

Financial Report

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The following pages of the Carrefour Financial Report present the Group's results for the fiscal years 2002, 2003 and 2004. It comprises the following:

- **the Group management report** presents the activity and the main results in 2004 for the Group in its entirety and for each of its major operating regions: France, Europe (excluding France), Latin America and Asia. It ends by focussing on recent developments and the Group's objectives in 2005, as presented at the time of publication of the consolidated earnings on March 10, 2005;

- **the consolidated financial statements and the notes to the consolidated financial statements** present all summary statements and comments on the Group's financial situation, including both the parent company and its subsidiaries;

- finally the **financial data and commercial statistical data** summarising over ten years the trends in the Group's principal financial ratios, changes in the number of consolidated stores in each country and well as other statistics, specifically sales areas and the number of branded stores.

Consolidated financial statements

Management report

ACTIVITY – RESULTS

Carrefour had the following objectives for 2004:

- to increase sales including taxes by 6%, at constant exchange rates;
- and double-digit growth in the net income per share, before and after amortization of goodwill.

Additionally we expected:

- a reduction in debt on the order of 500 million euros;
- and a return on capital employed* of 19%.

* Return on capital employed is defined as the ratio of earnings before interest and taxes/capital employed. Capital employed is equal to the sum of the net average debt and average share capital and reserves.

In October 2004, in view of the deflation generated by voluntary price reductions enacted by the Group and the deterioration of the economic climate, Carrefour announced that the sales growth would be less than 5% and the growth in the net profit per share lower than double digits. However, thanks to a reduction in costs and the financial burden, net earnings per share would rise for 2004.

So in 2004:

- sales including taxes increased by 4.2% at constant exchange rates;
- the net income per share before and after amortization of goodwill, increased by 2.5% and 2.8% respectively;
- the net debt was reduced by 1,099 million euros;
- the return on capital employed reached 19%.

Also in 2004 the Group:

- repositioned its French hypermarkets with respect to price;
- improved profitability and return on capital employed outside of France. This was reflected in the Group EBIT growth (+0.9%) despite a fall in France;
- started a programme to transfer non-strategic or insufficiently profitable assets (closures or transfers of 57 supermarkets in Spain, Argentina and Brazil). At the same time the Group grew in key markets thanks to some tactical acquisitions (Greece, Poland) and franchising agreements (France, Italy);
- improved its financial ratios.

NET SALES

Net sales rose to 72,668 million euros, up 3.1% on 2003 sales. At constant exchange rates, Group sales rose 4.0% compared to

2003. The main exchange rate variances came from the Asia region due to the weakening of most of the Asian currencies, and from Latin America, owing to the devaluation of the Argentinean and Brazilian currencies.

Breakdown of net sales by business

	2004	2003	2002
Hypermarkets	58%	59%	59%
Supermarkets	18%	18%	18%
Hard Discount stores	8%	7%	8%
Other	16%	16%	15%
Total	100%	100%	100%

Breakdown of net sales by geographic region

	2004	2003	2002
France	49%	51%	51%
Europe	37%	36%	34%
Latin America	7%	7%	8%
Asia	7%	6%	7%
Total	100%	100%	100%

EBITDA

EBITDA rose to 4,917 million euros and represented 6.8% of sales compared to 6.9% in 2003. It increased 0.9% compared to 2003.

DEPRECIATION AND PROVISIONS

Depreciation and provisions totalled 1,683 million euros. They represented 2.3% of sales.

EBIT BEFORE AMORTIZATION OF GOODWILL

EBIT before amortization of goodwill totalled 3,234 million euros, down 0.5% on 2003. Operating margin (EBIT/sales) thus totalled 4.5%, compared to 4.6% in 2003 and 4.4% in 2002.

Breakdown of EBIT by geographic region

	2004	2003	2002
France	61%	66%	68%
Europe	33%	29%	26%
Latin America	1%	1%	1%
Asia	5%	4%	5%
Total	100%	100%	100%

Operating margin by geographic region

	2004	2003	2002
France	5.5%	6.0%	5.9%
Europe	3.9%	3.7%	3.4%
Latin America	1.1%	0.3%	0.4%
Asia	2.9%	3.1%	3.0%
Total	4.5%	4.6%	4.4%

INTEREST INCOME (EXPENSE)

Interest in 2004 was an expense of 424 million euros, down 8.5% on 2003 and representing 0.6% of sales in 2004 compared to 0.7% in 2003. This reduction is primarily explained by a reduction in the average net debt by 1,562 million euros leading to an improvement in the financial ratios.

Principal financial ratios

	2004	2003	2002
EBITDA/financial income	11.6x	10.5x	8.9x
EBIT/financial income	7.6x	7.0x	5.7x

INCOME TAX

The effective income tax expense was 836 million euros in 2004. This represented 29.8% of earnings before taxes compared with 30.4% in 2003.

CONSOLIDATION BY THE EQUITY METHOD

Income from equity affiliates was slightly down at 101 million euros. This movement was the consequence of an increase in income from the financial companies offset by a reduction in income from non-managed companies brought about in 2003 (Costco UK) and 2004 (Modelo Continente).

NET INCOME FROM RECURRING OPERATIONS

Net income from recurring operations was 2,075 million euros, up 1.3% compared with net income from recurring operations in 2003.

MINORITY INTERESTS

The share of minority interests in the income fell from 5.4% in 2003 to 4.5% in 2004. This reduction is primarily explained by a reduction in the income of those companies operating in France.

NET INCOME FROM RECURRING OPERATIONS – GROUP SHARE

The Group share of net income from recurring operations totalled 1,981 million euros, up 2.2% on the Group share of net income from recurring operations for 2003.

NET INCOME FROM RECURRING OPERATIONS – GROUP SHARE AFTER AMORTIZATION OF GOODWILL

The Group share of net income from recurring operations after amortization of goodwill totalled 1,662 million euros, up 2.6% in relation to 2003.

NON-RECURRING INCOME (LOSS)

A non-recurring loss totalled 246 million euros. It comprised:

- gains on transfer of securities (Modelo Continente) for 11 million euros;
- exceptional write-offs on operational and intangible assets for 198 million euros;
- restructuring and site closing costs of 83 million euros;
- other items for 24 million euros in income.

CASH FLOW AND INVESTMENTS

Cash flow totalled 3,406 million euros, down 0.8% on 2003. It represented 50.1% of 2004 net debt compared to 43.5% in 2003. Net investments for the year amounted to 2,063 million euros. Carrefour's tangible and intangible investments amounted to 2,564 million euros.

Financial investments represented 439 million euros for 2004. Disposals with an impact on our treasury totalled 940 million euros for 2004.

SHAREHOLDERS' EQUITY AFTER APPROPRIATION OF EARNINGS

Shareholders' equity totalled 7,586 million euros as of December 31, 2004 compared to 7,389 million euros in the previous year.

Shareholders' equity after appropriation of earnings includes the distribution of a dividend of 0.94 euro per share, up 27% on 2003.

NET DEBT

The Group's net debt fell from 7,892 million euros at the end of 2003 to 6,794 million euros at the end of 2004. Net debt represents 90% of the shareholders' equity after appropriation of earnings at the end of 2004 compared to 107% at the end of 2003. Excluding foreign exchange gains and losses, it represented 63% of shareholders' equity after appropriation of earnings at the end of 2004.

ANALYSIS BY GEOGRAPHIC REGION

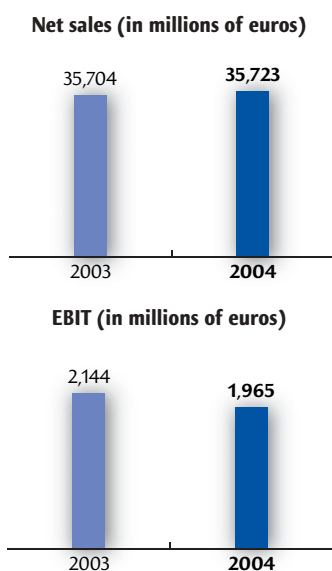
In millions of euros	France		Europe (excluding France)		Latin America		Asia		Total	
	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
Net sales	35,723	35,704	27,123	25,527	4,721	4,619	5,101	4,637	72,668	70,486
EBITDA	2,588	2,766	1,782	1,629	205	164	342	313	4,917	4,871
EBIT	1,965	2,144	1,070	952	50	13	149	143	3,234	3,251

FRANCE

The consolidated store network in France as of December 31, 2004, was as follows:

Hypermarkets	179
Supermarkets	588
Hard Discount stores	630
Other stores	129
Total	1,526

In 2004, the store network expanded by one hypermarket, 22 supermarkets and 52 maxi discount stores.



Sales in France were stable, registering a slight increase of 0.1%. This stability was the consequence of significant price reductions in all of our formats. EBIT fell from 6.0% of sales in 2003 to 5.5% of sales in 2004 and totalled 1,965 million euros.

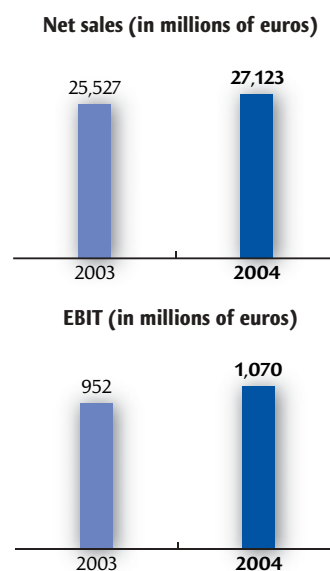
Operational investments in France totalled 874 million euros. They represented 2.4% of sales.

EUROPE (EXCLUDING FRANCE)

The consolidated store network in Europe as of December 31, 2004, was as follows:

Hypermarkets	288
Supermarkets	690
Hard Discount stores	2,606
Other stores	240
Total	3,824

The store network increased this year by 7 hypermarkets, 39 supermarkets and 142 hard discount stores.



Sales in Europe increased by 6.3% thanks to the very strong performance posted in the major European countries. EBIT totalled 3.9% of sales as of December 31, 2004, compared to 3.7% in 2003.

Operational investments in Europe totalled 1,008 million euros. They represented 4.0% of sales.

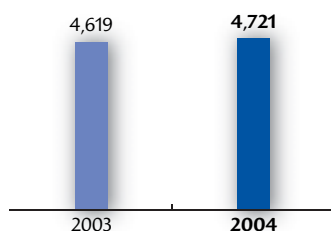
LATIN AMERICA

The consolidated store network in Latin America as of December 31, 2004, was as follows:

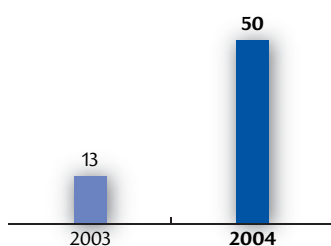
Hypermarkets	157
Supermarkets	211
Hard Discount stores	488
Other stores	-
Total	856

In 2004, the store network increased by 10 hypermarkets and 75 hard discount stores while the number of supermarkets fell by 43 stores.

Net sales (in millions of euros)



EBIT (in millions of euros)



Sales in Latin America increased by 2.2% in 2004, heavily affected by exchange rate fluctuations. At constant exchange rates, sales increased by 7.5%, a sign of the success of the strategy of developing formats adapted to the purchasing power of each catchment area. EBIT rose from 0.3% of sales in 2003 to 1.1% of sales in 2004 at 50 million euros.

Operational investments totalled 231 million euros. They represented 4.9% of sales.

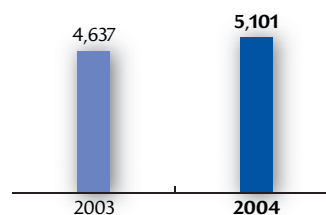
ASIA

The consolidated store network in Asia as of December 31, 2004, was as follows:

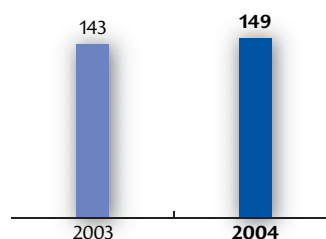
Hypermarkets	170
Supermarkets	6
Hard Discount stores	164
Other stores	-
Total	340

In 2004, the store network expanded by 26 hypermarkets, 6 supermarkets and 109 maxi discount stores.

Net sales (in millions of euros)



EBIT (in millions of euros)



Sales in Asia increased by 10% in 2004. At constant exchange rates the increase in sales was 18.8%. EBIT fell from 3.1% of sales in 2003 to 2.9% of sales in 2004 at 149 million euros.

Operational investments in Asia totalled 336 million euros. They represented 6.6 % of sales.

RECENT CHANGES

STRENGTHENING OF CAPITAL TIES WITH HYPARLO

On January 20, 2005, Carrefour and Hyparlo announced that they had strengthened their partnership.

Hyparlo took 100% control of its Romanian subsidiary, previously held 50/50 by Carrefour and Hyparlo.

At the same time, Carrefour strengthened its partnership with the Arlaud family by taking a 50% stake in the holding company of that group. Carrefour also retained its direct 20% stake in Hyparlo.

Following these transactions, Hyparlo continues to be managed by the family group with Gilles Pardi as Chairman of the Board and Jean-Michel Arlaud as Chief Executive Officer. Hyparlo will therefore be consolidated by the equity method in the 2005 Carrefour accounts.

This agreement provides a put option for the Arlaud family covering the entirety of its shares in Hyparlo's holding company which is held by Hyparlo. This option can be exercised on one or more occasions, but each exercise must be for at least 10% of the total capital. Each exercise of the option (beginning January 1, 2012, or earlier should Gilles Pardi or Jean-Michel Arlaud cease their functions at Hyparlo) will strengthen Carrefour's control of Hyparlo.

The sale price of shares in Hyparlo's holding company would be determined by agreement between Carrefour and the Arlaud family or, failing this, by a single independent financial advisor.

STRENGTHENING OF CAPITAL TIES WITH FINIPER

On January 21, 2005, Carrefour and the Italian company Finiper, of which Carrefour already holds 20%, formed an agreement aimed at strengthening their capital ties. This agreement involves a purchase option for the Group for 31% of the capital and a sales option for Mr Brunelli, the principal shareholder of Finiper, for 80% of Finiper shares. Mr Brunelli would retain his management functions until these options were exercised. The options will be exercised on the basis of a valuation of the company based on multiple criteria.

CHANGE IN GOVERNANCE METHOD

On February 3, 2005, Carrefour's Board of Directors validated an amendment to the Group's governance structure which would be submitted at the next Shareholders' Meeting for approval. This new structure is aimed at improving the allocation of powers between a Supervisory Board, a governing body, and an Executive Committee, responsible for the management of the Group. The Executive Committee would remain the operational body responsible for implementing strategy.

STUDY ON AN AMENDMENT TO THE LENGTH OF DEPRECIATION OF BUILDINGS

As part of the establishment of its pan-European property management company, the Group has currently been studying the possibility of modifying the length of depreciation for its buildings (currently written off over 20 years).

This analysis should be completed during the first half of 2005. Any eventual changes would thus be implemented in 2005 and pro forma financial statements would be issued for 2004.

DISPOSAL OF CARREFOUR MEXICO

On March 9, 2005, Carrefour transferred its assets in Mexico to Chedraui, a major retailer in Mexico. The transferred assets included 29 hypermarkets and 2 proposed hypermarkets due to open in 2005. The sale of Carrefour Mexico was an integral part of the programme to transfer non-strategic or insufficiently profitable assets as announced by the Group in September 2004.

DISPOSAL OF CARREFOUR JAPAN

On March 9, 2005, Carrefour and Aeon, a major Japanese retailer, signed a partnership agreement in Japan laying down:

- the transfer by Carrefour to Aeon of its 8 hypermarkets;
- the signing of a protocol agreement for a partnership covering:
 - the use by Aeon of the Carrefour trade name in Japan
 - cooperation on certain sales concepts
 - and the sale of Carrefour brand name products in Japan.

The aim of this alliance between Carrefour and Aeon was to develop and strengthen the hypermarket format in Japan. The sale of Carrefour Japan was an integral part of the programme to divest non-strategic or insufficiently profitable assets as announced by the Group in September 2004.

2005 OBJECTIVES

Henceforth, the Group's fundamental objective is profit growth. In 2005 Carrefour's main objectives were as follows:

- improvement to the price image in French hypermarkets;
- increase the customer numbers at French hypermarkets to gain market share;
- increase the profitability and return on capital employed for activities outside of France;
- establish the foundations for accelerated growth from 2006 onwards.

** The return on capital employed is defined as the ratio of the operating result/capital employed.*

Capital employed is equal to the sum of the average net debt and average share capital and reserves.

In order to improve the price image of its French hypermarkets, the Group will continue to lower prices in 2005 with the objective of ensuring that every store has the lowest prices in its catchment area.

An increase in customer numbers in French hypermarkets will be achieved through :

- improved communication with customers;
- an increase in the attractiveness of the promotional offers for consumers.

Improvement in profitability and in the return on capital employed for activities outside of France will be accomplished by consolidating Carrefour's strong market positions in Europe, Asia and Latin America. The Group's investment portfolio will be rationalised and expanded. With the sale of Mexico and Japan, the Group will have nearly attained its goal of the disposal of one thousand million euros in assets.

Lastly, the Group will open one million square meters of sales floor space in 2005 thereby laying the foundations for accelerated store openings from 2006 onwards. To do so, the Group will rely on its experience as a major multi-format retailer to reinforce its position in strategic markets.

CHANGEOVER TO IFRS STANDARDS

In accordance with the European regulation on international standards, Carrefour will adopt the International Financial Reporting Standards (IFRS) for fiscal year 2005. As required by IFRS Standard 1, for this first application of the IFRS standards, a comparison for fiscal year 2004, prepared in accordance with same standards, will be provided.

To publish this comparative information, Carrefour must prepare an opening balance sheet at January 1, 2004, the date when the impact of the changeover will be posted under shareholders' equity.

For the sake of transparency, Carrefour organised two informational meetings last December on the consequences of the changeover to the IFRS standards and has published the presentation made on that occasion on its website (www.carrefour.com).

Due to the year end closing, the Group's 2004 IFRS consolidated accounts will not be audited and certified until the second quarter of 2005. In accordance with the recommendations of the regulating authority, the Autorité des Marchés Financières, and in the absence of audited data, we will restrict ourselves to a qualitative presentation of the changeover to IFRS standards.

The Group has identified the main differences arising from the methods and principles of accounting, evaluations and presentation as defined by the international standards and the accounting principles currently followed by the Group.

The standards which would have a significant impact on the opening stockholders' equity are the following:

- IAS Standard 19 regarding employee benefits;
- IAS Standard 2 regarding stock-based payments.

EMPLOYEE BENEFITS (IAS STANDARD 19)

IAS Standard 19 concerns all defined benefits obligations and requires the compilation and "fair value" appraisal of all employee benefits regardless of type or expiration date. The number and amount of employee benefits are thus increased under the IFRS standards as compared to the French standards.

The Group had already accounted for its obligations concerning retirement benefits.

Due to its labour legislation, out of all the countries in which the Group operates, Belgium is the country most concerned by this standard (pre-pension plans, credit-time scheme etc). The cumulated actuarial differences with respect to employee benefits will be posted to retained earnings.

INVENTORY (IAS STANDARD 2)

The balance sheet valuation of inventories must include the costs of merchandise (with the exception of any exchange gains or losses).

The Group has decided:

- to include all direct costs in the balance sheet valuation of inventories including logistics costs up to inventory delivery to store as well as supplier discounts;
- to account for services invoiced to suppliers within the gross margin and therefore incorporate them in the inventories valuation.

Other IFRS standards offer a choice in their application or lead to different principles of accounting, evaluation and presentation from those currently applied by the Group. The choices made by the Group and the consequences of these differences are presented below.

PRESENTATION OF FINANCIAL STATEMENTS

The notion of non-recurring income does not exist under the IFRS standards resulting in a reclassification of a certain amount of accounting income and expense in the EBIT and/or financial income.

According to IFRS standards, the company could choose whether to show the income statement by type (personnel costs, general expenses, etc.) or by purpose (administrative costs, sales costs, etc.). The Group will continue to present its income statement by type of expense.

Adoption of the IFRS standards will also result in the conversion of the consolidation of our financial service companies from the equity method to the full consolidation method.

IAS Standard 14 provides for the presentation of financial information by segments, according to two levels of analysis:

- an initial level of analysis whereby the following must be presented by segment: sales, EBIT, assets, liabilities, investments, non-cash charges and the share of income of companies consolidated by the equity method;
- a second level of segment-based information which must show sales, total assets and investments.

The Carrefour Group will apply:

- its geographic regions (France, Europe excluding France, Latin America, Asia) as the first level;
- its activities (hypermarkets, supermarkets, hard discount stores, other) as its second level.

SHARE-BASED PAYMENTS

The application of IFRS Standard 2, "Share-based payments," published by the IASB in February 2004, would have the effect of changing the method of accounting for share subscription or purchase plans granted to employees for plans issued after November 7, 2002, as presented in Note 15. The impact on shareholders' equity at the beginning of the year corresponds to the value of the benefit awarded to the beneficiaries of these plans between November 2002 and December 2003.

GOODWILL

The Group has decided not to restate business consolidation operations prior to January 1, 2004, an option allowed under IFRS Standard 1.

With regard to goodwill accounted for at December 31, 2003, the implementation of an impairment test according to the methods described by IAS Standard 36 should not result in a significant depreciation in the opening balance. In fact, as indicated in Note 1 of the Annexe to the consolidated financial statements, the Group already analyses the existing acquisition differences annually according to methods similar to those described in the revised IAS Standard 36.

TANGIBLE FIXED ASSETS

Application of IAS Standard 16 relating to the posting of tangible fixed assets and IAS 36 concerning asset impairment should not have a significant impact on the Group's financial statements. The rules applying to impairment conditions (determination of an asset's useful life, taking into account residual value, etc.) were either already being applied by the Group or do not have any major estimated impact on the opening balance sheet. Since tests of asset depreciation are already being applied in accordance with conditions comparable to those in IAS Standard 36, the Group does not expect the application of the latter to have a significant impact.

IAS Standard 16 offers the possibility of recording the residual value of an asset at the end of the period of depreciation, thereby limiting the depreciation to the difference between the acquisition cost and the residual value of the fixed asset. The Group having no ongoing intention to dispose of its assets, the residual value of a fixed asset at the end of its depreciation is deemed to be zero and the asset will therefore always be depreciated to the full extent of its value.

Moreover, the Group has chosen not to reevaluate certain tangible assets to their true value in the opening balance sheet according to the option provided by IFRS Standard 1.

FINANCIAL LEASES

Since the criteria outlined by IAS Standard 17 defining a financial lease agreement are broader than those applied before 2002, certain agreements, which to date have been treated as operating leases, will be reclassified as financial leases. Note that since 2002 all new leasing agreements have been analysed with regard to IFRS criteria, thus the application of IAS Standard 17 will have a limited impact on the opening balance.

INCOME

IAS Standard 18 does not define the notion of sales but defines the means for identifying income.

Before income can be booked, all risks and economic advantages associated with the good or service must have been transferred to the customer.

The application of this standard will have no consequences on the composition of Group sales which comprise sales "through the cash registers" of our stores and sales realised by our logistics companies to our franchisees.

All secondary income (from financial services, travel, rental income, franchise licence fees, etc.) will be accounted for on a separate line called "Other income" to be classed under the sales line in the income statement.

FINANCIAL INSTRUMENTS

Given that IAS Standards 32 and 39 concerning financial instruments were only recently adopted by the European Commission, they are optional in 2004.

Since the Group did not opt for the premature application of these standards, only the 2005 accounts will be affected.

The major consequence of the application of these standards would be, in particular, the reclassification of shares owned in reduction to shareholders' equity.

The shares owned and held for use in stock option plans were classified as short term investments under French GAAP and were therefore included in the calculation of net debt. In the event of a loss in value, a provision would be passed in the income statement.

Under IFRS, the shares owned reduce shareholders' equity and variations to their market value do not have an effect on the financial statements.

INVESTMENT PROPERTIES

Under IAS Standard 40, property classified as "investment property" (property held for receiving rents or for capital accumulation), can be revaluated at its true value.

Whatever option is chosen, the true value of these properties must be supplied in the Annex.

Shopping malls are considered investment properties. The Group opted not to revalue them.

FOREIGN CURRENCY TRANSLATION

In accordance with the option allowed under IFRS Standard 1, differences on foreign currency translation originating from the conversion of a foreign subsidiary's accounts and accounted for under consolidated shareholders' equity distinct from reserves, should be transferred from this item into reserves as of January 1, 2004.

OTHER STANDARDS

No other IAS/IFRS standard calls for special mention or would have a major impact on the opening IFRS balance sheet through its application.

PUBLICATION

The half-year accounts as at June 30, 2005, will be presented according to the new accounting standards with comparable financial statements as at June 30, 2004, along with a restated opening shareholders' equity. The Group will send out a notice showing the impact of the IFRS standards changeover on the 2004 accounts during the month of June 2005 (impact on shareholders' equity as at January 1, 2004, and comparison as at December 31 and June 30, 2004 with accounts drawn up according to French GAAP and the IFRS standards). The latter would be subject to certification by the Auditors.

RISK MANAGEMENT

FINANCIAL RISKS

Exchange risk

The Group's activities throughout the world are carried out by subsidiaries primarily operating in their own countries (purchases and sales are made in local currencies.) Consequently, the Group's exposure to foreign exchange risk on its commercial transactions is naturally limited.

The risk is essentially with imports. The risk on fixed import transactions is hedged by forward purchases of currencies.

Planned investments in foreign countries are sometimes hedged by exchange rate options.

Local financing is generally carried out in the local currency.

The maturity of foreign exchange transactions is less than one year.

The value of current positions at the year end is shown in Note 25 to the financial statements.

The table below presents the exposure of the Group's financial debt to exchange rate risk:

In millions of euros	Japanese yen	Korean won	Argentinean peso	Pound sterling	Swiss franc	Other	Total foreign currencies	Euro	Total
Debt before management	170	120	146	796	362	62	1,655	8,069	9,724
							17%	83%	100%
Cross currency swap	(100)			(796)	(323)				
Debt after management	70	120	146		39	62	436	9,288	9,724
							4%	96%	100%

Rates risk

Rate risk is managed centrally by our Coordination Centre in Brussels. This entity is obligated to report on its operations and establish a monthly benchmarking system allowing it to identify:

- the result of its activities;
- whether or not its activities are compatible with the Group risk policy.

The Risk Committee is responsible for monitoring compliance with the Carrefour Group internal risk limits by the Coordination Centre. The Risk Committee, presided over by the Group's Chief Financial Officer, meets at least every other month.

The Coordination Centre has various reporting obligations to help it with its tasks (weekly, monthly and annually).

The Group's net exposure to interest rate fluctuation risk is reduced by using financial instruments comprising swap and interest rate options.

The types of hedges and the amount of capital hedged as of December 31, 2004 are presented in Note 25 to the financial statements.

We have made a calculation of susceptibility to interest rate fluctuation risk in accordance with the COB Recommendation of January 2003. The result of this calculation (carried out on debt maturing within one year in accordance with Paragraph 6.4.2 of the Recommendation) is as follows:

- if interest rates fell by 1%, interest income would improve by less than 1%;
- if interest rates rose by 1%, interest income would decline by less than 0.5%.

Liquidity risk

Due to the renegotiation of its syndicated loans in 2004, the Group is no longer subject to any financial covenant.

The distribution of debt by maturity and currency is shown in Note 24 and the commitments received from financial entities in Note 26.

Share risk

At December 31, 2004, the Group held 8,316,318 treasury shares accounted for under marketable securities at 296.6 million euros.

These treasury shares are intended to cover unexercised stock option plans as of December 31, 2004, and as a means of regulating stock exchange prices via a liquidity contract.

The sale price of the shares is adjusted to the plan exercise price or to the average market price over the last 20 stock exchange days, as necessary.

(1) COB: *Commission des Opérations de Bourse – Stock Exchange Commission.*

A reduction of 10% in the Carrefour share price would translate to a reduction in net income of 19 million euros. Marketable securities and short-term investments are primarily composed of monetary investments with limited exposure for the Group.

LEGAL RISKS

Companies within the Group are engaged in a certain number of legal proceedings or litigations arising during the normal course of their activities, including disputes with the tax and social security authorities. Charges able to be estimated with sufficient reliability and deemed probable by the companies and their experts have been subject to provisions for risks and charges.

The total provisions related to after sale services, to tax costs and liabilities, social security, and legal risks associated with the Group's activities was 1,095.1 million euros as of December 31, 2004.

None of the proceedings underway in which the Group companies were involved, in the opinion of their experts, is likely to significantly affect the Group's activities, results or financial situation.

INSURANCE

Insurance – covering any risks likely to be incurred by the issuer

The risk management and insurance policy established by Carrefour should, in close collaboration with its operational managers:

- identify and assess risks;
- safeguard human and material assets by a suitable preventative policy;
- ensure that the measures in place limit risk to an acceptable level, while at the same time looking to reduce their probability and gravity,
- envision possible crisis scenarios in order to analyse their potential impact on human, material and immaterial assets;
- closely follow major legal proceedings in order to attempt to reduce their impact;
- provide continuous monitoring of risk awareness, and more specifically of emerging risks;
- arbitrate between risk retention and transfer to the insurance and re-insurance markets;
- improve prevention and management of risks using a dedicated site, allowing the dissemination of standards and best practices in terms of risk management.

Carrefour subscribes to material damage and operating loss, third party liability and construction insurance for all of its subsidiaries. These programmes were taken out with insurers and re-insurers of the highest quality.

The overall cost of insurance was 80 million euros for industrial risks. Recourse to self-insurance is on the order of 20% of the full sum. We have not listed specific known insurable risks on the traditional insurance market which are not covered.

Damages and operating loss coverage

This category, along with civil liability, has been identified as a major risk for Carrefour, its employees, partners, customers and shareholders.

The objective of this insurance is to protect the assets shown on the balance sheet.

The damage insurance taken out by Carrefour covers its assets and any operating losses. It also extends to rented and borrowed assets.

The global capacity of the package totals 152,000,000 euros.

The programme consists of two successive policies. This means that it can respond to the needs of each of the Group's formats (hard discount store, supermarkets, hypermarkets and logistics). The global capacity of 152 million euros covers cumulative operating loss and damages. Deductibles vary according to type, direct damage or operating loss, in order to cover the Group's different formats.

Please note that although damage insurance for goods and operating losses had been set up across the whole of Carrefour, it also covers entities at the local level by taking into account the particularities of each store, arising from its location in the world, and does so on top of the existing local policy.

In this way, the damages policy represents as nearly as possible the best coverage offered by the world insurance market.

Moreover, Carrefour is looking at alternative solutions from within the insurance market to try to alleviate the failure by the traditional insurance market to cover certain risks.

Civil liability coverage

Civil liability insurance covers bodily injury, material or immaterial, suffered by a third party. Most Carrefour locations are classed as ERP (Establishment Receiving the Public) therefore its exposure to risk incurred through receiving the public must be carefully considered, and monitored with vigilance.

Third party liability insurance as taken out by Carrefour is intended to cover loss(es) caused to one/many third parties in the operational civil liability area, in post-delivery civil liability for products supplied, or even to cover losses originating from Carrefour's professional liability.

The civil liability cover taken out complies with standard professional practices. The programme was constructed around three successive policies. This includes the so-called "local" line, which takes into account all local particularities within each country.

Carrefour has subscribed to this coverage to adhere to the conditions offered by the traditional insurance market. Nevertheless, as with damages, Carrefour is exploring the feasibility of setting up alternative insurance schemes. Deductibles for civil liability vary between 500 euros and 4,000 euros depending on the format concerned.

Construction coverage

Construction coverage is intended to cover those involved in the act of construction as well as the consequences of their actions.

The coverage was set up according to standard industry practices and the limits available in the insurance market for these types of risk

Covering accidental environmental damage risk

Carrefour was covered for the risk of damage to the environment within the scope of its world third party liability insurance programme.

These risks are subject to a special approach to insurance due to the conditions imposed by the re-insurers: coverage for accidental environmental pollution was not being offered.

Nevertheless, Carrefour has taken out protection against the risk of accidental pollution originating either suddenly or gradually.

The maximum coverage is 15 million euros as concerns so-called gradual pollution.

Employee benefits coverage

In accordance with legislation, collective bargaining agreements, and the company's Articles of Association, programmes covering risks associated with workplace, medical, welfare and retirement expenses have been established in each country.

CONSOLIDATED INCOME STATEMENT

In millions of euros	Notes	2004	% var	2003	% var	2002
Net sales	3	72,668.0	3.1	70,486.2	2.6	68,728.8
Cost of sales	4	(56,554.2)	3.5	(54,630.4)	2.7	(53,182.1)
Gross margin		16,113.8	1.6	15,855.8	2.0	15,546.7
Sales, general and administrative expenses	5	(11,792.9)	2.7	(11,478.4)	0.5	(11,419.2)
Other income (expense)	6	596.3	20.8	493.6	(9.8)	547.5
EBITDA	7	4,917.2	0.9	4,871.0	4.2	4,675.0
Depreciation, amortization and provisions	8	(1,683.4)	3.9	(1,619.6)	(1.8)	(1,649.6)
EBIT	9	3,233.8	(0.5)	3,251.4	7.5	3,025.4
Interest income (expense)	10	(424.1)	(8.5)	(463.7)	(12.0)	(526.9)
Income before taxes		2,809.7	0.8	2,787.7	11.6	2,498.5
Income tax	11	(836.4)	(1.2)	(846.2)	14.9	(736.4)
Net income from recurring operations of consolidated companies		1,973.3	1.6	1,941.5	10.2	1,762.1
Net income from companies consolidated by the equity method	12	101.4	(5.4)	107.2	(0.2)	107.4
Net income from recurring operations		2,074.7	1.3	2,048.7	9.6	1,869.5
Minority interests		(93.6)	(15.4)	(110.7)	(35.2)	(170.8)
Net income from recurring operations, Group share		1,981.1	2.2	1,938.0	14.1	1,698.7
Amortization of goodwill	13	(319.3)	0.4	(318.0)	2.7	(309.7)
Net income from recurring operations, Group share after amortization of goodwill		1,661.8	2.6	1,620.0	16.6	1,389.0
Non-recurring income, Group share	14	(275.0)	NS	9.1	NS	(14.9)
Non-recurring income, minority share		28.8	NS	(2.2)	NS	(5.5)
Total net income		1,509.2	(13.1)	1,737.6	12.9	1,539.4
Net income, Group share		1,386.8	(14.9)	1,629.1	18.6	1,374.1

In euros	Notes	2004	% var	2003	% var	2002
Net income from recurring operations, Group share before amortization of goodwill per share after dilution ⁽¹⁾		2.73	2.5	2.67	13.7	2.35
Net income from recurring operations, Group share after amortization of goodwill per share after dilution ⁽¹⁾		2.29	2.8	2.23	15.7	1.92
Number of shares used for the calculation	15	726,299,477		728,070,083		734,303,474

(1) Net income from recurring operations per share was calculated based on the average number of shares making up the capital stock during the year and includes the potential dilution resulting from options awarded to management (in 2002, 2003 and 2004) as well as convertible bond issues and redeemable share warrants (2002).

The average number of shares before dilution was 714,407,777 (Note 15).

The average number of shares was calculated taking into account buybacks of 11,022,888 shares carried out between September and December 2004. The actual purchase date of the shares was used to determine the average number of shares and not the date on which the Board of Directors validated the reduction in capital. Had the latter been used for the calculation of the average number of shares, the variations in net income from recurring operations per share before and after amortization of goodwill would have been 2.4% and 2.7% instead of 2.5% and 2.8%.

CONSOLIDATED BALANCE SHEET AT DECEMBER 31, 2004

ASSETS								
In millions of euros	Notes	2004			2003			2002
Intangible fixed assets	16	9,896.6			10,197.8			10,300.5
Tangible fixed assets	17	12,897.3			12,255.0			12,384.5
Long-term investments	18	2,339.4			2,089.1			2,073.2
Fixed assets		25,133.3			24,541.9			24,758.2
Inventories		6,243.2			5,690.7			5,722.8
Trade and supplier receivables	19	3,058.7			3,182.2			3,154.6
Other receivables	20	1,611.4			2,228.1			2,260.2
Marketable securities and short-term investments	21	1,941.8			2,588.5			1,096.7
Cash and cash equivalents		988.5			831.9			1,931.8
Current assets		13,843.6			14,521.4			14,166.1
Total assets		38,976.8			39,063.3			38,924.3
LIABILITIES								
In millions of euros	Notes	2004			2003			2002
		Before appropriation			After appropriation			
Shareholders' equity, Group share	22	7,549.0	7,089.3	6,623.3	6,886.0	6,559.3	6,163.3	
Minority interests in consolidated companies		779.9	891.0	922.7	699.9	821.0	882.7	
Shareholders' equity		8,328.9	7,980.3	7,546.0	7,585.9	7,380.3	7,046.0	
Provision for contingencies and other long-term liabilities	23	1,745.0	1,648.9	1,674.3	1,745.0	1,648.9	1,674.3	
Borrowings	24	9,724.3	11,312.3	12,049.2	9,724.3	11,312.3	12,049.2	
Trade payables		14,362.3	13,660.4	13,278.2	14,362.3	13,660.4	13,278.2	
Other debt		4,816.4	4,461.4	4,376.6	5,559.4	5,061.4	4,876.6	
Total debt		28,902.9	29,434.1	29,704.0	29,645.9	30,034.1	30,204.0	
Total liabilities and shareholders' equity		38,976.8	39,063.3	38,924.3	38,976.8	39,063.3	38,924.3	

CONSOLIDATED STATEMENT OF CASH FLOW

In millions of euros	2004	2003	2002
Operations			
Net income	1,509.1	1,737.6	1,539.4
Depreciation and amortization	2,102.2	2,066.0	1,950.0
Gains and losses from disposals of assets	(69.9)	(190.5)	(266.1)
Change in provisions and other operating resources	(87.0)	(118.4)	(119.0)
Share in income from equity method companies, net of dividends received	(48.0)	(63.2)	(78.5)
Cash flow provided by operations	3,406.4	3,431.6	3,025.8
Change in other short-term assets and liabilities	841.2	323.0	(149.0)
Net cash from operating activities	4,247.6	3,754.6	2,876.8
Investment activities			
Additions of tangible and intangible fixed assets	(2,563.7)	(2,717.3)	(2,423.0)
Additions to investments	(438.6)	(349.9)	(582.0)
Disposals of fixed assets	545.8	883.2	704.7
Disposals of investments	394.3	302.7	245.5
Subtotal of investments net of disposals	(2,062.2)	(1,881.2)	(2,054.8)
Other movements ⁽¹⁾	(84.4)	(84.9)	(1,108.9)
Net cash from investment activities	(2,146.6)	(1,966.1)	(3,163.7)
Financing activities			
Capital increase in cash ⁽²⁾⁽³⁾	(367.6)	17.3	300.4
Dividends paid by Carrefour (parent company) and by consolidated companies to minority interests	(608.9)	(522.5)	(475.5)
Changes in borrowings	(1,588.0)	(737.0)	(1,422.1)
Net cash from financing activities	(2,564.5)	(1,242.2)	(1,597.3)
Impact of exchange rate fluctuations	(26.6)	(154.5)	115.7
Net increase (decrease) in cash and cash equivalents	(490.1)	391.8	(1,768.4)
Cash and cash equivalents at beginning of year	3,420.6	3,028.6	4,797.0
Cash and cash equivalents at end of year	2,930.4	3,420.5	3,028.6

(1) In 2002, the item "Other movements" included 949 million euros corresponding to the payment of Centros Comerciales Carrefour securities tendered under a Share Exchange Offer (OPE).

(2) The amount in 2002 mainly consists of the 211 million euros capital increase carried out by Carrefour SA under the share exchange offer to pay for acquisition of Centros Comerciales Carrefour securities.

(3) The amount in 2004 includes 490 million euros corresponding to the stock buyback programme implemented by Carrefour SA.

STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS EQUITY

In millions of euros	Share Capital	Retained earnings	Shareholders' equity, Group shareoutside	Minority interests
At December 31, 2001	1,777.9	5,208.6	6,986.4	1,205.2
2002 net income		1,374.1	1,374.1	165.3
2002 dividends		(460.0)	(460.0)	(40.0)
Cancellation of dividends on treasury stock				
Issuance of shares ⁽¹⁾	12.4	224.8	237.2	47.6
Foreign currency translation adjustment (Note 22)		(1,856.2)	(1,856.2)	(36.4)
Impact of changes in consolidation scope and other movements ⁽²⁾		(118.2)	(118.2)	(458.9)
At December 31, 2002	1,790.3	4,373.0	6,163.3	882.7
2003 net income		1,629.1	1,629.1	108.5
2003 dividends		(530.0)	(530.0)	(70.0)
Cancellation of dividends on treasury stock				
Issuance of shares			0.0	13.9
Foreign currency translation adjustment (Note 22)		(661.0)	(661.0)	4.9
Impact of changes in consolidation scope and other movements		(42.1)	(42.1)	(119.0)
At December 31, 2003	1,790.3	4 769.0	6 559.3	821.0
2004 net income		1,386.8	1,386.8	122.4
2004 dividends		(663.0)	(663.0)	(80.0)
Cancellation of dividends on treasury stock				
Issuance of shares ⁽³⁾	(28.0)	(352.6)	(380.6)	8.6
Foreign currency translation adjustment (Note 22)		74.0	74.0	5.9
Impact of changes in consolidation scope and other movements ⁽⁴⁾		(90.5)	(90.5)	(178.0)
At December 31, 2004	1,762.3	5,123.7	6,886.0	699.9

(1) The issuance of shares in 2002 essentially came from the creation of shares issued as payment for Centros Comerciales Carrefour securities under the share exchange offer.

(2) The line "Impact of changes in consolidation scope and other movements" in 2002 was also affected by the Centros Comerciales Carrefour share exchange offer:

a) the Group share movement corresponds to the loss in value on held shares issued for the transaction;

b) the movement outside of the group corresponds essentially to minority sales

(3) The reduction in the Group's share of capital and retained earnings in 2004 came essentially from the cancellation of held shares. The difference between company capital in the corporate financial statements and in the consolidated financial statements can be explained by the 216,000 shares classed as shares intended for cancellation in the corporate financial statements and cancelled in the consolidated financial statements.

(4) The reduction in the Group's share of consolidated reserves in 2004 essentially comes from the cancellation of the Group's charges to be allocated at 01.01.04 in anticipation of the application of Opinion 04-15 of the Conseil National de la Comptabilité (National Accounting Council), and from accounting for the provision for long service medals in accordance with Regulation No 2000-06 of the Comité de Réglementation Comptable (Accounting Regulations Committee) in liabilities.

KEY FIGURES BY GEOGRAPHIC REGION

In millions of euros	France		Europe (excl. France)		Latin America		Asia		Total	
	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
Net sales	35,723	35,704	27,123	25,527	4,721	4,619	5,101	4,637	72,668	70,486
EBITDA	2,588	2,766	1,782	1,629	205	164	342	313	4,917	4,871
EBIT	1,965	2,144	1,070	952	50	13	149	143	3,234	3,251
Investments	874	818	1,084	1,169	231	295	336	436	2,525	2,717
- investment for expansion	319	311	555	566	121	193	192	321	1,187	1,391
- investment for maintenance	391	400	365	359	74	78	117	63	947	900
- other investments	164	107	164	244	36	24	27	52	391	427
Net intangible fixed assets	3,415	3,428	5,771	5,995	553	609	158	166	9,897	10,198
Net tangible fixed assets	3,598	3,404	5,994	5,680	1,470	1,439	1,835	1,732	12,897	12,255
Net fixed assets	7,013	6,832	11,765	11,675	2,023	2,048	1,993	1,898	22,794	22,453

TOTAL STORES CONSOLIDATED BY GEOGRAPHIC REGION

In millions of euros	France		Europe (excl. France)		Latin America		Asia		Total	
	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
Hypermarkets	179	178	288	281	157	147	170	144	794	750
Supermarkets	588	566	690	651	211	254	6	-	1,495	1,471
Hard Discount stores	630	578	2,606	2,464	488	413	164	55	3,888	3,510
Other formats	129	126	240	210	-	-	-	-	369	336
TOTAL	1,526	1,448	3,824	3,606	856	814	340	199	6,546	6,067

NET SALES BY COUNTRY

In millions of euros	2004	2003
France	35,723	35,704
Europe (excluding France)	27,123	25,527
Spain	11,736	10,932
Italy	5,878	5,733
Belgium	4,250	4,129
Greece	1,828	1,618
Portugal	1,092	979
Poland	750	713
Switzerland	484	465
Turkey	702	581
Czech Republic and Slovakia	402	376

In millions of euros	2004	2003
Latin America	4,721	4,619
Brazil	2,712	2,701
Argentina	1,068	1,081
Mexico	519	543
Colombia	422	294
Asia	5,101	4,637
Taiwan	1,123	1,132
Korea	1,168	1,129
China	1,391	1,138
Thailand	421	383
Malaysia	204	202
Indonesia	382	345
Japan	326	225
Singapore	86	83

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

Note 1: Accounting principles

The consolidated financial statements were prepared in accordance with French accounting principles. The provisions of Regulation No 99-02 of the Comité de Réglementation Comptable (French Accounting Regulations Committee) relating to the consolidated financial statements, ratified on June 22, 1999, have been implemented since the beginning of fiscal year 1999. These provisions primarily concern the pooling of interests used to consolidate the Promodès Group.

The Group has applied Opinion 04-15 of the National Accountancy Council with respect to the definition, accounting for and evaluation of assets by anticipation. The impact of this change in method is insignificant in the 2004 accounts.

Companies consolidated by full integration are, on the one hand, companies over which Carrefour exercises exclusive control either directly or indirectly and, on the other hand, those it manages through a majority or equal interest. Service companies, over which the Group has a significant influence and for which consolidation would not accurately reflect the Group's business activities, are accounted for by the equity method. Consolidation by full integration, including these service companies, is presented in Note 27.

The Carrefour Group does not include within the scope of consolidation companies which are not individually or globally significant with respect to criteria such as sales, net income, shareholders' equity, debt and fixed assets.

If Carrefour does not have notable influence on the operational or financial decisions of companies in which it holds stock, it is recorded at historical cost under long-term investments. The same applies to immaterial companies. These securities are, if applicable, the subject of a provision for depreciation. The depreciation method is laid down in the section entitled "Long-term investments."

For companies acquired during the year and additional investments, only the results of the period following the acquisition date are shown in the consolidated statement of income. For companies sold during the year and for dilutions, only the results for the period prior to the date of disposal are shown in the consolidated statement of income.

The companies within the scope of consolidation close their accounts at December 31.

Converting financial statements of foreign subsidiaries

For companies located in countries suffering high inflation, namely Colombia and Turkey:

- the fixed assets, investments, shareholders' equity and other non- monetary items are revalued based on the decline in general purchasing power of the local currency during the year;
- all balance sheet items, with the exception of the Group's share of shareholders' equity, are converted to euros based on the exchange rates in effect at year end;
- with respect to the Group's share of shareholders' equity, the opening balance is carried forward at the value in euros at the previous year end; the income used is the amount shown in the statement of income; other movements are converted at current exchange rates. The difference in euros thus created between the assets and liabilities on the balance sheet is recorded in a foreign currency translation account included under shareholders' equity, Group share;
- the income statement in local currency is adjusted for inflation between the transaction date and the end of the year. All items are then converted based on the exchange rates in effect at year end.

For the other companies:

- balance sheet items are converted according to the principles described above but without prior restatement for effects of inflation;
- income statement items in local currency are converted at the average rate for the year, weighted to take into account each company's seasonal activity.

Fixed assets

The tangible and intangible assets, mainly goodwill, for which prospects for future profitability preclude a return on their net book value, are subject to exceptional depreciation. This depreciation is calculated by comparing the net book value of the asset with its useful value and its market value.

The useful value is estimated by discounting future cash flows:

- cash flows over a period of 10 years plus a residual value for tangible fixed assets
- cash flows over a period of 4 years with determination of a terminal value calculated based on an update of the data for the fourth year at the perpetual rate of growth to infinity for goodwill;
- the adjustment rate used is specific to each country.

The adjustment rate for each country takes into account the cost of Group Equity Capital to which is added a specific country risk, as well as the costs and the percentage of Group debt.

The specific country risk is determined using a grid comprising the five weighted indicators below:

- monetary risk
- political and regulatory situation
- competition
- Carrefour's experience curve in the country
- potential for growth in the market.

These rates are the subject to validation by the Group Executive Committee.

The average adjustment rates by region in 2004 were as follows:

- Europe = 7.5%
- Latin America = 11.6%
- Asia = 7.4%

The market value is assessed with regard to recent transactions or professional practices.

Valuation tests are implemented when there are tangible signs of a loss in value (negative operational result).

Intangible fixed assets

Intangible assets acquired by the Groups' companies are recorded under assets at the acquisition price.

Goodwill recorded when equity investments are made is posted as an asset on the balance sheet at the first consolidation after allocation of all identified assets and liabilities.

The so-called "pooling of interests" method is applied when the Group meets the necessary and sufficient conditions to implement it.

Intangible assets deemed equivalent to goodwill are depreciated using the straight line method over the same life as buildings (20 years). Other goodwill is depreciated on a straight line basis over a period not exceeding 40 years. In the event of an irreversible loss of value based on estimates of future income, an exceptional depreciation is made

Other intangible assets correspond essentially to software which is depreciated over periods of one to five years.

Tangible fixed assets

Land, buildings and equipment are evaluated at their original cost price. Depreciation is calculated using the straight line method as a function of the following average life:

Buildings	
- Buildings	20 years
- Grounds	10 years
- Car parks	6 years 2/3
Equipment, fixtures and fittings and installations	
	6 years 2/3 to 8 years
Other fixed assets	
	4 years to 10 years

Acquisitions of fixed assets made through a credit lease agreement are recorded as assets at their cost price at the time of acquisition and depreciated over the period cited above. The debt resulting from the acquisition is recorded under liabilities. On the income statement, leasing fees are replaced by interest on loans and depreciation of the asset. Since fiscal year 2002, new financial leasing agreements as defined by IAS Standard 17 have also been included.

Long-term investments

Investments in fully consolidated companies, as well as dividends received from such companies, are eliminated in consolidation. The assets, liabilities and shareholders' equity of the companies concerned replace these investments.

The acquisition cost of securities is equal to the amount of payment made to the seller plus all other costs net of corporate income tax directly chargeable to the acquisition.

Investments in companies consolidated by the equity method reflect the portion of the consolidated shareholders' equity of these companies belonging to the Group; any corresponding goodwill is presented as an intangible fixed asset.

Investments in unconsolidated companies appear on the balance sheet at cost price. Any related dividends are recorded in the year in which they are received. Such investments are depreciated, if necessary, through provisions that take into account their current value. This value is estimated based on the portion of shareholders' equity (possibly revalued) and the prospect for future profitability.

Inventories

Merchandise inventories are valued at the last purchase price plus any related costs, a method suited to rapid inventory turnover. This price takes into account all of the conditions obtained upon purchase. If necessary, they are brought up to market value at year end.

Marketable securities

Marketable securities are valued at their purchase price or market price if this is lower. Any Carrefour shares acquired by the parent company, either under a stock option plan or as part of a policy of correcting stock exchange prices, appear on the balance sheet at cost price and are depreciated if necessary.

Provisions for risks and charges

Pursuant to Regulation 2000-06 of the Accountancy Regulatory Committee regarding liabilities, any Group obligation with respect to a third party likely to be estimated with sufficient reliability as likely to give rise to resources without counterparty is subject to the establishment of a provision.

Carrefour pays retirement benefits to all persons who work for the Group up until retirement in France and in other countries. All employee benefits are accounted for. This commitment is calculated on an actuarial basis, taking into account factors such as personnel rotation, mortality and salary increases.

Commitments are met through contributions paid to outside agencies or in the form of provisions.

A provision for long service medals has been established in line with the recommendations of the CNC 2003 R-01 of 01/04/03 which has explicitly placed long service medals in the scope of the application of Regulation No 2000-06 on liabilities, for the fiscal years begun after January 1, 2004 onwards.

Income tax

Deferred taxes result from differences between the accounting and fiscal valuation of assets or liabilities.

Deferred taxes involve primarily the provision for retirement benefits, the restatement of amortization, fixed assets acquired under financial leases, amortization of goodwill, tax exempt capital gains or losses and employee profit sharing. Such deferred taxes are calculated at the tax rate in effect at the beginning of the following year using the carry forward method. Deferred tax assets and liabilities are discounted if the impact of discounting is significant.

The rate used to value deferred taxes in France takes into account the impact of additional contributions.

When a tax is due at the time of distribution and this tax is not recoverable in the country where the dividend is received, a provision for taxes is recorded in the amount of any dividends to be paid out.

Sales and profit margin

Sales include only those sales made in stores and warehouses. The cost of goods sold includes logistics costs and rebates as well as purchases and inventory variations.

Opening costs

These costs are recorded in full as operating costs during the first year in which the establishment opens.

Financial instruments

Instruments used by the Group to hedge interest and currency risk are intended to limit the effects of interest rate fluctuations on the Group's variable rate debt, and the effects of foreign exchange rate fluctuations on the Group's currency needs. Income from these instruments is accounted for symmetrically with the income generated by the items covered. Instruments which do not qualify as hedging instruments are compared with their market value. Losses, if any, are provisioned.

Note 2: Highlights for the year

The impact of the following changes to the consolidation scope is insignificant on the 2004 accounts.

Sale of Modelo Continente:

On November 16, 2004, Sonae acquired the 22.37% share in Modelo Continente SGPS, SA from Carrefour. Carrefour received 345 million euros from Sonae in cash corresponding to a value of 1.40 euros per share for Modelo Continente SGPS SA. As part of the sale agreement, Sonae acquired the registered trademarks "Continente", "Mappemonde" and "Jackerton" for use in Portugal from Carrefour. Following this transaction, Carrefour no longer holds interests in Modelo Continente, SGPS, SA.

The net gain, totalling 10 million euros, is recorded as non-recurring income.

Acquisition of Hypernova:

In November 2004, Carrefour signed an irrevocable agreement with AHOLD for the future acquisition of 12 hypermarkets in Poland. On February 24, 2005, Carrefour announced the effective transfer of ownership of these 12 hypermarkets. The transaction received the approval of the Polish Competition Authorities on February 7, 2005.

Thanks to this acquisition Carrefour has become the second Polish hypermarket operator with 29 hypermarkets and more than 70 supermarkets managed under the Champion and Globi banner names.

This transaction had no consequences for the 2004 accounts.

Transactions prior to 2004 with an impact on the financial year

Buyback of minority shareholdings in Carrefour Colombia

In June 2003, Carrefour signed an agreement with Valores Bavaria and Sigla to buyback the shareholdings in Carrefour Colombia of 35% and 10%, respectively.

Carrefour had held 55% of the capital and henceforth wholly owns Carrefour Colombia.

Sale of Costco UK

On October 3, 2003, Carrefour transferred its 20% holding in the capital of Costco Wholesale UK Ltd to Costco Holdings Ltd. The net gain, recorded as non-recurring income, was 23 million euros.

Sale of Carrefour Chile

In December 2003, Carrefour sold its Chilean subsidiary for 100 million euros to the local distribution group "Distribución y Servicios" (D&S).

Carrefour was operating 7 hypermarkets in Chile until that time. The net gain, recorded as non-recurring income, was 12 million euros.

In accordance with Regulation 99-02 (§ 23100) and the treatment previously used by the Group during similar transactions, the charges and income relating to the 2003 operation were presented on a single line in the income statement as non-recurring income.

Borrowing

As part of its definitive disposal of commercial debt made in 2002 with FCC Hexagon, the Group has transferred 500 million euros as of December 31, 2004.

Note 3: Breakdown of net sales by geographic region

In millions of euros	2004	2003	2002
France	35,723.4	35,703.9	35,100.5
Europe (excluding France)	27,122.9	25,526.6	23,607.6
Latin America	4,721.0	4,618.8	5,382.1
Asia	5,100.7	4,636.9	4,638.6
Total	72,668.0	70,486.2	68,728.8

At constant exchange rates, net sales would be 73,306 million euros.

The impact of the variation in exchange rates represented 638 million euros at December 31, 2004, of which 246 million euros are in the Latin America region and 406 million euros in the Asia region.

Note 4: Cost of goods sold

The cost of goods sold includes purchases and changes to inventory as well as logistics costs and supplier discounts.

In millions of euros	2004	2003	2002
Change in inventory	(476.4)	(68.2)	(88.6)
Purchases, net of rebates	57,030.6	54,698.6	53,270.7
Total	56,554.2	54,630.4	53,182.1

The profit margin fell from 22.5% in 2003 to 22.2% in 2004 and reflects the significant investment in price over all countries and formats.

Note 5: Sales, general and administrative expenses

In millions of euros	2004	2003	2002
Personnel costs	6,704.4	6,519.9	6,308.8
Employee profit sharing	145.5	191.0	195.7
Rents	687.6	541.0	508.5
Other general expenses	4,255.3	4,226.5	4,406.2
Total	11,792.9	11,478.4	11,419.2

As in 2003, payroll expenses account for 9.2 % of net sales.

Other general expenses include taxes and duties related to operations, fee expenses, advertising, energy costs, maintenance costs and other outside services. The share of other general expenses in net sales totals 5.9% in 2004 compared to 6.0% in 2003.

The Group's cost cutting policy implemented in 2002 has

resulted in a significant reduction in total, general, and administrative expenses from 16.6% of net sales in 2002 to 16.3% in 2003 and 16.2% in 2004.

Note 6: Other income and expenses

In millions of euros	2004	2003	2002
Income from real estate	289.4	233.0	204.7
Other	306.9	260.6	342.8
Total	596.3	493.6	547.5

Other items includes income and expenses related to operations, pre-opening income and expenses as well as recurring capital gains and losses on disposals related to the management of the Group's real estate holdings.

Note 7: Breakdown of EBITDA by geographic region

In millions of euros	2004	2003	2002
France	2,588.3	2,766.0	2,688.8
Europe (excluding France)	1,782.0	1,628.6	1,461.8
Latin America	204.6	163.7	207.1
Asia	342.4	312.7	317.3
Total	4,917.2	4,871.0	4,675.0

Note 8: Depreciation, amortization and provisions

In millions of euros	2004	2003	2002
Depreciation of tangible fixed assets	1,460.8	1,367.4	1,409.0
Amortization of intangible fixed assets (excluding goodwill)	183.1	189.2	173.3
Provisions	39.6	63.0	67.3
Total	1,683.4	1,619.6	1,649.6

Note 9: Breakdown of EBIT by geographic region

In millions of euros	2004	2003	2002
France	1,965.1	2,143.9	2,064.9
Europe (excluding France)	1,069.9	951.9	795.7
Latin America	50.1	12.6	23.4
Asia	148.7	143.0	141.4
Total	3,233.8	3,251.4	3,025.4

Note 10: Interest income (expense)

In millions of euros	2004	2003	2002
Other investment income	61.5	78.6	135.4
Dividends received	8.2	6.0	7.2
Net cost of debt and other financial interest	(493.8)	(548.3)	(669.5)
Total	(424.1)	(463.7)	(526.9)

The detailed breakdown of the Group's debt is presented in Note 24 on borrowings.

Note 11: Income tax

In millions of euros	2004	2003	2002
Income tax	773.6	917.1	627.9
Deferred taxes	62.8	(70.9)	108.5
Total taxes	836.4	846.2	736.4
Real tax rate (basis: income before taxes and goodwill)	29.8%	30.4%	29.6%
Standard tax rate	33.3%	33.3%	33.3%
Incremental tax	2.1%	2.1%	2.1%
Difference in tax rate of foreign companies	(3.2%)	(3.0%)	(3.7%)
Losses without tax credits and impact of losses carried forward	1.1%	(0.5%)	(0.4%)
Difference in tax treatment		(0.6%)	(1.3%)
Others	(3.5%)	(1.0%)	(0.4%)
Effective tax rate	29.8%	30.4%	29.6%

Variation in deferred taxes

In millions of euros	2004	2003	Variation
Deferred tax assets	1,047.5	911.1	136.4
Deferred tax liabilities	(470.8)	(483.8)	13.0
Balance	576.7	427.3	149.4

The nature of deferred taxes is described in Note 1. These taxes correspond to temporary differences between the accounting and fiscal values of assets and liabilities.

Unused deferred tax assets

In millions of euros	2004
Due date between 2005 and 2014	145.0
After 2015	565.0
Balance	710.0

The amount of unused deferred tax assets at December 31, 2004, was 710 million euros. This essentially corresponds to tax deficits carried forward and unused because their recovery was judged highly unlikely.

Note 12: Net income (expense) from recurring operations of companies consolidated by the equity method

In millions of euros	2004	2003	2002
Gross income of companies consolidated by the equity method	101.4	107.2	107.4
Amortization of goodwill of companies consolidated by the equity method	(8.0)	(8.0)	(7.5)
Net income of companies consolidated by the equity method	93.4	99.2	99.9

A list of companies consolidated using the equity method is given on Page 115.

Note 13: Breakdown of amortization of goodwill by geographic region

In millions of euros	2004	2003	2002
France	(135.0)	(131.4)	(130.5)
Europe (excluding France)	(166.3)	(165.4)	(153.4)
Latin America	(17.4)	(20.7)	(25.3)
Asia	(0.6)	(0.5)	(0.5)
Total	(319.3)	(318.0)	(309.7)

Note 14: Non-recurring income (expense)

In millions of euros	2004	2003	2002
Non-recurring income (expense), Group share	(275.0)	9.1	(14.9)
Non-recurring income (expense), minority share	28.8	(2.2)	(5.5)
Total	(246.2)	6.9	(20.4)

In 2004, the non-recurring income (expense) consisted of the following:

- gains from the sale of investments (Modelo Continente, Optique activity in the Republic of Czechoslovakia) for 10.6 million euros;

- impairment of stores for 28.4 million euros;
- impairment of goodwill on supermarkets in Brazil for 45.4 million euros;
- impairment of other assets for 24 million euros;
- latent loss from the sale of investments in Japan for 90 million euros;
- risk for depreciation of land for 9.8 million euros;
- restructuring and site closure costs for 83.3 million euros (closure of 23 hypermarkets in Argentina, 16 supermarkets and 2 hypermarkets in Brazil, and 20 supermarkets in Spain);
- other elements for a net profit of 24.1 million euros.

In 2003, the non-recurring income (expense) consisted of the following:

- gains from the sale of investments (Optique activity in France and Spain, Costco UK, Chile) for 83 million euros;
- impairment of stores for 26 million euros;
- impairment of goodwill on supermarkets in Brazil and Argentina for 119 million euros;
- reversal of a provision for regulatory risk eliminated during the year for 69 million euros.

In 2002, the non-recurring income (expense) consisted of the following:

- gains from the sale of investments (Petsmart and Dick's Clothing, primarily) for 42.9 million euros;
- gains on the sale of shopping malls for 114 million euros;
- costs of changeover to the euro for 31.5 million euros;
- risk on operating and intangible assets for 46.1 million euros (including 43 million euros on land in Poland);
- restructuring and site closing costs for 46 million euros (closure of 16 supermarkets in Brazil, one hypermarket in Mexico, and one hypermarket in Turkey);
- losses on held shares used for the share exchange offer on Centros Comerciales Carrefour securities for 27.5 million euros;
- other elements for a net expense of 26.2 million euros.

Note 15: Net income per share
Net income from recurring operations per share before dilution

	2004		2003		2002
Net income from recurring operations, Group share before amortization of goodwill (in millions of euros)	1,981.1	2.2%	1,938.0	14.1%	1,698.7
Net income from recurring operations, Group share after amortization of goodwill (in millions of euros)	1,661.8	2.6%	1,620.0	16.6%	1,389.0
Average weighted number of shares	714,407,777		716,142,383		711,164,008
EPS before amortization of goodwill (in euros)	2.77	2.5%	2.71	13.5%	2.39
EPS after amortization of goodwill (in euros)	2.33	2.8%	2.26	15.8%	1.95

Net income from recurring operations after dilution

	2004		2003		2002
Net income from recurring operations, Group share before amortization of goodwill (in millions of euros)	1,981.1	2.2%	1,938.0	14.1%	1,698.7
Net income from recurring operations, Group share after amortization of goodwill (in millions of euros)	1,661.8	2.6%	1,620.0	16.6%	1,389.0
Savings in interest expense net of taxes on:					
10/1999 convertible bond issue (in millions of euros)					7.6
1998 redeemable share warrant issue (in millions of euros)					14.7
Restated net income from recurring operations, Group share before amortization of goodwill (in euros)	1,981.1		1,938.0		1,722.1
Restated net income from recurring operations, Group share after amortization of goodwill (in euros)	1,661.8		1,620.0		1,412.4
Average weighted number of shares	714,407,777		716,142,383		711,164,008
Shares to be issued from:					
10/1999 convertible bond issue					5,903,810
1998 redeemable share warrant issue					6,871,456
Stock options	11,891,700		11,927,700		10,364,200
Other					
Revised number of shares*	726,299,477		728,070,083		734,303,474
Fully diluted EPS before amortization of goodwill (in euros)	2.73	2.5%	2.67	13.7%	2.35
Fully diluted EPS after amortization of goodwill (in euros)	2.29	2.8%	2.23	15.7%	1.92

* The average number of shares was calculated taking into account buybacks of 11,022,888 shares carried out between September and December 2004. The actual purchase date of the shares was used to determine the average number of shares and not the date on which the Board of Directors validated the reduction in capital. Had the latter been used for the calculation of the average number of shares, the variations in net income from recurring operations per share before and after amortization of goodwill would have been 2.4% and 2.7% instead of 2.5% and 2.8%.

Note 16: Intangible fixed assets

In millions of euros	2004	2003	2002
Gross amount of goodwill	11,415.1	11,375.5	11,148.0
Amortization of goodwill	(2,564.3)	(2,244.0)	(1,846.0)
Net goodwill	8,850.8	9,131.5	9,302.0
Other gross intangible fixed assets	2,345.3	2,286.3	2,067.2
Depreciation of other intangible fixed assets	(1,299.6)	(1,220.0)	(1,068.7)
Other net intangible fixed assets	1,045.7	1,066.3	998.5
Net intangible fixed assets	9,896.6	10,197.8	10,300.5

Goodwill

In millions of euros	Gross goodwill end 2003	Accumulated amortization end 2003	New goodwill 2004	Amortization in 2004	Foreign currency translation adjustment	Gross goodwill 2004	Accumulated amortization end 2004	Net goodwill 2004
France ⁽¹⁾	4,180	(1,102)	103	(134)		4,283	(1,236)	3,046
Italy ⁽²⁾	3,289	(367)	61	(83)		3,350	(450)	2,900
Belgium ⁽³⁾	1,113	(201)		(25)		1,113	(226)	887
Spain ⁽⁴⁾	1,432	(293)	71	(42)		1,502	(335)	1,167
Brazil ⁽⁵⁾	435	(116)		(59)	5	441	(175)	266
Argentina ⁽⁶⁾	262	(77)		3	(21)	241	(74)	167
Other countries	665	(88)	(184)	20	5	486	(68)	418
Total	11,375	(2,244)	51	(320)	(11)	11,415	(2,564)	8,851

* Amortization of goodwill for the period includes exceptional depreciation occurring in 2004.

(1) Essentially Comptoirs Modernes and Euromarché. (2) Essentially GS. (3) Exclusively GB. (4) Essentially (raci) minorities. (5) Essentially RDC.

(6) Exclusively Norte.

Breakdown of net intangible assets by geographic region

In millions of euros	2004	2003	2002
France	3,414.6	3,427.6	3,488.2
Europe (excluding France)	5,771.2	5,994.6	5,941.8
Latin America	552.9	609.4	695.8
Asia	157.8	166.2	174.7
Total	9,896.6	10,197.8	10,300.5

Changes to intangible assets

In millions of euros	Gross	Dep and provisions	Net
At January 1, 2004	13,661.8	(3,464.0)	10,197.8
Increases	672.0	(625.0)	47.0
Decreases	(338.0)	78.0	(260.0)
Foreign currency translation	(10.2)	6.6	(3.6)
Changes in consolidation scope and transfers	(225.2)	140.6	(84.6)
At December 31, 2004	13,760.4	(3,863.8)	9,896.6

Note 17: Tangible fixed assets

In millions of euros	2004	2003	2002
Land	3,482.0	3,363.8	3,479.5
Buildings	8,552.6	7,969.2	8,300.7
Equipment, fixtures and installations	10,878.7	9,978.0	8,490.8
Other fixed assets	1,181.2	1,125.5	1,480.2
Fixed assets in progress	881.9	686.5	839.7
Gross tangible fixed assets	24,976.3	23,123.0	22,590.9
Amortization	(12,079.0)	(10,868.0)	(10,206.4)
Net tangible fixed assets	12,897.3	12,255.0	12,384.5

The net value of land, buildings and equipment acquired under financial leases was 377.4 million euros at December 31, 2004 and 387.3 million euros at December 31, 2003.

Breakdown of net tangible fixed assets by geographic region

In millions of euros	2004	2003	2002
France	3,598.2	3,404.0	3,299.3
Europe (excluding France)	5,993.8	5,680.0	5,825.5
Latin America	1,470.0	1,438.9	1,478.6
Asia	1,835.4	1,731.2	1,781.2
Total	12,897.3	12,255.0	12,384.5

Change in tangible fixed assets

In millions of euros	Gross	Dep. and provisions	Net
At January 1, 2004	23,123.0	(10,868.0)	12,255.0
Increases	2,268.0	(1,460.5)	807.5
Decreases	(808.7)	462.0	(346.7)
Foreign currency translation	109.6	(3.5)	106.1
Changes in consolidation scope and transfers	284.5	(209.0)	75.5
At December 31, 2004	24,976.4	(12,079.0)	12,897.3

Note 18: Investments

In millions of euros	2004	2003	2002
Investments in companies accounted for by the equity method ⁽¹⁾	550.5	630.5	607.0
Investments ⁽²⁾	539.7	501.7	507.3
Long-term loans and advances	12.7	11.1	18.8
Deferred taxes	775.3	633.4	576.3
Other	461.1	312.4	363.8
Total	2,339.4	2,089.1	2,073.2

(1) As of December 31, 2004, this item included stock in financial services companies totalling 285.8 million euros.

(2) This item mainly comprises the interests held in Finiper (Italy).

Note 19: Commercial receivables

In millions of euros	2004	2003	2002
Trade receivables	1,057.4	1,136.8	1,281.1
Receivables from suppliers	2,001.2	2,045.4	1,873.5
Total	3,058.7	3,182.2	3,154.6

Trade receivables are essentially those due from the Group's franchisees.

Receivables from suppliers correspond to rebates owed by the Group's suppliers.

Note 20: Other receivables

In millions of euros	2004	2003	2002
Loans and advances due within 1 year	5.5	6.0	10.5
Taxes and duties	410.8	764.4	607.5
Deferred taxes	272.2	277.7	237.0
Other operating receivables	923.0	1,180.0	1,405.2
Total	1,611.4	2,228.1	2,260.2

The other operating receivables item comprises mainly receivables on the sale of property, foreign currency translation and prepaid expenses.

Note 21: Marketable securities and short-term investments

In millions of euros	2004	2003	2002
Marketable securities ⁽¹⁾	422.2	522.7	454.5
Short term investments	1,519.6	2,065.8	642.2
Total	1,941.8	2,588.5	1,096.7

(1) The 422.2 million euros in marketable securities on the Group's balance sheet had a market value of 424.8 million euros at December 31, 2004.

Marketable securities and short-term investments mainly consist of cash and cash equivalents.

Note 22: Foreign currency translation, Group share

The foreign currency translation account, included in the Shareholders' equity, Group share, breaks down as follows:

In millions of euros	
At January 1, 2002	(614)
Change in 2002	(1,856)
At December 31, 2002	(2,470)
Change in 2003	(661)
At December 31, 2003	(3,131)
Change in 2004	(74)
At December 31, 2004	(3,058)

Breakdown of foreign currency translation, Group share by geographic region

In millions of euros	2004	2003	2002
France			
Europe (excluding France)	(94)	(203)	(179)
Latin America	(2,519)	(2,496)	(2,118)
Asia	(445)	(432)	(172)
Total	(3,058)	(3,131)	(2,469)

Note 23: Provisions for contingencies and long-term liabilities

In millions of euros	Dec. 31, 2003	Foreign currency translation adjustment	Allowances	Unused provisions	Used provisions	Changes in consolidation scope and other movements	Dec. 31, 2004
Deferred tax liabilities	483.8	0.0	20.0	(28.0)	(5.0)	0.0	470.8
Allowances for retirement benefits ⁽¹⁾	189.6	0.0		(21.0)	(5.6)	16.1	179.1
Other ⁽²⁾	975.5	10.2	281.7	(28.0)	(125.0)	(19.3)	1,095.1
Total	1,648.9	10.2	301.7	(77.0)	(135.6)	(3.2)	1,745.0

(1) The allowance for retirement benefits is determined at the end of each year by taking into account employee seniority and the probability of their presence in the company at retirement. The calculation is based on an actuarial method integrating hypotheses for changes in salaries and the retirement age. The Group's total allowance as of December 31, 2004 was estimated at 342.2 million euros. It is fully covered by provisions and by payments to outside agencies.

(2) These provisions consist of items related to fiscal and legal risks, with the rest covering risks directly associated with the operations of the company (after sales service disputes, labour risks, etc.).

Note 24: Borrowings

Breakdown of borrowings

In millions of euros	2004	2003	2002
Bonds	7,280.3	8,292.3	7,349.4
Other borrowings	1,470.4	1,787.9	2,927.9
Other long-term debts	185.6	180.3	109.7
Commercial paper	577.1	810.0	1,402.4
Leasing	210.8	241.8	259.8
Total borrowings	9,724.2	11,312.3	12,049.2
Marketable securities	1,941.8	2,588.5	1,096.7
Cash	988.5	831.9	1,931.8
Total investments	2,930.3	3,420.4	3,028.6
Net debt	6,794.0	7,891.9	9,020.7

In 2004, bonds accounted for 75% of total borrowings compared to 73% in 2003

Change in net debt

In millions of euros	2004	2003	2002
Bonds	1,011.9	(942.9)	(394.1)
Other borrowings	317.5	1,140.0	894.5
Other long-term debts	(5.4)	(70.6)	183.8
Commercial paper	232.9	592.4	751.8
Leasing	31.0	18.0	(13.9)
Change in debt	1,588.0	736.9	1,422.1
Marketable securities	(646.8)	1,491.8	(910.4)
Cash	156.6	(1,099.9)	(858.0)
Change net of cash	(490.1)	391.8	(1,768.4)
Change in net debt	1,097.8	1,128.7	(346.3)

A negative number indicates a worsening of net debt, a positive number an improvement. This year our net debt improved by 1,097.8 million euros.

Breakdown of borrowings by interest rate type

In millions of euros	2004	2003	2002
Fixed rate debt	5,628.8	1,018.0	703.0
Floating rate debt ⁽¹⁾	4,095.5	10,294.3	11,346.1
Total	9,724.3	11,312.3	12,049.2

(1) Floating rate debt was either issued as such or was swapped to floating-rate debt from fixed-rate debt upon issuance. During 2004 Carrefour partly restructured the exposure of its debt from a variable to a fixed rate.

Breakdown of borrowings by currency

Loans are presented in their original currency and not the currency after hedging.

In millions of euros	2004	2003	2002
Euro	8,069.1	9,648.0	10,369.9
Japanese yen	170.0	206.4	318.4
US dollar		17.8	22.5
Norwegian kroner		61.1	61.1
Brazilian real	1.1	5.5	41.2
Chinese yuan	9.7	6.3	26.1
Turkish lira	7.4	7.3	7.2
Korean won	120.2	75.5	16.9
Taiwan new dollar	15.8	7.8	23.8
Malaysian ringgit	10.2	10.9	13.1
Argentinean peso	145.5	96.7	109.2
Pound sterling	795.5	795.5	795.5
Swiss franc	361.7	363.2	192.0
Colombian peso	11.4		30.2
Other	6.7	10.3	22.1
Total	9,724.3	11,312.3	12,049.2

The debt in euros represented 83% of the total debt in 2004 compared to 85% in 2003. After swaps, the debt in euros represented 96% of the total debt in 2004, the same as in 2003.

Breakdown by maturity date

Maturities in millions of euros	2004	2003	2002
1 year	2,597.3	4,080.9	3,718.6
2 years	1,061.1	969.0	2,669.1
3 years	771.8	1,059.8	612.6
4 years	992.4	410.3	1,071.9
5 to 10 years	4,055.6	4,545.5	2,893.2
Over 10 years	60.5	59.5	943.1
Undetermined	185.6	187.3	140.7
Total	9,724.3	11,312.3	12,049.2

The average maturity of borrowings was 3.4 years.

As part of its disposal of receivables conducted with FCC Hexagon in 2002, the Group has transferred 500 million euros as of December 31, 2004. These disposals are definitive.

The group has two syndicated loans for 1.5 thousand million euros each with due dates of 2008 and 2009 (the former with the advantage of two possible one-year extensions). These sums are included in the off balance sheet commitments (Note 26).

Bank covenants

The Group took advantage of market conditions in 2004 to delete all references to financial covenants in its bank loans (particularly as concerns its syndicated loans).

Note 25: Financial instruments and currency risk

Financial instruments

Financial instruments are used by the Group to hedge currency and interest rate risks associated with its operations. Each instrument used is tailored to the operations thus covered. Hedging instruments are contracted with first rate banking counterparties. They are managed primarily on a centralised basis.

Currency risk

The Group policy on currency risk management is presented in the Group management report. The market value of hedged positions at year-end was:

In millions of euros		2004	2003	2002
On commercial operations:	Forward purchases	232.9	291.0	137.7
	USD	232.9	291.0	137.7
	Forward sales	3.2	3.6	10.1
	HKD	2.3	3.2	5.6
	JPY	0.2	0.2	4.3
	TRL	0.1		
	MXN	0.5		
	SGD	0.1	0.2	0.2
On financial transactions:	Forward purchases	555.9	292.2	211.7
	USD	177.8	209.4	156.3
	CHF	45.6	1.0	
	HKD	94.3	73.0	52.2
	CZK	70.1	7.7	3.2
	TRL	42.3		
	SGD		1.1	
	SKK	34.8		
	PLN	91.0		
	Forward sales	850.0	370.5	244.4
	USD	290.0	181.0	123.7
	CHF	14.2		
	HKD			6.1
	CZK	146.9	100.9	75.0
	JPY	232.7	81.6	32.2
	TRL	130.1		
	MXM	0.1		
	SKK		4.9	7.4
	SGD		2.1	
	PLN	36.0		
Currency options:	- Purchases	US\$		7.8
	- Sales	US\$		
Total		1,642.0	957.3	611.7

Interest rate risk

The Group's net exposure to interest rate fluctuation risk was reduced through the use of financial instruments such as swaps, forward rate agreements and interest rate options. Hedge types and the corresponding amounts hedged as of December 31, 2004 were as follows:

Average amount outstanding per year of derivative instruments at 31/12/2004

In millions of euros	2005	2006	2007	2008	2009	> 5 years
Carrefour pays fixed (interest rate swap)						
Euribor/fixed quarterly rate (E/360)	2,419	1,256	442	119	4	
Weighted average rate	3.33%	3.36%	3.04%	3.07%	3.08%	
Carrefour pays fixed (forward rate agreement)						
Euribor/fixed quarterly rate (E/360)	333					
Weighted average rate	2.23%					
Carrefour pays variable (issue swap)						
Euribor/fixed rate	735	614	401	232	189	189
Variable/variable (issue swap)						
Euribor/Euribor	20	20	20	20	20	20
Currency swaps (issue swap)						
Carrefour pays Euribor/fixed rate CHF	269	162	40			
Carrefour pays Euribor/fixed rate GBP	796	796	796	796	796	796
Carrefour pays Euribor/fixed rate NOK	41					
Carrefour pays Euribor/fixed rate JPY	50	50	50	49		
Cap purchases						
Average outstanding	2,387	2,101	458			
Strike price	3.18%	3.64%	3.50%			
Weighted average premium ⁽¹⁾	31.00	23.00	25.00			
Floor purchases						
Average outstanding	1,917	917				
Strike price	2.97%	3.19%				
Weighted average premium ⁽¹⁾	25.00	25.00				

Notional amount outstanding on derivative instruments at year-end by maturity

In millions of euros	31/12/03	- one year	1 to 5 years	+ 5 years	31/12/04	- one year	1 to 5 years	+ 5 years
Carrefour pays fixed (interest rate swap)								
Euribor/quarterly fixed rate (E/360)	12,180	1,812	10,364	4	3,300	1,536	1,764	
Libor JPY/quarterly fixed rate (E/360)	11	11						
Carrefour pays fixed (forward rate agreement)								
Euribor/ quarterly fixed rate (E/36)	14,974	14,974			1,500	1,500		
Carrefour pays variable (issue swap)								
Euribor/fixed rate	6,775		3,181	3,594	1,066	452	614	
Libor US\$/fixed rate	58		58					
Variable/variable (issue swap)								
Euribor/Euribor	442	422		20	20			20
Currency swaps (issue swap)								
Carrefour pays Euribor/fixed rate CHF	323		323		323	161	162	
Carrefour paie Euribor/fixed rate GBP	796			796	796			796
Carrefour paie Euribor/fixed rate NOK	61		61		61	61		
Carrefour paie Euribor/fixed rate JPY	50		50		50		50	
Cap purchases								
Amount outstanding	9,773	5,371	4,402		6,246	3,000	3,246	
Floor purchases								
Amount outstanding					2,000	1,000	1,000	

Effective interest rate on average gross debt

	2004	2003	2002
Debt rate before impact of rate products	3.95%	3.90%	4.30%
Debt rate after impact of rate products	3.83%	3.58%	4.39%

Last year the debt rate included issue swaps. We presented debt rates after issue swaps on one side and debt rate after issue swaps and rate products on the other. This year we are presenting the debt rate before both issue swaps and rate products on one side and the debt rates after issue swaps and rate products on the other.

Note 26: Off balance sheet commitments

The commitments given and received by the Group that are not accounted for on the balance sheet represent unrealized contractual obligations subject to conditions or operations subsequent to the current fiscal year. These commitments are of three types: those pertaining to cash, those associated with the operations of retail outlets and those related to the acquisition of securities. The Group also has rental agreements (with rents payable mainly on the retail outlets it leases and rental payments receivable from its shopping mall stores) which also represent future commitments, given or received.

1. Off-balance sheet commitments related to cash consist of:

- lines of credit representing confirmed lines of credit made available to the Group and undrawn at year end;
- collateral and mortgages given or received mainly within the context of the Group's real estate activity;
- financial instruments used to hedge exposure to exchange and interest rate risk. These instruments are all detailed in Note 25;
- loan commitments given by Group's financial service companies to their clientele as part of their operations, plus bank commitments received.

2. Off-balance sheet commitments pertaining to operations consist of:

- commitments to buy plots of land under the Group's expansion programme;
- various commitments arising from commercial contracts;
- commitments given to complete construction work under the Group's expansion programme;

- rental guarantees and guarantees on shopping mall operators;
 - secured receivables;
- plus other commitments given or received.

3. Commitments relating to the acquisition of securities consist of firm commitments received to purchase or sell securities – mostly in France with respect to the Group's franchising activity – plus options to purchase securities and liabilities guarantees. The liability guarantees received are not disclosed.

4. Commitments related to leasing agreements

At year-end 2004, the Group wholly owned 541 hypermarkets out of the 794 consolidated, 774 supermarkets out of the 1,495 consolidated and 351 hard discount stores out of the 3,888 consolidated. Stores not wholly owned are rented under lease agreements at a cost of 687.6 million euros for fiscal year 2004 (see Note 5). Of these agreements, 44% expire in less than 5 years, 21% expire within 5 to 10 years and 34% will expire after more than 10 years. The gross amount of future rental payments, determined as a function of the maximum future commitment made by the Group both in terms of duration and the amount for each of the property rental lease agreements existing to date is 4,271 million euros. The discounted future rental flow corresponds to a commitment of 2,839 million euros.

The Group also owns shopping malls, mainly anchored by its hypermarkets and supermarkets, which are rented out and which represented income of 289 million euros in 2004 (see Note 6). The gross amount of future rental payments receivable, determined as a function of the future commitment made by the lessees, both in terms of duration and the amount of each property rental lease agreement existing to date is 338 million euros. The discounted future rental flow corresponds to a commitment received of 277 million euros.

Commitments

In millions of euros	Dec. 04	Commitments given			Dec. 03
		< one year	1 to 5 years	> 5 years	
Relating to cash	4,816	608	4,165	43	5,186
Commitments, mortgages and collateral	375	116	217	43	754
Discounted notes and securitization	140	138	3	-	385
Financing commitments given by the financial service companies	4,298	355	3,943	-	4,025
Other	2	-	2	-	23
Relating to operations/real estate/expansion, etc.	852	232	396	224	1,202
Land	142	26	99	17	164
Forward purchases (merchandise)	293	189	91	14	712
Other	417	18	206	194	326
Relating to acquisitions of securities	308	308	-	-	161
Commitments to purchase securities	300	300	-	-	134
Liability guarantees	8	8	-	-	27
Relating to lease agreements ⁽¹⁾	4,271	613	1,302	2,355	4,299
Total	10,247	1,762	5,863	2,622	10,848

(1) As part of the changeover to the IFRS standards, the property rental lease agreements were exhaustively reviewed and the evaluation of the minimum rents payable and receivable as of December 31, 2003 were refined.

Commitments received

In millions of euros	Dec. 04	Breakdown by maturity			Dec. 03
		< one year	1 to 5 years	> 5 years	
Relating to cash	6,632	4,407	1,545	681	6,907
Undrawn lines of credit	4,826	3,905	747	175	5,267
Commitments, mortgages and collateral	65	-	65	-	116
Financial service companies' lines of credit	1,741	502	733	506	1,524
Relating to operations/real estate/expansion, etc.	480	276	164	39	278
Relating to acquisitions of securities	152	152	-	-	151
Options to purchase securities	152	152	-	-	134
Liability guarantees					16
Relating to lease agreements ⁽¹⁾	338	89	178	71	313
Total	7,603	4,924	1,888	791	7,649

Note 27 : Consolidated financial data as of December 31, 2004 including fully consolidated service businesses

Services businesses consolidated by the equity method are the financial companies S2P in France, Servicios Financieros Carrefour (formerly Financiera Pryca) and Finandia in Spain, Fimase in Belgium, Banco de Servicios financieros in Argentina and Carrefour Administradora de Cartoes de Credito in Brazil.

Asset and liability items were allocated to the balance sheet according to their type, with the posting of loans to clients under assets and their refinancing under liabilities.

Interest and commissions from financing activities were included in the gross margin, the other items on the income statement were classed according to type.

The consolidated financial statements of these service businesses are shown below.

Consolidated balance sheet before appropriation

In millions of euros	2004	2003
Fixed assets	37.1	32.1
Loans to clients	3,280.3	2,914.2
Other current assets	328.8	392.5
Total assets	3,646.2	3,338.8
Net shareholders' equity, Group share	320.7	298.7
Minority interests in consolidated companies	212.1	199.0
Borrowings	11.7	10.3
Financing of loans to clients	2,937.4	2,699.5
Other debts	164.3	131.3
Total liabilities	3,646.2	3,338.8

Consolidated Income Statement for service businesses

In millions of euros	2004	2003
Gross margin	449.7	396.0
EBIT	159.6	133.9
Minority interests	42.7	39.3
Net income from recurring operations, Group share	56.0	56.7

Note 28: Employees

	2004	2003	2002
Average number of Group employees	409,964	402,256	386,762
Number of Group employees at year-end	430,695	419,040	396,662

COMPANIES CONSOLIDATED USING FULL INTEGRATION AS AT 31 DECEMBER 2004

	Percentage of interest used in consolidation	Commercial business registry number
FRANCE		
@ CARREFOUR B2C MANAGEMENT	100.0	430,472,092
ACTIS	100.0	345,274,310
ALIMENTAIRE SCORE	100.0	333,708,014
ALODIS	100.0	345,130,306
ANDELYSIENNE DE DISTRIBUTION	100.0	384,418,331
ANDRENA	100.0	339,363,095
ANNONAY DISTRIBUTION	100.0	310,380,621
ARBADIS	100.0	395,346,406
ARDAN	100.0	408,857,142
AUCEMA	99.9	398,656,660
BDD	100.0	380,060,210
BIGOURDANE DE DISTRIBUTION	100.0	334,570,298
BOEDIM	100.0	379,874,571
BRIMONT	100.0	423,291,731
BRUMAT	100.0	337,730,683
C.R.P.	100.0	423,404,979
CAMARSYL	100.0	443,499,041
CARAUTOROUTES	100.0	433,970,944
CARBAS	100.0	440,590,222
CARCOOP	50.0	317,599,231
CARCOOP FRANCE	50.0	333,955,912
CARFUEL	100.0	306,094,194
CARREFOUR ADMINISTRATIF FRANCE	100.0	428,240,352
CARREFOUR EUROPE	100.0	420,265,845
CARREFOUR FORMATION HYPERMARCHÉS FRANCE (CFHF)	100.0	433,970,811
CARREFOUR FRANCE	100.0	672,050,085
CARREFOUR HYPERMARCHÉS FRANCE	100.0	428,767,859
CARREFOUR IMPORT SAS (EX-CRFP2)	100.0	434,212,130
CARREFOUR MANAGEMENT	100.0	403,245,061
CARREFOUR MARCHANDISES INTERNATIONALES	100.0	385,171,582
CARREFOUR MOBILIER HYPERMARCHÉS FRANCE	100.0	433,970,886
CARREFOUR MONACO	100.0	92,502,820
CARREFOUR PROPERTY	100.0	775,632,169
CARREFOUR SA	100.0	652,014,051
CARREFOUR SERVICES CLIENTS	100.0	423,697,523
CARREFOUR SYSTÈMES D'INFORMATIONS FRANCE	100.0	433,929,114
CARREFOUR TRÉSO (EX-PROMODÈS TRÉSO)	100.0	428,240,337
CARREFOUR VACANCES	100.0	379,601,974
CASCH	100.0	444,531,180
CASMF	100.0	444,531,388
CDA	100.0	342,416,005
CDM	100.0	379,959,257
CENTRALE INTERNATIONALE DE MARCHANDISES - CIM -	100.0	784,380,586
CHAMNORD	63.6	303,543,128
CHAMPION DOMINIQUE	100.0	327,202,677
CHAMPION SUPERMARCHÉS FRANCE (C.S.F.)	100.0	440,283,752
CHESHUNT FRANCE	100.0	391,027,448
CHRISTHALIE	100.0	344,389,820
CHRISTING	100.0	330,305,558

CM LOGISTIQUE SUD EST	100.0	546,820,143
CMEN	100.0	780,130,126
CMER	100.0	383,836,525
CMMU	100.0	310,226,071
CM SUPERMARCHÉS SUD EST CMSSE	100.0	421,063,256
COFADIS	100.0	353,795,552
COMPAGNIE D'ACTIVITÉ ET DE COMMERCE INTERNATIONAL - CACI -	100.0	352,860,084
COMPTOIRS MODERNES SAS (CMSAS)	100.0	575,450,317
CONTINENT 2001	100.0	430,209,650
CONTINENT FRANCE	100.0	430,209,288
COVIAM 3	100.0	433,928,363
COVICAR 2	100.0	440,274,454
CRFP1	100.0	434,210,985
CRFP10	100.0	444,531,628
CRFP11	100.0	444,531,719
CRFP12	100.0	444,531,750
CRFP4	75.0	440,160,570
CROIX DAMPIERRE	91.6	780,680,781
CSD	74.0	326,220,654
CSD TRANSPORTS	74.0	433,859,154
CV LOGISTIQUE	100.0	379,956,915
DALCINE	100.0	384,776,902
DARTAGNAN	99.9	339,211,450
DAUPHINOISE DE PARTICIPATIONS	100.0	337,748,552
DAVECHRIS	100.0	384,804,134
DISTRABAUD	100.0	402,068,456
DISTRAL AYZAC	100.0	381,342,831
DISTRIBUTION AUX COLLECTIVITÉS - DISCOL -	100.0	788,261,659
DISTRIVAL	100.0	383,257,938
DOP 4	100.0	345,130,520
DUO CONTI	100.0	433,805,124
ED FONCIÈRE RÉGION NORD	100.0	444,525,992
ED FRANCHISE SAS	100.0	434,193,454
EPAGAM	100.0	420,225,104
ERTECO	100.0	303,477,038
ESQUIEZIENNE DE SUPERMARCHÉS (S.E.S)	100.0	332,136,050
ETS CATTEAU	100.0	576,280,101
EUROMARCHÉ	100.0	780,060,414
FINANBUR	100.0	398,123,224
FINIFAC	100.0	409,468,857
FORGES LES EAUX	100.0	419,532,916
FORUM DEVELOPPEMENT	100.0	381,485,176
GEDEL	100.0	395,104,243
GENEDIS	100.0	345,130,512
GILVER	100.0	382,944,684
GML - GRANDS MAGASINS LABRUYÈRE	50.0	314,832,387
GML FRANCE	50.0	397,894,296
GONINET	100.0	315,770,123
GOUDY	100.0	353,898,125
GUALEX	100.0	398,334,649
GUIROVI	100.0	381,618,461
HALLDIS	100.0	391,982,980
HAUTS DE ROYA	100.0	428,470,900
HERVAU	100.0	353,869,662

FULLY CONSOLIDATED COMPANIES AT DECEMBER 31, 2004

	Percentage of interest used in consolidation	Commercial business registry number
IMMOBILIÈRE CARREFOUR	100.0	323,439,786
IMMOBILIÈRE ERTECO SNC	100.0	389,526,617
IMMODIS	100.0	950,340,927
INTERDIS	100.0	421,437,591
JAFI	100.0	329,058,614
JAPIERRE	100.0	325,774,338
JULIEME	100.0	392,746,194
KERISPER	100.0	323,635,367
LA CIOTAT DISTRIIBUTION SNC	100.0	451,625,354
LA LAUFA	100.0	347,465,528
LALAUDIS	99.0	339,176,885
LAPALUS & FILS (ÉTABS)	100.0	795,920,172
LEDAYE	99.9	333,585,354
LOGIDIS	100.0	303,010,789
LORIC	100.0	409,780,491
MAISON JOHANES BOUBÉE	100.0	775,583,248
MANDY	100.0	319,449,708
MANOLY	100.0	331,171, 223
MAPILO	100.0	327,788,105
MARJORIE	99.9	347,619,645
MATEDIS	100.0	383,230,703
MONTVERT	100.0	379,843,139
NEUVYDIS	100.0	351,715,537
ONA	100.0	303,657,084
OOSHOP	95.0	420,153,538
P.R.M.	100.0	352,442,826
PAG (EX-PROMODÈS FRANCE)	100.0	348,593,575
PARADICE	100.0	349,246,280
PERPIGNAN DISTRIBUTION SNC	100.0	451,603,070
PHILEVE	100.0	347,970,592
PLOUHADIS	100.0	385,254,370
PONTORSON DISTRIBUTION	100.0	352,725,808
PRIMO	100.0	320,708,050
PRINTANIA	100.0	321,276,065
PRODIM	100.0	345,130,488
PRODIREST	100.0	342,418,530
PROFIDIS	100.0	323,514,406
PROFIDIS & CIE	99.0	327,753,372
PROPO	100.0	410,690,101
PROVIDANGE	100.0	352,367,239
PYRAMIDE	100.0	428,775,555
PYRÉNÉENNE DE SUPERMARCHÉS (S.P.S)	100.0	331,140,707
RIECOISE	100.0	395,391,774
RIECOISE DE DISTRIBUTION	100.0	421,255,654
RIOMOISE DE DISTRIBUTION SA	100.0	318,623,790
RIOMOISE DE DISTRIBUTION SNC	100.0	329,678,338
ROCHEDIS	100.0	352,057,046
S 2M I	100.0	440,272,789
S.T.D.	100.0	417,597,549
SAB	100.0	419,278,270

SADIM	100.0	303,083,034
SAINT ROMAIN DISTRIBUTION	100.0	403,730,112
SAM	100.0	368,800,785
SAM INVESTISSEMENT	100.0	388,678,955
SARCA	100.0	321,484,131
SARL DE SAINT HERMENTAIRE	100.0	384,235,602
SARL ERTECO EST	100.0	401,636,550
SAUDIS	100.0	338,625,759
SCI POUR LE COMMERCE	100.0	378,384,002
SCI SOGARA MÉRIGNAC	50.0	307,048,975
SELIMA	100.0	411,495,369
SET	100.0	433,964,202
SHF	100.0	387,520,711
SISP	100.0	349,146,878
SMSM	100.0	329,275,978
SNC ED	100.0	381,548,791
SNC ED EST	100.0	402,682,283
SNE & CIE - SOCIÉTÉ NOUVELLE D'EXPLOITATION	100.0	388,182,388
SNEC - SOCIÉTÉ NIORTAISE D'EXPLOITATION COMMERCIALE	50.0	393,600,028
SNM - SOCIÉTÉ NOUVELLE MONTESSON	100.0	404,703,522
SNP	100.0	433,927,332
SOCAMAG	100.0	423,938,042
SOCIÉTÉ DE DISTRIBUTION PLOEUCOISE - SODIP	100.0	325,517,464
SOCIÉTÉ DES ÉTABLISSEMENTS J. CONSTANS	100.0	784,144,354
SOCIÉTÉ DES HYPERMARCHÉS DE LA VÉZÈRE	50.0	382,824,761
SOCIÉTÉ D'EXPLOITATION AMIDIS & CIE	100.0	319,730,339
SOCIÉTÉ FECAMPOISE DE SUPERMARCHÉS	100.0	305,490,039
SOCIÉTÉ NOUVELLE SOGARA	50.0	441,037,405
SOCODIS	100.0	405,005,307
SODIGIR	100.0	389,504,291
SODISCAF	100.0	398,008,565
SODISOR	100.0	788,358,588
SOECUDIS	100.0	389,551,508
SOFEDIS	100.0	317,516,441
SOFIDIM	100.0	673,820,601
SOFINEDIS	100.0	304,515,380
SOFRED	100.0	342,213,253
SOGADIS	100.0	321,357,543
SOGARA	50.0	662,720,341
SOGARA FRANCE	50.0	397,509,647
SOVAL	100.0	847,250,503
SOCIÉTÉ D'EXPLOITATION CARCOOP	50.0	408,505,824
STOC SUD EST - STOC S.E.	100.0	398,55,606
STROFI	100.0	421,892,134
SUCA	99.9	607,280,039
SUESCUN	100.0	340,023,936
SUPECO	100.0	307,190,777
TAVERDIS	100.0	350,621,652
TERRADIS	100.0	331,015,958
THOMAS DISTRIBUTION	100.0	394,183,040
TILLY DISTRIBUTION	100.0	350,553,517
TOURANGELLE DE PARTICIPATIONS	100.0	339,487,787
VALDIS	100.0	347,381,196
VLS DISTRIBUTION (SUPERMARCHÉ SCHALLER)	100.0	340,468,321

FULLY CONSOLIDATED COMPANIES AT DECEMBER 31, 2004

Percentage of interest used in consolidation

GERMANY

PROMOHYPERMARKT AG & CO. KG	100.0
PROMOHYPERMARKT AG (PHS)	100.0
PROMOHYPERMARKT INTERNATIONAL	100.0
ERTECO DEUTSCHLAND GMBH	100.0

ARGENTINA

CARREFOUR AMERICAS	100.0
CARREFOUR ARGENTINA SA	100.0
DIA ARGENTINA SA	100.0
SUPERMERCADOS NORTE	100.0

BELGIUM

BIGG'S CONTINENT NOORD SA	100.0
BIGG'S SA	100.0
CALANIMO	100.0
CARGOVIL (EX-OUTEX)	100.0
CARREFOUR BELGIUM	100.0
CENTRE DE COORDINATION CARREFOUR	100.0
COTRADIS	100.0
CUSTOMER LOYALTY PROGRAM BELGIUM - CLPB	97.1
ECLAIR	100.0
EXTENSION BEL-TEX	100.0
FAMILYSTORE	100.0
FILMAR	100.0
FILUNIC	100.0
FOURCAR BELGIUM SA	100.0
FRESHFOOD	100.0
GB RETAIL ASSOCIATES SA	100.0
GIB MANAGEMENT SERVICES	100.0
GMR	100.0
KEY SYSTEM	100.0
MABE	100.0
R&D FOOD	100.0
ROB	100.0
SERCAR	100.0
SOCIETE RELAIS	100.0
SOUTH MED INVESTMENTS	100.0
STIGAM	100.0
SUPERTRANSPORT	100.0
TECHNICAL MAINTENANCE SERVICE - TMS	100.0

Percentage of interest used in consolidation

BRAZIL

BREPA COMERCIO PARTICIPACAO LTDA	99.8
CARREFOUR AMERICAS LTDA	100.0
CARREFOUR COMMERCIO E INDUSTRIA LTDA	99.8
CARREFOUR GALERIAS COMERCIAIS LTDA	99.8
CARREFOUR PARTICIPACOES E ADMINISTRACAO SA	99.8
CARREFOUR PARTICIPACOES SA	99.8
CARREFOUR REVENDEDORA DE COMBUSTIVEIS LTDA	99.8
CARREFOUR VIAGENS E TURISMO LTDA	99.8
CONTPAR PARTICIPACOES LTDA	99.8
DIA BRASIL	100.0
ELDORADO	99.8
FARO TRADING SA	99.8
IMOPAR PARTICIPCOES E ADMINISTRACAO IMOBILIARIA LTDA	99.8
LOJIPART PARTICIPACOES SA	99.8
MAPAR PARTICIPACOES LTDA	99.8
MAUA PARTICIPACOES	99.8
NOVA FOCCAR FACTORING FOMENTO COMERCIAL LTDA	99.8
NOVA GAULE COMERCIO E PARTICIPACOES SA	99.8
NTC TRADING S/A	99.8
RDC FACCOR FACTORING FOMENTO COMERCIAL LTDA	99.8

CHINA

BEIJING CARREFOUR COMMERCIAL CO. LTD.	55.0
BEIJING CHAMPION SHOULIAN SUPERMARKET CO. LTD.	78.8
BEIJING DIA-SHOULIAN COMMERCIAL RETAIL CO. LTD.	65.0
CARREFOUR (CHINA) MANAGEMENT & CONSULTING SERVICES CO.	100.0
CHANGSHA CARREFOUR HYPERMARKET	87.0
CHENGDU CARREFOUR HYPERMARKET	
CHAINSTORE COMPANY	92.5
CHENGDU YUSHENG INDUSTRIAL DEVELOPMENT CO. LTD.	100.0
CHONGQING CARREFOUR HYPERMARKET CHAIN STORE	55.0
DALIAN CARREFOUR COMMERCIAL CO. LTD.	65.0
DIA TIAN TIAN (SHANGHAI) MANAGEMENT CONSULTING SERVICE CO. LTD	100.0
DONGGUAN DONESHENG SUPERMARKET CO.	100.0
GUANGZHOU JIAGUANG SUPERMARKET CO.	55.0
HANGZHOU CARREFOUR HYPERMARKET CO. LTD.	65.0
HARBIN CARREFOUR HYPERMARKET CO. LTD.	65.0
HEFEI CARREFOUR	65.0

Percentage of interest used
in consolidation

HUARONG CARREFOUR COMMERCIAL CO. LTD.	55.0
JINAN CARREFOUR COMMERCIAL CO. LTD.	100.0
KUNMING CARREFOUR HYPERMARKET CO. LTD.	69.9
NANJING YUEJIA SUPERMARKET CO. LTD.	65.0
NINGBO CARREFOUR COMMERCIAL	60.0
NINGBO LEFU INDUSTRIAL MANAGEMENT CO. LTD.	100.0
QINGDAO CARREFOUR COMMERCIAL	97.7
SHANGAI CARHUA SUPERMARKET LTD.	55.0
SHANGHAI DIA-LIAN HUA RETAIL CO. LTD.	55.0
SHENYANG CARREFOUR HYPERMARKET CO. LTD.	65.0
SHENZHEN LERONG SUPERMARKET CO. LTD.	95.2
SUZHOU YUEJIA HYPERMARKET CO. LTD.	55.0
THE CARREFOUR (CHINA) FOUNDATION	100.0
TIANJIN FUYE HYPERMARKET CO.	55.0
TIANJIN QUANYE CARREFOUR HYPERMARKETL CO. LTD.	65.0
WUHAN HANFU CHAIN SUPERMARKET CO. LTD.	100.0
WUXI YUEFU SUPERMARKET CO.	60.0
XINJIANG CARREFOUR HYPERMARKET	78.8
ZHUHAI LETIN HYPERMARKET CO. LTD.	100.0

COLOMBIA

GSC SA - GRANDES SUPERFICIES DE COLOMBIA	100.0
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KOREA

CARREFOUR KOREA LTD.	100.0
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SPAIN

CARREFOUR CANARIAS, SA	95.6
CARREFOUR NAVARRA, SL	95.6
CARREFOUR NORTE, SL	95.6
CARREFOURONLINE SL (SUBMARINO HISPANIA)	95.6
CENTROS COMERCIALES CARREFOUR, SA	95.6
DISTRIBUIDORA INTERNACIONAL DE ALIMENTACION (DIASA)	100.0
E-CARREFOUR SA	95.6
GROUP SUPECO MAXOR	95.6
IMMOBILARIA CARREFOUR	66.9
INVERSIONES PRYCA, SA	100.0
NORFIN HOLDER SL	100.0
PUNTOCASH, SA	100.0
SIDAMSA CONTINENTE HIPERMERCADOS, SA	100.0
SOCIEDAD DE COMPRAS MODERNAS, SA (SOCOMO)	95.6

Percentage of interest used
in consolidation

SUPERMERCADOS CHAMPION, SA	95.6
VIAJES CARREFOUR, SL UNIPERSONAL	95.6

GREECE

CARREFOUR MARINOPOULOS	50.0
CITYGATE	50.0
DIA HELLAS	80.0
XYNOS SA	50.0

HONG KONG

CARREFOUR ASIA LTD.	100.0
CARREFOUR GLOBAL SOURCING ASIA	100.0
CARREFOUR TRADING ASIA LTD. (CTA)	100.0
VICOUR LIMITED	100.0

INDONESIA

PT CARREFOUR INDONESIA (EX CONTIMAS)	100.0
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IRELAND

CARREFOUR INSURANCE	100.0
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ITALY

BETA 2003 SRL	98.2
CARREFOUR ITALIA	100.0
CARREFOUR ITALIA IMMOBILIARE	100.0
CONSORZIO CARREFOUR	100.0
DI X DI SRL	98.2
FINCOMER SRL	100.0
FINMAR SPA	98.2
GCA SRL (GALLERIA COMMERCIALE ASSAGO)	80.0
GS SPA (EX-ATENA)	98.2
HYPERMARKET HOLDING	100.0
IMMOBILIARE STELLARE	98.2
MIRTO 92	98.2
SEROMA	98.2
SOCIETA COMERCIO MERIDONIALE	100.0
SOCIETA SVILUPPO COMMERCIALE	100.0
SUMAR SPA	100.0

COMPANIES CONSOLIDATED USING THE EQUITY METHOD AT DECEMBER 31, 2004

	Percentage of interest used in consolidation
JAPAN	
CARREFOUR JAPAN	100.0
LUXEMBOURG	
CARIGES SA	100.0
MALAYSIA	
CARREFOUR MALAYSIA SDN BHD	100.0
MAGNIFICENT DIAGRAPH SDN-BHD	100.0
MEXICO	
CARREFOUR DE MEXICO	100.0
GRANDES SUPERFICIES DE MEXICO SA DE CV	100.0
GRUPO CARREFOUR	100.0
HIPERMERCADOS CARREFOUR SA DE CV	100.0
HIPERSERVICIOS CARREFOUR, SA DE CV	100.0
OPERADORA DE SERVICIOS CARREFOUR, SA DE CV	100.0
NETHERLANDS	
ALCYON BV	93.2
CARREFOUR CHINA HOLDINGS BV	100.0
CARREFOUR INTERNATIONAL SERVICES BV (HYPER GERMANY HOLDING BV)	100.0
CARREFOUR NEDERLAND BV	100.0
FOURCAR BV	100.0
FRANCOFIN BV	100.0
HYPER GERMANY BV	100.0
HYPER INVEST BV	100.0
INTERCROSS ROADS BV	100.0
KRUISDAM BV	100.0
MILDEW BV	100.0
ONESIA	100.0
SOCA BV	100.0
POLAND	
CARREFOUR POLSKA	100.0
PORTUGAL	
CARREFOUR (PORTUGAL)	99.9
DIA PORTUGAL SUPERMERCADOS	100.0
LISPETROLEOS	99.9

	Percentage of interest used in consolidation
CZECH REPUBLIC	
ALFA SHOPPING CENTER	100.0
CARREFOUR CESKA REPUBLIKA	100.0
EDEN DEVELOPMENT	100.0
SHOPPING CENTRE KRALOVO POLE	100.0
USTI NAD LABEM SHOPPING CENTER	100.0
SINGAPORE	
CARREFOUR SINGAPOUR PTE LTD.	100.0
CARREFOUR SOUTH EAST ASIA	100.0
SLOVAKIA	
ATERAITA	100.0
CARREFOUR SLOVENSKO	100.0
SWITZERLAND	
CARREFOUR SUISSE	100.0
CARREFOUR WORLD TRADE	100.0
DISTRIBUTIS SA	40.0
HYPERDEMA (PHS)	100.0
TAIWAN	
PRESICARRE	60.0
THAILAND	
CENCAR LTD.	100.0
NAVA NAKARINTR LTD.	100.0
SSCP THAILAND LTD.	100.0
TURKEY	
CARREFOUR SABANCI TICARET MERKEZI	
AS CARREFOUR SA	60.0
DIA SABANCI SUPERMARKETLERI TICARET	
ANONIM SIRKETI	60.0
INTEM TICARET MERKEZLERI A.S	59.6

COMPANIES CONSOLIDATED USING THE EQUITY METHOD AT DECEMBER 31, 2004

France	Percentage of interest used in consolidation	Commercial business registry number
FRANCE		
ALTIS	50.0	310,710,223
BEARBULL	50.0	423,143,718
CARMA	50.0	330,598,616
CARMA VIE	50.0	428,798,136
DEFENSE ORLEANAISE	50.0	085,580,728
DISTRIMAG	50.0	301,970,471
HAMON INVEST	50.0	431,586,502
HYPARLO	20.0	779,636,174
HYPERMARCHES DES 2 MERS - H2M	50.0	393,248,554
PROVENCIA SA	50.0	326,521,002
S2P - SOCIETE DES PAIEMENTS PASS	60.0	313,811,515
SA BLADIS	33.3	401,298,583
SCI LATOUR	60.0	333,337,053
SOCIETE RESEAU FRANCE BILLET	45.0	414,948,638
SOCIETE SUPERMERCHE DU BASSIN - SSB	50.0	324,754,894

The percentage interest is equal to the percentage control.

	Percentage of interest used in consolidation
ARGENTINA	
BANCO CETELEM ARGENTINA SA	40.0
BANCO DE SERVICIOS FINANCIEROS SA	60.0
HIPERBROKER	65.0
BELGIUM	
FIMASER	60.0
BRAZIL	
AGROPECUARIA LABRUNIER LTDA	99.8
AGROPECUARIA ORGANICA DO VALE	80.2
AGROPECUARIA VALE DAS UVAS SARL	99.8
CARREFOUR ADMINISTRADORA DE CARTOES DE CREDITO, COMERCIO E PARTICIPACOES LTDA	59.9
FAZENDA SAO MARCELO SA	99.8
SPAIN	
CORREDURIA DE SEGUROS CARREFOUR	71.7
COSTASOL DE HIPERMERCADOS, SL	32.5
DIAGONAL PARKING, SC	55.0
FEU VERT IBÉRICA, SA	47.8
FINANDIA EFC	100.0
GLORIAS PARKING SA	47.8

	Percentage of interest used in consolidation
SPAIN (continued)	
IILITURGITANA DE HIPERMERCADOS, SL	32.5
INTERING SA	47.8
SICIONE, SA	33.0
SERVICIOS FINANCIEROS CARREFOUR EFC (FINANCIERA PRYCA)	57.5
ITALY	
ASTRA SPA	49.0
GRUPPO LUCIANI SPA	49.0
IL BOSCO SRL	40.0
IPER ORIO SPA	50.0
IPER PESCARA SPA	50.0
RUMANIA	
HYPROMA	50.0
SWITZERLAND	
DISTRIBUTIS MONCOR SA	20.0
TAIWAN	
CARREFOUR FINANCIAL CONSULTING	50.4

STATUTORY AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2004

This is a free translation into English of the statutory auditors' reports issued in the French language and is provided solely for the convenience of English speaking readers. The statutory auditors' report includes information specifically required by French law in all audit reports, whether qualified or not, which is presented after the opinion on the consolidated financial statements. This information includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the consolidated financial statements. This report, together with the statutory auditors report addressing financial reporting in management's report on internal control, should be read in conjunction with, and construed in accordance with, French law and French auditing professional standards.

In compliance with the assignment entrusted to us at your Annul General Shareholders' Meeting, we have audited the accompanying consolidated financial statements of Carrefour SA for the year ended December 31, 2004.

These consolidated financial statements have been approved by your Board of Directors. Our role is to express an opinion on these consolidated financial statements on the basis of our audit.

Opinion on the consolidated financial statements

We conducted our audit in accordance with the professional standards applicable in France; these standards call for us to take steps to obtain reasonable assurance that the consolidated financial statements do not contain any material anomalies. An audit consists of examining, on a test basis, evidence supporting the amounts disclosed in these financial statements. It also includes assessing the accounting principles used and the significant estimates used in preparation of the financial statements and of assessing the adequacy of their overall presentation. We believe that our audit provides a reasonable basis for the opinion expressed below.

We certify that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position, and results of the consolidated group of companies in accordance with the accounting rules and principles in France.

Without wishing to cast doubt upon the opinion expressed above, we would like to draw your attention to Note 1 of the Annexe which:

- explains the anticipated application of opinion 04-15 of the National Accountancy Council relative to the definition of, accounting for, and the evaluation of assets;
- explains that a provision for long service medals has been set up in accordance with the recommendations of the CNC 2003 R-01 dated April 1, 2003, which has explicitly placed long service medals within the area of application of Ruling 2000-06 on liabilities, for fiscal years begun after January 1, 2004.

Justification of our assessments

Pursuant to the measures of Article L225-235 of the Commercial Code, with respect to the justification of our assessments, we would like to draw your attention to the following points:

As indicated in Note 1 of the Annexe, tangible and intangible assets, mainly goodwill for which expected future profitability will not allow the recuperation of their net book value, have been the subject of an exceptional depreciation determined by comparing the net book value of the asset with its useful and market values. The useful value is based on the present value of future cash flows. Impairment tests are performed when there are signs that the asset may be impaired.

We have verified the appropriateness of the accounting methods defined above and information provided in the notes of the Annexe. Moreover, based on the information available at the date of this report, we have assessed the data and assumptions on which these valuation tests were calculated, particularly the cash flow projections made by the company. We have examined the documentation provided, reviewed the calculations made by the company and the procedure used for approving these estimates by management. We have undertaken an assessment of the reasonableness of these estimates.

The assessments thus made fall within the context of our audit of the consolidated financial statements taken as a whole and therefore contribute to the formation of our opinion as expressed in the first part of this report.

Specific procedures and disclosures

Moreover, we have verified the information provided in the report on the Group's management. We have formulated no observations as to whether they are true and fair and in agreement with the consolidated financial statements.

Without wishing to cast doubt upon the opinion expressed above, we would like to draw your attention to the report by the Chairman of the Board of Directors on internal audit, which details the progress on the changeover to the IFRS standards and explains the reasons for not presenting quantitative information on the effects of the transition to the IFRS standards as adopted by the European Union.

Paris la Défense et Neuilly-sur-Seine, March 10, 2005

KPMG Audit
A division of KPMG SA

Jean-Luc Decornoy
Partner

Deloitte Touche Tohmatsu

Jean-Paul Picard
Partner

Frédéric Moulin
Partner

LSF REPORT – 2004

This report has been drawn up in accordance with the terms of the law, on the basis of the organisation of powers in force during the year 2004, particularly as regards corporate governance. The Board of Directors met on February 3, 2005 and decided, on a proposal of the Committee on Remuneration, Appointments and Corporate Governance, to appoint Mr. Luc Vandeveldel Chairman of the Board of Directors and Mr. José Luis Duran Chief Executive Officer. Therefore Mr. Luc Vandeveldel, Chairman of the Board of Directors, has signed this report which, pursuant to Article L.225-37 of the Commercial Code, describes the conditions for the preparation and organisation of the work performed by the Board of Directors during the year 2004 as well as the procedures of internal control set up within the Carrefour Group.

Moreover, the Board of Directors, on this same date, also on the recommendation of the Committee on Remuneration, Appointments and Corporate Governance, decided to propose at the next Shareholders' Meeting to be held on April 20, 2005, the establishment of a Supervisory Board and an Executive Committee. This new organisation of governance would allow for improved separation of powers between a Supervisory Board, the control body, and an Executive Committee, in charge of managing the Group. The roles and compositions of the various governing bodies of the company will be reviewed on that occasion and submitted to the Shareholders' Meeting. Consequently the corporate governance bodies described in the report below are those prevailing during the year 2004 through to February 3, 2005.

1. CORPORATE GOVERNANCE

The composition of the Board of Directors and that of the Board's Committees are indicated in Chapter VI of this reference document

1.1 BOARD OF DIRECTORS

The role of the Board of Directors is essentially:

- to lay down the Group policies with regard to activities, risk management and overall objectives;
- to approve strategy and take account of major changes;
- to approve all acquisitions or disposals of assets likely to have a significant impact on the Group financial statements.

The Board of Directors gave itself internal rules and a Board member's charter in 1998. Their amendments and adaptations were approved by the Board of Directors in a meeting held on August 27, 2002. Each Director must consider himself a representative of the body of shareholders, keep the company's best interest in view at all times and work for the safeguard and development of the company as a whole.

Each Director ensures that the decisions taken in the Board do not favour one part or category of shareholders to the detriment of another. He is mindful that the decisions of the Board of Directors are taken collectively, in the interests of all shareholders.

Each Director shall be attentive to the definition and exercising of the respective powers and responsibilities of the governing bodies in the company.

In particular he has to ensure:

- that the Committees created by the Board are operating properly;
- that the internal control bodies and the auditors are effective
- that no one can exercise discretionary power without control within the company.

The Board of Directors met 6 times during the financial year 2004, the average rate of attendance being 92%:

- the first meeting was dedicated to approving the statutory and consolidated financial statements for the financial year 2003 and preparing the Shareholders' Meeting;
- the second meeting was to define the terms of the Shareholders' Meeting and the responses to written questions from shareholders;
- the third meeting, held at the end of the Shareholders' Meeting, was to define the terms of a stock option plan as well as the conditions for allotting "performance shares" in accordance with recommendations made by the Committee on Remuneration, Appointments and Corporate Governance;
- the next meeting, held in the form of a three day seminar, was dedicated to analysing the activity and strategy of the company;
- the examination of the half year accounts, as of June 30, was the subject of the fifth meeting, during which the conclusions of the Audit Committee, which met during the month of August, were presented;
- finally, debate at the last meeting concerned the state of business and the estimated net income for 2004, defining the terms for restructuring the investment portfolio and reviewing the reports of the Audit Committee and of the Committee on Remuneration, Appointments and Corporate Governance, which summarizes the activity and the assessment of the Board of Directors respectively.

The Chairman of the Board of Directors organises and manages the activities of the latter. To help fulfil these tasks the Board may call upon any person (internal or external to the company) whose expertise and competence may be useful as concerns the subject at hand. Members of the Executive Committee may be called upon to take part in meetings during which subjects of their concern are dealt with. Directors may, at the invitation of the Chairman, take part in work concerning Group strategy.

1.2 COMMITTEES OF THE BOARD OF DIRECTORS

1.2.1 The Audit Committee

1.2.2.1 Duties of the Audit Committee include reviewing: The annual and half year financial statements whereby:

- it examines the statutory and consolidated financial statements before they are presented to the Board of Directors;
- it ensures the relevance and consistency of the accounting methods applied in drawing up the statutory and consolidated financial statements;
- it analyses the interim and preliminary results as well as the notes which accompany them before they are announced publicly;
- it verifies that the procedures for collecting and controlling information ensure the application of the aforementioned accounting methods;
- it reviews changes and amendments to the prevailing principles and accounting rules for drawing up the accounts.

The stock exchange regulations in respect of which it:

- supervises the quality of procedures and information referring to the stock exchange regulations (various filings).

Internal controls and auditing of the company and of its main subsidiaries whereby:

- it assesses the proposals for appointment and renewal of the company's auditors and their fee;
- it assesses, with the internal auditors, the internal controls within the Group.

The risks with respect to which:

- it examines the material, financial, strategic and operational risks of the company regularly with the Board of Directors.

The Committee may benefit from information available with the Group's Chief Financial Officer and the Group Internal Audit Director. By request, it hears the external auditors under the terms it chooses. It has a charter approved by the Board of Directors in 2003.

1.2.2.2 The Committee is made up of four members appointed by the Board of Directors from among its members, including an independent Director. The chairman of the Committee is appointed by the Board of Directors upon a proposal from the Remuneration, Appointments and Corporate Governance Committee.

1.2.2.3 The Committee meets at least three times per year. Two meetings are scheduled before the presentation of the annual and half year accounts. To make valid decisions, one half of its members must attend. A member of the Committee cannot be represented.

1.2.2.4 During the financial year 2004 the Committee proceeded, amongst other things, to examine the management of interest rates risks, the methods of consolidation and the consolidated balance sheet, the key facts and principal options, summaries of the income statement, changes in the balance sheet, in the cash position and funding, paying special attention to off-balance sheet commitments.

The Audit Committee, at each of its meetings, proceeds to review the work carried out by the internal auditors. The Committee watches over the independence of the internal auditors and ensures of the adequacy of the means allocated to them in order to carry out their assignment.

The Audit Committee has also studied the changes in the accounting principles – IFRS standards – and of their impact on the financial statements. The options chosen by the Group and the impact of applying the new standards were presented to the committee, as well as the provisional versions of the opening balances as of January 1, 2004 and the financial statements as of June 30, 2004. These impacts were reviewed in the presence of the Auditors who validated the options. The Audit Committee has controlled progress in the implementation of IFRS standards throughout the year 2004.

1.2.3 The Remuneration, Appointments and Corporate Governance Committee

1.2.3.1 The Committee intervenes in the following areas:

- proposals to the Board of Directors for the appointment of directors;
- proposals for remuneration of company representatives and for allocating Directors' fees;
- analysis of the overall amounts of stock options;
- giving information on the appointment and remuneration of members of the Executive Committee and the main Group managers;
- assessment of the quality of the work performed by the Board of Directors.

1.2.3.2 The Committee is made up of four members appointed by the Board of Directors among its members, two of whom are independent Directors. The Chairman of the Committee is appointed by the Board of Directors.

The Committee meets once a year. It may meet at the request of the Chairman of the Board of Directors or two members of the Committee. In order to deliberate validly, at least half of its members must be present. A member of the Committee may not be represented.

1.2.3.3 During the financial year 2004 the Committee defined and proposed to the Board of Directors the terms under which a share option plan might be offered as well as a "performance shares" plan. It determined the amount of the remuneration of company representatives and the variable part of the said remuneration, defined the conditions under which the term of office of the directors might be renewed, worked out the principles and methods of a succession plan within the Group and proceeded to assess the Board of Directors.

1.3 THE ORGANISATION OF POWERS AND DELEGATIONS

The Chairman of the Board of Directors assumes the general management of the company. Although holding all powers conferred upon him by law to represent the company it is laid down as part of the internal rules that both the Chairman and the Chief Executive Officer and the Deputy Chief Executive Officer must obtain prior authorisation from the Board of Directors for:

- any acquisitions or disposals of assets likely to have a major impact on the financial statements;
- significant operations likely to change the scope of Group activity, its strategy and its financial structure.

It is only when the prior authorisation of the Board of Directors has been obtained that the Chairman and the Chief Executive Officer may initiate a transaction on behalf of the company or, depending on the circumstances, authorise the director of the relevant subsidiary or "business unit" (see *infra* 2.2.1) to initiate a transaction.

The Chairman and Chief Executive Officer has delegated his powers to each of the members of the Group Executive Committee (Comex) according to their respective responsibilities and up to a maximum of 50 million euros. Each member of the Comex systematically accounts for his management during these monthly meetings.

For ordinary transactions, i.e. those provided for in the budget approved by the Comex for each subsidiary or "business unit", each director of a branch or "business unit" acts within the

scope of the authority and responsibilities delegated to him by the Comex member concerned (with a maximum of 15 million euros).

Each director of a subsidiary or "business unit" in turn draws up and implements a system of delegation of powers and responsibilities within his organisation on the basis of guidelines given by the Group.

In 2005 there is provision to supplement existing delegations of authority and responsibilities with a formalised chain of sub-delegations, with respect to both internal persons and third parties, whilst maintaining the required swiftness in decision-making.

2. INTERNAL CONTROL PROCEDURES

2.1 DEFINITION OF INTERNAL CONTROL

The internal control procedures implemented in the Carrefour Group, formalised upon the application of the Financial Security Law, are based on the international COSO Report. This report was published in France in 1994.

Internal control is defined as a process performed by management under the control of the Board of Directors. It is implemented by directors and company personnel and intended to provide reasonable assurance of the achievement of the following objectives:

- implementation and optimisation of operations;
- reliability of financial information;
- and compliance with laws and regulations in force.

One of the objectives of the internal control system is to forecast and manage risks resulting from the company's activity as well as the risk of errors and fraud, particularly in the accounting and financial fields. As with any system of control it cannot, however, give complete assurance that these risks will be totally eliminated.

The part of the report which follows describes the internal control process within the Group, particularly with regard to producing and dealing with accounting and financial information. The Group means all subsidiaries consolidated using the full integration method.

2.2 THE INTERNAL CONTROL ENVIRONMENT

2.2.1 Group organisation

The Group is organised geographically in order to account for local peculiarities. Countries are grouped into regions which are represented at the Group Executive Committee level (Comex) by region managers (Latin America, Asia and Europe). Comex, the executive management body of the Group, also includes the Director of French Hypermarkets because of the predominance of this activity within the Group and the Director of the Hard Discount stores activity where a vertical organisation of management is best suited to its way of operating. The support departments taking part directly in the Comex include human resources, merchandise and finance, the latter including information systems.

The Comex defines strategy and provides guidance. It defines priorities with objectives by country and the major support service projects. It develops worldwide synergies, goals and future expertise. It proposes acquisitions and disposals to the Board of Directors.

The Group is decentralised to the extent that each country directly controls the operational aspects associated with its activity. The activity is divided up into “business units” which are made up of all stores of a given format (for example hypermarket, supermarket, etc.) in a given country. Each “business unit” is run by a management team which includes operational managers, in most cases regional managers and the support service managers required by the activity.

The Group favours the operational hierarchical line which is fully responsible for the profitable development of its “business units”. The operational line manager also defines the extent of support service interventions.

The support services guarantee and promote progress. Their task consists of designing and implementing tools and in making data available for operational staff, identifying synergies and promoting innovations. They have a role as guarantor and whistle blower with respect to methods and practices. If they identify risks they put forward an action plan for the line managers with a view to monitoring them. They are organised in functional networks (or “files”) i.e. within one same support department the countries appoint contacts to operate in a network with other countries or at Group level, to work on projects, exchange best practices or promote actions in their field of expertise. As an example, the country Finance Directors meet several times a year, either all together for exchanges on shared projects or themes, or with the country Finance Directors in their region to monitor progress.

The management of activity and projects is monitored by monthly performance reviews which take place systematically both for the operational line and for the support services.

2.2.2 The system of values

In order to develop a shared culture, Carrefour defined a framework allowing each partner to fulfil his tasks and contribute to the permanence and development of the Group. This framework, the foundation for individual and collective actions, includes values, ambition and guidelines.

The values are: liberty, responsibility, sharing, respect, integrity, solidarity and progress. The ambition defines the aims of the Group with the various stakeholders. The guidelines define the conditions for implementing strategy and supply rules for behaviour and operational management. They are used as a point of reference for decentralised decisions.

The dissemination of this framework and its implementation is achieved in the first instance by training, but also by constant reference within the organisation and management of the company. For example, values have been integrated into the system for assessing top management performance. It defines a working environment which is also used as a reference framework for internal control activity. For example, the dual level decision rule aims at ensuring that unusual decisions are subject to approval by the hierarchy.

2.2.3 The human resources policy

The human resources policy contributes to the improvement of the internal control environment, particularly through the existence of job descriptions, a system for assessing performance and investment in training.

Job descriptions, whether concerning employees or managers, operational or support staff, exist in the main “business units”. The descriptions refer to the controls needed for supervision of the activity and act as a framework for the individual assessment system.

Training schemes outlined in the annual plans are oriented towards progressive mastery of trades combining specific know-how and management. Upon taking up a position, training is provided to improve the mastery of the job or to ensure development.

2.3 RISK MANAGEMENT

The main financial and legal risks are described in Section IV of this reference report. The policy of risk prevention management and insurance is also described above. As far as internal

control is concerned, a specific approach was undertaken following the promulgation of the Financial Security Law dated August 2, 2003.

2.3.1 Mapping risks

Risk mapping was implemented during 2003. It was intended to identify potential risks, internal and external, to measure their relative importance and the probability of their occurrence. The assessment of these risks by country directors and Group directors and of their impact on the financial statements has enabled the selection of the major processes to be reviewed in priority for their internal controls on the basis of a self-assessment questionnaire.

2.3.2 Allocation of ownership: delegations

The Group managers, at all levels, exercise their responsibilities within the limits of defined functions. Each manager is the judge of what he should do to attain the agreed objectives and adapt to circumstances. The freedom of initiative, which this idea or responsibility presumes, requires the observation of rules of delegation of authority, particularly with respect to dealings with third parties. These delegations are in place today for the main operational and support managers. They will be developed through formalised sub-delegations to more managers in 2005, as was said above (see supra 1.3).

2.3.3 Monitoring of risk exposure

In practice, the monitoring of exposure to decentralised risks assumes that those responsible are aware of the risks associated with the activities which they exercise or supervise. The remediation plan resulting from the self-assessment questionnaires and the documentation of internal control procedures are aimed at achieving this. The risk assessment by top management will be updated periodically.

2.4 THE OTHER AREAS OF CONTROL

2.4.1 Quality

Within the scope of quality management and sustainable development the Group has pursued the deployment of its organisation with the quality managers of the various "business units" of the countries, led by the Quality Department at Group Headquarters. During the year 2004 it developed:

- a kit designed to develop distributor brand products i.e. products with our brands and premium priced products, which enables compliance with the Group policy. This kit supplemented the crisis management kit issued previously. The teams ensure appropriation in all countries through the training of management;

- a report covering the "quality of monitored products", the international deployment of which is currently underway, allows homogenous information to be collected for all countries within the Group. The report allows the anticipation of crisis and management of risks by supervising products at all stages of bringing them to market;
- monitoring of product security in order to standardise and optimise the specifications defined in purchasing policy.

To define the principles which serve to guide the action of employees on a daily basis and combat corruption, the Group has issued a code of ethics as a reminder of obligations toward clients, suppliers, partners and shareholders.

Moreover, the Group's commitments to sustainable development is monitored by indicators whose definition has been laid down and which are subject to annual control by internal audit in a significant sample of countries.

In social matters, the charter worked out on the basis of fundamental rights pronounced by the ILO, reinforced in 2000 with the founding of the Infans association in partnership with the FIDH, aims to ensure that the Group's suppliers apply these principles. In 2004, 198 audits were carried out with our suppliers, 58 of which had been subject to a previous audit.

Lastly, some environmental criteria were included in the specifications of monitored products. In this context the hypermarkets in France have carried out a full audit of each of the stores applying the environmental criteria resulting in action plans. The supermarkets, for their part, included environmental criteria in their quality reference documents in 2004 and in their store audit programs.

A rating was requested from Vigéo to assess Carrefour practices in terms of social and environmental responsibility. The assessment of the Group strategy applied to hypermarkets and supermarkets in France allowed us to determine their strengths and weaknesses and to define an action plan.

These audit policies, both in social matters and with regard to the environment, will be pursued in the years to come.

2.4.2 Hygiene and security conditions

The procedures for controlling hygiene and security conditions in which the work is carried out comply with the rules and regulations in force in the countries where the Group operates. The *ad hoc* Committees contribute to the prevention of accidents at work and professional illnesses as well as improving working conditions.

The Hypermarket Division in France has set up a training module for personnel in the management of difficult or conflictual situations between customers and personnel, particularly at the check-outs. It enables them to envisage the most serious situations which might occur in a store and allows them to prepare for these situations. As a reminder; in France during the year 2003 a document allowing the identification and the assessment of the danger related to risks was worked out at joint meetings which included the representatives of Carrefour, trade union organisations, engineers from the Caisse régionale d'assurance maladie, labour inspectors, labour doctors and company associates. This tool, which can be used at any site whatsoever (store, depot or head office), has been approved by the *Caisse régionale d'assurance-maladie* which has promoted it outside of the Group.

2.5 INFORMATION AND COMMUNICATION

In order to allow everybody in the Group to assess the size of his contribution and of the importance of his responsibility in terms of internal control the Group relies on two levers.

2.5.1 The budgetary process

Objectives are set annually within the scope of the budgetary process. This process is organised around the determination of budgetary data at the appropriate levels of responsibility: the department in hypermarkets and supermarkets and the shop for Hard Discount stores. The information is consolidated through various stages of validation, one of the main ones being at "business unit" level (see supra 2.2.1). The activity budget of the "business unit" (see supra 2.2.1) is part of the multi-year strategic plan. Making all managers (i.e. those responsible for an activity net income or for leading teams) responsible for budgetary objectives discussed and approved is an essential component of the effectiveness of management control.

The budget is updated to take into account the final results of the previous year and broken down on a monthly basis so that everyone, at each level, may follow his performance throughout the year. It comprises commercial and financial data and specific performance indicators. During the year the investments provided in the budget are the subject of profitability studies and

specific authorisations. Each month the actual performance is compared to the budgeted performance and that of the previous year.

A summary of performance of the Group and of each country is presented to the Group Executive Committee. The Board of Directors receives a summary of trends in sales every month and of the net income each quarter.

The financial control team is available to help managers draw up and control budgets, take part in validation phases, propose plans of action made necessary by discrepancies found in their implementation and, broadly speaking, guarantee the reliability of the entire process and of the financial details collected from it.

2.5.2 Self-assessment questionnaires

Self-assessment questionnaires on internal control derived from best practices in monitoring risks have been sent to those responsible for selected processes covering the main activities of the Group. These questionnaires reveal the application of internal control on a declaration basis. If controls have not been formalised, or if they are ineffective, a remediation plan is provided containing recommendations to each manager along with a request to define and implement an action plan aimed at improving the internal control system. The documentation of internal control resulting from these questionnaires, sent to all "business unit" managers, allows for the standardization of internal control throughout the Group and enables each activity to benefit from best practices.

In 2004, questionnaires were sent to those responsible for supervising strategic, operational or support activities, selected by using priorities defined during the risk mapping process, on the basis of a sample of 19 "business units" in 10 countries. A remediation plan was issued to improve the controls where they were inadequate and to supplement the internal control system. A follow-up on the first remediation plan issued at the start of 2004 was also performed in 2004.

2.6 STEERING INTERNAL CONTROL

2.6.1 Internal audit

The internal audit department independently assesses the quality of the internal control system set up by management in the various processes throughout the Group. This assessment is carried out according to a standardised control model and examines both effectiveness of operational procedures and accuracy of the various reports, or even the integrity of the information systems. These assignments are carried out in accordance with the standards defined by the professional practices of internal audit. Alongside this primary task, it is also an advisory whistle-blowing body for management on sensitive and strategic issues so that it can improve the Group's organisation and efficiency.

Organisation:

The audit function is carried out full time in countries or in the regions or headquarters by auditors whose professionalism is proven by their training or experience.

Countries are allocated auditors as soon as their size and risk profile justify doing so. Countries without auditors are audited by the audit teams of nearby countries or, if applicable, by teams from Group headquarters.

The audit managers in each country report to the Group Audit Director, the latter reporting himself linked to the Chief Executive Officer and to the Group Audit Committee. The audit managers are placed at local level under the functional responsibility of the executive director of the country.

This organisation is intended to guarantee the independence of auditors whilst facilitating their access to information, on the one hand, and giving audit teams in the countries an ability to react, which is the counterpart to their ability to detect, on the other hand.

In effect, such an organisation means that the size of audit teams, their hiring and their assessment are performed by the Group Audit Director after consulting with the local managers concerned. The definition of the assignments to be carried out is drawn up jointly through the audit plan. The Audit Department's budget as a whole is charged to the Group.

The department is also made up of a team of central auditors whose task is: to carry out assignments at the specific request of the general management, to intervene in reinforcing audit teams in the countries concerned, to intervene in countries where there is no auditor and finally to develop shared tools such as audit approaches, work programmes and even *ad hoc* IT databases.

Assignments:

Assignments given to internal auditors range over all activities performed within the Carrefour Group and are of four types:

- recurring assignments;
- closing assignments;
- follow-up assignments;
- other assignments.

The recurring assignments are intended to promote internal control in all company processes, whether of an operational or financial nature, concerning stores, warehouses or head offices, the retail or services activity (financial services, insurance, etc.).

The closing assignments are those needed on the occasion of drawing up financial statements at the year end or half yearly closings.

The follow-up assignments are those during which internal auditors will ensure that previous recommendations have indeed been implemented. These follow-ups are primarily aimed at major risks.

The audit plan:

The internal audit plan is a forecast of activity which includes budgeting resources with corresponding costs. Based on a risk assessment approach, the audit plans for countries are determined by the countries themselves taking into account the requirements of general and regional managers and their own needs. The audit plan, once consolidated, is approved by the Audit Committee.

The countries' audit plans represent a commitment by general management and any cancellation of an assignment has first to be approved by the Audit Director. Subject to this, it is of course possible to carry out unplanned audits either at the request of countries or general management.

Reports and summaries:

At the end of each assignment the auditor communicates his findings and recommendations to those being audited. The agreement or disagreement of those audited to the proposed recommendations will be included in the final report which, where there is agreement, defines an action plan and determines who is responsible for what and the implementation deadlines.

The implementation of recommendations is the responsibility of the operational managers involved. Ensuring appropriate implementation is the auditors' responsibility.

This assurance is achieved through specific follow-up audits or during audits relating to the same subject as that on which a recommendation has been issued. A complete follow-up is also performed on the databases which indicates the progress in implementing the action plan by those audited.

Summaries, comprising reviews of the achievement of important observations for the quarter and follow-up of former recommendations, are issued quarterly and presented to the executive director in the countries concerned. The same is done at Group level where the Group Audit Director draws up a summary which is presented quarterly to the Chairman, Chief Executive Officer and to the Audit Committee.

At the end of December 2004 the Carrefour Group had 93 auditors who performed 17,789 audit days for the year, including 19% for recurring assignments in stores, 69% for recurring assignments on processes outside stores, and 12% as part of other assignments.

2.6.2 Managerial control

The monitoring of internal control by management is carried out daily in so far as the commercial activity requires vigilance at all times, particularly on the shop floor in stores. The employees and their managers each have job descriptions and a list of control points allowing them to ensure an internal control level compatible with the operations of the respective types of store. These standards, drawn up for each trade, are available as electronic documents on-line to any authorised person.

Moreover, trade experts make their contribution to the guidance of operational teams regarding recommendations in matters of sales concept, organisation and assortment definitions. These specialists act as technical support to operational staff in stores, demonstrating best practices, deploying projects, checking control points and undertaking periodical audits with diagnostics and action plans.

3. INTERNAL CONTROL PROCEDURES FOR ACCOUNTING AND FINANCIAL PURPOSES

3.1 ORGANISATION OF THE ACCOUNTING AND MANAGEMENT FUNCTION

The accounting function is provided by centralised teams in each country. The implementation of one single accounting system, worldwide, for hypermarkets was done over the last few years. This accounting system is about to be extended to the supermarket activity. In particular it has changed the processes and organisation to include shared service centres (processing and payment of invoices for goods, fixed assets, overhead expenses, payroll), allowing similar documentation of procedures in various countries and improving appropriate segregation of tasks. The operating mode of this accounting system is communicated using on-line assistance allowing the user to guide his self.

The financial control management responsible for ensuring that financial information is reliable.

3.1.1 Identical sources for consolidated and management accounting data

Management reporting data is sent to Group headquarters monthly by each country. It includes commercial activity indicators (sales, customer flows, average shopping basket, sales floor space, new store openings, etc) and financial indicators (income statement, balance sheet, cash flow statement, etc.).

The scope of the reporting (companies, methods of consolidation, percentage of interest, etc.) is identical to that applied in the Group consolidated financial statements.

In addition, initial amounts drawn from the countries' statutory accounts are adjusted monthly to include the impact of any consolidation adjustment (for example, goodwill is booked and amortized in the subsidiary's reporting).

In this way the Group uses the same management reporting information for decision making as the one obtained from accounting. The same approach is used for the half yearly closing of consolidated financial statements and financial communication.

A reconciliation is performed at each half yearly closing between management reporting and consolidated financial statements and any differences are reviewed, particularly with respect to classification.

3.1.2 Half yearly and annual financial statements: consolidation, documentation of estimates and accounting options

Consolidation takes place on a half-yearly basis. The subsidiaries adjust the statutory accounts, prepare consolidated financial statements and convert them into euros. The financial directors in these countries have a list of formal controls to carry out on the consolidated financial statements. These control lists are reviewed by centralized financial teams.

The main options and accounting estimates are the subject of systematic reviews by the Group and the country financial directors, in coordination with the local internal and external auditors.

There are two different situations which may arise, depending on whether the option or estimate concerns a country individually or the Group as a whole.

In the first situation, the amounts and approach are initially submitted by the financial director of the country concerned, reviewed and validated by the local external auditors before being presented to the Group. The Group financial management assesses the proposal, approves it with the Group auditors and, depending on the level of significance, with the Audit Committee. Once the decision has been taken, the country is informed and the point is subject to specific review at the time of the half yearly closing.

In the second situation the proposal is made by the financial management of the Group to the Group auditors and to the Audit Committee who will, if applicable, approve the approach and the amounts involved. The information is then relayed to the countries concerned and to the local external auditors whose task is to control the application of the point in the countries' accounts. The financial impact is then measured precisely. These points are systematically subject to individual reviews and a summary is presented to the Audit Committee, and, if applicable, to the Board of Directors at the closing.

In both of these situations, a detailed description is prepared and is retained in the countries and within the financial management of the Group.

3.1.3 Issuance of consolidated financial statements under the new accounting standards

Further to the European ruling on international standards, Carrefour will be adopting the International Financial Reporting Standards (IFRS) from the 2005 financial year onwards. According to the measures of IFRS Standard 1, the first adoption of IFRS standards should include a set of comparative

accounts for the year 2004, drawn up according to the same standards. In order to publish this comparative information Carrefour will have to prepare an opening balance sheet as of January 1, 2004, for which the impacts of the standards changeover will be recorded in retained earnings.

During the year 2004 detailed work has been carried out in all the consolidated entities within the Group to present an estimate which is as reliable as possible of the opening balance sheet as of January 1, 2004, and the pro forma accounts as of June 30, 2004. However, because of their late interpretation, some standards have not been integrated in these financial statements, which means that they cannot be considered as final.

A consolidation of these accounts was performed at Group level and was reviewed by the local auditors and the Group auditors on the basis of the new standards and interpretations available. In December 2004 a presentation of the overall estimate of impacts of the standards changeover, giving details of exceptions, was made to financial analysts. This presentation was also made to the regulating authority, the *Autorité des Marchés Financières*, and made available on the Group's website.

The consolidated financial statements as of December 31, 2004, drawn up according to French GAAP, will be approved by the Board of Directors on March 9, 2005. In view of the time frame to produce the 2004 financial statements, the set drawn up according to the new IFRS standards will only be audited and certified during the second quarter of 2005. It is therefore premature to communicate in the 2004 annual report on the financial statements drawn up on the basis of the new international accounting standards with the required criteria of pertinence and reliability, accompanied by the Auditors' opinion, in accordance with the recommendation of the regulating authority, the *Autorité des Marchés Financières* regarding the transition to IFRS standards.

The half-year financial statements as of June 30, 2005, will be presented according to the new international accounting standards with comparable amounts for June 30, 2004, and an adjusted retained earnings balance. The Group will, during the month of June 2005, be sending out a brochure presenting the impacts of the transition to IFRS standards on the 2004 accounts (impacts on retained earnings as of January 1, 2004, and comparison with the financial statements as of December 31, and June 30, 2004, according to French standards and IFRS.) The latter will be subject to an Auditor's opinion.

3.1.4 Work performed by the external auditors

The task of external auditors is to control the statutory and consolidated financial statements of Carrefour and certify that they provide a true and fair view of the financial situation in a report sent to Group shareholders. Country audits are shared by the two statutory Carrefour auditors, KPMG and Deloitte, to guarantee the highest possible quality.

The auditors perform the following:

- identification of risks and appropriate testing to enable them to give an opinion on the proper nature of, and the true and fair view given by, the accounts according to the significance of amounts in view of the statutory and consolidated financial statements;
- approval of the main treatments and accounting options throughout the year in coordination with country and Group management;
- application of the accounting standards defined by Carrefour in all of its subsidiaries;
- drawing up an audit report in relation to the certification of consolidated financial statements for each of the entities audited and their observations in terms of internal control, then drawing up a general summary for the Group, presenting to management and to the Audit Committee;
- preparing reports for the Group's shareholders.

In this respect, for the 2004 financial year, the Auditors did not disclose any significant weakness or major internal control deficiency as a result of their work.

3.2 CONTROL OVER FINANCIAL COMMUNICATION

3.2.1 Role and task of financial communication

The essential aim of financial communication is to promote to each existing or potential shareholder, and each user of the financial market, and more generally to the public, the financial reputation of the company.

Its objective is to inform:

- continuously: the regularity and quality of information flows must be ongoing. They are fundamental to the company's credibility and guarantee the loyalty of its shareholders;
- by sending a clear and coherent message: communication must allow the investors to acquire an exact and accurate understanding of the value of the company and of the capacity of its management to develop it. The investor needs to be aware to make a decision;
- by ensuring the principle of equality of shareholders with regard to information: any information of a financial nature which may have an impact on the market price is made public through a single centralised source at Group level.

3.2.2 Organisation of financial communication

The financial communication is addressed to a diversified public essentially made up of institutional investors, individuals and employees, through four channels:

- the shareholder relations department is responsible for informing the general public (individual shareholders);
- the Finance Department and the Chief Executive Officer are the sole contacts for analysts and institutional investors;
- the Human Resources Department manages information aimed at employees;
- the Communications Department manages relations with the press.

In practice, the financial message is drawn up in close collaboration between the financial department and the communications department.

It is delivered by the means decreed by law (Shareholders' Meeting) and the regulations of the *Autorité des Marchés Financiers* (periodical publications, communiqués). Beyond the legal obligations, Carrefour employs a large array of media for its financial communication. Carrefour chooses between the press, direct telephone contact, individual meetings or those in response to an event of an exceptional nature, depending on the importance of the event.

3.2.3 Procedure for controlling financial communication

The Finance Department is the exclusive purveyor of financial information.

The internal control over the financial communication process essentially rests on adhering to the principle of equality between shareholders. Any communiqué or important communication is worked out by mutual agreement between the Financial Communications Department, part of the Group Finance Department, and the Communications Department for the Group.

The segregation of duties allows a strict independence between the Comex, the departments concerned (for example the Mergers and Acquisitions Department) and the Financial Communications Service.

4. ACTION PLAN IN TERMS OF INTERNAL CONTROL OVER SUBSEQUENT FINANCIAL YEARS

4.1 DEVELOPMENT OF A DOCUMENTATION FOR PROCESS CONTROLS

The definition of a Group process model includes all of the Group's activities, classified into major processes of a strategic, operational or support nature.

For processes selected in 2003 and in 2004 by the top management, a specific documentation for all employees working on a given sub-process with the same manager lays down the key control points or the best practices in order to monitor risks. This documentation also stresses likely malfunctions should the controls be ineffective and thereby contributes to making the person concerned more responsible. This documentation of internal controls over processes can also be used as a common reference document for all countries and functions within the Group.

4.2 SELF ASSESSMENT QUESTIONNAIRES AND REMEDIATION PLAN FOR INTERNAL CONTROLS

Self-assessment questionnaires ensuring the formalisation and efficiency of internal controls have allowed the assessment of internal controls on a sample of countries in 2003 and 2004 (see supra 2.5.2). In parallel to setting up a remediation plan to supplement internal control wherever it is needed, tests on the reliability of answers given by those responsible for procedures have been performed by internal auditors in particular on controls pertaining to establishing and processing of accounting and financial information. This remediation plan is a personalised recommendation intended for each recipient of the questionnaire and describes the actions to be taken to implement controls and make them formal and effective. It also gives him an indication of the time needed, which is usually brief, to implement corrective actions.

4.3 DEVELOPMENT OF THE APPROACH

The self-assessment procedure leading to formalisation of internal control procedures and their supervision by the operational and functional managers in a coherent framework which covers all of the Group activities shall be pursued. Over the year 2005 the identification of control points for each sub-process, the self-assessment of their effectiveness and their documentation will be extended to new processes. The ongoing remediation plan to implement the internal controls selected in 2004 will also be subjected to testing, allowing the effectiveness of the internal control procedures implemented to be assessed. Finally, a follow-up will be carried out on the remediation plan for procedures selected in 2003 up until the implementation of internal controls by all the countries and appropriation by those concerned by the processes.

Paris, March 8, 2005
Luc Vandeveld
Chairman of the Board of Directors.

Report of the Auditors

IN APPLICATION OF THE LAST PARAGRAPH OF ARTICLE L.225-235 OF THE COMMERCIAL CODE CONCERNING THE REPORT OF THE CHAIRMAN OF THE BOARD OF DIRECTORS OF THE COMPANY CARREFOUR SA, REGARDING THE INTERNAL CONTROL PROCEDURES FOR ISSUING AND PROCESSING ACCOUNTING AND FINANCIAL INFORMATION.

Financial year ended December 31, 2004

Shareholders,

In our capacity as Auditors for the company Carrefour SA and pursuant to the measures of the last paragraph of Article L.225-235 of the Commercial Code, we would like to present to you our report on the report drawn up by the Chairman of your company in accordance with the terms of Article L.225-37 of the Commercial Code for the financial year ended December 31, 2004.

It is the Chairman's duty to describe in his report the conditions of preparation and organisation of the work performed by the Board of Directors as well as the internal control procedures set up within the company. It is our job to provide you with the observations we deem necessary concerning the information given in the Chairman's report on internal control procedures pertaining to the processing and issuance of accounting and financial information.

We performed our work according to the professional standards applicable in France. This requires the implementation of procedural steps aimed at assessing the truth of the information given in the Chairman's report concerning the internal control procedures with respect to processing and issuing accounting and financial information. These steps consisted mainly of:

- reviewing the objectives and the general organisation of internal control as well as the internal control procedures pertaining to the issuance and processing of accounting and financial information, presented in the Chairman's report;
- investigating the work underlying the information given in the report.

In particular, we reviewed the implementation, over a geographic area covering the most significant parts of the group activity, of self-assessment questionnaires on internal control, sent to selected process owners, allowing the application of internal control to be measured on a self-test basis. Moreover, we had access to the main conclusions of the work carried out by the Group's internal auditors on these self-assessment questionnaires.

On the basis of our work we have no observations to bring to your attention on the information given concerning the internal control procedures of the company pertaining to the processing and issuance of accounting and financial information, contained in the report of the Chairman of the Board of Directors, drawn up in compliance with the last paragraph of Article L.225-37 of the Commercial Code.

Paris La Défense et Neuilly-sur-Seine, March 10, 2005

KPMG Audit
A division of KPMG SA

Jean-Luc Decornoy
Partner

Deloitte & Associés

Jean-Paul Picard
Partner

Frédéric Moulin
Partner

Financial data

Consolidated Financial Data and Ratios Over 10 Years

In millions of euros	1995	1996	1997	1998	1999*	2000	2001	2002	2003	2004
INCOME										
Sales including taxes	25,050.9	26,776.8	29,173.4	31,179.3	58,548.5	73,067.2	78,037.1	76,777.0	78,848.0	81,391.6
Sales Net	22,046.0	23,615.1	25,804.9	27,408.7	51,948.1	64,802.0	69,486.1	68,728.8	70,486.0	72,668.0
EBITDA	1,148.1	1,344.3	1,569.6	1,801.2	3,227.8	4,409.9	4,527.6	4,675.0	4,871.0	4,917.2
EBIT	646.8	779.3	934.5	1,086.5	1,955.2	2,725.0	2,825.6	3,025.4	3,251.0	3,233.8
EBIT after amortization of goodwill of consolidated companies	599.6	731.5	885.4	1,030.7	1,798.6	2,422.1	2,472.7	2,723.3	2,940.5	2,914.5
Amortization of goodwill of consolidated companies	47.3	47.9	49.2	55.9	180.8	302.9	352.8	302.1	310.5	319.3
Tax rate in %	30.0%	29.4%	31.8%	33.2%	34.0%	32.2%	26.9%	29.5%	30.4%	29.8%
Net income from recurring operations, Group share	463.1	544.5	631.6	690.4	1,087.3	1,376.6	1,575.1	1,698.7	1,938.0	1,981.1
Net income from recurring operations, Group share after goodwill	410.1	493.8	570.6	615.9	914.5	1,050.4	1,206.6	1,389.0	1,620.0	1,661.8
Net Income Group share	539.1	476.1	546.2	646.7	898.2	1,065.8	1,265.8	1,374.1	1,629.0	1,386.8
FINANCIAL POSITION										
Shareholders' equity before appropriation	3,162.6	3,920.1	4,515.8	4,857.0	7,905.1	9,365.4	8,671.0	7,546.0	7,980.0	8,328.9
Total assets	9,854.8	11,639.0	13,252.9	17,382.7	33,750.5	44,030.6	43,470.0	38,924.3	39,063.0	38,976.8
Net debt (cash position)	(641.2)	(461.0)	338.7	4,108.0	7,597.3	11,007.7	8,674.3	9,020.7	7,892.0	6,794.0
RATIOS										
Net income from recurring operations after goodwill/Net sales (in %)	2.3	2.5	2.6	2.6	2.0	1.8	2.0	2.3	2.5	2.4
EBITDA/Net sales (in %)	5.2	5.7	6.1	6.6	6.2	6.8	6.5	6.8	6.9	6.8
EBIT/Net sales (in %)	2.9	3.3	3.6	4.0	3.8	4.2	4.1	4.4	4.6	4.5
EBIT after amortization of goodwill of consolidated companies/Net sales (in %)	2.7	3.1	3.4	3.8	3.5	3.7	3.6	4.0	4.2	4.0
Net recurring income, Group share/Shareholders' equity, Group share ⁽¹⁾	17.4	17.0	17.2	15.8	14.2	13.2	17.3	22.5	24.7	24.1
Net recurring income, Group share after goodwill/Assets	5.1	5.1	5.1	4.1	3.1	2.6	3.1	4.0	4.4	4.5
EBITDA/Interest income	(22.7)	(20.0)	(26.7)	37.5	11.9	6.2	7.0	8.9	10.5	11.6
Assets/Shareholders' equity ⁽¹⁾	3.3	3.1	3.1	3.8	4.5	4.9	5.3	5.5	5.3	5.1
Net sales/Assets	2.2	2.0	1.9	1.6	1.5	1.5	1.6	1.8	1.8	1.9
Net debt (cash)/Shareholders' equity (in %)	(21.5)	(12.4)	7.9	88.9	100.8	122.9	105.9	128.0	106.9	89.6
Sales turnover (purchase days)	33.0	35.0	41.0	41.0	39.0	42.0	40.0	39.0	38.0	40.0

(*) Pro forma figures in 1999

(1) After appropriation of net income

Total stores

Consolidated store network

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
FRANCE										
Hypermarkets	117	117	117	117	179	179	175	178	178	179
Supermarkets				398	530	539	534	547	566	588
Hard Discount stores	465	356	367	384	418	424	459	487	578	630
Other formats	258	288	321	357	576	584	127	126	126	129
Total	840	761	805	1,256	1,703	1,726	1,295	1,338	1,448	1,526
EUROPE (excluding France)										
Hypermarkets	58	62	68	73	142	187	253	268	281	288
Supermarkets					181	480	548	650	651	690
Hard Discount stores					1,965	2,099	2,210	2,325	2,464	2,606
Other formats					76	263	173	130	210	240
Total	58	62	68	73	2,364	3,029	3,184	3,373	3,606	3,824
BELGIUM										
Hypermarkets							57	57	56	56
Hard Discount stores							72	73	73	77
Other formats							1	1	1	1
Total							130	131	130	134
SPAIN										
Hypermarkets	50	53	56	58	112	116	108	115	119	121
Supermarkets					175	187	167	174	200	190
Hard Discount stores					1,541	1,609	1,649	1,700	1,778	1,836
Other formats					30	27	28	31	32	32
Total	50	53	56	58	1,858	1,939	1,952	2,020	2,129	2,179
GREECE										
Hypermarkets					4	11	11	13	13	16
Supermarkets						85	82	142	101	120
Hard Discount stores					142	181	199	212	221	251
Other formats						46	46		47	60
Total					146	323	338	367	382	447
ITALY										
Hypermarkets	5	6	6	6	6	31	34	34	39	38
Supermarkets						192	173	203	205	226
Other formats					46	190	98	98	130	147
Total	5	6	6	6	52	413	305	335	374	411
POLAND										
Hypermarkets			1	3	7	8	9	13	15	17
Supermarkets					6	15	51	55	67	70
Total			1	3	13	23	60	68	82	87
PORTUGAL										
Hypermarkets	2	2	3	4	5	5	5	6	7	7
Hard Discount stores					273	272	276	281	283	286
Total	2	2	3	4	278	277	281	287	290	293

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
CZECH REPUBLIC										
Hypermarkets					3	6	7	8	9	10
Total					3	6	7	8	9	10
SLOVAKIA										
Hypermarkets						2	4	4	4	4
Total						2	4	4	4	4
SWITZERLAND										
Hypermarkets							8	8	8	8
Total							8	8	8	8
TURKEY										
Hypermarkets	1	1	2	2	5	8	10	10	11	11
Supermarkets						1	3	3	5	7
Hard Discount stores					9	37	86	132	182	233
Total	1	1	2	2	14	46	99	145	198	251
LATIN AMERICA										
Hypermarkets	57	72	84	101	112	120	124	135	147	157
Supermarkets					83	253	263	249	254	211
Hard Discount stores					106	201	263	313	413	488
Total	57	72	84	101	301	574	650	697	814	856
ARGENTINA										
Hypermarkets	12	15	18	21	22	22	22	23	24	28
Supermarkets						138	132	141	141	114
Hard Discount stores					106	201	246	246	285	310
Total	12	15	18	21	128	361	400	410	450	452
BRAZIL										
Hypermarkets	38	44	49	59	69	74	74	79	85	85
Supermarkets					83	115	131	108	113	97
Hard Discount stores							17	67	128	178
Total	38	44	49	59	152	189	222	254	326	360
CHILE										
Hypermarkets				1	2	3	4	4		
COLOMBIA										
Hypermarkets				1	2	3	5	8	11	15
MEXICO										
Hypermarkets	7	13	17	19	17	18	19	21	27	29

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
ASIA										
Hypermarkets	13	24	39	59	80	94	105	123	144	170
Supermarkets										6
Hard Discount stores									55	164
Total	13	24	39	59	80	94	105	123	199	340
CHINA										
Hypermarkets	2	3	7	14	20	24	24	32	40	56
Supermarkets										6
Hard Discount stores									55	164
Total	2	3	7	14	20	24	24	32	95	226
KOREA										
Hypermarkets		3	3	6	12	20	22	25	27	27
HONG KONG										
Hypermarkets		1	2	4	4					
INDONESIA										
Hypermarkets				1	5	7	8	10	11	15
JAPAN										
Hypermarkets						1	3	4	7	8
MALAYSIA										
Hypermarkets	1	2	3	5	6	6	6	6	7	8
SINGAPORE										
Hypermarkets			1	1	1	1	1	1	2	2
TAIWAN										
Hypermarkets	10	13	17	21	23	24	26	28	31	34
THAILAND										
Hypermarkets		2	6	7	9	11	15	17	19	20
GROUP										
Hypermarkets	245	275	308	350	513	580	657	704	750	794
Supermarkets				398	794	1,272	1,345	1,446	1,471	1,495
Hard Discount stores	465	356	367	384	2,489	2,724	2,932	3,125	3,510	3,888
Other formats	258	288	321	357	652	847	300	256	336	369
Total	968	919	996	1,489	4,448	5,423	5,234	5,531	6,067	6,546

SALES AREA OF CONSOLIDATED STORES BY FORMAT

In thousand sq. meters	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Hypermarkets	2,378	2,727	3,075	3,489	4,580	5,256	5,674	6,180	6,510	6,885
Supermarkets					1,195	1,968	2,117	2,132	2,277	2,321
Hard Discount stores				232	794	906	997	1,093	1,255	1,466

SALES AREA OF CONSOLIDATED STORES BY COUNTRY

In thousand sq. meters	Hypermarkets	Supermarkets	Hard Discounts Stores	Total
France	1,681	1,003	372	3,056
Europe (excluding France)	2,425	948	892	4,265
Spain	1,203	279	674	2,156
Italy	274	276		550
Belgium	350	141		491
Greece	112	153	82	347
Poland	157	86		244
Turkey	103	12	53	168
Portugal	66		84	150
Czech Republic	80			80
Switzerland	48			48
Slovakia	31			31
Latin America	1,332	362	160	1,854
Argentina	216	189	102	507
Brazil	736	173	58	966
Colombia	126			126
Mexico	255			255
Asia	1,445	9	42	1,496
China	464	9	42	515
Indonesia	110			110
Japan	75			75
Korea	262			262
Malaysia	77			77
Singapore	15			15
Thailand	182			182
Taiwan	260			260
Group	6,885	2,321	1,466	10,671

CONSOLIDATED HYPERMARKETS DATA

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Annual sales per sq. m (Net sales in euros)	9,270	8,660	7,930	7,410	7,410	8,110	7,214	6,594	6,319	6,109
Annual sales per store (Net sales in millions of euros)	80	86	79	74	66	67	65	58	55	53
Annual customers through check-out (in millions)	653	677	733	818	974	1,115	1,206	1,264	1,355	1,466

BREAKDOWN OF 2004 CONSOLIDATED SALES INCLUDING TAXES BY GEOGRAPHIC REGION AND BY FORMAT

In millions of euros	Hypermarkets	Supermarkets	Hard Discounts Stores	Other formats	Total
France	20,875	8,316	2,297	8,534	40,022
Europe (excluding France)	16,719	5,468	3,788	4 173	30,148
Latin America	4,303	1,036	304	12	5,655
Asia	5,508	5	41		5,553
Group	47,405	14,825	6,430	12,719	81,379

INFORMATION ON STORES UNDER BANNER

	France	Europe (excluding France)	Latin America	Asia	Group
All formats					
Sales including taxes (in millions of euros)	44,727	34,740	5,660	5,553	90,681
Variation 2004/2003 (as %)	(0.4)	5.1	4.1	7.7	2.4
% of the total sales including taxes	49.3	38.3	6.2	6.1	100.0
Number of stores	3,675	6,156	909	340	11,080
Sales area (in m ²)	4,909,006	5,683,689	1,868,763	1,496,267	13,957,724
Hypermarkets					
Sales including taxes (in millions of euros)	23,394	19,085	4,303	5,508	52,290
Variation 2004/2003 (as %)	(2.3)	6.6	6.1	6.9	2.4
% of the total sales including taxes	25.8	21.0	4.7	6.1	57.7
Number of stores	216	325	157	170	868
Sales area (in m ²)	1,904,503	2,697,984	1,332,450	1,445,500	7,380,457
Sales including taxes per sq. m (in euros)	12,284	7,074	3,230	3,810	7,085
Supermarkets					
Sales including taxes (in millions of euros)	13,366	8,280	1,036	5	22,687
Variation 2004/2003 (as %)	1.6	(0.3)	(9.0)		0.4
% of the total sales including taxes	14.7	9.1	1.1	0.0	25.0
Number of stores	1,022	1,137	211	6	2,376
Sales area (in m ²)	1,656,744	1,418,771	361,740	8,726	3,445,981
Sales including taxes per sq. m (in euros)	8,068	5,836	2,865	526	6,584
Hard Discount stores					
Sales including taxes (in millions of euros)	2,332	4,824	321	41	7,517
Variation 2004/2003 (as %)	14.5	9.5	30.6	825.9	12.3
% of the total sales including taxes	2.6	5.3	0.4	0.0	8.3
Number of stores	642	3,587	541	164	4,934
Sales area (in m ²)	379,942	1,112,308	174,574	42,040	1,708,864
Sales including taxes per sq. m (in euros)	6,137	4,337	1,837	973	4,399
Others					
Sales including taxes (in millions of euros)	5,635	2,551			8,187
Variation 2004/2003 (as %)	(2.4)	4.0			(0.5)
% of the total sales including taxes	6.2	2.8			9.0
Number of stores	1,795	1,107			2,902

ADDRESSES OF THE PRINCIPAL SUBSIDIARIES

GROUP

Carrefour Direction Generale

6, Avenue Raymond-Poincaré
75016 Paris
France
Tel.: 00 (33) 1 53 70 19 00
Fax: 00 (33) 1 53 70 86 16

EUROPE

Carrefour Europe

26, quai Michelet
TSA 30008
92695 Levallois-Perret Cedex
France
Tel.: 00 (33) 1 58 63 30 00
Fax: 00 (33) 1 58 63 67 50

FRANCE

Carrefour France

Direction Actifs Hypermarchés
Z.A.E Saint-Guénault
1, rue Jean Mermoz
Courcouronnes - BP 75
91002 Évry Cedex
Tel.: 00 (33) 1 60 91 37 37
Fax: 00 (33) 1 60 79 44 98

BELGIUM

Carrefour Belgium

20, avenue des Olympiades
1140 Bruxelles
Tel.: 00 (32 2) 729 21 11
Fax: 00 (32 2) 729 14 96

SPAIN

Centros Comerciales Carrefour

Calle Campezo, 16
Poligono La Mercedes
28022 Madrid
Tel.: 00 (34 91) 301 89 00
Fax: 00 (34 91) 333 18 36

DIA Spain

Plaza Carlos Trias Bertran, 7
Planta 4a
28020 Madrid
Tel.: 00 (34 91) 456 73 00
Fax: 00 (34 91) 555 77 41

ITALY

Carrefour Italia GS

Via Caldera, 21
20153 Milano
Tel.: 00 (39) 02 48 25 22 61
Fax: 00 (39) 02 48 20 23 25

GREECE

Carrefour Marinopoulos

63, Aghiou Dimitriou
174 56 Alimos - Athènes
Tel.: 00 (302 10) 98 93 400
Fax: 00 (302 10) 98 51 301

POLAND

Carrefour Polska Sp. zo.o

Ulica Targowa, 72
03 734 Varsovie
Tel.: 00 (48) 22 517 21 10
Fax: 00 (48) 22 517 22 04

PORTUGAL

Carrefour Portugal

Edificio Monsanto
Rua Alto do Montijo, lote 1/2
Apartado 7647 Alfragide
2720-180 Amadora
Tel.: 00 (351) 21 424 42 00
Fax: 00 (351) 21 418 26 66

CZECH REPUBLIC

Carrefour Ceska Republika

Podbabska 17
166 24 Prague 06
Tel.: 00 (420) 233 013 300
Fax: 00 (420) 233 013 337

SWITZERLAND

Carrefour Suisse

Industrie Strasse 28
CH 8305 Dietlicon
Tel.: 00 (411) 834 95 95
Fax: 00 (411) 834 95 90

TURKEY

Carrefour SA Carrefour Sabanci Ticaret

Merkezi A.S.
Kisikli Tramvay Caddesi Haluk Sokak.
No. 14
81190 Altunizade - Uskudar - Istanbul
Tel.: 00 (90 216) 531 16 00
Fax: 00 (90 216) 494 22 20

LATIN AMERICA

Carrefour Americas

Dr. Ricardo Rojas 401, 6° piso
C1001AEA - Buenos Aires
Tel.: 00 (54 11) 57 76 10 00
Fax: 00 (54 11) 57 76 10 05

ARGENTINA

Carrefour Argentina

Cuyo 3323 - 1640 Martinez
Provincia de Buenos Aires
Tel.: 00 (54 11) 40 03 70 00
Fax: 00 (54 11) 40 03 77 22

BRAZIL

Carrefour Comercio E Industria Ltda

Rua George Eastman, n° 213
CEP 05690-000 Sao Paulo
Tel.: 00 (55 11) 37 79 60 00
Fax: 00 (55 11) 37 79 66 94

COLOMBIA

Grandes Superficies de Colombia

Avenida 15 No.106 - 57 Piso 4°
Santa Fe De Bogota
Tel.: 00 (571) 65 79 797
Fax: 00 (571) 52 30 344

MEXICO

Carrefour de Mexico SA de CV

Av. Presidente Masaryk 219
Col. Chapultepec Morales
11570 Mexico - DF
Tel.: 00 (52 55) 52 83 29 00
Fax: 00 (52 55) 52 83 29 89

ASIA

Carrefour Asia Limited

Suites 3702-6,37/F Tower 6 The Gateway
Harbour City, 9 Canton Road,
Tsimshatsui
Kowloon - Hong Kong
Tel.: 00 (852) 22 83 40 00
Fax: 00 (52 55) 25 37 64 84

CHINA

Carrefour China

25/F - Shanghai Stock Exchange Building
528 Pudong Nan Road
200120 Pudong Shanghai
Tel.: 00 (8621) 38 78 45 00
Fax: 00 (8621) 68 81 58 77

KOREA

Carrefour Korea Limited

Kyobo Tower 5F, 1303-22
Seocho-Dong, Seocho-ku
Seoul 137-855
Tel.: 00 (822) 30 16 15 00
Fax: 00 (822) 30 16 15 70

INDONESIA

PT Carrefour Indonesia

Carrefour Lebak Bulus 3rd floor
Jl. Lebak Bulus Raya No. 8
Jakarta 12310
Tel.: 00 (62 21) 27 58 58 00
Fax: 00 (62 21) 27 58 57 00

JAPAN

Carrefour Japan Co., Ltd

East Tower, 18th Floor
Akasaka Twin Tower
2-17-22 Akasaka - Minato-ku
Tokyo 107-0052
Tel.: 00 (813) 35 68 19 00
Fax: 00 (813) 35 68 19 38

MALAYSIA

Magnificent Diagrapp Sdn Bhd

3 Jalan SS 16/1
47500 Subang Jaya
Selangor Darul Ehsan
Tel.: 00 (603) 56 31 20 00
Fax: 00 (603) 56 31 33 73

SINGAPORE

Carrefour Singapore Pte. Ltd

No 8, Temasek Boulevard
04-01/02/03
Suntec Tower Three
Singapore 038988
Tel.: 00 (65) 63 33 68 68
Fax: 00 (603) 63 33 61 78

TAIWAN

Presicarr Corporation

2F-1 Back Building,
27, Min-chuan Road
Tamhsui - Taipei County 251
Taipei - Taiwan R.O.C.
Tel.: 00 (88 62) 88 09 49 65
Fax: 00 (88 62) 28 08 36 00

THAILAND

Cencar Limited

Cencar Limited
15/F - Q-House Building
11 South Sathorn Road
Tungmahamek Sathorn
Bangkok 10120
Tel.: 00 (662) 625 44 44
Fax: 00 (662) 677 33 66



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Carrefour SA - French corporation (SA) with capital of 1,762,798,875 euro
Head Office: 6, avenue Raymond-Poincaré - 75016 Paris - RCS Paris 652 014 051

Tel: +33-1 53 70 19 00 / Fax: +33-1 53 70 19 59

www.carrefour.com