ECO	100
QUITOQUE	79
RESSONS	51
RUE DU COMMERCE	100
SAFETY	100
SAINT HERMENTAIRE	100
SALUDIS	100
SAMAD	100
SCI COVICAR IC 7	32
SCI IC AULNAY	100
SCI PROXALBY	74
SDR	100
SELIMA	100
SIGOULIM	51
SOCIETE COMMERCIALE BIOUX	100
SOCIETE DES NOUVEAUX HYPERMARCHES	100
SODIMODIS	100
SODISAL	100
SODITA	100
SODITRIVE	100
SOFALINE	100
SOFIDIM	99
SOVAL	100
STELAUR	100
STENN	100
SUPER AZUR	100
SUPERADOUR	100
SUPERDIS	97
TOP CONSO OPCO	100
TOP CONSO PROPCO	100
TOP CORRECTION OPCO	100
TOP CORRECTION PROPCO	100
TROTTEL	50
UNIVU	100
VAN K	100
VEZERE DISTRIBUTION	50
VICIENSE	100
VIZEGU	90
ZORMAT	100

GERMANY	
CARREFOUR PROCUREMENT INTERNATIONAL AG & CO. KG	100

ARGENTINA	
BANCO DE SERVICIOS FINANCIEROS SA	60
INC S.A.	100

BELGIUM	
BRUGGE RETAIL ASSOCIATE	100
CARREFOUR BELGIUM	100
CARUM	100
DRIVE 1	100
DRIVE 2	100
ECLAIR	100
FILUNIC	100
FIRST IN FRESH	100
GROSFRUIT	100
HALLE RETAIL ASSOCIATE	100
HEPPEN RETAIL ASSOCIATE	100
MARKET A1 CBRA	100
MARKET B2 CBRA	100
MARKET C3 CBRA	100
MARKET D4 CBRA	100
MARKET E5 CBRA	100
MARKET F6 CBRA	100
ORTHROS	100
ROB	100
SCHILCO	100
SHIP TO	100
STIGAM	100
VANDEN MEERSSCHE NV	100
SOUTH MED INVESTMENTS	100
CAPARBEL	100
CARREFOUR Finance	100
FIMASER	60

BRAZIL	Percent interest used in consolidation
ATACADAO DISTRIBUICAO COMERCIO E INDUSTRIA LTDA - Bank	37
ATACADAO DISTRIBUICAO COMERCIO E INDUSTRIA S.A.	72
BANCO CSF S.A.	37
BSF HOLDING S.A.	37
CARREFOUR COMMERCIO E INDUSTRIA LTDA	72
CMBCI INVESTIMENTOS E PARTICIPAÇÕES LTDA	72
COMERCIAL DE ALIMENTOS CARREFOUR S.A.	72
E MIDIA INFORMACOES LTDA	72
IMOPAR PARTICIPCOES E ADMINISTRACAO IMOBILIARIA LTDA	72
PANDORA PARTICIPACOES LTDA.	72
RIOBONITO ASSESSORIA DE NEGOCIOS LTDA.	72
TROPICARGAS TRANSPORTES LTDA.	72
VERPARINVEST S.A	72

CHINA	
BEIJING CARREFOUR COMMERCIAL CO., LTD.	55
BEIJING CHAMPION SHOULIAN COMMUNITY CHAIN STORES CO LTD	100
BEIJING CHUANGYIJIA CARREFOUR COMMERCIAL	100
BEIJING REPRESENTATIVE OFFICE OF CARREFOUR S.A.	100
CARREFOUR (CHINA) CONVENIENCE STORE INVESTMENT CO.,LTD.	100
CARREFOUR (CHINA) MANAGEMENT & CONSULTING SERVICES CO.	100
CARREFOUR (SH) E-COMMERCE CO.,LTD	100
CARREFOUR (SHANGHAI) INVESTMENT MANAGEMENT AND CONSULTING SERVICES CO.,LTD.	100
CARREFOUR(SH) SUPPLY CHAIN CO.	100
CHANGCHUN CARREFOUR COMMERCIAL CO., LTD.	100
CHANGSHA CARREFOUR HYPERMARKET	100
CHANGZHOU YUEDA CARREFOUR COMMERCIAL CO., LTD.	60
CHENGDU CARREFOUR HYPERMARKET CO LTD	100
CHONGQING CARREFOUR COMMERCIAL CO LTD	65
DALIAN CARREFOUR COMMERCIAL CO., LTD.	100
DONGGUAN CARREFOUR COMMERCIAL CO., LTD	100
FOSHAN CARREFOUR COMMERCIAL CO.,LTD	100
FUZHOU CARREFOUR COMMERCIAL CO LTD	100
GUANGZHOU JIAGUANG SUPERMARKET CO	100
GUIZHOU CARREFOUR COMMERCIAL CO.,LTD	100
HAIKOU CARREFOUR COMMERCIAL	100
HANGZHOU CARREFOUR HYPERMARKET CO., LTD	100
HARBIN CARREFOUR HYPERMARKET CO., LTD	100
HEBEI BAOLONGCANG CARREFOUR COMMERCIAL CO., LTD.	100
HEFEI YUEJIA COMMERCIAL CO., LTD.	60
HUHHOT CARREFOUR COMMERCIAL COMPANY CO.,LTD.	100
JINAN CARREFOUR COMMERCIAL CO., LTD	100
KUNMING CARREFOUR HYPERMARKET CO., LTD	100
NANCHANG YUEJIA COMMERCIAL CO.,LTD	60
NANJING YUEJIA SUPERMARKET CO LTD	65
NINGBO CARREFOUR COMMERCIAL	100
QINGDAO CARREFOUR COMMERCIAL	95
QUJING CARREFOUR HYPERMARKET CO.,LTD.	100
SHANDONG CARREFOUR COMMERCIAL CO., LTD.	100
SHANGAI CARHUA SUPERMARKET LTD	55
SHANGHAI GLOBAL SOURCING CONSULTING CO LTD	100
SHANGHAI JIAYUAN COMMERCIAL CO.LTD.	100
SHANGHAI PROXIMITY SUPERMARKET	100
SHANXI YUEJIA COMMERCIAL CO.,LTD	55
SHENYANG CARREFOUR COMMERCIAL CO LTD	100
SHENZHEN CARREFOUR COMMERCIAL	100
SHENZHEN LERONG SUPERMARKET CO LTD	100
SHIJIAZHUANG CARREFOUR COMMERCIAL CO., LTD.	100
SICHUAN CARREFOUR COMMERCIAL CO., LTD.	100
SOCIEDAD DE COMPRAS MODERNAS, S.A. SHANGHAI REPRESENTATIVE OFFICE	100
SUZHOU YUEJIA SUPERMARKET CO., LTD	55
THE CARREFOUR(CHINA) FOUNDATION FOR FOOD SAFETY LTD.	100
TIANJIN JIAFU COMMERCIAL CO., LTD.	100
TIANJIN QUANYE CARREFOUR HYPERMARKET CO., LTD	100
WUHAN HANFU SUPERMARKET CO., LTD.	100
WUXI YUEJIA COMMERCIAL CO., LTD.	55
XIAMEN CARREFOUR COMMERCIAL CO LTD	100
XIAN CARREFOUR HYPERMARKET CO LTD	100
XINJIANG CARREFOUR HYPERMARKET	100
XUZHOU YUEJIA COMMERCIAL CO LTD	60
ZHENGZHOU YUEJIA COMMERCIAL CO., LTD.	60
ZHUHAI CARREFOUR COMMERCIAL CO.,LTD.	100
ZHUHAI LETIN SUPERMARKET CO., LTD.	100
ZHUZHOU CARREFOUR COMMERCIAL CO., LTD.	100

SPAIN	Percent interest used in consolidation
CARREFOUR NAVARRA, S.L.	100
CARREFOUR NORTE, S.L.	100
CARREFOUR PROPERTY ESPANA, S.L.U.	100
CARREFOURONLINE, S.L.U.	100
CENTROS COMERCIALES CARREFOUR, S.A.	100
CORREDURIA DE SEGUROS CARREFOUR, S.A.U.	100
FINANZAS Y SEGUROS	100
GROUP SUPECO MAXOR, S.L.U.	100
INVERSIONES PRYCA, S.A.U.	100
NORFIN HOLDER, S.L.	100
SERVICIOS FINANCIEROS CARREFOUR, EFC, S.A.	60
SIDAMSA CONTINENTE HIPERMERCADOS, S.A.	100
SOCIEDAD DE COMPRAS MODERNAS, S.A.U.	100
SUPERMERCADOS CHAMPION, S.A.U.	100
VIAJES CARREFOUR, S.L.U.	100

ITALY	
CARREFOUR BANCA	60
CARREFOUR ITALIA FINANCE SRL	100
CARREFOUR ITALIA SPA	100
CARREFOUR PROPERTY ITALIA SRL	100
CONSORZIO NICHELINO	64
CONSORZIO PROPRIETARI CENTRO COMMERCIALE BRIANZA	53
CONSORZIO PROPRIETARI CENTRO COMMERCIALE BUROLO	89
CONSORZIO PROPRIETARI CENTRO COMMERCIALE GIUSSANO	77
CONSORZIO PROPRIETARI CENTRO COMMERCIALE MASSA	54
CONSORZIO PROPRIETARI CENTRO COMMERCIALE THIENE	58
CONSORZIO PROPRIETARI CENTRO COMMERCIALE TORINO MONTECUCCO	87
CONSORZIO PROPRIETARI CENTRO COMMERCIALE VERCELLI	84
DIPERDI SRL	100
GALLERIA COMMERCIALE PADERNO S.R.L.	100
GALLERIA COMMERCIALE PROPERTY FUTURA S.R.L.	100
GS SPA	100
S.C.A.R.L. SHOPVILLE GRAN RENO	58
SOCIETA SVILUPPO COMMERCIALE SRL	100

HONG-KONG	
CARREFOUR ASIA LTD	100
CARREFOUR GLOBAL SOURCING ASIA	100
CARREFOUR TRADING ASIA LTD (CTA)	100

IRLAND	Percent interest used in consolidation
CARREFOUR INSURANCE LIMITED	100

LUXEMBOURG	
VELASQUEZ S.A.	100

NETHERLANDS	
CARREFOUR CHINA HOLDINGS BV	100
CARREFOUR NEDERLAND BV	100
CARREFOUR PROPERTY BV	100
FICADAM BV	100
HYPER GERMANY BV	100
INTERCROSSROADS BV	100
INTERNATIONAL MERCHANDISE TRADING BV	100
SOCA BV	100

POLAND	
CARREFOUR POLSKA	100
CPA WAW 1	100

ROMANIA	
ALLIB ROM SRL	100
ARTIMA SA	100
BRINGO MAGAZIN	70
CARREFOUR PRODUCTIE SI DISTRIBUTIE	100
CARREFOUR ROUMANIE	100
COLUMBUS ACTIVE SRL	100
COLUMBUS OPERATIONAL SRL	100
MILITARI GALERIE COMERCIALA	100
SUPECO INVESTMENT SRL	100

SWITZERLAND	
CARREFOUR WORLD TRADE	100
HYPERDEMA (PHS)	100

TAIWAN	
CARREFOUR INSURANCE BROKER CO	60
CARREFOUR TELECOMMUNICATION CO	60
CHARNG YANG DEVELOPMENT CO	30
PRESICARRE	60

18.2 Equity-accounted companies at December 31, 2018

FRANCE	Percent interest used in consolidation
ABREDIS	50
ADIALEA	45
ALEXANDRE	50
ANGIDIS	50
ANTONINE	50
ARLOM	50
AROBLIS	50
AUBINYC	50
AUDIST SAS	49
AZAYDIS	34
AZIMMO	34
BAMAZO	50
BELONDIS	50
BIADIS	34
BLS RETRAIL	50
BORDEROUGE	50
BOURG SERVICES DISTRIBUTION "B.S.D"	50
BPJ	26
BS DISTRIBUTION	50
CABDIS	50
CALODIAN DISTRIBUTION	50
CAMPI	50
CARDUTOT	26
CARGAN	50
CERBEL	50
CEVIDIS	50
CHAMNORD	56
CHERBOURG INVEST	48
CHRISTIA	50
CINQDIS 09	50
CJA DISTRIBUTION	50
CLOVIS	50
CLUNYDIS	50
CODINOG	50
COFLEDIS	50
COLODOR	50
COROU	50
CRISANE	50
DECODIS	26
DEPOT PETROLIER DE LYON	50
DEPOTS PETROLIERS COTIERS	24
DIRIC	50
DISTRI PALAVAS	50
DISTRIBOURG	50
DISTRICAB	50
DISTRIFLEURY	50
DOUDIS	50
DU MOULIN	49
EDENDIS	50
EN CONTACT	34
ENTREPOT PETROLIER DE VALENCIENNES	34
FABCORJO	50
FARO	50
FIVER	50
FONCIERE MARSEILLAN	50
FONCIERE PLANES	50
FONCIERE SOLANDIS	34
FRELUM	50
GALLDIS	50
GGP DISTRIBUTION	50
GPVM	30
GRANDI	50
GRDIS	50
GWENDA	50
HBLP	25
IDEC	50
IMMO ST PIERRE EGLISE	50
J2B	50
JEDEMA	50
JLEM	50
JMS74 DISTRIBUTION	50
JOSIM	34
JTDS MARKET	50
JUPILOU	50
LA CATALANE DE DISTRIBUTION	50
LA CRAUDIS	50
LAITA BELON DISTRIBUTION	50
LB LE PLAN	50
LE CLAUZELS	50
LE PETIT BAILLY	50
LES OLIVIERS	50

FRANCE	Percent interest used in consolidation
LEZIDIS	50
LSODIS	50
LUMIMMO	51
LYEMMADIS	50
MADIS	50
MAGODIS	50
MAISON VIZET FABRE	40
MALISSOL	50
MARIDYS	50
MASSEINE	50
MAUDIS	50
MBD	50
MIMALI	50
MORTEAU DISTRIBUTION	50
NASOCA	50
NC DISTRIBUTION	50
NCL	50
NEW CARMILA	35
NOUKAT	50
OLICOURS	50
OUISDIS	50
OULLIDIS	50
PAM	50
PHILODIS	50
PLAMIDIS	50
PLANE MARSEILLAN	50
PRIGONDIS	50
PRODIX	50
PROVENCIA SA	50
RD2M	50
REBAIS DISTRIBUTION	50
RIMADIS	50
ROND POINT	34
ROSE BERGER	26
SADEV	26
SAINT JUERY DISTRIBUTION	50
SALACA	50
SAM	50
SAS DISTRI GIGNAC	50
SASD	26
SCB	26
SCGR DISTRIBUTION	50
SCI 2C	50
SCI 2F	50
SCI FONCIERE DES ALBERES	50
SCI IMMODISC	50
SCI LA BEAUMETTE	49
SCI LA CLAIRETTE	50
SCI LATOUR	60
SCI PONT D'ALLIER	50
SCI SOVALAC	50
SCOMONDIS	50
SDAP	26
SEREDIS	26
SERPRO	50
SHOWROOMPRIVE	21
SIFO	50
SME	50
SOBRAMIC	50
SOCADIS	50
SOCADIS CAVALAIRE	50
SODIBOR	50
SODICAB	50
SODILIM	50
SODIMER	50
SODYEN	50
SOLANDIS	34
SOMADIS	50
SOQUIMDIS	50
SOVADIS	50
SOVALDIS	50
SPC DISTRI	50
ST BONNET DISCOUNT	50
ST PAUL DE DISTRIBUTION	50
STE DU DEPOT PÉTROLIER DE NANTERRI	20
TIADIS	50
TURENNE	50
VALCRIS DISTRIBUTION	50
VALMENDIS	50
VICUN	50

BELGIUM	Percent interest used in consolidation
MESTDAGH	25

BRAZIL	
COSMOPOLITANO SHOPPING EMPREENDIMENTOS S.A.	36

SPAIN	
2013 COUÑAGO NEVADO, S.L.	26
2013 CID OTERO, S.L.	26
2013 ALBADALEJO VALENCIA, S.L.	26
2013 MARTINEZ CARRION, S.L.	26
2013 GISBERT CATALA, S.L.	26
2013 SOBAS ROMERO, S.L.	26
2013 CORCOLES ARGANDOÑA, S.L.	26
2012 ALVARO EFREN JIMENEZ, S.L.	26
2012 CORDOBA RODRIGUEZ, S.L.	26
2012 ERIK DAVID, S.L.	26
2012 FLORES HERNANDEZ, S.L.	26
2012 LIZANDA TORTAJADA, S.L.	26
2012 NAYARA SAN MARTIN YANGÜELA, S.L.	26
ANTONIO PEREZ 2010, S.L.	26
COSTASOL DE HIPERMERCADOS, S.L.	34
D-PARKING, S.C.P.	58
GLORIAS PARKING, S.A.	50
SUPERMERCATS HEGERVIC MATARO, S.L.	26
ILITURGITANA DE HIPERMERCADOS, S.L.	34
JM MARMOL SUPERMERCADOS, S.L.	26
LAREDO EXRPRESS J.CARLOS VAZQUEZ, S.L.	26
LUHERVASAN, S.L.	26
SUPERMERCATS SAGRADA FAMILIA, S.L.	26
SUPERMERCADO CENTENO, S.L.	26
VALATROZ, S.L.	26

ITALY	Percent interest used in consolidation
CONSORZIO PROPRIETARI CENTRO COMMERCIALE ASSAGO	50
CONSORZIO PROPRIETARI CENTRO COMMERCIALE SIRACUSA	33
CONSORZIO PROPRIETARI CENTRO COMMERCIALE ROMANINA	46
CONSORZIO TRA I PROPRIETARI DEL PARCO COMMERCIALE DI NICHEL	30

NETHERLANDS	
ARAVIS INVESTMENTS B.V.	50

POLAND	
C SERVICES	30

ROMANIA	
PLOIESTI SHOPPING CITY	50

TURKEY	
CARREFOUR SABANCI TICARET MERKEZI AS CARREFOURSA	46

TUNISIA	
ULYSSE	25