Half-year financial report

June 30, 2019

Contents

The English version of the Half-year Financial Report is a free translation from the original which was prepared in French. The original French version of the document prevails over this translation.

Business review for the six-month period ended June 30, 2019

1.1 Main earnings indicators

The comparative consolidated income and cash flow statement information presented in this report has been restated to reflect the reclassification of Carrefour China in accordance with IFRS 5 – *Non-current Assets Held for Sale and Discontinued Operations*. These restatements are described in Note 5 to the Condensed Consolidated Financial Statements.
On June 30, 2018, the integrated convenience stores business in France was classified in discontinued operations in accordance with IFRS 5.

The Group applied IFRS 16 – *Leases* and IFRIC 23 – *Uncertainty over Income Tax Treatments* as of January 1, 2019. IFRIC 23 had no impact on the Consolidated Financial Statements for the six-month period ended June 30, 2019. Data presented for the comparative period was not restated, as allowed by the transitional provisions of IFRS 16.

Argentina is classified as a hyperinflationary economy within the meaning of IFRSs. IAS 29 – *Financial Reporting in Hyperinflationary Economies* is therefore applicable to the Consolidated Financial Statements for the six-month period ended June 30, 2019. Since IAS 21 does not allow comparative figures presented in prior-year financial statements to be restated in a stable currency, comparative data for first-half 2018 does not include the adjustment for inflation.

(in € millions)	First-half 2019	First-half 2018 restated	% change	% change at constant exchange rates
Net sales	**34 885**	**35 147**	**(0,7) %**	**2,5 %**
Gross margin from recurring operations	**7 667**	**7 736**	**(0,9) %**	**3,1 %**
in % of net sales	*22,0%*	*22,0%*		
Sales, general and administrative expenses & amortisation	(7 043)	(7 134)	(1,3)%	3,0%
Recurring operating income	**624**	**602**	**3,6 %**	**3,6 %**
Recurring operating income before depreciation and amortisation (1)	*1 770*	*1 328*	*33,3%*	*35,0%*
Recurring operating income after net income from equity-accounted companies	**622**	**596**	**4,4 %**	**2,2 %**
Non-recurring income and expenses, net	(610)	(765)	*(20,2) %*	*(16,8) %*
Finance costs and other financial income and expenses, net	(165)	(147)	12,3%	12,4%
Income tax expense	(192)	(173)	10,6%	14,6%
Net income / (loss) from continuing operations - Group share	**(415)**	**(603)**	**(31,2) %**	**(23,7) %**
Net income/(loss) from discontinued operations - Group share	(43)	(259)	(83,3)%	(83,4)%
Net income / (loss) - Group share	**(458)**	**(861)**	**(46,8) %**	**(41,6) %**
Free cash flow (1)	**(1 689)**	**(2 219)**		
Net debt at June 30, 2019 (2)	**6 043**	**5 970**		
Net debt at June 30, 2019 including discontinued operations	**5 958**	**5 970**		

1 Free cash flow corresponds to cash flow from operating activities before net finance costs, and after the change in working capital, less net cash from/(used in) investing activities.
2 Net debt does not include finance lease liabilities (Note 2.2).

Net debt stood at 6,255 million euros as of June 30, 2018 and at 5,970 million euros excluding finance lease liabilities.

- The Group's net sales amounted to 34.9 billion euros in first-half 2019, up 2.5% at constant exchange rates and 2.2% restated for the application of IAS 29.
- Recurring operating income before depreciation and amortisation came in at 1,770 million euros, an improvement of 35% at constant exchange rates.
- Recurring operating income increased by 3.6% at constant exchange rates, to 624 million euros.

- Non-recurring operating income and expenses represented a net expense of 610 million euros, a 155 million-euro improvement compared with first-half 2018, due mainly to lower restructuring costs (342 million euros) than in the prior-year period.

- Finance costs and other financial income and expenses, net amounted to 165 million euros, a rise of 18 million euros on first-half 2018. This reflects net interest expense of 60 million euros on leases resulting from the first-time application of IFRS 16 – *Leases,* partially offset by the positive 21 million-euro impact of applying IAS 29 in Argentina.

- Income tax expense amounted to 192 million euros, representing a negative effective tax rate of 125% as a result of non-recurring items recorded in the period.

- The net loss from continuing operations – Group share, totalled 415 million euros, a 188 million-euro improvement on first-half 2018 as restated.

- The net loss from discontinued operations – Group share, totalled 43 million euros compared to 259 million euros in first-half 2018, mainly reflecting the ongoing sale of Carrefour China reclassified within discontinued operations in accordance with IFRS 5 – *Non-current Assets Held for sale and Discontinued Operations*. The net loss from discontinued operations in first-half 2018 included 229 million euros relating to the deconsolidation of ex-Dia stores.

- Taking into account all of these items, the Group ended the year with a net loss – Group share of 458 million euros, versus a net loss of 861 million euros in first-half 2018.

- Free cash flow[1] was a negative 1,689 million euros, versus a negative 2,219 million euros in first-half 2018.

1.2 Analysis of the main income statement items

Net sales by region

The Group's operating segments consist of the countries in which it does business, combined by region, and "Global functions", corresponding to the holding companies and other administrative, finance and marketing support entities.

(in € millions)	**First-half 2019**	**First-half 2018 restated**	**% change**	**% change at constant exchange rates**
France	16 789	17 150	(2,1)%	(2,1)%
Rest of Europe	9 988	10 093	(1,0)%	(0,7)%
Latin America	7 134	6 976	2,3%	18,7%
Asia	974	927	5,1%	2,9%
Total	**34 885**	**35 147**	**(0,7)%**	**2,5%**

Carrefour group reported net sales of 34.9 billion euros in first-half 2019, up 2.5% at constant exchange rates and up 2.2% restated for the application of IAS 29.

- Despite an actual decline of 2.1%, first-half sales in France edged up 0.8% versus the prior-year period on a like-for-like basis[(2)]. Second-quarter sales (up 0.7% like for like) were broadly in line with the performance in the first three months of the year (up 1.0% like for like). The Group's food business (up 1.9% like for like in the second quarter put in a satisfactory performance, while the non-food segment remained sluggish).

1 Free cash flow corresponds to cash flow from operating activities before net finance costs, and after the change in working capital, less net cash from/(used in) investing activities.

2 Sales generated by stores opened for at least 12 months, excluding temporary store closures, at constant exchange rates, excluding petrol and calendar effects and excluding the IAS 29 impact..

- In Europe (excluding France), first-half 2019 sales slipped 0.7% like for like, reflecting a period-on-period improvement in sales trends in the second quarter (stable like-for-like performance in the second quarter versus a 1.5% like-for-like decrease in first) across the region (with the exception of Belgium).
- In Latin America, like-for-like sales climbed 15.2% in the period (up 15.9% in the second quarter) and 18.7% at constant exchange rates, reflecting strong sales momentum.
- The Asia region now represents the operations of Carrefour Taiwan as Carrefour China was classified within discontinued operations in accordance with IFRS 5.
  Carrefour Taiwan sales edged up 0.8% like for like, with a return to growth in the second quarter (up 3.0% like for like).

Net sales by region – contribution to the consolidated total

En %	First-half 2019 (1)	First-half 2018 restated
France	47%	49%
Rest of Europe	28%	29%
Latin America	23%	20%
Asia	3%	3%
Total	**100%**	**100%**

(1) at constant exchange rates

At constant exchange rates, the portion of sales generated outside France continued to rise, representing 54% in first-half 2019 versus 52% in first-half 2018 as restated.

Recurring operating income by region

(in € millions)	First-half 2019	First-half 2018 restated	% change	% change at constant exchange rates
France	120	110	9,2%	9,2%
Rest of Europe	126	152	(17,3)%	(17,3)%
Latin America	362	319	13,6%	14,1%
Asia	40	37	8,7%	6,4%
Global functions	(25)	(16)	57,1%	58,4%
Total	**624**	**602**	**3,6%**	**3,6%**

Recurring operating income increased by 3.6% at constant exchange rates, to 624 million euros. It includes the negative 17 million-euro impact of applying IAS 29 in Argentina as well as the positive 23 million-euro impact of applying IFRS 16 for the first time.

In France, recurring operating income for the period was 10 million euros higher than in first-half 2018, reflecting:

- strong cost reduction trends and organisational change;
- investments in competitive prices, a more attractive offer, services and digital segments.

In Europe (excluding France), recurring operating income was down sharply, reflecting:

- a disappointing sales performance in competitive markets;
- significant investments to revitalise business, particularly in Italy amid rapidly worsening market conditions, offset by cost reductions.

In Latin America, recurring operating income rose 14.1% at constant exchange rates, buoyed by robust like-for-like growth, new store openings in Brazil and strong growth in financial services.
In Argentina, benefits from the transformation plan continued to filter through, driving up volumes in particular.

In Asia, recurring operating income came to 40 million euros in first-half 2019.

Depreciation and amortisation

Depreciation and amortisation of property and equipment, intangible assets and investment property amounted to 665 million euros in first-half 2019 compared to 690 million euros in first-half 2018 as restated.

IFRS 16 depreciation of right-of-use assets relating to property and equipment, intangible assets and investment property totalled 363 million euros in first-half 2019.

Including depreciation of logistics equipment and the related right-of-use assets included in the cost of sales, a total depreciation and amortisation expense of 1,147 million euros was recognised in the consolidated income statement for first-half 2019, compared with an expense of 726 million euros for the prior-year period. The rise in this caption results solely from the first-time application of IFRS 16.

Net income / (loss) of equity-accounted companies

Net income/(loss) of equity-accounted companies represented a net loss of 1 million euros, versus a net loss of 6 million euros in first-half 2018.

Non-recurring income and expenses

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

Non-recurring items represented a net expense of 610 million euros in first-half 2019.

The detailed breakdown is as follows:

(in € millions)	**First-half 2019**	**First-half 2018 restated**
Net gains on sales of assets	17	16
Restructuring costs	(342)	(675)
Other non-recurring income and expenses	(194)	(63)
Non-recurring income and expenses net before asset impairments and write-offs	**(518)**	**(723)**
Asset impairment and write-offs	(92)	(42)
Impairments and write-offs of goodwill	*-*	*-*
Impairments and write-offs of property and equipment and intangible assets	*(92)*	*(42)*
Non-recurring income and expenses, net	**(610)**	**(765)**
Total non-recurring income	*262*	*26*
Total non-recurring expenses	*(873)*	*(791)*

As in first-half 2018, net gains on sales of assets in the period primarily related to sales of various individually non-material assets.

Restructuring costs recognised in first-half 2019 result from plans to streamline operating structures launched as part of the first pillar of the “Carrefour 2022” transformation plan. The expense included in non-recurring items relates chiefly to severance paid or payable within the scope of:

- the transformation plan for hypermarkets in France (mutually agreed termination) concerning up to 3,000 employees;
- restructuring measures launched in Italy and potentially affecting up to 590 employees.

The amount of the provision recognised at June 30, 2019 was estimated based on various assumptions and is the best estimate of the costs the Group expects to incur in relation to the restructuring plans currently being implemented (Note 11.3 to the Condensed Consolidated Financial Statements).

The expense recognised for first-half 2018 primarily included costs relating to the voluntary redundancy plans in France and Argentina and to restructuring measures in Belgium.

Other non-recurring income and expenses recorded in first-half 2019 mainly concerned Brazil and resulted primarily from two rulings. In May 2019, the Brazilian Supreme Court handed down an unfavourable decision to adjust its ruling on inter-state transfers of ICMS tax credits relating to “commodities”. As a result of this decision, a provision (including interest and penalties) was recognised in the Consolidated Financial Statements against the related non-recurring expenses in order to cover current tax disputes as well as possible new ones arising from years still potentially subject to tax audits. In June 2019, following a favourable and final ruling, PIS-COFINS (social security) tax credits from prior years were recognised against the related non-recurring income.

Operating income

The Group ended the period with operating income of 12 million euros, versus an operating loss of 169 million euros in first-half 2018 as restated.

Finance costs and other financial income and expenses

Finance costs and other financial income and expenses represented a net expense of 165 million euros in first-half 2019, corresponding to a negative 0.5% of sales versus a negative 0.4% of sales in first-half 2018.

(in € millions)	First-half 2019	First-half 2018 restated
Finance costs, net	*(112)*	*(119)*
Net interests related to leases commitments	*(60)*	-
Other financial income and expenses, net	*7*	*(28)*
Total	**(165)**	**(147)**

Finance costs, net improved by 7 million euros to 112 million euros.
Following the first-time application of IFRS 16, finance costs and other financial income and expenses now include interest expense on leases as well as interest income on finance lease sub-letting arrangements, representing a net expense of 60 million euros.
Other financial income and expenses mainly consist of discounting adjustment costs, late payment fees payable on certain liabilities, and the 21 million-euro impact of hyperinflation in Argentina (IAS 29).

Income tax expense

The income tax expense for first-half 2019 amounts to 192 million euros, representing a negative effective tax rate of 125%, compared with the 173 million euro expense recorded in first-half 2018 as restated, corresponding to a negative effective tax rate of 55%. This reflects the fact that no deferred tax assets were recognised on temporary differences or tax loss carryforwards because of material non-recurring expenses recognised during the period.

Net income attributable to non-controlling interests

Net income attributable to non-controlling interests came to 68 million euros in first-half 2019, versus 112 million euros in first-half 2018.

Net income / (loss) from continuing operations – Group share

As a result of the elements described above, the Group reported a 415 million-euro net loss from continuing operations in first-half 2019, compared with a net loss of 603 million euros in first-half 2018 as restated.

Net income / (loss) from discontinued operations – Group share

The net loss from discontinued operations – Group share came to 43 million euros in first-half 2019 and reflects the 27 million-euro loss from Chinese operations in the period and the 16 million-euro loss on the deconsolidation of ex-Dia stores following the decision taken in 2018, resulting in their reclassification in accordance with IFRS 5 – *Non-Current Assets Held for Sale and Discontinued Operations*.
In first-half 2018, the net loss from discontinued operations amounted to 259 million euros, corresponding mainly to the 229 million euro loss on the deconsolidation of ex-Dia stores and the 30 million-euro loss on Chinese operations, reclassified in accordance with IFRS 5.

2.1 Shareholders' equity

At June 30, 2019, shareholders' equity stood at 10,434 million euros compared with 11,286 million euros at December 31, 2018, a decrease of 852 million euros.

This decrease mainly reflects:

- the net loss for the year of 390 million euros;
- other comprehensive expense amounting to 34 million euros, reflecting 76 million euros in actuarial losses net of tax resulting from the lower discount rates applied for the eurozone (down from 1.60% at December 31, 2018 to 0.80% at June 30, 2019), partially offset by 56 million euros in exchange gains resulting from the appreciation of the Brazilian real;
- dividends paid in an amount of 405 million euros, of which 359 million euros paid to Carrefour shareholders and 46 million euros to non-controlling shareholders of subsidiaries.

The first-time application of IFRS 16 – *Leases* has a negative 9 million-euro impact on opening equity at January 1, 2019 (Note 4 to the Condensed Consolidated Financial Statements).

2.2 Net debt

Consolidated net debt decreased from 3,785 million euros at December 31, 2018 to 3,510 million euros at January 1, 2019 following the reclassification of 275 million euros in finance lease liabilities recognised in accordance with IAS 17 in lease liabilities (Note 13.2.1 to the Condensed Consolidated Financial Statements).
Net debt increased from 3,510 million euros at January 1, 2019 to 6,043 million euros at June 30, 2019 and to 5,958 million euros including discontinued operations (Carrefour China). Year-end net debt is systematically lower due to the high volume of business generated in the month of December.

Net debt stood at 6,255 million euros at June 30, 2018 and at 5,970 million euros excluding finance lease liabilities.

Net debt breaks down as follows:

(in € millions)		**June 30, 2019**	**December 31, 2018**
Bonds and notes		7 231	7 545
Other borrowings		257	405
Commercial paper		270	-
Finance lease liabilities (1)		-	275
Total borrowings before derivative instruments recorded in liabilities		**7 758**	**8 225**
Derivative instruments recorded in liabilities		81	50
Total borrowings	[1]	**7 839**	**8 275**
of which, Long-term borrowings		*6 215*	*6 936*
of which, Short-term borrowings		*1 624*	*1 339*
Other current financial assets (2)		274	190
Cash and Cash equivalents		1 522	4 300
Total current financial assets	[2]	**1 796**	**4 490**
Net debt	[1] - [2]	**6 043**	**3 785**
Discontinued activities -Net debt	[3]	(85)	
Net debt including discontinued activities	[1] - [2] + [3]	**5 958**	**3 785**

(1) *Finance lease liabilities recognised in accordance with IAS 17 for 275 million euros at December 31, 2018 were reclassified within lease liabilities at January 1, 2019 (Note 9.3 to the Condensed Consolidated Financial Statements). Lease liabilities also include liabilities under leases accounted for in accordance with IFRS 16 as of that date. Net debt totalled 3,510 million euros at January 1, 2019.*

(2) *For consistency, at June 30, 2019 the current portion of amounts receivable from finance lease sub-letting arrangements is not included in the calculation of net debt.*

Long and short-term borrowings (excluding derivatives) mature at different dates, through 2027 for the longest tranche of bond debt, leading to balanced repayment obligations in the coming years, as shown below:

(in € millions)	June 30, 2019	December 31 2018
Due within 1 year	1 543	1 289
Due in 1 to 2 years	1 321	1 129
Due in 2 to 5 years	3 137	3 298
Due beyond 5 years	1 757	2 510
Total borrowings (before derivative instruments recorded in liabilities)	**7 758**	**8 225**

Cash and cash equivalents totalled 1,522 million euros at June 30, 2019 compared with 4,300 million euros at December 31, 2018, representing a decrease of 2,778 million euros.

2.3 Cash flows for the period and cash and cash equivalents

Net debt rose by 2,448 million euros in first-half 2019, versus a 2,545 million-euro increase in first-half 2018 as restated. The change is analysed in the simplified statement of cash flows presented below:

(in € millions)	**First-half 2019**	**First-half 2018 restated**
Cash flow from operations	1 367	890
Change in trade working capital requirement	(1 636)	(2 137)
Change in other receivables and payables	(486)	(176)
Change in consumer credit granted by the financial services companies	(36)	24
Investments	(628)	(547)
Change in amounts due to suppliers of fixed assets	(183)	(283)
Impact of discontinued activities	(136)	(63)
Other	49	73
Free cash flow	**(1 689)**	**(2 219)**
Acquisition and disposals of subsidiaries and investments in associates	1	(145)
Cash dividends / reinvested dividends	(14)	5
Finance costs, net (without finance lease under IAS 17)	(112)	(109)
Exchange rate	(5)	(92)
Payments related to lease commitments and corresponding interests (including finance lease under IAS 17)	(496)	(24)
Impact of discontinued activities	(117)	58
Other	(15)	(20)
Decrease / (Increase) in net debt	**(2 448)**	**(2 545)**

Free cash flow was a negative 1,689 million euros in first-half 2019 (versus a negative 2,219 million euros in first-half 2018 as restated), and mainly comprised:

- cash flow from operating activities totalling 1,367 million euros, an increase compared to first-half 2018 mainly attributable to the application of IFRS 16 (payments under leases along with any related interest are shown in financing cash flows in first-half 2019);

- the change in trade working capital and other receivables and payables, which amounted to a negative 2,123 million euros in first-half 2019 versus a negative 2,313 million euros in first-half 2018 as restated;

- operational investments in an amount of 628 million euros, compared with 547 million euros in first-half 2018.

2.4 Financing and liquidity resources

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

- promoting prudent financing strategies in order to ensure that the Group's credit rating allows it to raise funds on the bond and commercial paper markets;

- maintaining a presence in the debt market through regular debt issuance programmes, mainly in euros, in order to create a balanced maturity profile. The Group's issuance capacity under its Euro Medium Term Notes (EMTN) programme totals 12 billion euros;

- using the 5 billion-euro commercial paper programme on Euronext Paris, described in a prospectus filed with the Banque de France;

- maintaining undrawn medium-term bank facilities that can be drawn down at any time according to the Group’s needs. As of June 30, 2019, the Group had two undrawn syndicated lines of credit obtained from a pool of leading banks, for a total of 3.9 billion euros.

In June 2019, Carrefour amended and extended these two credit facilities, incorporating an innovative Corporate Social Responsibility (CSR) component in the first CSR-linked credit transaction in the European retail sector. The first credit facility (“Club deal”) was completed with a syndicate of eight banks for a total of 1.4 billion euros. The second credit facility (“Syndicated facility”) was negotiated with a syndicate of 21 banks for a total of 2.5 billion euros. Both facilities fall due in June 2024 and each can be extended twice for a further one-year period at Carrefour’s request.

Group policy consists of keeping these facilities on stand-by to support the commercial paper programme. The loan agreements for the syndicated lines of credit include the usual commitments clauses, including *pari passu*, negative pledge, change of control and cross-default clauses and a clause restricting substantial sales of assets. The pricing grid may be adjusted up or down to reflect changes in the long-term credit rating.

In Brazil, besides the two debentures issued by Atacadão S.A. in 2018 for a total of 1.5 billion reals and with maturities of three and five years, respectively, a short-term bond issue was carried out by Atacadão S.A. on January 7, 2019, in two tranches, amounting to 200 million reals and 700 million reals, respectively (around 45 and 160 million euros). The first tranche matured and was redeemed on March 8, 2019, and the second tranche will mature on January 6, 2020.

The Group considers that its liquidity position is robust. The Group’s debt profile is balanced, with no peak in refinancing needs across the remaining life of bond debt, which averages 3.9 years, up from 3.6 years as of December 31, 2018.

As of June 30, 2019, Carrefour was rated BBB with a stable outlook by Standard & Poor’s and Baa1 with a negative outlook by Moody’s.

2.5 Restrictions on the use of capital resources

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

2.6 Expected sources of funding

To meet its commitments, Carrefour can use its free cash flow and raise debt capital using its EMTN and commercial paper programmes, as well as its credit lines.

Carrefour is confident in the ongoing transformation momentum. It will continue in the second half in an uncertain macroeconomic and market environment.

Carrefour reaffirms its ambitions and confirms the financial targets of the Carrefour 2022 plan:

- A cost-reduction plan of €2.8bn on an annual basis by 2020 (€2.6bn excluding China)
- €5bn in food e-commerce sales in 2022 (€4.2bn excluding China)
- €5bn in sales of organic products in 2022 (€4.8bn excluding China)
- The disposal of non-strategic real estate assets for €500m by 2020

Operational targets are also confirmed:

- Reduction of 400,000 sqm of hypermarket sales area worldwide by 2022 (350,000 sqm excluding China)
- -15% reduction in assortments by 2020 (-15% excluding China)
- Carrefour-branded products accounting for one-third of sales in 2022 (one-third excluding China)
- 3,000 convenience store openings by 2022 (2,700 excluding China)

4.1 Accounting principles

The accounting and calculation methods used to prepare the Condensed Consolidated Financial Statements for the six-month period ended June 30, 2019 are the same as those used for the 2018 Consolidated Financial Statements, except for specific requirements of IAS 34 – *Interim Financial Reporting* and the following standards, amendments and interpretations which were applicable as of January 1, 2019:

- IFRS 16 – *Leases*: the impacts of IFRS 16 on the Consolidated Financial Statements are described in Note 4.3.1;
- IFRIC 23 – *Uncertainty over Income Tax Treatments*: the impacts of IFRIC 23 on the Consolidated Financial Statements are described in Note 4.3.2;
- Amendments to IFRS 9 – *Prepayment Features with Negative Compensation*: these amendments had no material impact on the Consolidated Financial Statements;
- Amendments to IAS 28 – *Long-term Interests in Associates and Joint Ventures*: these amendments had no material impact on the Consolidated Financial Statements;
- Amendments to IAS 19 – *Plan Amendment, Curtailment or Settlement*: these amendments had no material impact on the Consolidated Financial Statements;
- IFRS Annual Improvements 2015-2017 Cycle: these amendments had no material impact on the Group's Consolidated Financial Statements.

No standards, amendments or interpretations were adopted for use in the European Union and available for early adoption.

Not yet adopted for use in the European Union

Standards, amendments and interpretations	Effective date[1]
Amendments to IFRS 10 and IAS 28 – *Sales or Contribution of Assets between an Investor and its Associate or Joint Venture*	Application deferred indefinitely by the IASB
Amendments to IFRS 3 – *Definition of a Business*	January 1, 2020
Amendments to References to the Conceptual Framework in IFRS Standards	January 1, 2020
Amendments to IAS 1 and IAS 8 – *Definition of Material*	January 1, 2020
IFRS 17 – *Insurance Contracts*	January 1, 2022

(1) Subject to adoption by the European Union.

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

4.2 Significant events of the period

4.2.1 Continuation of the "Carrefour 2022" transformation plan

On January 23, 2018, the Carrefour Group unveiled "Carrefour 2022", its transformation plan based on four pillars:

- deploy a streamlined and open organisation;
- achieve productivity and competitiveness gains;
- create a leading omni-channel universe;

- overhaul the offering to promote food quality.

As part of this initiative, the following transformation plans were announced for France and Italy in the first half of 2019:

- On May 15, 2019, Carrefour hypermarkets in France signed a majority mutually agreed termination arrangement (*rupture conventionnelle collective* – RCC) with its trade unions, providing for the departure of up to 3,000 employees. The agreement notably concerns shutting down the jewellery department, moving the multimedia department to self-service, and automating the petrol stations.
- On February 15, 2019, Carrefour Italy announced its transformation plan for 2019-2022 to the trade unions. The plan sets out several operational measures, such as opening several hundred stores in the Market and Express formats, stepping up the e-commerce business, updating the hypermarket model to comprise three clusters and reducing surface area on a targeted basis in some supermarkets. The plan also details reorganisation measures that will reduce the number of employees by a maximum of 590 people.

The amount of the provision recognised at June 30, 2019 was estimated based on various assumptions and is the best estimate of the costs the Group expects to incur in relation to the restructuring plans currently being implemented (Notes 7.3 and 11.3 to the Condensed Consolidated Financial Statements).

4.2.2 Carrefour China sale agreement

On June 23, 2019, the Group announced that it had signed an agreement to sell an 80% equity interest in Carrefour China to Chinese group Suning.com.

With a presence in China dating back to 1995, Carrefour China operates a network of 210 hypermarkets and 24 convenience stores. In 2018, it generated net sales of 3.6 billion euros and EBITDA of 66 million euros.

Suning.com is a leading retailer in China. It operates a network of over 8,881 stores in more than 700 cities and runs the country's third-largest B2C e-commerce platform. The strong complementarity between Carrefour China and Suning.com's businesses will accelerate the development of Carrefour China.

Carrefour Group will retain a 20% stake in the business and two seats out of seven on Carrefour China's Supervisory Board.

Closing of the transaction is subject to approval by Chinese competition authorities and other customary conditions, and is expected by the end of 2019.

The sale price for the 80% equity interest in Carrefour China is 4.8 billion renminbi (620 million euros). The price may be adjusted at the transaction date based on changes in Carrefour China's net debt and working capital requirement.

The agreement signed with Suning.com gives several liquidity windows for the Group's residual 20% interest in Carrefour China once the transaction is completed:

- During the 90 days following the second anniversary of the transaction date, the Group may exercise a put option to sell its residual 20% interest to Suning.com at a price equal to 20% of equity as calculated at the date of the sale of the 80% interest, i.e., 20% of 6 billion renminbi (20% of 774 million euros);
- At the end of this period and for a period of 90 days, Suning.com may exercise a call option to purchase the residual 20% interest held by Carrefour at a price equal to 20% of equity as calculated at the date of the sale of the 80% interest;
- During the three years following the third anniversary of the transaction date, Carrefour may exercise a put option to sell its residual 20% interest to Suning.com at market value;

- During the three years following the fourth anniversary of the transaction date, Suning.com may exercise a call option to purchase the residual 20% interest held by Carrefour at market value.

For more details on the impacts of this sale on the Consolidated Financial Statements for the six-month period ended June 30, 2019, see Note 5 to the Condensed Consolidated Financial Statements.

4.2.3 Cargo Property Assets sale agreement

In early 2019, the Group began the process to sell its subsidiary Cargo Property Assets, which owns 22 distribution centres in France. A preliminary agreement to sell the subsidiary's entire share capital was signed on July 10, 2019 with Argan, a listed property company.

The subsidiary's assets were classified as held for sale at April 1, 2019, and comprise property and equipment with a net carrying amount of 567 million euros at June 30, 2019.

The sale price attributable to the Group amounts to 288 million euros (corresponding to 32%).

The price will be settled in cash for 230 million euros and in the acquirer's listed shares for 58 million euros, representing around 5% of Argan on completion of the transaction.

Closing of the transaction will be subject to the approval of Argan's shareholders and other customary conditions, and is expected by the end of 2019. For accounting purposes, the capital gain will be adjusted for the impact of applying IFRS 16 to sale and leaseback transactions.

4.2.4 Securing the Group's long-term financing

On May 7, 2019, the Group carried out a new 500-million euro 8-year 1.00% bond issue maturing in May 2027. The issue's settlement date was May 15, 2019.

On May 22, 2019, Carrefour redeemed 1 billion euros worth of six-year 1.75% bonds.

These two transactions consolidated the Group's long-term financing, extended the average maturity of its bond debt (to 3.9 years at June 30, 2019, vs. 3.6 years at December 31, 2018) and further reduced its borrowing costs.

In June 2019, Carrefour amended and extended two credit facilities for a total amount of 3.9 billion euros, incorporating an innovative Corporate Social Responsibility (CSR) component in the first CSR-linked credit transaction in the European retail sector.

The first credit facility ("Club deal") was completed with a syndicate of eight banks for a total of 1.4 billion euros. The second credit facility ("Syndicated facility") was negotiated with a syndicate of 21 banks for a total of 2.5 billion euros. Both facilities fall due in June 2024 and each can be extended twice for a further one-year period at Carrefour's request.

These two operations are part of Carrefour's strategy to secure its long-term financing sources, extending the average maturity of these facilities from 3.1 years to 5 years.

On January 7, 2019, Brazilian subsidiary Atacadão also issued short-term debentures in two tranches, for 200 and 700 million reals respectively (around 45 and 160 million euros). The first tranche matured and was redeemed on March 8, 2019, and the second tranche will mature on January 6, 2020.

4.2.5 2018 dividend reinvestment option

At the Annual Shareholders' Meeting held on June 14, 2019, the shareholders decided to set the 2018 dividend at 0.46 euros per share with a dividend reinvestment option.

The issue price of the shares to be issued in exchange for reinvested dividends was set at 14.78 euros per share, representing 90% of the average of the opening prices quoted on Euronext Paris during the 20 trading days preceding the date of the Annual Shareholders' Meeting, less the net amount of the dividend of 0.46 euros per share and rounded up to the nearest euro cent.

The option period was open from June 24, 2019 to July 5, 2019 and a liability of 359 million euros was recorded in the consolidated statement of financial position at June 30, 2019. (Note 14.4.1 to the Condensed Consolidated Financial Statements). On July 11, 2019, the Group paid the cash dividend to shareholders who chose not to reinvest their dividends, representing a total payout of 106 million euros.

4.3 Impact of changes in accounting policies

The Group applied IFRS 16 – *Leases* and IFRIC 23 – *Uncertainty over Income Tax Treatments* as of January 1, 2019.

A description of the main changes in accounting policies as a result of applying these standards and the impacts of these changes are summarised below.

- Changes resulting from the application of IFRS 16 led to a net positive impact of 5.0 billion euros on total assets, including a negative impact of 9 million euros on equity. Carrefour has chosen to apply IFRS 16 using the simplified retrospective approach as of January 1, 2019.
- There was no IFRIC 23 impact on the Consolidated Financial Statements for the six-month period ended June 30, 2019. For purposes of assessing tax uncertainties, IFRIC 23 does not affect the methods used by the Group to date. In addition, the IFRIC was consulted as to how income tax risks should be presented on the statement of financial position but they have not yet given a definitive opinion. For this reason, in the absence of a final decision, no assets or liabilities were reclassified at June 30, 2019. Tax risks relating to income tax are still classified under provisions.

Data presented for the comparative period was not restated, as allowed by the transitional provisions of IFRS 16.

The table below summarises the impact of applying IFRS 16 on the opening statement of financial position in the Consolidated Financial Statements for the six-month period ended June 30, 2019:

ASSETS

(in € millions)	**December 31, 2018**	**IFRS 16 first application impacts**	**January 1st, 2019**
Goodwill	7 983		7 983
Other intangible assets	1 461	(41)	1 420
Property and equipment	12 637	(367)	12 270
Investment property	389		389
Right-of-use Assets	0	5 244	5 244
Investments in companies accounted for by the equity method	1 374		1 374
Other non-current financial assets	1 275	191	1 466
Consumer credit granted by the financial services companies – long term	2 486		2 486
Deferred tax assets	723		723
Other non-current assets	379	(26)	353
Non-current assets	**28 709**	**5 000**	**33 709**
Inventories	6 135		6 135
Trade receivables	2 537		2 537
Consumer credit granted by the financial services companies – short term	3 722		3 722
Other current financial assets	190	42	232
Tax receivables	853		853
Other assets	887	(17)	870
Cash and cash equivalents	4 300		4 300
Assets held for sale	46		46
Current assets	**18 670**	**25**	**18 694**
TOTAL ASSETS	**47 378**	**5 025**	**52 403**

SHAREHOLDERS' EQUITY AND LIABILITIES

(in € millions)	**December 31, 2018**	**IFRS 16 first application impacts**	**January 1st, 2019**
Share capital	1 973		1 973
Consolidated reserves and income for the year	7 196	(9)	7 188
Shareholders' equity, Group share	**9 169**	**(9)**	**9 161**
Shareholders' equity attributable to non-controlling interests	2 117		2 117
Total shareholders' equity	**11 286**	**(9)**	**11 278**
Long-term borrowings	6 936	(230)	6 706
Lease commitments - long term	-	4 272	4 272
Provisions	3 521	54	3 575
Consumer credit financing – long term	1 932		1 932
Deferred tax liabilities	541		541
Non-current liabilities	**12 930**	**4 096**	**17 026**
Short-term borrowings	1 339	(45)	1 294
Lease commitments - short term	-	984	984
Suppliers and other creditors	14 161	(2)	14 160
Consumer credit financing – short term	3 582		3 582
Tax payables	1 142		1 142
Other payables	2 938	(1)	2 937
Liabilities related to assets held for sale	-		-
Current liabilities	**23 162**	**937**	**24 099**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**47 378**	**5 025**	**52 403**

4.3.1. IFRS 16 – *Leases*

This note details the impacts of applying IFRS 16 – *Leases* on Carrefour's Consolidated Financial Statements. The IFRS 16 accounting policies applied to the Consolidated Financial Statements for the six-month period ended June 30, 2019 are described in Note 9 to the Condensed Consolidated Financial Statements.

i) Impacts recognised at January 1, 2019, date of the first-time application of IFRS 16

Carrefour has chosen to apply IFRS 16 using the simplified retrospective approach as of January 1, 2019. The 2018 Financial Statements were not restated.

At January 1, 2019, the amount of lease liabilities represents the present value of lease payments due over the reasonably certain term of the lease.

The amount of right-of-use assets represents the amount of lease liabilities, adjusted where necessary for leasehold rights and for any prepaid lease payments or lease incentives receivable from the lessor and recognised at December 31, 2018. This figure also includes a provision for dismantling where applicable. Right-of-use assets are adjusted for any onerous leases.

The discount rate used at January 1, 2019 is the incremental borrowing rate (the average incremental borrowing rate at January 1, 2019 is 4.62%) as calculated over the initial term of each lease. This was calculated for each country using the risk-free yield curve and a spread (the same spread is used for all subsidiaries in a given country).

Leases concern:

- mainly property assets, both used directly by the Group and sub-let to third parties, such as store premises sub-let to franchisees and retail units located in shopping malls and shopping centres;
- to a lesser extent, vehicles; as well as
- a few warehousing and storage contracts with a lease component.

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

- the inherent characteristics of the different types of assets (stores, logistics warehouses, administrative buildings) and the country concerned by the lease. In the case of leased store premises, the characteristics taken into account include the store's profitability, any recent capital expenditure in the store and the existence of significant termination penalties in the case of integrated or franchised stores;
- a portfolio approach for leased vehicles with similar characteristics and periods of use. Four portfolios have been identified, corresponding to (i) Company cars, (ii) cars and vans for rental to customers, (iii) trucks and (iv) light commercial vehicles.

Reconciliation of off-balance sheet commitments at December 31, 2018 with IFRS 16 lease liabilities at January 1, 2019

(in € millions)	
Operating leases commitments at December 31, 2018	**3 569**
IFRS 16 exemptions	(95)
Differences in duration determined under IFRS 16 related to termination and extension options which are reasonably certain	2 301
Non discounted leases commitments under IFRS 16 at January 1st, 2019	**5 775**
Discount impact	(793)
Discounted leases commitments under IFRS 16 at January 1st, 2019	**4 981**
Finance leases liability under IAS 17 at December 31, 2018	275
Leases commitments at January 1st, 2019	**5 256**
including leases commitments - less than 1 year	*984*
including leases commitments - more than 1 year	*4 272*

Applying IFRS 16 also impacts the following items in the Consolidated Financial Statements:

- At the transition date, right-of-use assets and lease liabilities relating to leases previously classified as finance leases under IAS 17 are written back at their carrying amount immediately before the date of first-time application. Right-of-use assets relating to leases previously classified as finance leases represent 367 million euros, while finance lease liabilities represent 275 million euros;
- Leasehold rights are now included as part of the initial measurement of the right-of-use assets. Reclassifications were made in the opening statement of financial position in this respect for 41 million euros;
- Prepaid lease payments and lease incentives to be recognised over the lease term, which were initially shown in other assets and other liabilities, are now included in right-of-use assets;
- Right-of-use assets have been derecognised and financial receivables recognised in respect of sub-letting arrangements granted over the residual period of the leases concerned. Recognition of these receivables had a negative impact of 9 million euros on opening equity.

At January 1, 2019, right-of-use assets relate to the following asset categories:

(in € millions)	**Right of Use Asset**
Land & Buildings	4 970
Equipment, fixtures and fittings	116
Investment property	158
Total	**5 244**

ii) Impact on segment information

At January 1, 2019, segment assets and liabilities increased in all regions following the application of IFRS 16:

(in € millions)	**Group**	France	Europe	Latin America	Asia	Global Functions
Right-of-use Asset	5 244	1 265	2 252	240	1 251	235
Lease commitment	5 256	1 255	2 433	241	1 100	228

iii) Practical expedients adopted by the Group at January 1, 2019

The Group applied the following practical expedients upon the first-time application of IFRS 16:

- use of a single discount rate for a portfolio of leases with reasonably similar characteristics. This approach was applied to vehicle fleets;
- use of its assessment of whether leases are onerous by applying IAS 37 – *Provisions, Contingent Liabilities and Contingent Assets* immediately before the date of first-time application as an alternative to testing right-of-use assets for impairment at January 1, 2019. Right-of-use assets were adjusted by the amount recognised in respect of any provisions for onerous leases (leases at above-market rates) immediately before the date of first-time application;
- exclusion of initial direct costs from the measurement of right-of-use assets at the date of first-time application;
- use of hindsight, such as in determining the lease term if the contract contains options to extend or terminate the lease.

The Group also chose not to review contracts to determine whether or not they contained a lease at the transition date. Accordingly, contracts not identified as leases under IAS 17 and IFRIC 4 before the date of first-time application were not reviewed. This practical expedient applies to all contracts entered into before January 1, 2019.

4.3.2 IFRIC 23 – *Uncertainty over Income Tax Treatments*

IFRIC 23 clarifies how to apply the recognition and measurement requirements in IAS 12 – *Income Taxes* when there is uncertainty over applicable tax treatments.
This interpretation has no impact on the Consolidated Financial Statements for the six-month period ended June 30, 2019. For purposes of assessing tax uncertainties, IFRIC 23 does not affect the methods used by the Group to date. In addition, the IFRIC was consulted as to how income tax risks should be presented on the statement of financial position but they have not yet given a definitive opinion. For this reason, in the absence of a final decision, no assets or liabilities were reclassified at June 30, 2019. Tax risks relating to income tax are still classified under provisions.

4.4 Discontinued operations and restatement of comparative information

On June 23, 2019, the Group signed an agreement to sell an 80% equity interest in its subsidiary, Carrefour China. If the conditions precedent are met, this agreement will result in loss of control of the subsidiary.

At June 30, 2019, all of the subsidiary's assets and liabilities therefore fall within the scope of IFRS 5 and have been reclassified as held for sale.

As Carrefour China represents a separate major geographic area of operations, it is considered as a discontinued operation in accordance with IFRS 5. Accordingly:

- net income for the subsidiary is shown on a separate line of the income statement, "Net income/(loss) from discontinued operations". To enable a meaningful comparison, its net income for first-half 2018 has also been reclassified on this line;
- all cash flows relating to this subsidiary are shown on the "Impact of discontinued operations" lines in the consolidated statement of cash flows. Data for first-half 2018 has been similarly restated.

Key consolidated figures for Carrefour China, classified as held for sale in first-half 2019 and first-half 2018 in accordance with IFRS 5, are as follows:

(in € millions)	First-half of 2019	First-half of 2018
Net sales	1 818	1 924
Gross margin from recurring operations	456	485
Sales, general and administrative expenses, depreciation and amortisation	(435)	(490)
Recurring operating loss	21	(5)
Operating loss	20	(25)
Loss before taxes	(23)	(27)
Income tax expense	(5)	(5)
Net loss for the period	(28)	(32)

4.5 Main related-party transactions

During first-half 2019, there were no major changes in the nature of related-party transactions carried out by the Group.

4.6 Subsequent events

At the Annual Shareholders' Meeting held on June 14, 2019, the shareholders decided to set the 2018 dividend at 0.46 euros per share with a dividend reinvestment option.

At the end of the option period on July 5, 2019, shareholders owning 70.44% of Carrefour's shares had elected to reinvest their 2018 dividend.

July 11, 2019 was set as the date for:

- settlement/delivery of the 17,096,567 new shares corresponding to reinvested dividends, representing a total capital increase including premiums of 253 million euros;
- payment of the cash dividend to shareholders who chose not to reinvest their dividends, representing a total payout of 106 million euros.

Carrefour and Glovo signed a strategic partnership agreement with a view of offering customers a 30-minute home delivery service. The partnership is designed to offer a simple, fast and convenient experience for customers to buy groceries online. The partnership will cover four countries – France, Spain, Italy and Argentina – and will start operating by early October at the latest.

The sale agreement for Cargo Property Assets is described in Note 4.2.3.

4.7 Risk factors

The risk factors at June 30, 2019 are the same as those identified in Section 4.8.1 of the 2018 Registration Document.

Condensed Consolidated Financial Statements for the six-month period ended June 30, 2019

The comparative consolidated income and cash flow statement information presented in this report has been restated to reflect the reclassification of Carrefour China in accordance with IFRS 5 – *Non-current Assets Held for Sale and Discontinued Operations*. These restatements are described in Note 5.
On June 30, 2018, the integrated convenience stores business in France was classified in discontinued operations in accordance with IFRS 5.

The Group applied IFRS 16 – *Leases* and IFRIC 23 – *Uncertainty over Income Tax Treatments* as of January 1, 2019. IFRIC 23 had no impact on the Consolidated Financial Statements for the six-month period ended June 30, 2019. Data presented for the comparative period was not restated, as allowed by the transitional provisions of IFRS 16.

Argentina is classified as a hyperinflationary economy within the meaning of IFRSs. IAS 29 – *Financial Reporting in Hyperinflationary Economies* is therefore applicable to the Consolidated Financial Statements for the six-month period ended June 30, 2019. Since IAS 21 does not allow comparative figures presented in prior-year financial statements to be restated in a stable currency, comparative data for first-half 2018 do not include the adjustment for inflation.

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

(in € millions)	Notes	First-half 2019	First-half 2018 restated	% change
Net sales	7.1	34 885	35 147	(0,7%)
Loyalty program costs		(336)	(286)	17,6%
Net sales net of loyalty program costs		**34 549**	**34 861**	**(0,9%)**
Other revenue	7.1	1 204	1 199	0,4%
Total revenue		**35 752**	**36 060**	**(0,9%)**
Cost of sales		(28 086)	(28 324)	(0,8%)
Gross margin from recurring operations		**7 667**	**7 736**	**(0,9%)**
Sales, general and administrative expenses, depreciation and amortisation	7.2	(7 043)	(7 134)	(1,3%)
Recurring operating income		**624**	**602**	**3,6%**
Net income / (loss) from equity-accounted companies		(1)	(6)	(75,6%)
Recurring operating income after net income from equity-accounted companies		**622**	**596**	**4,4%**
Non-recurring income and expenses, net	7.3	(610)	(765)	(20,2%)
Operating income		**12**	**(169)**	**(106,9%)**
Finance costs and other financial income and expenses, net	13.6	**(165)**	**(147)**	**12,3%**
Finance costs, net		*(112)*	(119)	(5,4%)
Net interests related to leases commitment		*(60)*	-	
Other financial income and expenses, net		*7*	(28)	(124,2%)
Income before taxes		**(153)**	**(316)**	**(51,4%)**
Income tax expense	10	(192)	(173)	10,6%
Net income / (loss) from continuing operations		**(345)**	**(489)**	**(29,5%)**
Net loss from discontinued operations	5	(45)	(261)	(82,8%)
Net income / (loss) for the half-year		**(390)**	**(750)**	**(48,0%)**
Group share		**(458)**	**(861)**	**(46,8%)**
of which net income / (loss) from continuing operations		(415)	(603)	(31,2%)
of which net income / (loss) from discontinued operations		(43)	(259)	(83,3%)
Attributable to non-controlling interests		**68**	**112**	**(39,0%)**
of which net income / (loss) from continuing operations - attributable to non-controlling interests		70	113	(38,5%)
of which net income / (loss) from discontinued operations - attributable to non-controlling interests		(2)	(2)	(4,9%)

Basic earnings per share, in €	First-half 2019	First-half 2018 restated	% change
Loss from continuing operations per share - Group share	(0,53)	(0,78)	(32,5)%
Loss from discontinued operations per share - Group share	(0,06)	(0,34)	(83,6%)
Basic loss per share – Group share	(0,59)	(1,12)	(47,8)%

Diluted earnings per share, in €	First-half 2019	First-half 2018 restated	% change
Diluted loss from continuing operations per share - Group share	(0,53)	(0,78)	(32,5)%
Diluted loss from discontinued operations per share - Group share	(0,06)	(0,34)	(83,6%)
Diluted loss per share – Group share	(0,59)	(1,12)	(47,8)%

Details of earnings per share calculations are provided in Note 12.2.

Consolidated statement of comprehensive income

(in € millions)	First-half 2019	First-half 2018 restated
Net loss for the year	**(390)**	**(750)**
Effective portion of changes in the fair value of cash flow hedges	(27)	(3)
Changes in the fair value of debt instruments through other comprehensive income	(3)	(2)
Exchange differences on translating foreign operations (1)	71	(430)
Items that may be reclassified subsequently to profit or loss	**41**	**(434)**
Remeasurements of defined benefit plans obligation (2)	(76)	2
Changes in the fair value of equity instruments through other comprehensive income	1	0
Items that will not be reclassified to profit or loss	**(75)**	**2**
Other comprehensive loss after tax	**(34)**	**(432)**
Total comprehensive income / (loss)	**(424)**	**(1 182)**
Group share	(508)	(1 160)
Attributable to non-controlling interests	84	(22)

Presented net of the tax effect (Note 12.1).

(1) Exchange differences recognised on translating foreign operations in first-half 2019 mainly reflect the increase in the value of the Brazilian real. Exchange differences recognised on translating foreign operations in first-half 2018 mainly reflect the fall in the value of the Brazilian real.

(2) Remeasurement of the net defined benefit liability in first-half 2019 reflects the decrease in discount rates applied for the eurozone, from 1.60% at December 31, 2018 to 0.80% at June 30, 2019.

Consolidated statement of financial position

ASSETS

(in € millions)	Notes	June 30, 2019	December 31, 2018
Goodwill	8.1	7 999	7 983
Other intangible assets	8.1	1 411	1 461
Property and equipment	8.2	11 311	12 637
Investment property	8.3	312	389
Right-of-use Assets	9.2	4 226	-
Investments in companies accounted for by the equity method		1 242	1 374
Other non-current financial assets	13.5	1 443	1 275
Consumer credit granted by the financial services companies – long term	7.5	2 406	2 486
Deferred tax assets		770	723
Other non-current assets		513	379
Non-current assets		**31 633**	**28 709**
Inventories		5 848	6 135
Trade receivables		2 752	2 537
Consumer credit granted by the financial services companies – short term	7.5	4 163	3 722
Other current financial assets	13.2	316	190
Tax receivables		895	853
Other assets		884	887
Cash and cash equivalents	13.2	1 522	4 300
Assets held for sale	5	2 452	46
Current assets		**18 832**	**18 670**
TOTAL ASSETS		**50 465**	**47 378**

SHAREHOLDERS' EQUITY AND LIABILITIES

(in € millions)	Notes	June 30, 2019	December 31, 2018
Share capital		1 973	1 973
Consolidated reserves and income for the period		6 304	7 196
Shareholders' equity, Group share		**8 277**	**9 169**
Shareholders' equity attributable to non-controlling interests		2 157	2 117
Total shareholders' equity		**10 434**	**11 286**
Long-term borrowings	13.2	6 215	6 936
Lease commitments - long term	9.3	3 495	-
Provisions	11	3 991	3 521
Consumer credit financing – long term	7.5	1 878	1 932
Deferred tax liabilities		598	541
Non-current liabilities		**16 178**	**12 930**
Short-term borrowings	13.2	1 624	1 339
Lease commitments - short term	9.3	822	-
Suppliers and other creditors		11 619	14 161
Consumer credit financing – short term	7.5	3 975	3 582
Tax payables		996	1 142
Other payables		2 773	2 938
Liabilities related to assets held for sale	5	2 046	-
Current liabilities		**23 854**	**23 162**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**50 465**	**47 378**

Consolidated statement of cash flows

(in € millions)	First-half 2019	First-half 2018 restated
INCOME BEFORE TAXES	**(153)**	**(316)**
CASH FLOWS FROM OPERATING ACTIVITIES		
Income tax	(231)	(236)
Depreciation and amortisation expense	1 147	727
Capital (gains)/losses on sales of assets	(28)	(24)
Change in provisions and impairment	283	612
Finance costs, net	112	119
Net interests related to leases obligations	60	-
Net income and dividends received from equity-accounted companies	75	43
Impact of discontinued operations (1)	104	(35)
Cash flow from operations	**1 367**	**890**
Change in working capital requirement (2)	(2 123)	(2 313)
Impact of discontinued operations (1)	(113)	(25)
Net cash from operating activities (excluding financial services companies)	**(868)**	**(1 447)**
Change in consumer credit granted by the financial services companies	(36)	24
Net cash from operating activities	**(904)**	**(1 423)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of property and equipment and intangible assets (3)	(628)	(547)
Acquisitions of non-current financial assets	(14)	(16)
Acquisitions of subsidiaries and investments in associates (4)	(59)	(142)
Proceeds from the disposal of subsidiaries and investments in associates	52	0
Proceeds from the disposal of property and equipment and intangible assets	62	40
Proceeds from the disposal of non-current financial assets	22	13
Change in amounts receivable from disposals of non-current assets and due to suppliers of non-current assets (3)	(191)	(249)
Investments net of disposals	**(756)**	**(901)**
Other cash flows from investing activities	(64)	(24)
Impact of discontinued operations (1)	(23)	(32)
Net cash used in investing activities	**(842)**	**(956)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from share issues to non-controlling interests (5)	45	36
Dividends paid by Carrefour (parent company) (6)	-	-
Dividends paid by consolidated companies to non-controlling interests	(60)	(31)
Change in treasury stock and other equity instruments	-	42
Change in current financial assets (7)	(6)	(38)
Issuance of bonds (7)	707	1 257
Repayments of bonds (7)	(1 046)	(351)
Net financial interests paid	(159)	(161)
Other changes in borrowings (7)	227	96
Payments related to leases contracts (8)	(451)	-
Net interests related to leases obligations (8)	(45)	-
Impact of discontinued operations (1)	(48)	102
Net cash from financing activities	**(834)**	**951**
Net change in cash and cash equivalents before the effect of changes in exchange rates	**(2 580)**	**(1 428)**
Effect of changes in exchange rates	3	(171)
Net change in cash and cash equivalents	**(2 578)**	**(1 600)**
Cash and cash equivalents at beginning of period	**4 300**	**3 593**
Cash and cash equivalents at end of period	**1 723**	**1 993**
of which cash and cash equivalent at end of period from continuing operations	*1 522*	*1 743*
of which cash and cash equivalent at end of period from discontinued operations	*200*	*250*

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

(2) The change in working capital is analysed in Note 7.4.

(3) Acquisitions mostly include operational investments in fast-growing formats, the Group's digitisation and the roll-out of a leading omni-channel offering.

(4) This item mainly relates to the acquisition of a majority interest in the capital of So.bio (transaction described in Note 14.1.1). In 2018, this item mainly related to the acquisition of a minority interest in the capital of Showroomprivé and a majority interest in the capital of Quitoque.

(5) In first-half 2019 and first-half 2018, proceeds from share issues to non-controlling interests mainly correspond to the share capital of Cargo Property Assets subscribed and paid up during the period by third-party investors (non-controlling interests).

(6) The dividend approved by shareholders at the Annual Shareholders' Meeting of June 14, 2019 was paid on July 11, 2019 (Notes 3.5 and 14.4.1). In 2018, the dividend was paid on July 13 (cash dividend of 152 million euros paid to the shareholders who chose not to reinvest their dividends).

(7) Note 13.2 provides a breakdown of total borrowings. Changes in liabilities arising from financing activities are detailed in Note 13.4.

(8) In accordance with IFRS 16, effective as from January 1, 2019 (Note 4), payments under leases along with any related interest are shown in financing cash flows.

Consolidated statement of changes in shareholders' equity

(in € millions)	Shareholders' equity, Group share				Total Shareholders' equity, Group share	Non-controlling interests	Total Shareholders' equity
	Share capital	Translation reserve	Fair value reserve (4)	Other consolidated reserves and net income			
Shareholders' equity at December 31, 2017	**1 937**	**(885)**	**(24)**	**9 032**	**10 059**	**2 099**	**12 159**
IFRS 9 first application adjustments (1)				(141)	(141)	(119)	(259)
Shareholders' equity at January 1, 2018	**1 937**	**(885)**	**(24)**	**8 891**	**9 919**	**1 980**	**11 899**
Net income / (loss) for the half-year 2018	-	-	-	(861)	(861)	112	(750)
Other comprehensive income / (loss) after tax	-	(297)	(3)	2	(298)	(134)	(432)
Total comprehensive income / (loss) at June 30, 2018	**-**	**(297)**	**(3)**	**(859)**	**(1 160)**	**(22)**	**(1 182)**
Share-based payments	-	-	-	5	5	0	6
Treasury stock (net of tax)	-	-	-	42	42	-	42
2017 dividend payment (2)	-	-	-	(352)	(352)	(23)	(375)
Change in capital and additional paid-in capital	-	-	-	1	1	3	3
Effect of changes in scope of consolidation and other movements	-	-	-	(16)	(16)	16	(0)
Shareholders' equity at June 30, 2018	**1 937**	**(1 183)**	**(27)**	**7 712**	**8 439**	**1 954**	**10 393**
Shareholders' equity at December 31, 2018	**1 973**	**(1 219)**	**(30)**	**8 445**	**9 169**	**2 117**	**11 286**
IFRS 16 first application adjustments (3)				(9)	(9)		(9)
Shareholders' equity at January 1st, 2019	**1 973**	**(1 219)**	**(30)**	**8 436**	**9 161**	**2 117**	**11 278**
Net income / (loss) for the half-year 2019	-	-	-	(458)	(458)	68	(390)
Other comprehensive income / (loss) after tax	-	54	(28)	(75)	(50)	15	(34)
Total comprehensive income / (loss) at June 30, 2019	**-**	**54**	**(28)**	**(533)**	**(508)**	**84**	**(424)**
Share-based payments	-	-	-	6	6	-	6
2018 dividend payment (2)	-	-	-	(359)	(359)	(46)	(405)
Change in capital and additional paid-in capital	-	-	-	0	0	1	2
Effect of changes in scope of consolidation and other movements	-	-	-	(24)	(24)	1	(22)
Shareholders' equity at June 30, 2019	**1 973**	**(1 165)**	**(58)**	**7 527**	**8 277**	**2 157**	**10 434**

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

(2) *The 2017 dividend, totalling 352 million euros, was paid in second-half 2018:*
- *in cash for 152 million euros; and*
- *in new shares for 200 million euros (corresponding to the aggregate par value of the new shares for 36 million euros and premiums for 164 million euros).*

The 2018 dividend, totalling 359 million euros, corresponds to the total dividend amount approved at the Annual Shareholders' Meeting of June 14, 2019. It was paid on July 11, 2019 (i) in cash for 106 million euros and (ii) in 17,096,567 new shares for 253 million euros (Notes 3.5 and 14.4.1).

Dividends paid to non-controlling interests, totalling 23 million euros in first-half 2018 and 46 million euros in first-half 2019, mainly concern Spanish, French and Brazilian subsidiaries.

(3) *The Group applied IFRS 16 –* Leases *for the first time as of January 1, 2019. In light of the Group's chosen transition approach, comparative data have not been restated and the impact resulting from the first-time application of IFRS 16 (detailed in Note 4) has been recognised in equity at January 1, 2019.*

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

NB: In accordance with IAS 29 – *Financial Reporting in Hyperinflationary Economies*, equity at June 30, 2019 includes the impact of hyperinflation in Argentina. Since IAS 21 does not allow comparative figures presented in prior-year financial statements to be restated in a stable currency, equity at June 30, 2018 does not include the adjustment for hyperinflation.

Notes to the Condensed Consolidated Financial Statements

NOTE 1: BASIS OF PREPARATION OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The Condensed Consolidated Financial Statements for the six-month period ended June 30, 2019 were reviewed by the Board of Directors on July 25, 2019.

Carrefour (the "Company") is domiciled in France. The Condensed Consolidated Financial Statements for the six-month period ended June 30, 2019 reflect the financial position and results of operations of the Company and its subsidiaries (together the "Group"), along with the Group's share of the profits and losses and net assets of associates and joint ventures accounted for by the equity method. The presentation currency of the Consolidated Financial Statements is the euro, which is the Company's functional currency.

1.1 Statement of compliance

In accordance with European Regulation (EC) no. 1606/2002 dated July 19, 2002, the Condensed Consolidated Financial Statements for the six-month period ended June 30, 2019 have been prepared in compliance with the international accounting standards adopted for use in the European Union as of June 30, 2019 and applicable at that date, with comparative information for the same period of 2018 and at December 31, 2018 prepared using the standards applicable at the reporting date.

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

All of the standards and interpretations endorsed by the European Union are published in the Official Journal of the European Union, which can be accessed in the EUR-Lex. At June 30, 2019, the standards and interpretations adopted for use in the European Union were the same as those published by the IASB and applicable at that date.

1.2 IFRSs and interpretations applied by the Group

The accounting and calculation methods used to prepare the Condensed Consolidated Financial Statements for the six-month period ended June 30, 2019 are the same as those used for the 2018 Consolidated Financial Statements, except for specific requirements of IAS 34 – *Interim Financial Reporting* (Note 1.3) and the following standards, amendments and interpretations which were applicable as of January 1, 2019:

- IFRS 16 – *Leases*: the impacts of IFRS 16 on the Consolidated Financial Statements are described in Note 4;
- IFRIC 23 – *Uncertainty over Income Tax Treatments*: the impacts of IFRIC 23 on the Consolidated Financial Statements are described in Note 4;
- Amendments to IFRS 9 – *Prepayment Features with Negative Compensation*: these amendments had no material impact on the Consolidated Financial Statements;
- Amendments to IAS 28 – *Long-term Interests in Associates and Joint Ventures*: these amendments had no material impact on the Consolidated Financial Statements;
- Amendments to IAS 19 – *Plan Amendment, Curtailment or Settlement*: these amendments had no material impact on the Consolidated Financial Statements;
- IFRS Annual Improvements 2015-2017 Cycle: these amendments had no material impact on the Consolidated Financial Statements.

No standards, amendments or interpretations were adopted for use in the European Union and available for early adoption.

Not yet adopted for use in the European Union

Standards, amendments and interpretations	Effective date[1]
Amendments to IFRS 10 and IAS 28 – *Sales or Contribution of Assets between an Investor and its Associate or Joint Venture*	Application deferred indefinitely by the IASB
Amendments to IFRS 3 – *Definition of a Business*	January 1, 2020
Amendments to References to the Conceptual Framework in IFRS Standards	January 1, 2020
Amendments to IAS 1 and IAS 8 – *Definition of Material*	January 1, 2020
IFRS 17 – *Insurance Contracts*	January 1, 2022

(1) Subject to adoption by the European Union.

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

1.3 Specific reporting treatments in the preparation of interim financial statements

1.3.1 Reporting principles

The Condensed Consolidated Financial Statements for the six-month period ended June 30, 2019 have been prepared in accordance with IAS 34 – *Interim Financial Reporting*. Condensed interim consolidated financial statements do not contain all of the disclosures that would be required in a complete set of annual financial statements. Consequently, these interim financial statements should be read jointly with the Group's Consolidated Financial Statements for the year ended December 31, 2018, as included in the Registration Document filed with the AMF and available on request from the Company's head office at 93 avenue de Paris – 91300 Massy, France, or on the Company's website, www.carrefour.com.

1.3.2 Estimation of income tax expense

In accordance with IAS 34, income tax expense for first-half 2019 is calculated based on the estimated weighted average annual income tax rate for full-year 2019 (the effective tax rate), for each entity and tax sub-group (Note 10). The tax impact of specific transactions is reflected in income tax expense for the period.

1.3.3 Post-employment benefits and other long-term benefits

The provision for pensions and other post-employment benefits is calculated using actuarial projections based on data from the previous period-end. The discount rate for the main contributing countries (eurozone) is reviewed at June 30 (Note 11). The actuarial projections are updated to take into account any material changes to assumptions or one-off impacts (discount rates, applicable legislation, the population concerned, etc.) during the six-month period.

1.4 Use of estimates and judgement

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

The main estimates and judgements applied by management for the preparation of the Condensed Consolidated Financial Statements for the six-month period ended June 30, 2019 are the same as those described in the Consolidated Financial Statements for the year ended December 31, 2018. However, they also include estimates and judgements relating to the measurement of right-of-use assets and lease liabilities recognised in accordance with IFRS 16 – *Leases* (Note 9).

1.5 Measurement methods

The Consolidated Financial Statements have been prepared using the historical cost convention, except for assets acquired and liabilities assumed in business combinations and certain financial assets and liabilities, which are measured using the fair value model, and non-current assets held for sale, which are measured at the lower of carrying amount and fair value less costs to sell.

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

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

Argentina is classified as a hyperinflationary economy within the meaning of IFRSs. IAS 29 – *Financial Reporting in Hyperinflationary Economies* is therefore applicable to the Consolidated Financial Statements for the six-month period ended June 30, 2019. Since IAS 21 does not allow comparative figures presented in prior-year financial statements to be restated in a stable currency, comparative data for first-half 2018 do not include the adjustment for inflation.

NOTE 2: SEASONAL FLUCTUATIONS IN BUSINESS

Like those of other retailers, Carrefour's sales are subject to significant seasonal fluctuations, with the result that comparisons between the consolidated financial statements for the first and second halves of the year are not particularly meaningful. This is particularly the case for recurring operating income and cash flow generation between the two periods.

Second-half sales are traditionally higher than those for the first half, due to increased activity in December. Operating expenses on the other hand – such as payroll costs, depreciation and amortisation – are spread more or less evenly over the year. As a result, recurring operating income is generally lower in the first half than in the second.

Cash flows generated by the Group are also strongly impacted by seasonal trends, with working capital requirement rising sharply in the first half as a result of the large volume of supplier payments due at the beginning of the year for the purchases made ahead of the previous year's peak selling period in December.

NOTE 3: SIGNIFICANT EVENTS OF THE PERIOD

3.1 Continuation of the “Carrefour 2022” transformation plan

On January 23, 2018, the Carrefour Group unveiled “Carrefour 2022”, its transformation plan based on four pillars:

- deploy a streamlined and open organisation;
- achieve productivity and competitiveness gains;
- create a leading omni-channel universe;
- overhaul the offering to promote food quality.

As part of this initiative, the following transformation plans were announced for France and Italy in the first half of 2019:

- On May 15, 2019, *Carrefour Hypermarchés France* signed a majority mutually agreed termination arrangement (*rupture conventionnelle collective* – RCC) with its trade unions, providing for the departure of up to 3,000 employees. The agreement notably concerns shutting down the jewellery department, moving the multimedia department to self-service, and automating the petrol stations.
- On February 15, 2019, Carrefour Italy announced its transformation plan for 2019-2022 to the trade unions. The plan sets out several operational measures, such as opening several hundreds of stores in the Market and Express formats, stepping up the e-commerce business, updating the hypermarket model to comprise three clusters and reducing surface area on a targeted basis in some supermarkets. The plan also details reorganisation measures that will reduce the number of employees by a maximum of 590 people.

The amount of the provision recognised at June 30, 2019 was estimated based on various assumptions and is the best estimate of the costs the Group expects to incur in relation to the restructuring plans currently being implemented (Notes 7.3 and 11.3).

3.2 Carrefour China sale agreement

On June 23, 2019, the Group announced that it had signed an agreement to sell an 80% equity interest in Carrefour China to Chinese group Suning.com.

With a presence in China dating back to 1995, Carrefour China operates a network of 210 hypermarkets and 24 convenience stores. In 2018, it generated net sales of 3.6 billion euros and EBITDA of 66 million euros.

Suning.com is a leading retailer in China. It operates a network of over 8,881 stores in more than 700 cities and runs the country’s third-largest B2C e-commerce platform. The strong complementarity between Carrefour China and Suning.com’s businesses will accelerate the development of Carrefour China.

Carrefour Group will retain a 20% stake in the business and two seats out of seven on Carrefour China’s Supervisory Board.

Closing of the transaction is subject to approval by Chinese competition authorities and other customary conditions, and is expected by the end of 2019.

The sale price for the 80% equity interest in Carrefour China is 4.8 billion renminbi (620 million euros). The price may be adjusted at the transaction date based on changes in Carrefour China’s net debt and working capital requirement.

The agreement signed with Suning.com gives several liquidity windows for the Group’s residual 20% interest in Carrefour China once the transaction is completed:

- During the 90 days following the second anniversary of the transaction date, the Group may exercise a put option to sell its residual 20% interest to Suning.com at a price equal to 20% of equity as calculated at the date of the sale of the 80% interest, i.e., 20% of 6 billion renminbi (20% of 774 million euros);

- At the end of this period and for a period of 90 days, Suning.com may exercise a call option to purchase the residual 20% interest held by Carrefour at a price equal to 20% of equity as calculated at the date of the sale of the 80% interest;
- During the three years following the third anniversary of the transaction date, Carrefour may exercise a put option to sell its residual 20% interest to Suning.com at market value;
- During the three years following the fourth anniversary of the transaction date, Suning.com may exercise a call option to purchase the residual 20% interest held by Carrefour at market value.

For more details on the impacts of this ongoing sale on the Condensed Consolidated Financial Statements for the six-month period ended June 30, 2019, see Note 5.

3.3 Cargo Property Assets sale agreement

In early 2019, the Group began the process to sell its subsidiary Cargo Property Assets, which owns 22 distribution centres in France. A preliminary agreement to sell the subsidiary's entire share capital was signed on July 10, 2019 with Argan, a listed property company.

The subsidiary's assets were classified as held for sale at April 1, 2019, and comprise property and equipment with a net carrying amount of 567 million euros at June 30, 2019.

The sale price attributable to the Group amounts to 288 million euros (corresponding to 32%).

The price will be settled in cash for 230 million euros and in the acquirer's listed shares for 58 million euros, representing around 5% of Argan on completion of the transaction.

Closing of the transaction is subject to the approval of Argan's shareholders and other customary conditions, and is expected by the end of 2019. For accounting purposes, the capital gain will be adjusted for the impact of applying IFRS 16 to sale and leaseback transactions.

3.4 Securing the Group's long-term financing

On May 7, 2019, the Group carried out a new 500-million euro 8-year 1.00% bond issue due May 2027. The issue's settlement date was May 15, 2019.

On May 22, 2019, Carrefour redeemed 1 billion euros worth of six-year 1.75% bonds.

These two transactions consolidated the Group's long-term financing, extended the average maturity of its bond debt (to 3.9 years at June 30, 2019, vs. 3.6 years at December 31, 2018) and further reduced its borrowing costs.

In June 2019, Carrefour amended and extended two credit facilities for a total amount of 3.9 billion euros, incorporating an innovative Corporate Social Responsibility (CSR) component in the first CSR-linked credit transaction in the European retail sector.

The first credit facility ("Club deal") was completed with a syndicate of eight banks for a total of 1.4 billion euros. The second credit facility ("Syndicated facility") was negotiated with a syndicate of 21 banks for a total of 2.5 billion euros. Both facilities fall due in June 2024 and each can be extended twice for a further one-year period at Carrefour's request.

These two operations are part of Carrefour's strategy to secure its long-term financing sources, extending the average maturity of these facilities from 3.1 years to 5 years.

On January 7, 2019, Brazilian subsidiary Atacadão also carried out a bond issue (short-term debentures) in two tranches, for 200 and 700 million reals respectively (around 45 and 160 million euros). The first tranche matured and was redeemed on March 8, 2019, and the second tranche will mature on January 6, 2020.

3.5 2018 dividend reinvestment option

At the Annual Shareholders' Meeting held on June 14, 2019, the shareholders decided to set the 2018 dividend at 0.46 euros per share with a dividend reinvestment option.

The issue price of the shares to be issued in exchange for reinvested dividends was set at 14.78 euros per share, representing 90% of the average of the opening prices quoted on Euronext Paris during the 20 trading days preceding the date of the Annual Shareholders' Meeting, less the net amount of the dividend of 0.46 euros per share and rounded up to the nearest euro cent.

The option period was open from June 24, 2019 to July 5, 2019 and a liability of 359 million euros was recorded in the consolidated statement of financial position at June 30, 2019 (Note 14.4.1).

NOTE 4: IMPACT OF CHANGES IN ACCOUNTING POLICIES

The Group applied IFRS 16 – *Leases* and IFRIC 23 – *Uncertainty over Income Tax Treatments* as of January 1, 2019.

A description of the main changes in accounting policies as a result of applying these standards and the impacts of these changes are summarised below.

- Changes resulting from the application of IFRS 16 led to a net positive impact of 5.0 billion euros on total assets, including a negative impact of 9 million euros on equity. Carrefour has chosen to apply IFRS 16 using the simplified retrospective approach as of January 1, 2019.
- There was no IFRIC 23 impact on the Consolidated Financial Statements for the six-month period ended June 30, 2019. For purposes of assessing tax uncertainties, IFRIC 23 does not affect the methods used by the Group to date. In addition, the IFRIC was consulted as to how income tax risks should be presented on the statement of financial position but they have not yet given a definitive opinion. For this reason, in the absence of a final decision, no assets or liabilities were reclassified at June 30, 2019. Tax risks relating to income tax are still classified under provisions.

Data presented for the comparative period was not restated, as allowed by the transitional provisions of IFRS 16.

The table below summarises the impact of applying IFRS 16 on the opening statement of financial position in the Consolidated Financial Statements for the six-month period ended June 30, 2019:

ASSETS

(in € millions)	**December 31, 2018**	**IFRS 16 first application impacts**	**January 1st, 2019**
Goodwill	7 983		7 983
Other intangible assets	1 461	(41)	1 420
Property and equipment	12 637	(367)	12 270
Investment property	389		389
Right-of-use Assets	0	5 244	5 244
Investments in companies accounted for by the equity method	1 374		1 374
Other non-current financial assets	1 275	191	1 466
Consumer credit granted by the financial services companies – long term	2 486		2 486
Deferred tax assets	723		723
Other non-current assets	379	(26)	353
Non-current assets	**28 709**	**5 000**	**33 709**
Inventories	6 135		6 135
Trade receivables	2 537		2 537
Consumer credit granted by the financial services companies – short term	3 722		3 722
Other current financial assets	190	42	232
Tax receivables	853		853
Other assets	887	(17)	870
Cash and cash equivalents	4 300		4 300
Assets held for sale	46		46
Current assets	**18 670**	**25**	**18 694**
TOTAL ASSETS	**47 378**	**5 025**	**52 403**

SHAREHOLDERS' EQUITY AND LIABILITIES

(in € millions)	December 31, 2018	IFRS 16 first application impacts	January 1st, 2019
Share capital	1 973		1 973
Consolidated reserves and income for the year	7 196	(9)	7 188
Shareholders' equity, Group share	**9 169**	**(9)**	**9 161**
Shareholders' equity attributable to non-controlling interests	2 117		2 117
Total shareholders' equity	**11 286**	**(9)**	**11 278**
Long-term borrowings	6 936	(230)	6 706
Lease commitments - long term	-	4 272	4 272
Provisions	3 521	54	3 575
Consumer credit financing – long term	1 932		1 932
Deferred tax liabilities	541		541
Non-current liabilities	**12 930**	**4 096**	**17 026**
Short-term borrowings	1 339	(45)	1 294
Lease commitments - short term	-	984	984
Suppliers and other creditors	14 161	(2)	14 160
Consumer credit financing – short term	3 582		3 582
Tax payables	1 142		1 142
Other payables	2 938	(1)	2 937
Liabilities related to assets held for sale	-		-
Current liabilities	**23 162**	**937**	**24 099**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**47 378**	**5 025**	**52 403**

4.1. IFRS 16 – *Leases*

This note details the impacts of the first-time application of IFRS 16 – *Leases* on Carrefour's Consolidated Financial Statements. The IFRS 16 accounting policies applied to the Consolidated Financial Statements for the six-month period ended June 30, 2019 are described in Note 9.

i) Impacts recognised at January 1, 2019, date of the first-time application of IFRS 16

Carrefour has chosen to apply IFRS 16 using the simplified retrospective approach as of January 1, 2019. The 2018 Financial Statements have not been restated.

At January 1, 2019, the amount of lease liabilities represents the present value of lease payments due over the reasonably certain term of the lease.

The amount of right-of-use assets represents the amount of lease liabilities, adjusted where necessary for leasehold rights and for any prepaid lease payments or lease incentives receivable from the lessor and recognised at December 31, 2018. This figure also includes a provision for dismantling where applicable. Right-of-use assets are adjusted for any onerous leases.

The discount rate used at January 1, 2019 is the incremental borrowing rate (the weighted average incremental borrowing rate at January 1, 2019 is 4.62%) as calculated over the initial term of each lease. This was calculated for each country using a risk-free yield curve and a spread (the same spread is used for all subsidiaries in a given country).

Leases concern:

- mainly property assets, both used directly by the Group and sub-let to third parties, such as store premises sub-let to franchisees and retail units located in shopping malls and shopping centres;
- to a lesser extent, vehicles; as well as
- a few warehousing and storage contracts with a lease component.

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

- the inherent characteristics of the different types of assets (stores, logistics warehouses, administrative buildings) and the country concerned by the lease. In the case of leased store premises, the characteristics taken into account include the store's profitability, any recent capital expenditure in the store and the existence of significant termination penalties in the case of integrated or franchised stores;
- a portfolio approach for leased vehicles with similar characteristics and periods of use. Four portfolios have been identified, corresponding to (i) Company cars, (ii) cars and vans for rental to customers, (iii) trucks and (iv) light commercial vehicles.

Reconciliation of off-balance sheet commitments at December 31, 2018 with IFRS 16 lease liabilities at January 1, 2019

(in € millions)	
Operating leases commitments at December 31, 2018	**3 569**
IFRS 16 exemptions	(95)
Differences in duration determined under IFRS 16 related to termination and extension options which are reasonably certain	2 301
Non discounted leases commitments under IFRS 16 at January 1st, 2019	**5 775**
Discount impact	(793)
Discounted leases commitments under IFRS 16 at January 1st, 2019	**4 981**
Finance leases liability under IAS 17 at December 31, 2018	275
Leases commitments at January 1st, 2019	**5 256**
including leases commitments - less than 1 year	*984*
including leases commitments - more than 1 year	*4 272*

Applying IFRS 16 also impacts the following captions in the Consolidated Financial Statements:

- At the transition date, right-of-use assets and lease liabilities relating to leases previously classified as finance leases under IAS 17 are written back at their carrying amount immediately before the date of first-time application. Right-of-use assets relating to leases previously classified as finance leases represent 367 million euros, while finance lease liabilities represent 275 million euros;
- Leasehold rights are now included as part of the initial measurement of the right-of-use assets. Reclassifications were made in the opening statement of financial position in this respect for 41 million euros;
- Prepaid lease payments and lease incentives to be recognised over the lease term, which were initially shown in other assets and other liabilities, are now included in right-of-use assets;
- Right-of-use assets have been derecognised and financial receivables recognised in respect of sub-letting arrangements granted over the residual period of the leases concerned. Recognition of these receivables had a negative impact of 9 million euros on opening equity.

At January 1, 2019, right-of-use assets relate to the following asset categories:

(in € millions)	**Right of Use Asset**
Land & Buildings	4 970
Equipment, fixtures and fittings	116
Investment property	158
Total	**5 244**

ii) Impact on segment information

At January 1, 2019, segment assets and liabilities increased in all regions following the application of IFRS 16:

(in € millions)	**Group**	France	Europe	Latin America	Asia	Global Functions
Right-of-use Asset	5 244	1 265	2 252	240	1 251	235
Lease commitment	5 256	1 255	2 433	241	1 100	228

iii) Practical expedients adopted by the Group at January 1, 2019

The Group applied the following practical expedients upon the first-time application of IFRS 16:

- use of a single discount rate for a portfolio of leases with reasonably similar characteristics. This approach was applied to vehicle fleets;
- use of its assessment of whether leases are onerous by applying IAS 37 – *Provisions, Contingent Liabilities and Contingent Assets* immediately before the date of first-time application as an alternative to testing right-of-use assets for impairment at January 1, 2019. Right-of-use assets were adjusted by the amount recognised in respect of any provision for onerous leases (leases at above-market rates) immediately before the date of first-time application;
- exclusion of initial direct costs from the measurement of right-of-use assets at the date of first-time application;
- use of hindsight, such as in determining the lease term if the contract contains options to extend or terminate the lease.

The Group also chose not to review contracts to determine whether or not they contained a lease at the transition date. Accordingly, contracts not identified as leases under IAS 17 and IFRIC 4 before the date of first-time application were not reviewed. This practical expedient applies to all contracts entered into before January 1, 2019.

4.2. IFRIC 23 – *Uncertainty over Income Tax Treatments*

IFRIC 23 clarifies how to apply the recognition and measurement requirements in IAS 12 – *Income Taxes* when there is uncertainty over applicable tax treatments.

This interpretation has no impact on the Condensed Consolidated Financial Statements for the six-month period ended June 30, 2019. For purposes of assessing tax uncertainties, IFRIC 23 does not affect the methods used by the Group to date. In addition, the IFRIC was consulted as to how income tax risks should be presented on the statement of financial position but they have not yet given a definitive opinion. For this reason, in the absence of a final decision, no assets or liabilities were reclassified at June 30, 2019. Tax risks relating to income tax are still classified under provisions.

NOTE 5: DISCONTINUED OPERATIONS AND RESTATEMENT OF COMPARATIVE INFORMATION

On June 23, 2019, the Group signed an agreement to sell an 80% equity interest in its subsidiary, Carrefour China. If the conditions precedent are met, this agreement will result in loss of control of the subsidiary.

At June 30, 2019, all of the subsidiary's assets and liabilities therefore fall within the scope of IFRS 5 and have been reclassified as held for sale.

As Carrefour China represents a separate major geographic area of operations, it is considered a discontinued operation in accordance with IFRS 5. Accordingly:

- net income for the subsidiary is shown on a separate line of the income statement, "Net income/(loss) from discontinued operations". To enable a meaningful comparison, its net income for first-half 2018 has also been reclassified on this line;
- all cash flows relating to this subsidiary are shown on the "Impact of discontinued operations" lines in the consolidated statement of cash flows. Data for first-half 2018 have been similarly restated.

Key consolidated figures for Carrefour China, classified as held for sale in first-half 2019 and first-half 2018 in accordance with IFRS 5, are as follows:

(in € millions)	**First-half of 2019**	**First-half of 2018**
Net sales	1 818	1 924
Gross margin from recurring operations	456	485
Sales, general and administrative expenses, depreciation and amortisation	(435)	(490)
Recurring operating loss	21	(5)
Operating loss	20	(25)
Loss before taxes	(23)	(27)
Income tax expense	(5)	(5)
Net loss for the period	(28)	(32)

5.1 Impact on the consolidated income statement for first-half 2018

(in € millions)	**First-half 2018 published**	**IFRS 5 reclassification**	**First-half 2018 restated**
Net sales	37 071	(1 924)	35 147
Loyalty program costs	(343)	57	(286)
Net sales net of loyalty program costs	**36 728**	**(1 867)**	**34 861**
Other revenue	1 309	(110)	1 199
Total revenue	**38 037**	**(1 977)**	**36 060**
Cost of sales	(29 816)	1 492	(28 324)
Gross margin from recurring operations	**8 221**	**(485)**	**7 736**
Sales, general and administrative expenses, depreciation and amortisation	(7 624)	490	(7 134)
Recurring operating income	**597**	**5**	**602**
Net income from equity-accounted companies	(6)	-	(6)
Recurring operating income after net income from equity-accounted companies	**591**	**5**	**596**
Non-recurring income and expenses, net	(785)	20	(765)
Operating income	**(194)**	**25**	**(169)**
Finance costs and other financial income and expenses, net	(149)	2	(147)
Finance costs, net	*(121)*	*2*	*(119)*
Other financial income and expenses, net	*(28)*	*(0)*	*(28)*
Income before taxes	**(342)**	**27**	**(316)**
Income tax expense	(179)	5	(173)
Net loss from continuing operations	**(521)**	**32**	**(489)**
Net income/(loss) from discontinued operations	(229)	(32)	(261)
Net income / (loss) for the period	**(750)**	**-**	**(750)**
Group share	**(861)**	**-**	**(861)**
of which net loss from continuing operations	(633)	30	(603)
of which net income/(loss) from discontinued operations	(229)	(30)	(259)
Attributable to non-controlling interests	**112**	**-**	**112**
of which net income / (loss) from continuing operations - attributable to non-controlling interests	112	2	113
of which net income / (loss) from discontinued operations - attributable to non-controlling interests	-	(2)	(2)

5.2 Impact on the consolidated cash flow statement for first-half 2018

(in € millions)	First-half 2018 published	IFRS 5 reclassification	First-half 2018 restated
INCOME BEFORE TAXES	**(342)**	**27**	**(316)**
CASH FLOWS FROM OPERATING ACTIVITIES			
Income tax	(245)	9	(236)
Depreciation and amortisation expense	777	(50)	727
Capital (gains)/losses on sales of assets	(24)	(0)	(24)
Change in provisions and impairment	619	(7)	612
Finance costs, net	121	(2)	119
Net income and dividends received from equity-accounted companies	43	-	43
Impact of discontinued operations	(58)	23	(35)
Cash flow from operations	**890**	**-**	**890**
Change in working capital requirement	(2 389)	76	(2 313)
Impact of discontinued operations	51	(76)	(25)
Net cash from operating activities (excluding financial services companies)	**(1 447)**	**0**	**(1 447)**
Change in consumer credit granted by the financial services companies	24	-	24
Impact of discontinued operations	0	-	0
Net cash from operating activities	**(1 423)**	**0**	**(1 423)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of property and equipment and intangible assets	(566)	19	(547)
Acquisitions of non-current financial assets	(14)	(3)	(16)
Acquisitions of subsidiaries and investments in associates	(142)	-	(142)
Proceeds from the disposal of subsidiaries and investments in associates	0	-	0
Proceeds from the disposal of property and equipment and intangible assets	41	(1)	40
Proceeds from the disposal of non-current financial assets	13	-	13
Change in amounts receivable from disposals of non-current assets and due to suppliers of non-current assets	(265)	17	(249)
Investments net of disposals	**(933)**	**33**	**(901)**
Other cash flows from investing activities	(22)	(1)	(24)
Impact of discontinued operations	(1)	(31)	(32)
Net cash from / (used in) investing activities	**(956)**	**0**	**(956)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from share issues to non-controlling interests	36	(0)	36
Acquisitions and disposals of investments without any change of control	-	-	-
Dividends paid by Carrefour (parent company)	-	-	-
Dividends paid by consolidated companies to non-controlling interests	(31)	-	(31)
Change in treasury stock and other equity instruments	42	-	42
Change in current financial assets	(38)	(0)	(38)
Issuance of bonds	1 257	-	1 257
Repayment of bonds	(351)	-	(351)
Net financial interests paid	(163)	2	(161)
Other changes in borrowings	200	(104)	96
Impact of discontinued operations	0	102	102
Net cash from / (used in) financing activities	**951**	**0**	**951**
Net change in cash and cash equivalents before the effect of changes in exchange rates	**(1 428)**	**0**	**(1 428)**
Effect of changes in exchange rates	(171)	-	(171)
Net change in cash and cash equivalents	**(1 600)**	**0**	**(1 600)**
Cash and cash equivalents at beginning of the period	**3 593**	**-**	**3 593**
Cash and cash equivalents at end of the period	**1 993**	**-**	**1 993**
of which cash and cash equivalent from continuing operations at the end of the period	*1 993*	*(250)*	*1 743*
of which cash and cash equivalent from discontinued operations at the end of the period	*0*	*250*	*250*

5.3. Impact on the consolidated statement of financial position at June 30, 2019

In accordance with IFRS 5, Carrefour China's assets and liabilities have been reclassified as assets held for sale and related liabilities in the consolidated statement of financial position at June 30, 2019.

(in € millions)	**IFRS 5 reclassification**
Goodwill	46
Other intangible assets	20
Property and equipment	276
Investment property	71
Right-of-use Asset	753
Other non-current financial assets	55
Deferred tax assets	8
Other non-current assets	14
Non-current assets	**1 245**
Inventories	331
Trade receivables	42
Other current financial assets	6
Tax receivables	12
Other assets	21
Cash and cash equivalents	200
Current assets	**612**
TOTAL ASSETS HELD FOR SALE	**1 856**

SHAREHOLDERS' EQUITY AND LIABILITIES

(in € millions)	**IFRS 5 reclassification**
Lease commitment - long term	510
Provisions	25
Deferred tax liabilities	8
Non-current liabilities	**543**
Short-term borrowings	122
Lease commitment - short term	146
Suppliers and other creditors	1 074
Tax payables	5
Other payables	157
Current liabilities	**1 503**
TOTAL LIABILITIES HELD FOR SALE	**2 046**

Property and equipment owned by Cargo Property Assets, which had a net carrying amount of 567 million euros, were reclassified as assets held for sale at June 30, 2019.

NOTE 6: SEGMENT INFORMATION

6.1 Segment results

First-half 2019 *(in € millions)*	**Total**	**France**	**Europe**	**Latin America**	**Asia**	**Global Functions**
Net sales	34 885	16 789	9 988	7 134	974	
Other revenue	1 204	410	314	407	41	31
Recurring operating income before depreciation and amortisation (1)	**1 770**	**615**	**556**	**505**	**101**	**(7)**
Recurring operating income (2)	**624**	**120**	**126**	**362**	**40**	**(25)**
Capital expenditure	628	297	112	206	6	8
Depreciation and amortisation expense (3)(4)	(1 147)	(495)	(431)	(143)	(61)	(17)

First-half 2018 restated *(in € millions)*	**Total**	**France**	**Europe**	**Latin America**	**Asia**	**Global Functions**
Net sales	35 147	17 150	10 093	6 976	927	0
Other revenue	1 199	419	329	385	39	27
Recurring operating income before depreciation and amortisation	**1 328**	**468**	**384**	**420**	**67**	**(11)**
Recurring operating income	**602**	**110**	**152**	**319**	**37**	**(16)**
Capital expenditure	547	256	90	184	6	11
Depreciation and amortisation expense (4)	(726)	(358)	(232)	(101)	(30)	(5)

(1) In first-half 2019, recurring operating income before depreciation and amortisation does not include lease expenses under contracts now accounted for in accordance with IFRS 16, excluding exemptions (Note 4).

(2) In first-half 2019, recurring operating income does not include lease expenses under contracts now accounted for in accordance with IFRS 16, excluding exemptions. However, it includes depreciation charged against the corresponding right-of-use assets (Note 4). In all, the net impact of applying IFRS 16 is a 23 million-euro increase in first-half 2019 recurring operating income. Recurring operating income in Latin America also takes into account a 17 million-euro negative adjustment resulting from the application of IAS 29 in Argentina (Note 1.5).

(3) In first-half 2019, depreciation and amortisation includes right-of-use assets under leases now accounted for in accordance with IFRS 16, excluding exemptions (Note 4).

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

6.2 Segment assets and liabilities

At June 30, 2019 and in accordance with IFRS 5, Carrefour China's assets and liabilities have been reclassified as assets held for sale and related liabilities (Note 5).

June 30, 2019 *(in € millions)*	**Total**	**France**	**Europe**	**Latin America**	**Asia**	**Global Functions**
ASSETS						
Goodwill	7 999	4 955	2 509	473	60	1
Other intangible assets (2)	1 411	657	510	166	13	65
Property and equipment (2)	11 311	4 773	3 352	2 832	353	2
Investment property	312	10	134	117	50	-
Right-of-use Asset (1)	4 226	1 210	2 142	247	403	224
Other segment assets	17 461	9 267	3 212	4 183	184	614
Total segment assets	**42 720**	**20 873**	**11 860**	**8 017**	**1 062**	**907**
Unallocated assets	7 746					
Total Assets	**50 465**					
LIABILITIES (excluding equity)						
Segment liabilities (3)	**25 558**	**12 559**	**6 927**	**4 047**	**902**	**1 123**
Unallocated liabilities	14 474					
Total Liabilities	**40 032**					

December 31, 2018 *(in € millions)*	**Total**	**France**	**Europe**	**Latin America**	**Asia**	**Global Functions**
ASSETS						
Goodwill	7 983	4 901	2 508	467	107	1
Other intangible assets (2)	1 461	700	503	161	34	64
Property and equipment (2)	12 637	5 453	3 642	2 677	863	2
Investment property	389	9	137	120	122	-
Right-of-use Asset (1)	-	-	-	-	-	-
Other segment assets	16 999	8 904	3 135	3 633	863	465
Total segment assets	**39 470**	**19 967**	**9 925**	**7 057**	**1 989**	**532**
Unallocated assets	7 908					
Total Assets	**47 378**					
LIABILITIES (excluding equity)						
Segment liabilities (3)	**23 756**	**11 349**	**5 553**	**4 440**	**2 085**	**329**
Unallocated liabilities	12 336					
Total Liabilities	**36 092**					

(1) Segment assets include right-of-use assets recognised following the application of IFRS 16 as of January 1, 2019, representing 5,244 million euros at that date (Note 4).

(2) Leasehold rights and assets held under finance leases, previously recognised in other intangible assets and other property and equipment, are included in right-of-use assets following the application of IFRS 16 as of January 1, 2019. These represented 41 million euros and 367 million euros, respectively, at January 1, 2019 (Note 4).

(3) Segment liabilities include lease liabilities (current and non-current portions) recognised following the application of IFRS 16 as of January 1, 2019. Segment liabilities amounted to 5,256 million euros at January 1, 2019, including a non-current portion of 4,272 million euros (of which 230 million euros relating to finance leases recognised in accordance with IAS 17) and a current portion of 984 million euros (of which 45 million euros relating to finance leases recognised in accordance with IAS 17) (Note 4).

NOTE 7: OPERATING ITEMS

7.1 Revenue

7.1.1 Net sales

(in € millions)	First-half 2019	First-half 2018 restated	% change
Net sales	34 885	35 147	(0,7) %

Excluding the currency effect, first-half 2019 net sales amounted to 36,041 million euros, an increase of 2.5%. Changes in exchange rates reduced net sales by almost 1.16 billion euros in first-half 2019, with negative currency effects of 1.14 billion euros in Latin America.

Restated for IAS 29 in Argentina, consolidated net sales for first-half 2019 would have increased by 2.2% at constant exchange rates.

Net sales by country

(in € millions)	First-half 2019	First-half 2018 restated
France	**16 789**	**17 150**
Rest of Europe	**9 988**	**10 093**
Spain	4 072	4 079
Italy	2 244	2 359
Belgium	1 847	1 902
Poland	892	871
Romania	933	881

(in € millions)	First-half 2019	First-half 2018 restated
Latin America	**7 134**	**6 976**
Brazil	6 153	5 839
Argentina	981	1 137
Asia	**974**	**927**
China	-	-
Taiwan	974	927

7.1.2 Other revenue

(in € millions)	First-half 2019	First-half 2018 restated	% change
Financing fees and commissions (1)	728	694	5,0%
Franchise and location-gérance fees	142	132	7,6%
Rental revenue	95	97	(2,6)%
Revenue from sub-leases (2)	10	33	(71,2)%
Property development revenue (3)	15	25	(38,9)%
Other revenue (4)	214	218	(2,0)%
Total Other revenue	**1 204**	**1 199**	**0,4%**

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

(2) The decrease is a result of the proceeds from finance lease sub-letting arrangements being recognised as financial income following the application of IFRS 16 as of January 1, 2019 (Note 4).

(3) Corresponding to the sale price of properties developed by the Group for resale. After deducting development costs recorded in "Cost of sales", the property development margin amounts to 12 million euros in first-half 2019 (5 million euros in first-half 2018).

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

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

(in € millions)	First-half 2019	First-half 2018 restated	% change
Sales, general and administrative expenses (1)	(6 015)	(6 444)	(6,7)%
Depreciation and amortisation of property and equipment, intangible assets, and investment property (3)	(665)	(690)	(3,6)%
Amortisation of right-of-use assets (2)	(363)	-	
Total SG&A expenses and depreciation and amortisation	**(7 043)**	**(7 134)**	**(1,3)%**

Sales, general and administrative expenses

Sales, general and administrative expenses break down as follows:

(in € millions)	First-half 2019	First-half 2018 restated	% change
Employee benefits expense	(3 821)	(3 888)	(1,7)%
Property rentals (1)	(24)	(409)	(94,1)%
Maintenance and repair costs	(344)	(360)	(4,5)%
Fees	(410)	(384)	6,8%
Advertising expense	(382)	(379)	0,6%
Taxes other than on income	(331)	(348)	(5,0)%
Energy and electricity	(265)	(247)	7,2%
Other SG&A expenses	(438)	(428)	2,4%
Total SG&A expenses (1)	**(6 015)**	**(6 444)**	**(6,7)%**

(1) *In first-half 2019, lease expenses under property leases do not include lease expenses under contracts accounted for in accordance with IFRS 16 (Note 4), which would have amounted to 412 million euros in first-half 2019 had IFRS 16 not been applied as of January 1, 2019.*

Depreciation and amortisation

Including supply chain depreciation recognised in cost of sales, total depreciation and amortisation expense recognised in the consolidated income statement amounted to 1,147 million euros in first-half 2019 (first-half 2018 restated: 726 million euros), as follows:

(in € millions)	First-half 2019	First-half 2018 restated	% change
Property and equipment	(552)	(577)	(4,3)%
Intangible assets	(106)	(99)	6,8%
Assets under finance leases (3)	-	(8)	
Investment property	(7)	(6)	24,2%
Depreciation and amortisation of property and equipment, intangible assets, and investment property (3)	**(665)**	**(690)**	**(3,6)%**
Amortisation of right-of-use asset - Property and equipment and investment properties (2)	**(363)**		
Depreciation and amortisation of logistic activity	**(30)**	**(36)**	(15,6)%
Depreciation and amortisation of right-of-use asset - logistic activity	**(88)**		
Total Depreciation and amortisation	**(1 147)**	**(726)**	**57,9%**

(2) *In first-half 2019, right-of-use assets under leases are accounted for in accordance with IFRS 16. These right-of-use assets are depreciated over the reasonably certain period of use for the asset (Note 4).*

(3) *Depreciation charged against fixed assets under finance leases recognised in accordance with IAS 17 in first-half 2018 is shown within "Depreciation of right-of-use assets" as from 2019 (Note 4).*

7.3 Non-recurring income and expenses

To make it easier to analyse recurring operating performance, certain material items that are unusual in terms of their nature and frequency are reported under "Non-recurring income" or "Non-recurring expenses", as follows:

(in € millions)	**First-half 2019**	**First-half 2018 restated**
Net gains on sales of assets	17	16
Restructuring costs	(342)	(675)
Other non-recurring income and expenses	(194)	(63)
Non-recurring income and expenses, net before asset impairments and write-offs	**(518)**	**(723)**
Asset impairments and write-offs	(92)	(42)
of which Impairments and write-offs of goodwill	-	-
of which Impairments and write-offs of property and equipment and intangible assets	*(92)*	*(42)*
Non-recurring income and expenses, net	**(610)**	**(765)**
of which:		
Non-recurring income	*262*	*26*
Non-recurring expense	*(873)*	*(791)*

Restructuring costs recognised in first-half 2019 result from plans to streamline operating structures launched as part of the first pillar of the “Carrefour 2022” transformation plan. The expense included in non-recurring items relates chiefly to severance paid or payable within the scope of:

- the transformation plan for hypermarkets in France (mutually agreed termination) concerning up to 3,000 employees;
- restructuring measures launched in Italy and potentially affecting up to 590 employees.

The amount of the provision recognised at June 30, 2019 was estimated based on various assumptions and is the best estimate of the costs the Group expects to incur in relation to the restructuring plans currently being implemented (Note 11.3).

The expense recognised for first-half 2018 primarily included costs relating to the voluntary redundancy plans in France and Argentina and to restructuring measures in Belgium.

Other non-recurring income and expenses recorded in first-half 2019 mainly concerned Brazil and resulted primarily from the following two rulings. In May 2019, the Brazilian Supreme Court handed down an unfavourable decision to adjust its ruling on inter-state transfers of ICMS tax credits relating to “commodities”. As a result of this decision, a provision (including interest and penalties) was recognised in the Consolidated Financial Statements against the related non-recurring expenses in order to cover current tax disputes as well as possible new ones arising from years still potentially subject to tax audits. In June 2019, following a favourable and final ruling, PIS-COFINS (social security) tax credits from prior years were recognised against the related non-recurring income.

7.4 Change in working capital requirement

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

(in € millions)	First-half 2019	First-half 2018 restated	Change
Change in inventories	(172)	2	(173)
Change in trade receivables	(146)	(63)	(83)
Change in trade payables	(1 323)	(2 061)	738
Change in loyalty program liabilities	4	(14)	19
Change in trade working capital requirement	**(1 636)**	**(2 137)**	**500**
Change in other receivables and payables	(486)	(176)	(310)
Change in working capital requirement	**(2 123)**	**(2 313)**	**190**

7.5 Banking and insurance businesses

7.5.1 Consumer credit granted by the financial services companies

At June 30, 2019, consumer credit totalled 6,569 million euros (December 31, 2018: 6,208 million euros), breaking down as follows:

(in € millions)	June 30, 2019	December 31, 2018
Payment card receivables	4 681	4 511
Loans	2 041	2 110
Consumer credit (on purchases made in Carrefour stores)	76	97
Other financing (1)	566	627
Impairment	(1 231)	(1 136)
Financing - loans and receivables on financial institutions (2)	437	-
Total Consumer credit granted by the financial services companies	**6 569**	**6 208**
Short-term financing	*4 163*	*3 722*
Long-term financing	*2 406*	*2 486*

(1) Other financing corresponds mainly to restructured loans and credit facilities.
(2) Securitisation instruments were closed out on July 11, 2019.

7.5.2 Consumer credit financing

The related consumer credit financing amounted to 5,853 million euros at June 30, 2019 (December 31, 2018: 5,514 million euros), as follows:

(in € millions)	June 30, 2019	December 31, 2018
Bonds and notes	1 764	1 764
Debt securities (retail certificates of deposit, medium-term notes) (1)	2 071	1 363
Bank borrowings	508	601
Customer passbook savings deposits	409	456
Securitisations (2)	-	300
Other refinancing debt to financial institutions	1 080	1 017
Other	20	12
Total Consumer credit financing	**5 853**	**5 514**
Short-term borrowings	*3 975*	*3 582*
Long-term borrowings	*1 878*	*1 932*

(1) Debt securities mainly comprised certificates of deposit and medium-term notes issued by Carrefour Banque.
(2) This item corresponds to the Master Credit Cards Pass reloadable securitisation programme with compartments launched by Carrefour Banque in November 2013 for an asset pool: 560 million euros. Proceeds from the securitisation amounted to 400 million euros. The 300 million euros remaining at December 31, 2018 was repaid over first-half 2019.

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

8.1 Goodwill and other intangible assets

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

The carrying amount of goodwill can be broken down as follows:

(in € millions)	**June 30, 2019 (1)**	**December 31, 2018**
France	4 955	4 901
Belgium	955	956
Spain	952	952
Brazil	454	446
Italy	251	251
Poland	248	244
Argentina	18	20
Other countries	165	213
Total	**7 999**	**7 983**

(1) Carrefour China goodwill (46 million euros) was reclassified in assets held for sale at June 30, 2019 in accordance with IFRS 5 (Note 5).

Leasehold rights, included within other intangible assets up to December 31, 2018, are now included as part of the initial measurement of right-of-use assets. Reclassifications were made in this respect in the opening statement of financial position at January 1, 2019 for an amount of 41 million euros.

Impairment tests at June 30, 2019

Non-amortised intangible assets are tested for impairment at least once a year, at the year-end, in accordance with IAS 36. At each interim closing, the Group determines whether there are any indications of impairment and, if this is the case, performs additional impairment tests, as prescribed by IAS 36.

At June 30, 2019, the tests performed by the Group did not lead to the recognition of any impairment losses.

8.2 Property and equipment

	June 30, 2019 (1)			
(in € millions)	**Cost**	**Depreciation**	**Impairment**	**Net carrying amount**
Land	2 719	(52)	(96)	2 571
Buildings	10 882	(5 734)	(236)	4 912
Equipment, fixtures and fittings	14 806	(11 395)	(231)	3 179
Other fixed assets	423	(300)	(4)	119
Assets under construction	530	-	-	530
Total property and equipment	**29 359**	**(17 481)**	**(567)**	**11 311**

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

(1) Carrefour China property and equipment (276 million euros) was reclassified in assets held for sale at June 30, 2019 in accordance with IFRS 5 (Note 5).

(2) Property and equipment, net, decreased from 12,637 million euros at December 31, 2018 to 12,270 million euros at January 1, 2019 following the reclassification of 367 million euros in fixed assets held under finance leases in accordance with IAS 17 in right-of-use assets recognised pursuant to IFRS 16 (Note 4). Other fixed assets held under finance leases recognised at December 31, 2018 and with a net carrying amount of 332 million euros were reclassified as "Land" or "Buildings" for a net amount of 206 million euros and 125 million euros, respectively.

8.3 Investment property

Investment property consists mainly of shopping malls located adjacent to the Group's stores. The properties' carrying amount at June 30, 2019 was 312 million euros and their estimated fair value at that date (determined by capitalising future rentals or based on independent valuations) was 753 million euros. At December 31, 2018, these amounts were 389 million euros (of which 72 million euros in China) and 982 million euros (of which 379 million euros in China), respectively.

NOTE 9: LEASES

9.1 Accounting principles

Accounting principles

Leases concern:

- mainly property assets, both used directly by the Group and sub-let to third parties, such as store premises sub-let to franchisees and retail units located in shopping malls and shopping centres;
- to a lesser extent, vehicles; as well as
- a few warehousing and storage contracts with a lease component.

As of January 1, 2019, all leases (excluding the recognition exemptions set out in IFRS 16 – see below) are included in the statement of financial position by recognising a right-of-use asset and a lease liability corresponding to the present value of the lease payments due over the reasonably certain term of the lease.

IFRS 16 also affects the presentation of lease transactions in the income statement (with the lease expense recognised in recurring operating expenses replaced by a depreciation expense in recurring operating expenses and an interest expense in finance costs and other financial income and expenses) and in the statement of cash flows (lease payments, representing payment of interest and repayment of the outstanding liability, will impact financing cash flows).

The changes introduced by IFRS 16 therefore mainly concern leases that met the definition of operating leases under IAS 17 (applicable until December 31, 2018) and which therefore did not give rise to the recognition of leased assets in the statement of financial position. Operating lease payments were previously recognised within recurring operating expenses on a straight-line basis over the lease term.

<u>Recognition of lease liabilities</u>

Amounts taken into account in the initial measurement of the lease liability are:

- fixed lease payments, less any lease incentives receivable from the lessor;
- variable lease payments that depend on an index or a rate;
- amounts expected to be payable under residual value guarantees;
- the exercise price of a purchase option if the option is reasonably certain to be exercised; and
- penalties for terminating or not renewing the lease, if this is reasonably certain.

Lease payments are discounted at the interest rate implicit in the lease if this can be readily determined and otherwise at the lessee's incremental borrowing rate (case applied in practice). The discount rate is tied to the weighted average date for repayment of the outstanding liability.

The discount rate is calculated for each country using a risk-free yield curve and a spread (the same spread is applied for all subsidiaries in a given country). The risk-free yield curve is updated quarterly, while the spread and rating are updated annually, except in the case of a significant event expected to impact assessment of a subsidiary's credit risk.

This lease liability is subsequently measured at amortised cost using the effective interest method.
The lease liability may be adjusted if the lease has been modified or the lease term has been changed, or in order to take into account contractual changes in lease payments resulting from a change in an index or a rate used to determine those payments.

Recognition of right-of-use assets
Right-of-use assets are measured at cost, which includes:
- the amount of the initial measurement of the lease liability;
- any prepaid lease payments made to the lessor;
- any initial direct costs incurred;
- an estimate of the costs to be incurred in dismantling the underlying asset or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are then depreciated on a straight-line basis over the lease term used to measure the lease liability.
The value of the right-of-use asset may be adjusted if the lease has been modified or the lease term has been changed, or in order to take into account contractual changes in lease payments resulting from a change in an index or a rate used to determine those payments. In the event the lease is terminated before the end of the lease term under IFRS 16, the impact of derecognising the right-of-use asset and lease liability will be included within non-recurring items.
When the lease contracts provide for initial payment of leasehold rights to the former lessee of the premises, these rights will be accounted for as a component of the right-of-use asset.
Payments under short-term leases (12 months or less) or under leases of a low-value underlying asset are recognised in recurring operating expenses on a straight-line basis over the lease term (IFRS 16 recognition exemptions).
The recoverable amount of the right-of-use asset is tested for impairment whenever events or changes in the market environment indicate that the asset may have suffered a loss in value. Impairment test procedures are identical to those for property and equipment and intangible assets that are described in Note 8.3 to the Consolidated Financial Statements for the year ended December 31, 2018.
Lease term
The lease term to be used to determine the present value of lease payments is the non-cancellable period of a lease, adjusted to reflect:
- periods covered by an option to extend the lease if the Group is reasonably certain to exercise that option;
- periods covered by an option to terminate the lease if the Group is reasonably certain not to exercise that option.

The leased assets' reasonably certain period of use is determined based on:
- the inherent characteristics of the different types of assets (stores, logistics warehouses, administrative buildings) and the country concerned by the lease. In the case of leased store premises, the characteristics taken into account include the store's profitability, any recent capital expenditure in the store and the existence of significant termination penalties in the case of integrated or franchised stores;
- a portfolio approach for leased vehicles with similar characteristics and periods of use. Four portfolios have been identified, corresponding to (i) Company cars, (ii) cars and vans for rental to customers, (iii) trucks and (iv) light commercial vehicles.

In France, several hundred commercial leases are traditional "3/6/9"-type contracts. Pursuant to commercial lease legislation in France, these leases grant the lessee a right to renew the lease at the end of the lease term or to eviction compensation. In situations where the lessor is required to pay the lessee more than negligible compensation in the event it refuses to renew the lease, the issue is whether or not the lessee holds a renewal option. In this respect, the Group has applied the view expressed by the French accounting authorities (ANC) in its position statement published on February 16, 2018. Accordingly, the enforceable period of an automatically renewable lease is nine years and beyond, and the lease term used in accordance with IFRS 16 represents the notice period (generally six months).
It should be noted that in June 2019, the IFRIC was asked to clarify:
- determination of the enforceable period of an automatically renewable lease, or of an indefinite-term lease, that may be terminated by one of the parties subject to a specified notice period. The issue to be clarified concerned the notion of penalties on which the definition of the enforceable period is based;
- the relationship between the useful life of non-removable leasehold improvements and the lease term.

Accounting treatment for finance lease sub-letting arrangements
When the Group leases and then sub-lets a property, it recognises the main lease, for which it is the lessee, and the sublease, for which it is the lessor, as two different contracts.
If the sublease is classified as an operating lease, the right-of-use assets resulting from the main lease are maintained under assets in the statement of financial position and the proceeds from the sublease are recognised in recurring income for the term of the sublease.
If the sublease is classified as a finance lease:
- right-of-use assets resulting from the main lease are de-recognised;
- a receivable is recognised in an amount corresponding to the net investment in the sublease is recognised;
- any difference between the right-of-use assets and the net investment in the sublease is recognised in

financial income and expenses;

- the lease liability (in respect of the main lease) is maintained in liabilities.

Income tax

Deferred tax is recognised based on the net amount of temporary taxable and deductible differences.

Upon initial recognition of the right-of-use asset and lease liability, no deferred tax is recognised if the amount of the asset equals the amount of the liability.

Net temporary differences that may result from subsequent changes in the right-of-use asset and lease liability give rise to the recognition of deferred tax.

9.2 Right-of-use assets

(in € millions)	January 1st, 2019			June 30, 2019 [(2)]			
	Net carrying amount			Cost	Depreciation	Impairment	Net carrying amount
	IAS 17 [(1)]	IFRS 16	Total				
Land & buildings	367	4 603	4 970	4 744	(692)	(3)	4 049
Equipments	-	116	116	125	(24)	-	100
Investment property	-	158	158	82	(5)	-	77
Right-of-use asset	**367**	**4 877**	**5 244**	**4 950**	**(721)**	**(3)**	**4 226**

(1) At January 1, 2019, 367 million euros in fixed assets under finance leases recognised at December 31, 2018 in accordance with IAS 17 were reclassified under right-of-use assets, recognised pursuant to IFRS 16 (Note 4).

(2) Right-of-use assets relating to the Carrefour China property and equipment (753 million euros) were reclassified in assets held for sale at June 30, 2019 in accordance with IFRS 5 (Note 5).

Change in right-of-use assets

(in € millions)	June 30, 2019 Net carrying amount (1)
January 1st, 2019	**5 244**
Increase	406
Decrease	(133)
Charge of amortisation	(547)
Depreciation	3
Exchange differences on translating foreign operations	1
Reclassification of China Right-of-use asset to discontinued activities	(753)
Perimeter and other changes	6
June 30, 2019	**4 226**

(1) Transactions mentioned above includes transactions related to right-of-use asset for Carrefour China during the first semester of 2019 ; as these amounts are reclassified in assets held for sale at June 30, 2019 in accordance with IFRS 5 (Note 5).

9.3 Lease liabilities

Lease liabilities by maturity

(in € millions)	June 30, 2019
Less than 1 year	822
between 1 and 2 years	667
between 2 and 5 years	1 451
more than 5 years	1 377
Lease commitment	**4 317**

NOTE 10: INCOME TAX

The income tax expense for first-half 2019 amounts to 192 million euros, representing a negative effective tax rate of 125%, compared with the 173 million euro expense recorded in first-half 2018 as restated, corresponding to a negative effective tax rate of 55%. This primarily reflects the fact that no deferred tax assets were recognised on temporary differences or tax loss carryforwards because of material non-recurring expenses recognised during the period.

NOTE 11: PROVISIONS AND CONTINGENT LIABILITIES

11.1 Changes in provisions

(in € millions)	December 31, 2018	IFRS 16 first application adjustments	At January 1, 2019	Translation adjustment	Increases	Discounting adjustment	Reversals without utilisation	Reversals with utilisation	Other	June 30, 2019
Post-employment benefit obligations	1 095	-	1 095	(0)	26	105	(32)	(18)	0	1 175
Claims and litigation	1 290	-	1 290	8	486	-	(127)	(48)	3	1 612
Tax reassessments	*998*	-	*998*	*7*	*415*	-	*(95)*	*(4)*	*4*	*1 324*
Disputes with current and former employees	*143*	-	*143*	*0*	*43*	-	*(9)*	*(29)*	*0*	*149*
Legal disputes	*149*	-	*149*	*1*	*28*	-	*(23)*	*(16)*	*(1)*	*139*
Restructuring	697	-	697	(1)	306	-	(28)	(212)	(22)	740
Provisions related to banking and insurance business (1)	276	-	276	0	7	-	(9)	(24)	0	250
Other (2)	163	54	217	(0)	25	-	(12)	(14)	(2)	214
Total Provisions	**3 521**	**54**	**3 575**	**7**	**850**	**105**	**(208)**	**(318)**	**(21)**	**3 991**

(1) Provisions relating to the banking and insurance businesses include provisions for credit risk on loan commitments (off-balance sheet) and provisions set aside to cover insurance underwriting risk.

(2) Other provisions mainly concern onerous contracts. As of January 1, 2019, other provisions also include provisions for dismantling assets under property leases or for restoring assets to the requisite condition, recognised against the related right-of-use asset following application of IFRS 16 at that date (Note 4).

11.2 Post-employment benefits

The Group's post-employment benefit obligation (defined benefit plans) is calculated on the basis of actuarial assumptions such as future salary levels, retirement age, mortality, staff turnover and the discount rate.

At June 30, 2019, a discount rate of 0.80% was used for France, Belgium and Italy, compared with 1.60% at December 31, 2018. The discount rate is based on an index of AA-rated corporate bonds with maturities that correspond to the expected cash outflows of the plans.

(in € millions)	France	Belgium	Italy	Other countries	**Group total**
Provision at December 31, 2018	**764**	**181**	**115**	**35**	**1 095**
Service costs	*18*	*7*	*0*	*0*	*26*
Settlements and plan amendements (1)	*(32)*	*-*	*(0)*	*0*	*(32)*
Interest cost (discount effect)	*6*	*3*	*1*	*0*	*11*
Return on plan assets	*(0)*	*(2)*	*-*	*(0)*	*(2)*
Other items	*3*	*-*	*-*	*(0)*	*3*
Movements recorded in the income statement	(4)	9	1	0	6
Benefit paid directly by the employer	(13)	(5)	(4)	0	(22)
Change in actuarial gains and losses	72	25	8	0	105
Other	-	(4)	-	(5)	(9)
Provision at June 30, 2019	**820**	**206**	**119**	**31**	**1 175**

(1) *This line primarily includes the impact of curtailments recognised following the remeasurement of commitments made under the restructuring plans implemented in France and Italy (Note 3.1) and recognised in non-recurring income.*

The cost of services rendered was recognised in employee benefits expense, and interest income and expenses were recognised in financial income and expenses.

Sensitivity tests show that:

- a 25-bps increase in the discount rate would reduce the present value of the defined benefit obligation under the French, Belgian and Italian plans by around 30 million euros;
- a 25-bps increase in the inflation rate would increase the present value of the defined benefit obligation under the French, Belgian and Italian plans by around 19 million euros.

11.3 Restructuring

Provisions set aside over the period for restructuring in an amount of 342 million euros (impacting non-recurring expenses) mainly comprise costs related to plans undertaken to streamline operating structures as part of the first pillar of the transformation plan described in Note 3.1, chiefly in France and Italy. These costs primarily correspond to severance pay, early retirement benefits, costs of notice periods not served, and costs of training and other support measures offered to employees being made redundant under restructuring plans.

The amount of the provision recognised at June 30, 2019 was estimated based on various assumptions (e.g., the number and seniority of the employees concerned by each of the support measures offered) and is the best estimate of the costs the Group expects to incur in relation to the restructuring plans currently being implemented.

NOTE 12: OTHER COMPREHENSIVE INCOME AND EARNINGS PER SHARE

12.1 Other comprehensive income

(in € millions)

Group share	First-half 2019			First-half 2018		
	Pre-tax	Tax	Net	Pre-tax	Tax	Net
Effective portion of changes in the fair value of cash flow hedges	(28)	2	(26)	3	(5)	(3)
Changes in the fair value of debt instruments through other comprehensive income	(3)	(0)	(3)	(1)	0	(1)
Exchange differences on translating foreign operations	53	0	53	(297)	0	(297)
Items that may be reclassified subsequently to profit or loss	**22**	**2**	**24**	**(296)**	**(5)**	**(301)**
Remeasurements of defined benefit plans obligation	(104)	29	(75)	2	(0)	2
Changes in the fair value of equity instruments through other comprehensive income	1	(0)	1	0	(0)	0
Items that will not be reclassified to profit or loss	**(103)**	**29**	**(74)**	**3**	**(0)**	**2**
Total other comprehensive income - Group share	**(81)**	**31**	**(50)**	**(293)**	**(5)**	**(298)**

(in € millions)

Non-controlling interests	First-half 2019			First-half 2018		
	Pre-tax	Tax	Net	Pre-tax	Tax	Net
Effective portion of changes in the fair value of cash flow hedges	(2)	1	(1)	(0)	0	(0)
Changes in the fair value of debt instruments through other comprehensive income	1	(0)	1	(1)	0	(1)
Exchange differences on translating foreign operations	17	0	17	(132)	0	(132)
Items that may be reclassified subsequently to profit or loss	**16**	**0**	**16**	**(134)**	**0**	**(134)**
Remeasurements of defined benefit plans obligation	(1)	0	(1)	0	0	0
Changes in the fair value of equity instruments through other comprehensive income	0	0	0	0	0	0
Items that will not be reclassified to profit or loss	**(1)**	**0**	**(1)**	**0**	**0**	**0**
Total other comprehensive income - Non-controlling interests	**15**	**1**	**15**	**(134)**	**0**	**(134)**

12.2 Earnings per share (Group share)

Basic earnings per share	**First-half 2019**	**First-half 2018 restated**
Net income/(loss) from continuing operations	(415)	(603)
Net income/(loss) from discontinued operations	(43)	(259)
Net income/(loss) for the period	(458)	(861)
Weighted average number of shares outstanding [1]	782 363 530	767 641 301
Basic earnings / (loss) from continuing operations per share (in €)	**(0,53)**	**(0,78)**
Basic earnings / (loss) from discontinued operations per share (in €)	**(0,06)**	**(0,34)**
Basic earnings / (loss) per share (in €)	**(0,59)**	**(1,12)**

(1) *In accordance with IAS 33, the weighted average number of shares used to calculate 2018 earnings per share has been adjusted to take into account the impact of the payment of the dividend in shares on July 11, 2019.*

Diluted earnings per share	**First-half 2019**	**First-half 2018 restated**
Net income/(loss) from continuing operations	(415)	(603)
Net income/(loss) from discontinued operations	(43)	(259)
Net income/(loss) for the period	(458)	(861)
Weighted average number of shares outstanding, before dilution	782 363 530	767 641 301
Potential dilutive shares	-	-
Stock grants	-	-
Stock options	-	-
Diluted weighted average number of shares outstanding	782 363 530	767 641 301
Diluted earnings / (loss) from continuing operations per share (in €)	**(0,53)**	**(0,78)**
Diluted earnings / (loss) from discontinued operations per share (in €)	**(0,06)**	**(0,34)**
Diluted earnings / (loss) per share (in €)	**(0,59)**	**(1,12)**

Free shares awarded under the 2016 and 2019 plans are not considered to have a dilutive impact, since the Group reported a net loss from continuing operations in first-half 2019.

NOTE 13: FINANCIAL ASSETS AND LIABILITIES, FINANCE COSTS AND OTHER FINANCIAL INCOME AND EXPENSES

13.1 Financial instruments by category

At June 30, 2019 (in € millions)	Carrying amount	Breakdown by category					Fair value
		Financial assets at fair value through profit or loss	Financial assets at fair value through OCI	Amortised cost	Derivative instruments at fair value through profit or loss	Derivative instruments at fair value through OCI (CFH)	
Investments in non-consolidated companies	100	16	84	-	-	-	100
Other long-term investments (3)	1 343	48	357	938	-	-	1 343
Other non-current financial assets	**1 443**	**63**	**442**	**938**	**-**	**-**	**1 443**
Consumer credit granted by the financial services companies	6 569	-	-	6 569	-	-	6 569
Trade receivables	2 752	-	-	2 752	-	-	2 752
Other current financial assets (3)	316	-	67	129	66	54	316
Other assets (4)	518	-	-	518	-	-	518
Cash and cash equivalents	1 522	1 522	-	-	-	-	1 522
ASSETS	**13 121**	**1 585**	**509**	**10 907**	**66**	**54**	**13 121**
Total long- and short-term borrowings (2)	7 839	-	-	7 758	64	17	8 146
Lease commitment (1)	4 317			4 317			4 317
Total consumer credit financing	5 853	-	-	5 833	0	20	5 853
Suppliers and other creditors	11 619	-	-	11 619	-	-	11 619
Other payables (5)	2 634	-	-	2 634	-	-	2 634
LIABILITIES	**32 261**	**-**	**-**	**32 160**	**64**	**38**	**32 568**

At December 31, 2018 (in € millions)	Carrying amount	Breakdown by category					Fair value
		Financial assets at fair value through profit or loss	Financial assets at fair value through OCI	Amortised cost	Derivative instruments at fair value through profit or loss	Derivative instruments at fair value through OCI (CFH)	
Investments in non-consolidated companies	92	12	80	-	-	-	92
Other long-term investments (3)	1 183	44	360	780	-	-	1 183
Other non-current financial assets	**1 275**	**56**	**440**	**780**	**-**	**-**	**1 275**
Consumer credit granted by the financial services companies	6 208	-	-	6 208	-	-	6 208
Trade receivables	2 537	-	-	2 537	-	-	2 537
Other current financial assets (3)	190	-	67	37	46	40	190
Other assets (4)	558	-	-	558	-	-	558
Cash and cash equivalents	4 300	4 300	-	-	-	-	4 300
ASSETS	**15 069**	**4 356**	**507**	**10 120**	**46**	**40**	**15 069**
Total long- and short-term borrowings (2)	8 275	-	-	8 225	41	9	8 421
Lease commitment (1)	-			-	-		-
Total consumer credit financing	5 514	-	-	5 502	0	12	5 514
Suppliers and other creditors	14 161	-	-	14 161	-	-	14 161
Other payables (5)	2 818	-	-	2 818	-	-	2 818
LIABILITIES	**30 768**	**-**	**-**	**30 706**	**41**	**21**	**30 915**

(1) Lease liabilities reflect the application of IFRS 16 as of January 1, 2019. They also include 275 million euros in finance lease liabilities recognised at December 31, 2018 in accordance with IAS 17 and reclassified within lease liabilities (Note 4).

(2) Following the reclassification, total borrowings decreased from 8,275 million euros at December 31, 2018 to 8,000 million euros at January 1, 2019 (Note 4).

(3) Amounts receivable from finance lease sub-letting arrangements were recognised following the application of IFRS 16 as of January 1, 2019. They were recorded in other non-current financial assets for 191 million euros and in other current financial assets for 42 million euros (Note 4).

(4) Excluding prepaid expenses.

(5) Excluding deferred revenue.

Analysis of assets and liabilities measured at fair value

The table below shows assets and liabilities presented according to the fair value hierarchy provided for in IFRS 13 – *Fair Value Measurement* (Note 1.5):

June 30, 2019 *(in € millions)*	Level 1	Level 2	Level 3	Total
Investments in non-consolidated companies	-	16	84	**100**
Other long-term investments	405	-	-	**405**
Other current financial assets - FVOCI	67	-	-	**67**
Other current financial assets - Derivative instruments recorded in current financial assets	-	120	-	**120**
Cash and cash equivalents	1 522	-	-	**1 522**
Consumer credit financing - Derivative instruments recorded in liabilities	-	(20)	-	**(20)**
Borrowings - Derivative instruments recorded in liabilities	-	(81)	(0)	**(81)**

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

13.2 Net debt

13.2.1 Net debt calculation

Consolidated net debt at June 30, 2019 amounted to 6,043 million euros, breaking down as follows:

(in € millions)		June 30, 2019	December 31, 2018
Bonds and notes		7 231	7 545
Other borrowings		257	405
Commercial paper		270	
Finance lease liabilities (1)		0	275
Total borrowings before derivative instruments recorded in liabilities		**7 758**	**8 225**
Derivative instruments recorded in liabilities		81	50
Total borrowings	[1]	**7 839**	**8 275**
of which, Long-term borrowings		*6 215*	*6 936*
of which, Short-term borrowings		*1 624*	*1 339*
Other current financial assets		274	190
Cash and Cash equivalents		1 522	4 300
Total current financial assets	[2]	**1 796**	**4 490**
Net debt	[1] - [2]	**6 043**	**3 785**
Discontinued activities -Net debt	[3]	(85)	
Net debt including discontinued activities	[1] - [2] + [3]	**5 958**	**3 785**

(1) *Finance lease liabilities recognised in accordance with IAS 17 for 275 million euros at December 31, 2018 were reclassified in lease liabilities at January 1, 2019 (Note 9.3). Lease liabilities also include liabilities under leases accounted for in accordance with IFRS 16 as of that date. Net debt totalled 3,510 million euros at January 1, 2019.*

(2) *For consistency, at June 30, 2019 the current portion of amounts receivable from finance lease sub-letting arrangements is not included in the calculation of net debt.*

The increase in net debt between December 31 and June 30 is due to seasonal effects, with the year-end figure being structurally lower due to the significant volume of business recorded during December.

13.2.2 Bonds and notes

(in € millions)	Maturity	Face value December 31, 2018	Issues	Repayments	Translation adjustments	June 30, 2019	Book value of the debt June 30, 2019
Public placements - Carrefour S.A.		**7 373**	**500**	**(1 000)**	**5**	**6 879**	**6 726**
EMTN, EUR, 6 years, 1.75%	2019	1 000	-	(1 000)	-	-	
EMTN, EUR, 10 years, 4.00%	2020	1 000	-	-	-	1 000	999
EMTN, EUR, 11 years, 3.875%	2021	1 000	-	-	-	1 000	996
EMTN, EUR, 8 years, 1.75%	2022	1 000	-	-	-	1 000	963
Cash-settled convertible bonds, USD 500 million, 6 years, 0%	2023	437	-	-	3	439	403
EMTN, EUR, 8 years, 0.750%	2024	750	-	-	-	750	745
EMTN, EUR, 10 years, 1.25%	2025	750	-	-	-	750	746
Cash-settled convertible bonds, 6 years, 0%	2024	437	-	-	3	439	386
EMTN, EUR, 5 years, 0.88%	2023	500	-	-	-	500	496
EMTN, EUR, 7.5 years, 1.75%	2026	500	-	-	-	500	496
EMTN, EUR, 8 years, 1,00%	2027	-	500	-	-	500	496
Placements - Atacadão S.A.		**338**	**207**	**(46)**	**6**	**505**	**505**
Debentures, BRL 500 million, 5 years, 105.75% CDI	2023	113	-	-	2	115	115
Debentures, BRL 1,000 million, 3 years, 104.4% CDI	2021	225	-	-	4	229	229
Debentures, BRL 900 millions, 1 year, 102.3% CDI	2020	-	207	(46)	(1)	161	161
Total Bonds and notes		**7 711**	**707**	**(1 046)**	**11**	**7 384**	**7 231**

13.2.3 Other borrowings

(in € millions)	**June 30, 2019**	**December 31, 2018**
Latin America borrowings	82	90
Other borrowings	63	165
Accrued interest [(1)]	46	92
Other financial liabilities	66	58
Total Other borrowings	**257**	**405**

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

13.2.4 Cash and cash equivalents

(in € millions)	**June 30, 2019**	**December 31, 2018**
Cash	1 138	1 309
Cash equivalents	384	2 991
Total Cash and cash equivalents	**1 522**	**4 300**

13.2.5 Other current financial assets

(in € millions)	**June 30, 2019**	**December 31, 2018 [(1)]**
Other current financial assets - FVOCI	67	67
Deposits with maturities of more than three months	66	26
Derivative instruments	120	86
Sub-lease receivable - less than 1 year (1)	42	-
Other	22	11
Total Other current financial assets (1)	**316**	**190**

(1) *Amounts receivable from finance lease sub-letting arrangements were recognised following the application of IFRS 16 as of January 1, 2019. The current portion of these receivables represented 42 million euros. Other current financial assets increased from 190 million euros at December 31, 2018 to 232 million euros at January 1, 2019 (Note 4).*

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

13.3.1 Analysis by interest rate

(in € millions)	June 30, 2019		December 31, 2018 (1)	
	Before hedging	After hedging	Before hedging	After hedging
Fixed rate borrowings	7 143	7 143	7 791	7 791
Variable rate borrowings	615	615	434	434
Total borrowings (before derivative instruments recorded in liabilities)	**7 758**	**7 758**	**8 225**	**8 225**

(1) Total borrowings excluding derivative instruments recorded in liabilities decreased from 8,225 million euros at December 31, 2018 to 7,950 million euros at January 1, 2019 following the reclassification of finance lease liabilities recognised in accordance with IAS 17 in lease liabilities recognised pursuant to IFRS 16, applicable as of that date (Note 9.3). Total borrowings of 7,950 million euros break down as 7,517 million euros of fixed-rate borrowings and 433 million euros of variable-rate borrowings.

13.3.2 Analysis by currency

(in € millions)	June 30, 2019	December 31, 2018 (1)
Euro	7 158	7 608
Brazilian real	598	432
Argentine peso	0	0
Taiwan dollar	-	62
Polish zloty	-	57
Chinese yuan	-	61
Romanian leu	2	4
Total borrowings (before derivative instruments recorded in liabilities)	**7 758**	**8 225**

(1) Total borrowings excluding derivative instruments recorded in liabilities decreased from 8,225 million euros at December 31, 2018 to 7,950 million euros at January 1, 2019 following the reclassification of finance lease liabilities recognised in accordance with IAS 17 in lease liabilities recognised pursuant to IFRS 16, applicable as of that date (Note 9.3). Total borrowings of 7,950 million euros break down as 7,465 million euros denominated in euros, 432 million euros denominated in Brazilian reals, 51 million euros denominated in Chinese yuan, and 2 million euros in Romanian lei.

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

Euro-denominated borrowings represented 92% of total borrowings (excluding derivative instruments recorded in liabilities) at June 30, 2019 (December 31, 2018: 92%).

13.3.3 Analysis by maturity

(in € millions)	June 30, 2019	December 31, 2018 (1)
Due within 1 year	1 543	1 289
Due in 1 to 2 years	1 321	1 129
Due in 2 to 5 years	3 137	3 298
Due beyond 5 years	1 757	2 510
Total borrowings (before derivative instruments recorded in liabilities	**7 758**	**8 225**

(1) Total borrowings excluding derivative instruments recorded in liabilities decreased from 8,225 million euros at December 31, 2018 to 7,950 million euros at January 1, 2019 following the reclassification of finance lease liabilities recognised in accordance with IAS 17 in lease liabilities recognised pursuant to IFRS 16, applicable as of that date (Note 9.3). Total borrowings of 7,950 million euros break down as 1,243 million euros due in less than one year, 1,105 million euros due between one and two years, 3,227 million euros due between two and five years, and 2,376 million euros due after five years.

13.4 Changes in liabilities arising from financing activities

(in € millions)	Other current financial assets (1)	Borrowings	Total Liabilities arising from financing activities
At December 31, 2018	**(190)**	**8 275**	**8 085**
Finance lease liability	0	(275)	(275)
At January 1, 2019	**(190)**	**8 000**	**7 810**
Changes from financing cash flows	(95)	(90)	(184)
Change in current financial assets	(95)	-	(95)
Issuance of bonds	-	707	707
Repayments of bonds	-	(1 046)	(1 046)
Net financial interest paid	-	(159)	(159)
Other changes in borrowings	-	408	408
Non-cash changes	11	(71)	(61)
Effect of changes in foreign exchange rates	(1)	7	6
Effect of changes in scope of consolidation	13	(45)	(33)
Changes in fair values	-	1	1
Finance costs, net	-	108	108
Other changes	(1)	(142)	(143)
At June 30, 2019	**(274)**	**7 839**	**7 565**

(1) At June 30, 2019, the current portion of amounts receivable from finance lease sub-letting arrangements is not included in this caption.

13.5 Other non-current financial assets

(in € millions)	June 30, 2019	December 31, 2018
Deposits (1)	690	701
Financial services companies' portfolio of assets	475	405
Sub-lease receivable - less than 1 year (2)	168	0
Investments in non-consolidated companies	100	92
Long-term loans	10	10
Other	0	68
Total Other non-current financial assets (2)	**1 443**	**1 275**

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

(2) Amounts receivable from finance lease sub-letting arrangements were recognised following the application of IFRS 16 as of January 1, 2019. The non-current portion of these receivables represented 191 million euros. Other non-current financial assets increased from 1,275 million euros at December 31, 2018 to 1,466 million euros at January 1, 2019 (Note 4).

13.6 Finance costs and other financial income and expenses

This item corresponds mainly to finance costs.
In accordance with IFRS 16, as from first-half 2019 it also includes interest expenses on leases along with interest income on finance lease sub-letting arrangements (Note 4).
Other financial income and expenses consist for the most part of discounting adjustments, late payment fees payable on certain liabilities, and the impacts of hyperinflation in Argentina.

(in € millions)	**First-half 2019**	**First-half 2018 restated** (1)
Interest income from loans and cash equivalents	**(1)**	**8**
Interest income from bank deposits	2	8
Interest income from loans	(3)	0
Finance costs	**(111)**	**(127)**
Interest expense on financial liabilities measured at amortised cost, adjusted for income and expenses from interest rate instruments	(97)	(104)
Cost of receivables discounting in Brazil	(14)	(12)
Interest expense on finance lease liabilities	-	(10)
Ineffective portion of fair value hedges of borrowings	-	-
Finance costs, net	**(112)**	**(119)**
Interest charge related to leases commitment	(61)	-
Interest income related to financial sublease contracts	1	-
Net interest related to lease commitment	**(60)**	**-**
Other financial income and expenses	**7**	**(28)**
Actualisation cost on defined employee benefit debt	(11)	(11)
Interest income on pension plan assets	2	2
Financial transaction tax	(11)	(14)
Late interest due in connection with tax reassessments and employee-related litigation	(16)	(6)
Dividends received on available-for-sale financial assets	1	1
Proceeds from the sale of available-for-sale financial assets	22	13
Cost of sold available-for-sale financial assets	(0)	(12)
Exchange gains and losses	(3)	13
Impact of hyperinflation in Argentina - application of IAS 29	21	-
Cost of bond buybacks	(5)	(5)
Changes in the fair value of interest rate derivatives	7	-
Other	1	(9)
Finance costs and other financial income and expenses, net	**(165)**	**(147)**
Financial expenses	*(221)*	*(183)*
Financial income	*56*	*37*

(1) Finance costs and other financial income and expenses for first-half 2018 were not restated for hyperinflation in Argentina in accordance with IAS 29 (Note 1.5).

NOTE 14: OTHER INFORMATION

14.1 Scope of consolidation

14.1.1 Main changes in the scope of consolidation in first-half 2019

Acquisition of So.bio

On July 18, 2018, Carrefour announced that it had acquired So.bio, a chain of retail stores specialised in organic products (10 outlets currently in south-western France). This acquisition was subject to approval by the relevant anti-trust authorities. On February 28, 2019, the transaction was approved by the anti-trust authorities.

In accordance with IFRS 3 – *Business Combinations*, the Group measured the assets acquired and liabilities assumed at the acquisition date. Based on these provisional measurements, provisional goodwill in the amount of 37 million euros was recognised in the consolidated statement of financial position at June 30, 2019 in respect of the So.bio acquisition.

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

With the exception of this transaction, there were no other material changes in the scope of consolidation in first-half 2019.

14.1.2 Main changes in the scope of consolidation in first-half 2018

In first-half 2018, the main changes in the scope of consolidation were as follows:

- strategic partnership with Showroomprivé;
- acquisition of Quitoque in France (final goodwill of 36 million euros as of June 30, 2019).

14.2 Related parties

Group transactions with related parties mainly concern:

- compensation and other benefits granted to members of the Group Executive Committee and the Board of Directors;
- transactions with companies over which the Group exercises significant influence.

Related-party transactions are carried out on an arm's length basis.

During first-half 2019, there were no major changes in the nature of related-party transactions carried out by the Group.

14.3 Off-balance sheet commitments

Commitments given and received by the Group that are not recognised in the statement of financial position correspond to contractual obligations whose performance depends on the occurrence of conditions or transactions after the period-end. There are three types of off-balance sheet commitments, related to (i) cash transactions, (ii) retailing operations and (iii) acquisitions of securities.

The Group is also party to leases that gave rise to future commitments such as for the payment of rent on retail units leased by the Group from owners (commitments given at December 31, 2018), and the payment of rent on retail units in shopping malls owned by the Group and leased to other parties (commitments received at December 31, 2018).
As a result of applying IFRS 16 at January 1, 2019, right-of-use assets are recognised against lease liabilities for leases not meeting the IFRS 16 criteria for recognition exemptions. Consequently, at June 30, 2019, off-balance sheet commitments under leases solely concern future commitments given or received in respect of leases meeting the IFRS 16 criteria for recognition exemptions (Note 4).

No events arose during first-half 2019 that had a material impact on the Group's off-balance sheet commitments.

14.4 Subsequent events

14.4.1 2018 dividend payment with reinvestment option

At the Annual Shareholders' Meeting held on June 14, 2019, the shareholders decided to set the 2018 dividend at 0.46 euros per share with a dividend reinvestment option.

At the end of the option period on July 5, 2019, shareholders owning 70.44% of Carrefour's shares had elected to reinvest their 2018 dividend.

July 11, 2019 was set as the date for:

- settlement/delivery of the 17,096,567 new shares corresponding to reinvested dividends, representing a total capital increase including premiums of 253 million euros;
- payment of the cash dividend to shareholders who chose not to reinvest their dividends, representing a total payout of 106 million euros.

14.4.2 Cargo Property Assets sale agreement

See Note 3.3.

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Statutory auditors' review report on the condensed consolidated financial statements

For the six-month financial period ended June 30, 2019

This is a free translation into English of the statutory auditors' review report issued in French and is provided solely for the convenience of English speaking readers. This report includes information relating to the specific verification of information presented in the business review. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

To the Shareholders,

In compliance with the assignment entrusted to us by your Shareholders' meetings and in accordance with the requirements of article L.451-1-2 III of the French Monetary and Financial Code ("Code monétaire et financier"), we hereby report to you on :

- the review of the accompanying condensed consolidated financial statements of Carrefour, for the period ended June 30, 2019, and
- the verification of the information presented in the business review.

These condensed consolidated financial statements are the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 « *Interim Financial Reporting* » as adopted by the European Union.

Without qualifying our conclusion above, we would draw attention to Note 4 to the condensed consolidated financial statements setting out the impacts of first-time application as of January 1, 2019 of IFRS 16 « Leases » and IFRIC 23 « Uncertainty over income tax treatments ». Our opinion is not modified in respect of this matter.

Specific verification

We have also verified the information presented in the business review on the condensed consolidated financial statements subject to our review. We have no comments to make on its fair presentation and its consistency with the condensed consolidated financial statements.

French original signed at Paris-La-Défense and Courbevoie, on July 25, 2019

The Statutory Auditors

DELOITTE & ASSOCIES

STÉPHANE RIMBEUF

BERTRAND BOISSELIER

KPMG S.A.

CAROLINE BRUNO-DIAZ

PATRICK-HUBERT PETIT

MAZARS

EMILIE LORÉAL

DAVID CHAUDAT

Declaration by the persons responsible

We hereby certify that, to the best of our knowledge, the condensed consolidated financial statements for the six-month period ended June 30, 2019 were prepared in accordance with applicable accounting standards and give a true and fair view of the assets and liabilities, financial situation and income of the company Carrefour and of all the consolidated companies, and that the attached half-year financial report gives a true and fair view of the significant events having occurred during the first six months of the financial year, of their impact on the financial statements, of the main related party transactions, as well as a description of the main risks and uncertainties for the remaining six months of the financial year.

July 25, 2019

Mr. Alexandre Bompard
Chairman and Chief Executive Officer

Mr. Matthieu Malige
Chief Financial Officer

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