

2007
CARREFOUR
GROUP
FINANCIAL
REPORT

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CONSOLIDATED FINANCIAL STATEMENTS MANAGEMENT REPORT

ACCOUNTING PRINCIPLES

The Carrefour Group consolidated financial statements for the fiscal year 2007 have been drawn up in accordance with IFRS international accounting standards.

The income statement as of 31 December 2006 restated for operations discontinued in 2007 in accordance with IFRS 5 (Non-current Assets Held for Sale and Discontinued Operations) is presented for the prior period.

Until 30 June 2007, and in view of the size and non-recurrence of plans granted in 2006 and 2007 (number of

beneficiaries, vesting period, introduction of free shares), the Group recognised IFRS 2 expenses related to share-based compensation in "non-current expenses".

In accordance with the Autorité des Marchés Financiers' recommendation, the Group decided that this expense would now be stated in "sales, general and administrative expenses". The 2006 comparative financial statements have been restated to reflect this change in presentation.

ACTIVITY – RESULTS

The Carrefour Group met its objectives despite a strong competitive environment in Europe and against the backdrop of deflation in France for the first three quarters of the year:

- ▶ Sales at constant exchange rates rose by 7%, as against 6.4% last year with acquisitions contributing 2.4%. Thus, this marks the third consecutive year of increased growth.
- ▶ In addition, activity contribution rose 3.4% in line with that seen in 2006. Activity contribution of growth markets (excluding France, Spain, Italy and Belgium) increased by 42%. It now represents nearly a quarter of the Group's activity contribution.

We have reinforced the main elements of the Group strategy, focusing on customer satisfaction and profitable growth:

- ▶ Growth markets confirmed their role as a main engine for growth within the Group.
- ▶ In France, in addition to a competitive price policy, we continued to innovate, particularly by deploying new sales models that better meet customers' needs.
- ▶ The Group's single-banner, multi-format strategy is a worldwide success. Starting in the second half of 2007, this strategy has also been tested in France in 13 hypermarkets and supermarkets, with encouraging results.

■ Main aggregate values from the income statement

(in millions of euros)	2007	2006	Change 2007/2006
Net sales	82,148	76,887	6.8%
Activity contribution	3,291	3,183	3.4%
Net income from recurring operations - Group share	1,868	1,856	0.7%
Net income from discontinued operations - Group share	431	413	-
Net income - Group share	2,299	2,269	1.4%

■ Net sales

(in millions of euros)	2007	2006	% Var. 2007/2006	% Var. 2007/2006 at constant exchange rates
France	37,621	37,212	1.1%	1.1%
Europe (excluding France)	30,837	28,835	6.9%	6.6%
Latin America	8,211	5,928	38.5%	38.0%
Asia	5,480	4,911	11.6%	17.3%
Total	82,148	76,887	6.8%	7.0%

Net sales amounted to 82,148 million euros, up 7.0% as compared with 2006 sales at constant exchange rates. After the negative impact of the exchange rate, sales increased by 6.8%.

■ Breakdown of net sales by business

In %	2007	2006
Hypermarkets	62.0%	61.2%
Supermarkets	21.5%	22.0%
Hard Discount stores	10.5%	10.4%
Other	6.0%	6.4%
Total 3	100.0%	100.0%

■ Breakdown of net sales by geographic region

In %	2007	2006
France	45.8%	48.4%
Europe (excluding France)	37.5%	37.5%
Latin America	10.0%	7.7%
Asia	6.7%	6.4%
Total	100.0%	100.0%

■ Activity contribution

(in millions of euros)	2007	2006	% Var. 2007/2006	% Var. 2007/2006 at constant exchange rates
France	1,556	1,649	-5.7%	-5.7%
Europe (excluding France)	1,216	1,201	1.2%	1.0%
Latin America	301	161	86.6%	83.3%
Asia	218	171	27.6%	34.9%
Total	3,291	3,183	3.4%	3.5%

Activity contribution amounted to 3,291 million euros and represented 4.0% of our sales against 4.1% in 2006. It increased by 3.4% as compared with 2006.

■ Breakdown of activity contribution by geographic region

In %	2007	2006
France	47.3%	51.8%
Europe (excluding France)	36.9%	37.7%
Latin America	9.1%	5.1%
Asia	6.6%	5.4%
Total	100%	100.0%

■ Depreciation and provisions

Depreciation and provisions amounted to 1,722 million euros. They represented 2.1% of sales.

■ Non-current income and expenses

Non-current income amounted to 47 million euros. Non-current income and expenses included:

- ▶ costs of restructuring or closing sites in the amount of (92) million euros;
- ▶ costs of brand change and consolidation in the amount of (37) million euros;
- ▶ capital gains or losses from sales representing income of 185 million euros (especially from the sale of our interest in Feu Vert Iberica and of various properties, mainly in France, Italy, Poland and Spain);
- ▶ various costs in the amount of (9) million euros;

■ EBIT

EBIT amounted to 3,338 million euros and represented 4.1% of our sales as against 4.3% in 2006. It increased 2.1% compared to 2006.

■ EBIT by geographic region

In %	2007	2006
France	46.6%	50.2%
Europe (excluding France)	37.6%	40.2%
Latin America	9.5%	4.9%
Asia	6.3%	4.7%
Total	100.0%	100.0%

■ Financial income (expense)

Financial expense amounted to 526 million euros, up by 11.1% as compared to 2006. It represented 0.6% of sales, equivalent to 2006. Rising interest rates and the Group's increased average financial debt, notably due to acquisitions, were behind this year's increase in financial debt.

Coverage of financial expenses was 10.5 times in 2007.

■ Income tax

The effective income tax expense was 807 million euros in 2007. This represented 28.7% of income before taxes as against 29.0% in 2006. This slight reduction in the tax rate can be explained by a weighting effect (the Group generated a greater proportion of its taxable income in growth markets which are frequently characterised by lower tax rates) as well as the reduction in Spain's corporate income tax rate.

■ Consolidation by the equity method

Income from equity affiliates amounted to 43 million euros, 6 million euros higher than in 2006. This trend mainly reflects the entry of our franchisee partner in the Middle East, Majid Al Futtaim, to the scope of consolidation.

■ Minority interests

The share of minority interests in income amounted to 180 million euros, representing an increase of 15 million euros over last year. This increase is due to improved performance in China and Turkey.

■ Net income from recurring operations - Group share

This line amounted to 1,868 million euros, up 0.7% as compared with net income from recurring operations - Group share 2006, which stood at 1,856 million euros.

■ Net income from discontinued operations - Group share

This line represented income of 431 million euros in the 2007 income statement and breaks down as follows:

- ▶ annual income and income from the sale of Portugal for 431 million euros;
- ▶ the impact of annual income for Slovakia for 9 million euros;
- ▶ zero impact from the annual income for Switzerland;
- ▶ the final impact of transactions for discontinued operations during prior fiscal years for (9) million euros.

Sale of Portuguese hypermarkets

On 27 July 2007, the Group announced the sale of its Portuguese subsidiary to Sonae Distribuição for an enterprise value of 662 million euros. The hard discount network was not affected by this transaction. This agreement was approved by the Portuguese competition authorities.

Sale of operations in Switzerland

On 21 August 2007, Carrefour group and Maus Frères announced the sale of their respective interests in Distributis AG to Coop for an enterprise value of approximately 330 million euros. This transaction remains subject to the approval of the Swiss competition authorities.

Sale of our operations in Slovakia

Following the Slovakian competition authorities' refusal to approve the sale of four Carrefour stores to Tesco on 29 December 2006, the Group looked for a new buyer. On 1 June 2007, the Group concluded an agreement with ICS and ECM Group NV to sell these stores, which will continue to operate under the Carrefour brand. At the end of 2007, this transaction remained subject to the approval of the Slovakian competition authorities.

■ Cash flow and investments

Cash flow stood at 3,918 million euros, up 9.3% as compared with 2006. This increase, greater than the rise in EBIT, can be explained by the increase in the weight of depreciation inherent in the acceleration of expansion as well as the implementation of new sales concepts. Cash flow represented 52.9% of net debt at the end of 2007 as against 56.8% at the end of 2006.

Net investments for the year amounted to 3,337 million euros as against 1,885 million euros in 2006. Last year, net investments had been reduced by income from sales of our operations, particularly in Korea and in the Czech Republic.

Tangible and intangible investments amounted to 3,069 million euros.

Financial investments for 2007 represented 1,489 million euros.

Disposals that impacted our cash flow in 2007 amounted to 1,221 million euros. They take into consideration the sale of our hypermarket business in Portugal and our interest in Feu Vert Iberica and the sale of various assets, mainly properties.

■ Shareholder's Equity

This amounted to 11,770 million euros at 31 December 2007 as against 10,503 million euros last year.

■ Net debt

The Group's net debt increased from 6,309 million euros at the end of 2006 to 7,357 million euros at the end of 2007, because of the Atacadão acquisition in particular. At the end of 2007, net debt represented 63% of the net position before distribution of dividends, as against 60% at the end of 2006.

FRANCE

The consolidated store network in France at 31 December 2007 stood as follows:

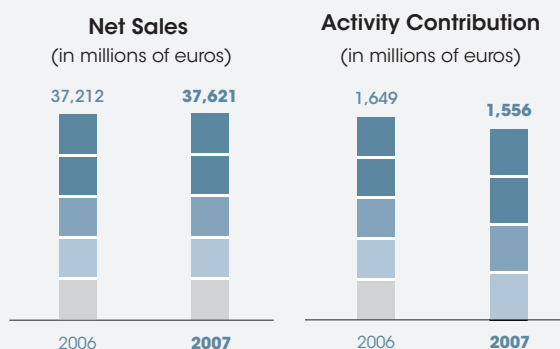
Hypermarkets	Supermarkets	Hard Discount stores	Other stores	Total
194	604	840	61	1,699

In 2007, the network expanded by 2 hypermarkets and 29 hard discount stores. The number of operated supermarkets and Cash & Carry stores fell by 11 and 40 respectively, mainly due to the changeover of certain stores from operational mode to lease management.

the determined pricing policy to insure better competitiveness in each catchment area and strengthened product lines. Improvements in logistics expenses and the non-food mix allowed us to compensate for the significant drop in the grocery margin. In total, the gross margin from current operations, expressed in percentage of sales, is stable overall.

Retail costs increased at a faster rate than sales due to the roll-out of new sales concepts. The activity contribution fell from 4.4% of sales in 2006 to 4.1% of sales in 2007, amounting to 1,556 million euros.

Operational investments in France totalled 1,105 million euros, representing 2.9% of sales.



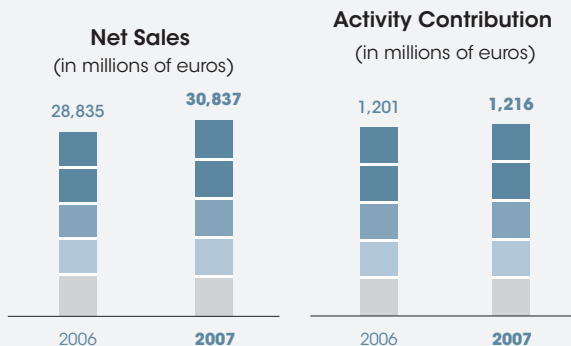
Sales in France rose by 1.1%. In a deflationary and promotional environment, grocery volumes increased, especially due to

EUROPE (excluding France)

The consolidated store network in Europe at 31 December 2007 stood as follows:

Hypermarkets	Supermarkets	Hard Discount stores	Other stores	Total
399	957	3,136	229	4,721

The consolidated network expanded this year by 34 hypermarkets, 211 supermarkets and 167 hard discount stores and decreased by 12 convenience stores.



Sales in Europe increased by 6.9%. The activity contribution amounted to 3.9% of sales at 31 December 2007 as against 4.2% in 2006, an increase of 1.2%. In Europe, our performance

was affected by results in Italy where the activity contribution fell by more than 25%. However, our margins in this country saw a noticeable increase between the first and second half of the year.

Excluding Italy, sales and activity contribution in the Europe Zone (excluding France) increased by 8.5% and 8.6% respectively. All other countries within the zone posted EBIT growth.

Growth markets in Europe continued to produce good results. For example, Greece and Poland posted double-digit growth in activity contribution. As of July 2007, Poland consolidated the assets of Ahold Polska. This important acquisition now places Carrefour in second position in the Polish retail market and gives it a leading role in the majority of regions.

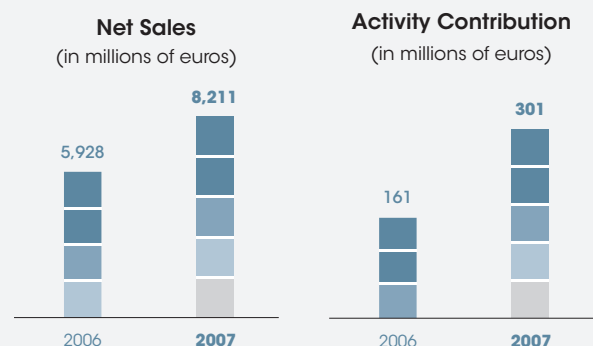
Operational investments in Europe amounted to 1,162 million euros, representing 3.8% of sales.

LATIN AMERICA

The consolidated store network in the Latin American zone at 31 December 2007 stood as follows:

Hypermarkets	Supermarkets	Hard Discount stores	Other stores	Total
255	141	572	5	973

In 2007, the network expanded by 51 hypermarkets, 23 supermarkets, 33 hard discount stores and 5 convenience stores.



Sales increased by 38.5% from 2006 to 2007. At constant exchange rates, sales rose by 38.0%. We recorded strong growth in our three countries (Brazil, Argentina and Colombia),

strengthened by our acquisition of Atacadão in Brazil. This company, a leader in the discount hypermarket segment, generated very strong performance. It was integrated as of 1 May 2007.

The activity contribution rose from 2.7% of sales in 2006 to 3.7% of sales in 2007, amounting to 301 million euros. The region's turnaround has clearly begun: profitability in Argentina continued to grow, Columbia showed double-digit EBIT growth and Brazil now ranks 4th among countries that contributed the most to the Group in terms of sales and 3rd for EBIT.

Excluding the integration of Atacadão, the group's sales in the region increased by 17.3% and its activity contribution rose almost 46%.

Operational investments totalled 537 million euros, representing 6.5% of sales.

ASIA

The consolidated store network in Asia at 31 December 2007 stood as follows:

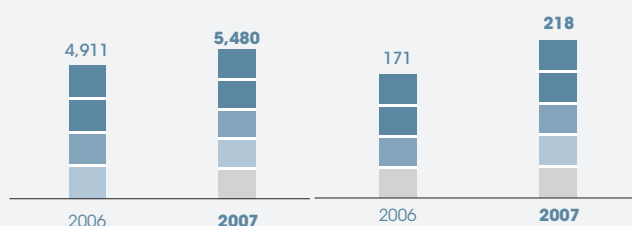
Hypermarkets	Supermarkets	Hard Discount stores	Other stores	Total
238	-	275	-	513

In 2007, the network expanded by 36 hypermarkets and 20 hard discount stores.

growth in Asia, with all countries in this region recording an increase in activity contribution.

Net Sales
(in millions of euros)

Activity Contribution
(in millions of euros)



Sales in Asia increased by 11.6%. At constant exchange rates, sales increased by 17.3%. The activity contribution rose from 3.5% of sales in 2006 to 4.0% of sales in 2007, amounting to 218 million euros. The Group again benefitted from strong

China generated strong growth in activity contribution despite increased asset costs in this country due to ambitious expansion. In 2007, 22 hypermarkets were opened in China.

In Taiwan, the group also recorded a double-digit increase in activity contribution. This improvement arose from purchasing synergies resulting from the integration of Tesco stores on the one hand and the effects of the implemented cost reduction plan on the other.

In Indonesia, the group also posted double-digit growth in activity contribution.

Operational investments in Asia amounted to 265 million euros, representing 4.8% of sales.

RECENT CHANGES

Alfa Retailindo Acquisition in Indonesia

On 21 January 2008, the Group signed a memorandum of agreement with PT Sigmantara Alfindo and Prime Horizon Pte. Ltd. concerning the acquisition of a 75% majority interest in PT Alfa Retailindo Tbk ("Alfa Retailindo") for a price of 674 billion rupiahs (49.3 million euros).

Alfa Retailindo, listed on the Jakarta stock exchange, is one of the country's major players in the grocery retailing sector. It has 29 stores in the country with sales areas ranging from 1,000 m² to 4,000 m², including 13 stores in Jakarta. Alfa Retailindo recorded sales of 3,624 billion rupiahs in 2006 (265 million euros).

With this transaction, Carrefour Indonesia consolidated its position as a leader among the country's grocery retailers. This acquisition illustrates the Carrefour group's strategy of increasing its presence in growth markets through a multi-format approach which is locally adapted. To date, Carrefour's Indonesian operations include 37 hypermarkets (as against 29 in 2006). Carrefour's sales in Indonesia were 699 million euros in 2007, an increase of 11.4% as compared with the previous year.

Sale of land in Turkey

On 29 January 2008, Carrefour SA, a joint venture between Carrefour and Sabanci in Turkey, announced the sale of land located in Merter (Istanbul) to a joint venture formed between Apollo Real Estate and Multi Turkmall, which will develop one of the country's largest shopping centres at this location. A Carrefour hypermarket is expected to open here in 2010. The transaction amounted to 267 million euros and will give rise to recognition of a gain of approximately 150 million euros before taxes.

This transaction illustrates how asset portfolio management can contribute to creating value and future growth.

Sale of our operations in Slovakia

On 29 January 2008, the Slovakian competition authorities approved the memorandum of agreement between the Carrefour Group and ICS and ECM Group BV concerning the sale of hypermarkets located in Slovakia.

OBJECTIVES

The Group has set the following objectives for 2008:

- ▶ sales growth (excluding acquisitions) between 6 and 8% at constant exchange rates;
- ▶ more rapid growth in activity contribution than in sales, resulting from better control over fixed costs and by undertaking various efforts to improve productivity;
- ▶ greater contribution to sales and activity contribution by growth markets;
- ▶ a free cash flow of 1.5 billion euros resulting from accelerating profitable growth and optimizing investments and working capital;
- ▶ a higher return on the capital employed by the Group.

LITIGATION AND OTHER RISKS

The Group is subject to various litigation or disputes that it believes will not have a significant impact on its financial situation, its business and/or its results.

INSURANCE

Carrefour's insurance strategy aims to best protect people and property.

For this purpose, the Group has implemented across-the-board global schemes (in particular physical damage, civil liability, environmental and construction) allowing uniform coverage for all formats (integrated stores), wherever they are located (except for Brazil for example, which does not allow this type of arrangement).

Furthermore, the Group ensures that new acquisitions made over the course of the year rapidly obtain its across-the-board cover or, where applicable, benefit from its DIC/DIL cover policies. ("Difference In Conditions/Difference In Limits")

Carrefour's insurance policy identifies and assesses existing and emerging risks in close collaboration with operational managers and the Quality, Liability and Risks Department, and puts in place prevention measures through a centralized policy, conducted in particular with the insurers but also locally, thanks to connections in each country.

The Group covers all its transferred risks through the insurance market using top-rated international insurance companies.

Monitoring and management methods are regularly controlled and inspected by independent parties: brokers, insurers, as well as in-house through Carrefour's Corporate Insurance Department which falls within the Quality, Liability and Risks Department.

The following information is provided for informational purposes only, in order to illustrate the scope of action in 2007, and should not be considered inalienable, to the extent the insurance market is changing. Indeed, the Group's insurance

strategy depends on and adapts to market conditions, investments and available coverage.

Furthermore, in order to optimize its insurance costs and manage its risks appropriately, Carrefour has a policy to maintain its frequency lines through its captive reinsurance company and, since 1 January 2005, through its own insurance company located in Ireland, Carrefour Insurance Limited, accredited by the Irish authorities, whose results are consolidated in the Group's financial statements.

This direct insurance company primarily covers risks of property damage and operating losses for subsidiaries in Europe known as Free Provision of Services. Subsidiaries located outside the Europe Zone are re-insured by the Group. A stop-loss per claim and per insurance year has been put in place in order to protect the interests of the captive and to limit its commitments. Beyond a certain predefined limit, risks are transferred to the insurance market.

This same subscription strategy applies to civil liability risks, but only as regards re-insurance. The captive re-insurance company's exposure is limited per claim and per insurance year. Beyond a certain level of exposure, they are transferred to the traditional insurance market.

Damage to property and Operating Loss coverage

The purpose of this insurance is to protect the company's assets.

The policy in force is in the form of an "all risks with exceptions" policy issued on the basis of existing guarantees on the insurance market. It covers the traditional risks of this type of coverage: fire, lightning, theft, natural disasters, operating losses.

Deductibles are appropriate to the different store formats and countries. For certain store formats, Carrefour has a Self Insured Retention policy adapted to a well targeted loss experience.

The program put in place by the Group offers a guarantee limit of 200 million euros per claim in direct damages and operating losses combined. This program includes sub-limits, particularly in the area of natural disasters. Over the course of the year, certain sub-limits have been revised upwards.

The exclusions in force in this contract comply with market practices. The contract was renewed on 31 December 2006 for an 18 month period.

Civil liability coverage

This covers the financial consequences of Carrefour's civil liability in cases where it is pursued and found liable as a result of a loss suffered by a third party which may have been caused by the Group, both during operations and after delivery.

The majority of the Carrefour's Group's sites are classified as ERP sites (Establishments Receiving the Public); as a result, its exposure to risks must be specifically taken into consideration and requires great vigilance.

Deductibles vary from country to country. The exclusions in force in this contract comply with market practices and primarily concern certain substances recognised as toxic, carcinogenic, etc.

Carrefour is covered for the risk of harm to the environment as part of its global civil liability insurance scheme.

Such risk requires a specifically designed approach due to the conditions imposed by re-insurers, which offer more limited guarantees for gradual pollution risks.

Nevertheless, Carrefour has set up specific coverage dedicated to these types of risks.

Special risks

This essentially means coverage for corporate officers.

Coverage for these risks is adapted as closely as possible to the Group's exposure. Given the sensitive nature of this information, the coverage amounts for these various policies remain confidential.

Construction coverage

This covers operators involved in construction, as well as the consequences that may arise from their actions.

The coverage amounts put in place are in line with market practices and the limits available on the insurance market for this type of risk.

Employee benefits coverage

In compliance with current legislation and with collective bargaining agreements and other company agreements, schemes for covering the risks of occupational injury, medical expenses and welfare and retirement costs have been put in place in each country.

INDUSTRIAL AND ENVIRONMENTAL RISKS

The Carrefour Group is strongly committed to a policy of environmental responsibility.

Since our business does not involve major direct environmental risk, we have identified the main environmental impacts on which the Group has taken action.

- ▶ Prevention of risks related to the operation of service stations (ground pollution, hydrocarbons);
- ▶ Control of the consumption of refrigerants and energy;
- ▶ Reduction of pollution by automobiles (car parks, distribution of less polluting fuels);
- ▶ Reduction of the impact of logistics: reduction of atmospheric emissions and research into less polluting transportation systems;
- ▶ Control of nuisances for local residents (via noise reduction, landscaping);

- ▶ Management of natural resources (fish stocks, wood);
- ▶ Reduction of the environmental impact of packaging (via ecologically designed packaging and reductions in the use of packaging);
- ▶ Waste conversion and recycling;
- ▶ Water management.

The costs incurred to reduce the environmental impact of our activities are included, in part, in the operating costs of the Quality and Sustainable Development Department and its counterparts in the countries in which we operate. The largest proportion, however, is the operational share corresponding to the amounts allocated to specific projects.

Environmental policies and risk management are inherent to each sector that manages them.

CONSOLIDATED FINANCIAL STATEMENTS

INTRODUCTION

The summary statements concern the financial statements drawn up in accordance with IFRS standards as of 31 December 2007 and 31 December 2006. The 2005 financial statements, included in the Reference Document filed with the AMF on 9 March 2006 are incorporated by reference.

The following is presented for prior periods: the Income Statement as of 31 December 2006 restated in accordance with IFRS 5 (Non-current assets held for sale and discontinued operations) for operations discontinued in 2007.

IFRS 5 specifies the accounting treatment applicable to assets held for sale, and the presentation and information required concerning discontinued operations. In particular, the standard requires that assets held for sale be presented separately in the balance sheet and that the results of discontinued operations be presented separately in the income statement.

A discontinued operation is a component of an entity which has been separated from the entity or which is classified as being held for sale and:

- ▶ which represents a line of activity or a primary and distinct geographic region,
- ▶ is part of a unique and coordinated plan for its separation from a line of activity or from a distinct geographic region, or
- ▶ is a subsidiary acquired exclusively for purposes of resale.

The standard requires that the results of discontinued operations be presented separately in the income statement for all comparative periods. Thus, as of 31 December 2007, the results of operations disposed of in 2007 must also be restated in the accounts of 31 December 2006. Consequently, the 2006 comparative income statement differs from that published previously. Similarly, the cash flow tables as of 31 December 2006 present the impact of these operations on distinct lines for operational, investment and financing activities.

The 2006 balance sheet remains unchanged, however.

Furthermore, until 30 June 2007, in view of the size and non-recurrence of plans granted in 2006 and 2007 (number of beneficiaries, vesting period, introduction of free shares), the Group recognised IFRS 2 expenses related to share-based compensation in "non-current expenses".

In accordance with the Autorité des Marchés Financiers' recommendation, the Group decided to classify all IFRS 2 expenses as "sales, general and administrative expenses". The 2006 comparative financial statements have been restated to reflect this change in presentation.

CONSOLIDATED INCOME STATEMENT

Sign convention (- expenses; + income)

(in millions of euros)	Notes	31/12/2007	% Var.	31/12/2006
Net sales	4	82,148.5	6.8%	76,886.7
Other income	5	1,147.2	10.7%	1,036.1
Total Income		83,295.7	6.9%	77,922.8
Cost of sales	6	(64,609.4)	7.0%	(60,405.2)
Gross margin from Current operations		18,686.3	6.7%	17,517.6
Sales, general and administrative expenses	7	(13,672.7)	7.0%	(12,777.7)
Depreciation, amortization and provisions	8	(1,722.5)	10.6%	(1,556.9)
Activity contribution		3,291.2	3.4%	3,183.0
Non-recurring income	9	229.0	(11.0%)	257.4
Non-recurring expenses	9	(182.0)	6.2%	(171.4)
EBIT		3,338.2	2.1%	3,269.0
EBIT	10	(526.1)	11.1%	(473.6)
Income before taxes		2,812.1	0.6%	2,795.4
Income tax	11	(806.9)	-	(811.1)
Net income from recurring operations of consolidated companies		2,005.2	1.1%	1,984.3
Net income from companies consolidated by the equity method		43.1	17.6%	36.7
Net income from recurring operations		2,048.3	1.4%	2,021.0
Net income from discontinued operations	12	430.9	-	410.6
Total net income		2,479.2	2.0%	2,431.6
of which Net income - Group share		2,299.4	1.4%	2,268.5
of which Net income from recurring operations - Group share		1,868.5	0.7%	1,855.8
of which Net income from discontinued operations - Group share		430.9	-	412.7
of which Net income - minority share		179.8	8.9%	165.2
	Notes	31/12/2007	% Var.	31/12/2006
Earnings per share from recurring operations (in euros, before dilution) - Group share	13	2.67	1.4%	2.63
Earnings per share from recurring operations (in euros - after dilution) - Group share	13	2.67	1.4%	2.63

ASSETS

(in millions of euros)	Notes	31/12/2007	31/12/2006
Assets			
Goodwill	14	11,674	10,852
Other intangible assets	14	1,173	1,038
Tangible fixed assets	15	14,751	13,736
Other non-recurring financial assets	16/ 23	1,119	1,111
Investments in companies accounted for by the equity method	16	436	417
Deferred tax on assets	17	944	922
Investment properties	18	500	455
Consumer credit from financial companies	23	1,959	1,656
Non-current assets		32,555	30,187
Inventories	19	6,867	6,051
Commercial receivables	20	3,424	3,620
Consumer credit from financial companies - short term	23	2,713	2,586
Tax receivables		582	553
Other assets	21/ 23	956	815
Cash and cash equivalents	22	4,164	3,697
Current assets		18,707	17,322
Non-current assets held for sale ¹		669	23
Total assets		51,932	47,533

LIABILITIES

(in millions of euros)	Notes	31/12/2007	31/12/2006
Liability			
Equity capital	24	1,762	1,762
Consolidated reserves (including income)		8,900	7,724
Shareholders' equity - Group share		10,663	9,486
Shareholders' equity - minority interest		1,107	1,017
Shareholders' equity		11,770	10,503
Borrowings	26	8,276	7,532
Provisions	25	2,147	2,256
Deferred tax liabilities	17	462	280
Consumer credit refinancing	26	430	516
Non-current liabilities		23,085	21,087
Borrowing - short term	26	3,247	2,474
Trade payables	26	17,077	16,449
Consumer credit refinancing - short term	26	3,989	3,427
Tax payables		1,193	1,172
Other liabilities	26	3,114	2,910
Current liabilities		28,620	26,432
Non-current liabilities held for sale ¹		227	13
Total liabilities		51,932	47,533

1 Non-current assets and liabilities held for sale correspond:

- in 2006, to assets and liabilities of operations in Slovakia
- in 2007, to assets and liabilities of operations in Switzerland and Slovakia as well as certain assets in Belgium, Turkey, Poland and with Dia Spain.

CONSOLIDATED CASH FLOW STATEMENT

(in millions of euros)	31/12/2007	31/12/2006
Income before tax¹	2,812	2,795
Operating activities		
Tax	(660)	(782)
Provision for amortization	1,790	1,637
Capital gains and losses on sales of assets	(139)	(130)
Changes in provisions and impairment	98	63
Dividends on companies accounted for by the equity method	7	8
Impact of discontinued activities	10	(4)
Cash flow from operations	3,918	3,586
Change in working capital	(88)	95
Impact of discontinued activities	40	(222)
Change in cash flow from operating activities (excluding financial companies)	3,869	3,461
Change in consumer credit commitments	43	10
Net cash from operating activities	3,912	3,469
Investing activities		
Acquisitions of tangible and intangible fixed assets	(3,069)	(3,290)
Acquisitions of financial assets	(101)	(65)
Acquisitions of subsidiaries	(1,388)	(529)
Disposals of subsidiaries	684	1,345
Disposals of fixed assets	505	689
Disposals of investments	33	45
Subtotal investments net of Disposals	(3,337)	(1,806)
Other uses	(48)	(27)
Impact of discontinued activities	(105)	(200)
Net cash from investing activities	(3,491)	(2,033)
Financing activities		
Proceeds on issue of shares	14	6
Dividends paid by Carrefour (parent company)	(722)	(705)
Dividends paid by consolidated companies to minority interests	(106)	(109)
Change in shareholders' equity and other instruments	(507)	(92)
Change in borrowings	1,298	(788)
Impact of discontinued activities	68	203
Net cash from financing activities	46	(1,485)
Net change in cash and cash equivalent before currency impact	467	(50)
Impact of currency fluctuations	0	14
Net change in cash and cash equivalents after currency impact	467	(36)
Cash and equivalents at beginning of year	3,697	3,733
Cash and equivalents at end of year	4,164	3,697

¹ including financial interest for 474 million euros at 31 December 2007 and 432 million euros at 31 December 2006.

VARIATION IN CONSOLIDATED SHAREHOLDERS' EQUITY BEFORE ALLOCATION OF INCOME

(in millions of euros)	Capital	Reserves relating to variations in shareholders' equity	Currency translation adjustment, Group share	Reserves for fair value variation in financial instruments	Other reserves and income	Shareholders' equity, Group share	Minority interests	Total shareholders' equity
Shareholders' equity at 31/12/05 before allocation	1,762	(36)	763	7	5,888	8,385	1,001	9,386
Foreign currency translation adjustment			(393)			(393)	(43)	(436)
Adjustment to the fair value of financial instruments					(5)	(5)	3	(2)
Income and expenses recorded directly as shareholders' equity at 31/12/06			(393)		(5)	(398)	(40)	(439)
Income 2006					2,269	2,269	163	2,432
Total income and expenses recorded for 2006			(393)		2,264	1,870	123	1,993
Dividends 2005					(706)	(706)	(106)	(812)
Change in capital and premiums							7	7
Impact of changes in consolidation scope and other movements					(64)	(64)	(8)	(72)
Shareholders' equity at 31/12/06 before allocation	1,762	(36)	370	7	7,382	9,486	1,017	10,503
Foreign currency translation adjustment			64			64	3	66
Adjustment to the fair value of financial instruments				(15)		(15)	(2)	(17)
Change in movements of shareholders' equity*					(437)	(437)		(437)
Income and expenses recorded directly as shareholders' equity at 31/12/07			64	(15)	(437)	(388)	0	(388)
Income 2007					2,299	2,299	180	2,479
Total income and expenses recorded for 2007			64	(15)	1,862	1,911	180	2,091
Dividends 2006					(722)	(722)	(99)	(821)
Change in capital and premiums						0	14	14
Impact of changes in consolidation scope and others movements					(12)	(12)	(6)	(18)
Shareholders' equity at 31/12/07 before allocation	1,762	(36)	434	(8)	8,510	10,663	1,107	11,770

* The change in shareholders' equity is explained by Carrefour SA's purchases of shares and by delivery of shares to beneficiaries of stock option plans.

** This item groups reserve coverage and reserves of assets held for sale.

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1: ACCOUNTING PRINCIPLES

The Carrefour group's consolidated financial statements were drawn up in euros, the company's functional currency, in accordance with International Financial Reporting Standards (IFRS) approved by the European Union.

The consolidated financial statements as of 31 December 2007 were adopted by the Management Board on 28 February 2008.

The consolidated financial statements were drawn up on the basis of historic cost, with the exception of certain assets and liabilities stated in accordance with IAS standards 32 and 39, pertaining to financial instruments. The asset and liability categories concerned are described, where applicable, in the corresponding notes below.

Non-current assets and groups of assets held for sale are valued at their book value or fair market value minus sale costs, whichever is lower.

The preparation of the consolidated financial statements involves the consideration of estimates and assumptions made by the Group's management, which may affect the book value of certain asset and liability items, income and expenses, as well as information provided in the notes to the financial statements. The Group's management reviews its estimates and assumptions regularly, in order to ensure their relevance to past experience and to the current economic situation. Depending on the changes in these assumptions, items appearing in future financial statements may be different from current estimates.

The main estimates made by management when preparing the financial statements concern the valuations and useful lives of intangible (Note 14) and tangible (Note 15) operating assets and goodwill (Note 14), the amount of provisions for risks and other provisions relating to the business (Note 25), as well as assumptions made for the calculation of pension commitments (Note 25) or deferred taxes (Note 17).

New standards and interpretations applicable in 2007

IFRS 7 (Financial Instruments: Disclosures) and the amendment to IAS 1R: (Presentation of Financial Statements - Capital disclosures) require the disclosure of information pertaining to the extent of the use of financial instruments in view of the financial situation and performance of the entity, as well as

qualitative and quantitative information on the nature and the extent of the risks arising from financial instruments to which the entity is exposed.

IFRIC Interpretation 7 (Applying the restatement approach under IAS 29: Financial reporting in hyperinflationary economies), specifies how IAS 29 should be applied when an economy becomes hyperinflationary, particularly with regard to the reassessment of non-monetary elements and the reporting of the resulting deferred tax. Application of IFRIC 7 is mandatory in the 2007 consolidated financial statements. This interpretation is not applicable to the consolidated financial statements as of 31 December 2007, as no country within the consolidation scope is recognised as hyperinflationary.

IFRIC Interpretation 8 (Scope of IFRS 2 - Share-based payment) requires that IFRS 2 be applied to all transactions as a part of which an entity makes a share-based payment when the consideration given appears to be less than the fair value of the equity instruments granted. The application of IFRIC 8 is mandatory in the 2007 consolidated financial statements. This interpretation is not applicable to the Group's consolidated financial statements as of 31 December 2007.

IFRIC Interpretation 9 (Reassessment of embedded derivatives) requires an entity, when it first becomes a party to a contract or when a change in the terms of the contract significantly modifies the cash flows that would otherwise be required under the contract, to assess whether any embedded derivatives are contained in the contract and whether they must be accounted for according to IAS 39. This interpretation has no effect on the Group's financial statements.

IFRIC Interpretation 10 (Interim financial reporting and impairment) prohibits the reversal of an impairment loss recognised at the balance sheet date of a previous interim period in respect of goodwill or an investment in either an equity instrument or a financial asset carried at cost. IFRIC Interpretation 10 is applicable prospectively as of the date of the first application of IAS 36 (concerning the impairment of goodwill) and the first application of IAS 39 (concerning impairment losses on investments in equity instruments or financial assets carried at cost), which is on 1 January 2004 and 1 January 2005. This interpretation has no effect on the Group's financial statements.

New standards and interpretations for subsequent application approved by the European Union

The standards, amendments and interpretations existing as of 31 December 2007 and applicable by the Group as of 1 January 2008 were not applied in advance by the Group.

The Group is currently conducting studies in order to measure the possible effect of their application on the financial statements.

The revision of IAS IR (Presentation of Financial Statements) requires that financial information be presented in a new format. Application of IAS 1R is mandatory in the 2009 consolidated financial statements.

IFRS 8 (Operating segments) requires the presentation of segment information that serves as a basis for management decisions about the direction of the company. Application of IFRS 8 is mandatory as of 1 January 2009. It was not applied in advance. The Group is currently conducting studies in order to measure the possible effect of its application.

The amendment to IAS 23R (Amendment related to borrowing costs) specifies the conditions for capitalisation of borrowing costs. As IAS 23R was not mandatory as of 31 December 2007, it was not applied in advance. The group does not expect this amendment to have any significant effects.

The revision of IFRS 3 (Business combinations) requires that an overall view of entities impacted by business combinations be presented in the financial statements. Application of IFRS 3 is mandatory in the 2010 consolidated financial statements.

IFRIC Interpretation 11 (IFRS 2 Group and Treasury Share Transactions) provides further information on the reporting rules for shares held in treasury as equity instruments or as cash instruments as well as intragroup share-based payment arrangements. As IFRIC 11 was not mandatory as of 31 December 2007, it was not applied in advance. The group does not expect this interpretation to have any significant effects.

IFRIC Interpretation 12 (Service Concession Arrangements) concerns reporting the treatment of infrastructure in the concession context. As IFRIC 12 was not mandatory as of 31 December 2007, it was not applied in advance. The group does not expect this interpretation to have any significant effects. IFRIC Interpretation 13 (Customer Loyalty Programmes) specifies the valuation and reporting methods for benefits granted to customers in the scope of a customer loyalty programme. IFRIC 13 is not mandatory in the 2007 consolidated financial statements (applied to accounts opened as from 1 July 2008). It was not applied in advance.

IFRIC Interpretation 14 (IAS 19 Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction) sets forth valuation and reporting rules for assets in the event a defined benefit asset regime is over-financed. As IFRIC 14 was not mandatory as of 31 December 2007 (applicable as of 1 January 2008), it was not applied in advance. The Group is currently conducting studies in order to measure the possible effect of its application.

The accounting methods presented below were applied continuously to all periods presented in the consolidated financial statements and uniformly by the Group's entities.

Change in presentation

Until 30 June 2007, in view of the size and non-recurrence of plans granted in 2006 and 2007 (number of beneficiaries, vesting period, introduction of free shares), the Group recognised IFRS 2 expenses related to share-based compensation in "non-current expenses".

In accordance with the Autorité des Marchés Financiers' recommendation, the Group decided to classify all IFRS 2 expenses as "sales, general and administrative expenses". The 2006 comparative financial statements have been restated to reflect this change in presentation.

Scope / Method of consolidation

The companies over which Carrefour exercises exclusive control, either directly or indirectly, are fully consolidated. Control exists when the Group has the power to direct the financial and operational policies of the entity directly or indirectly, in order to obtain advantages from its operations. To assess the degree of control, the potential voting rights that can currently be exercised or converted are taken into account. Furthermore, the companies in which the Group exercises significant influence or joint control are consolidated by the equity method. The consolidated financial statements include the Group share in the total amount of profits and losses recorded by the companies consolidated by the equity method, after making adjustments to bring their accounting methods in to conformity with those of the Group, as of the date on which a significant influence was exercised up through the date on which the significant influence or joint control ceased.

When Carrefour has no significant influence or joint control over the operational or financial decisions of the companies in which the Group owns securities, these are held as Other Financial Assets. These securities may, where appropriate, be subject to a provision for amortization. The method of amortization is presented in the section on "Financial Assets".

The Group does not have any "ad hoc" entities.

Segment-based information

The Carrefour Group is organized by geographic region (France, Europe excluding France, Asia and Latin America) as the first level of segment-based information, and then by the following store formats: Hypermarkets, Supermarkets, Hard Discount stores and Other formats (Convenience, Cash & Carry, Financial companies, etc.) constituting the second level of segment-based information.

Accounting principles used for segment-based information are identical to those applied to draw up the consolidated financial statements.

Business combinations

The Group has chosen the option offered by IFRS 1, which does not restate business combinations prior to 1 January 2004 in accordance with IFRS 3.

As from 1 January 2004, all business combinations are entered in the accounts by applying the purchase method. The difference between the purchase cost, which includes expenses directly attributable to the acquisition, and the fair value of the assets acquired, net of liabilities and any liabilities assumed within the framework of the grouping, is shown as goodwill.

Negative goodwill resulting from the acquisition is immediately recognised in the income statement.

For companies acquired during the course of the fiscal year and increases in equity interests, only the income for the period after the acquisition date is shown in the consolidated income statement. For companies disposed of during the course of the fiscal year and dilutions, only the income for the period prior to the disposal date or the dilution is shown in the consolidated income statement.

Conversion of financial statements of foreign companies

For companies operating in countries with high inflation rates (none during fiscal years 2006 and 2007):

- ▶ fixed assets, equity investments, shareholders' equity and other non-monetary items are revalued based on the reduction in the general purchasing power of the local currency during the fiscal year; these items are restated by means of a relevant price index as of the balance sheet date;
- ▶ all balance sheet items, with the exception of the Group's share of shareholders' equity, are then converted into euros on the basis of the exchange rates in effect at the end of the fiscal year;

- ▶ with respect to the Group's share of shareholders' equity, the opening balance is carried forward at the value in euros at the end of the previous fiscal year; other movements are converted at the current foreign currency exchange rates. The difference in euros thus created between the assets and liabilities in the balance sheet is recorded in a foreign currency translation adjustment account included as "Shareholders' equity - Group share";
- ▶ the income statement in local currency is adjusted for the effects of inflation between the date of the transactions and the end of the fiscal year. All items are then converted based on the exchange rates in effect at the year end.

For other companies:

- ▶ balance sheet items are converted on the basis of the closing rate;
- ▶ income statement items are converted at the average rate for the year when this is not materially different from the rate in effect on the date of the transactions.

Conversion rate adjustment for foreign companies

In accordance with the option offered under IFRS 1, the Group has chosen to restate the translation adjustments accumulated at 1 January 2004 under "consolidated reserves". This option has no impact on the Group's total shareholders' equity; it involved a reclassification within shareholders' equity from the entry "Translation adjustments" to the entry "Other reserves", totalling 3,236 million euros.

Fixed assets

1 / Goodwill

In accordance with IFRS 3, goodwill has not been amortized since 1 January 2004. Instead, goodwill is subject to an impairment test during the second half of the year.

The methods of depreciation are described in the paragraph entitled "Impairment tests".

2 / Intangible fixed assets

Other intangible fixed assets basically correspond to software programs that are depreciated over a period ranging from one to five years.

3 / Tangible fixed assets

In accordance with IAS 16, "Tangible fixed assets", land, buildings and equipment, fixtures and fittings are evaluated at their cost price at acquisition or at production cost, less depreciation and loss in value.

The cost of borrowing is not included in the acquisition price of fixed assets.

Tangible fixed assets in progress are posted at cost less any identified loss in value.

Depreciation of these assets begins when the assets are ready for use.

Tangible fixed assets are depreciated on a straight line basis according to the following average useful lives:

- ▶ Construction:

Buildings	40 years
Grounds	10 years
Car parks	6 2/3 years
- ▶ Equipment, fixtures & fittings and installations 6 2/3 years to 8 years
- ▶ Other fixed assets 4 years to 10 years

Depreciation methods, useful life values and residual values are revised at the close of each fiscal year.

Acquisitions of fixed assets made through a financial lease agreement, i.e., a contract whose impact is to transfer to a substantial extent the risks and advantages inherent in the ownership of an asset to the lessee, are recorded as follows:

- ▶ the assets are capitalized at the fair value of the leased asset or, if it is lower, at the discounted value of the minimum leasing instalments. These assets are depreciated over the same duration as tangible fixed assets owned by the Group or over the duration of the contract if this is shorter than the useful life of the asset;
- ▶ the corresponding debt is recorded in the balance sheet as a liability;
- ▶ the lease instalments paid are allocated between the financial expense and amortization of the balance of the debt.

4/ Impairment tests

In accordance with IAS 36 (Impairment of assets), when events or changes in the market environment indicate the risk of a loss in value of tangible and intangible assets, these are the subject of a detailed review in order to determine whether the net book value is lower than their recoverable value, defined as their fair value (minus disposal cost) or their useful value, whichever is higher. The useful value is determined by discounting future cash flows expected from the use of the asset.

If the recoverable amount is lower than the net book value, the loss in value is recorded as the difference between these two

amounts. Losses in the value of tangible and intangible assets with a defined useful life may be reversed at a later date if the recoverable value becomes higher than the net book value (within the limits of the initially recorded depreciation) and of the amortization that would have been recorded if no loss of value had been observed.

These impairment tests are performed for all fixed assets on an annual basis.

Impairment of Goodwill

IAS 36 (Impairment of assets) stipulates that an impairment test must be performed, either for each Cash-Generating Unit (CGU) to which goodwill has been allocated or for each group of CGUs within a sector of activity or geographical segment for which the return on investment of the acquisitions is appraised.

The level of analysis at which Carrefour appraises the present value of goodwill generally corresponds to countries or to operations per country.

As stipulated in IAS 36, goodwill must be allocated to each CGU or to each group of CGUs that may benefit from the synergies of the combined companies. Each unit or group of units to which goodwill is allocated must represent the lowest level within the entity at which the goodwill is monitored for internal management purposes, and must not be larger than a segment based on either the entity's primary or secondary reporting format determined in accordance with IAS 14 (activity or geographic region).

The useful value is estimated by discounting future cash flows over a period of five years with determination of a final value calculated by discounting the fifth-year figures at the perpetual rate of growth to infinity and the use of a discount rate specific to each country.

The specific discount rate for each country takes into consideration a country's specific risk which is determined by a scoring grid including the five following weighted indicators:

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

These discounting rates are subject to validation by the Group's Management Board and ranged between 7.3% and 18.7% for the fiscal year 2007. They break down as follows depending on the country:

- ▶ France: 7.3%
- ▶ Europe: between 7.4% and 13.2%

- ▶ Latin America: between 11.7% et 18.7%
- ▶ Asia: between 7.1% and 14.9%

Impairment of tangible fixed assets

In accordance with IAS 36, fixed assets that show identifiable signs of a loss in value (or negative activity contribution) are the subject of a detailed review to determine whether their net book value is lower than their recoverable value, this being their market value or useful value, whichever is higher.

The useful value is estimated by discounting future cash flows over a period of 10 years plus a residual value, and the market value is evaluated with regard to recent transactions or professional practices.

The discount rates used are the same as for impairment testing of goodwill.

Financial assets

In accordance with IAS 39, financial assets are classified in one of the five categories below:

- ▶ Financial assets measured at fair value through the income statement;
- ▶ Derivatives;
- ▶ Loans and receivables;
- ▶ Assets held to maturity;
- ▶ Assets available for sale.

The classification determines the accounting treatment of these instruments. It is determined by the Group on the date on which it is initially recorded, on the basis of the purpose for which these assets were acquired. Sales and acquisitions of financial assets are recorded on the transaction date, i.e., the date on which the Group bought or sold the asset.

1/ Financial assets reported at fair value in the income statement

These are financial assets held by the Group in order to make a short-term profit on the sale, or financial assets voluntarily classified in this category.

These assets are valued at their fair value with variations in value recognised in the income statement. Classified as current assets, in the cash flow equivalents, these financial instruments include, in particular, UCITS cash shares.

2/ Loans and receivables

Loans and receivables are financial assets whose payment is fixed or can be determined, which are not listed on an active market and which are neither held for trading purposes nor available for sale.

These assets are initially valued at fair value and then at their amortized cost on the basis of the effective rate of interest method. For short term receivables without a declared rate of interest, the fair value will be the same as the amount on the original invoice, unless the effective interest rate has a significant impact.

These assets are subject to impairment testing when there is evidence that they have diminished in value. An impairment loss is recognised if the book value is higher than the estimated recoverable value.

Debts pertaining to equity interests, other debts and receivables and commercial receivables are included in this category. They appear as financial assets and commercial receivables.

3/ Assets held to maturity

Assets held until maturity are financial assets, other than loans and receivables, with a fixed maturity date, whose payments are determined or can be determined and which the Group has the intention and capacity of holding until this maturity date. These assets are initially booked at fair value and then at their amortized cost on the basis of the effective rate of interest method.

These assets are subject to impairment testing when there is evidence that they have diminished in value. An impairment loss is recognised if the book value is higher than the estimated recoverable value.

Assets held to maturity are recognised as financial assets.

4/ Assets available for sale

Assets held for sale are financial assets that are not part of the aforementioned categories. They are valued at fair value. Unrealized capital gains or losses are recorded as shareholders' equity until they are sold. When, however, there is an objective indication of the impairment of an asset available for sale, the accumulated loss is recognised in the income statement. Impairment losses recorded on variable income securities cannot be reversed at a later balance sheet date.

For listed securities, the fair value corresponds to the market price. For non-listed securities, it is determined by reference to recent transactions or by valuation techniques that are based on reliable and observable market data. When, however, it is impossible to reasonably estimate the fair value of a security, it is valued at its historic cost. These assets are then subject to impairment testing in order to evaluate the extent to which they are recoverable.

This category contains primarily non-consolidated equity securities and marketable securities that do not comply with other definitions of financial assets. They are shown as financial assets.

Investment properties

With regard to IAS 40, investment properties are tangible asset items (buildings or land) owned for leasing or capital valuation. As for the criteria that apply to this standard, those assets not used for operational purposes are generally shopping malls within the Group. The Group considers that shopping malls (i.e., all the businesses and services established behind the stores' cash registers) in full ownership or co-ownership are investment properties.

Investment properties are posted at their historic value and depreciated over the same period as tangible fixed assets of the same nature.

An assessment of the fair value of investment properties is performed on an annual basis. This assessment is performed by applying a multiple that is a function of the calculated profitability of each shopping mall and a capitalization rate based on the country to the annualized gross rents generated by each investment property.

The fair value is presented in Note 18.

Inventories

Inventories are valued at the most recent purchase price plus any additional costs, a method that is well suited to rapid inventory turn-around and does not generate a significant difference with the FIFO method. The cost price includes all costs that constitute the purchase cost of the goods sold (with the exception of foreign currency losses and gains) and also takes into consideration all the conditions obtained at the time of purchase and from supplier services.

In accordance with IAS 2 (Inventories), inventories are valued at their cost price or their net present value, whichever is lower.

The net present value is the estimated sales price less additional costs necessary for the sale.

Operating receivables

Operating receivables generally include trade receivables, franchisee receivables and rents receivable from shopping malls. Where appropriate, they are subject to depreciation which takes into account the debtor's capacity to honour its debt and the collection period of the receivable.

Outstanding customer receivables / Refinancing to financial service companies

Customer receivables due to financial service companies refer primarily to consumer credit granted to customers of companies within the Group's scope of consolidation. These

loans, together with the amounts outstanding from refinancing that back them are classified on the basis of their maturity date as current or non-current assets and liabilities.

Cash and Cash equivalents

Cash equivalents are short-term investments that are highly liquid, can easily be converted into a known cash amount and are subject only to a negligible risk of a change in value.

Cash refers to cash in hand and demand deposits.

Provisions

In accordance with IAS 37 (Provisions, Contingent liabilities and Contingent assets), provisions are posted when, at year end, the Group has a present, legal or implicit obligation arising from a past event, the amount of which can be reliably estimated and the settlement of which is expected to result in an outflow of resources representative of economic advantages. This obligation may be of a legal, regulatory or contractual nature. These provisions are estimated on the basis of their type, in view of the most likely assumptions. The amounts are discounted when the impact of the passage of time is significant.

Employee benefits

The Group's employees enjoy short-term benefits (paid leave, sick leave, profit-sharing), long-term benefits (long-service medals, seniority bonuses, etc.) and post-employee benefits with defined contributions and benefits (retirement bonuses and benefits, etc.).

a/ Defined contribution schemes

Defined contribution schemes are schemes whereby the Company makes periodic fixed contributions to external benefit agencies that provide administrative and financial management. These schemes free the employer from any further obligation, with the agency taking responsibility for payment to employees of the amounts owed to them (basic Social Security pension scheme, complementary pension scheme, pension fund with fixed contributions). These contributions are recognised as expenses when they are due.

b/ Defined benefit schemes and long-term benefits

The Carrefour Group makes provisions for the various defined benefit schemes dependent on the accumulated years of service within the Group.

The commitment is calculated annually on the basis of the method of projected units of credit, on an actuarial basis, taking into consideration factors such as: salary increases, retirement age, mortality, personnel rotation and discount rates.

The discount rate is equal to the interest rate, at the balance sheet date, of top-rated bonds with a due date close to the due date of the Group's commitments. The calculations are made by a qualified actuary using the projected unit method.

The Group has decided to apply the "corridor" method, whereby the effect of variations in actuarial terms is not recognised on the income statement, as long as the former remain within a range of 10%. Thus, actuarial differences exceeding 10% of the value of the commitment, or the value of the hedging assets if it is greater than the value of the commitment, on the income statement are spread over the expected residual active working life of employees benefiting from this scheme.

In accordance with the option offered by IFRS 1 the Group has elected to recognise its actuarial gains and losses on its pension commitments that have not yet been recognised in the French financial statements at 31 December 2003, directly by offsetting shareholders' equity at 1 January 2004.

c/ Share-based compensation

In accordance with the option offered by IFRS 1, the Group has elected to limit the application of IFRS 2 to stock option plans paid in shares, allocated after 7 November 2002, the rights to which had not yet been acquired at 1 January 2004. This application had no effect on total shareholders' equity at 1 January 2004.

The plans granted between 2003 and 2007 fall within the scope of IFRS 2 (Share-based compensation). These are subscription or purchase options reserved for employees with no special acquisition conditions, aside from effective presence at the end of the vesting period. The benefits granted that are remunerated by these schemes are posted as expenses, offsetting a capital increase over the vesting period. The expense recognised for each period corresponds to the fair value of the assets and services received on the basis of the Black-Scholes formula on the date on which these were granted and spread over the vesting period.

The free share allocation plans granted by the Group also give rise to the recognition of an expense spread over the vesting period. The plans granted in 2004 and 2005 are dependent on the achievement of non-market objectives. Since, however, it is thought to be unlikely that these objectives will be achieved, no expense has been recognised for these plans.

The plans granted in 2006 and in 2007 are conditional, in part, on the effective presence of the beneficiaries at the end of the vesting period and in part of the achievement of objectives. The 2006 and 2007 plans gave rise to the recognition of an expense during the fiscal year.

Details of share allocation plans are provided in the management report.

Income tax

Deferred taxes are calculated at the tax rate in effect at the beginning of the following fiscal year, on the basis of the carry-forward method. Deferred taxes are reviewed annually when the accounts are closed.

Tax expense for the fiscal year includes tax payable and deferred tax.

Deferred tax is calculated according to the balance sheet method of tax effect accounting on the basis of temporary differences between the book value entered in the consolidated balance sheet and the tax bases of assets and liabilities. Deferred taxes are accounted for based on the way in which the Group expects to realize or settle the book value of assets and liabilities, using tax rates that have been enacted by the balance sheet date.

Deferred tax assets and liabilities are not discounted and are classified in the balance sheet as non-current assets and liabilities.

Deferred tax assets are recognised for deductible temporary differences, unused tax losses and unused tax credits to the extent it is likely that taxable profit will be available against which the deductible temporary differences can be used.

Financial debt and financial instruments

Financial debt includes:

- ▶ bonds;
- ▶ outstanding accrued interest;
- ▶ outstanding amounts relating to financial lease agreements;
- ▶ bank loans and facilities;
- ▶ financial debt pertaining to securitized debt for which the group incurs credit risk;
- ▶ minority share purchase commitments.

a/ Accounting principle

Financial debts are recorded on the basis of the principle of amortized cost. Initially, they were recorded at market value, net of transaction costs and premiums directly attributable to their issue.

Derivative instruments intended to cover exposure to interest rate risk are entered at market value and used as fair value or cash flow hedges.

Cash flow hedge: Derivatives intended to hedge the floating rate of borrowing are considered to be cash flow hedges. The portion of the gain or loss related to variations in fair value deemed to be effective is stated as equity until the hedged transaction is itself recognised in the Group's financial statements. The portion considered to be ineffective is directly recorded as financial income/expense.

Fair value hedge: Issue swaps backed by fixed-rate bonds are considered to be fair value hedge instruments. Financial liabilities hedged by these swaps are revalued for the hedged portion. Fair value changes are recorded in the income statement and are offset by corresponding variations in rate swaps for the effective portion.

Other derivatives: They are recorded at market value and fair value variations are recorded in profit or loss.

b/ Fair value

The market values of exchange rate and interest rate instruments are determined on the basis of valuation models that are recognised on the market or by the use of rates established by external financial institutions.

The values estimated by valuation models are based on the discounting of expected future cash flows. These models use criteria based on market data (interest rate and exchange rate curves) obtained from Reuters.

The fair value of long-term debt is estimated based on the market value of bonds or of all future flows discounted on the basis of market conditions for a similar instrument (in terms of currency, maturity, type of interest and other factors).

c/ Subordinated loans of unspecified duration

PSDIs contracted by the Group in 1992 fulfil the function of derivatives under IAS 39 to the extent that the three following characteristics are simultaneously fulfilled:

- ▶ the value of the PSDI varies, depending on interest rate trends;
- ▶ the amount of initial net investment is low in comparison with the debt issue;
- ▶ settlement occurs at a future date.

As a result, in accordance with IAS 39, PSDIs issued by Carrefour are classified as derivatives and valued at their fair value. Variations in value are posted in the income statement for the period. Following its retirement, this subordinated loan was closed out during the fiscal year.

d/ Derecognition of financial assets

In December 2002, the Group contracted into a programme for securitizing receivables. This programme only partially transfers the risks and advantages of the variation in value discounted by future cash flows from receivables. Consequently, part of these securitized receivables have been recognised as financial debt.

e/ Commitments for the purchase of minority interests

The Group has undertaken to purchase the shares of minority shareholders in some of its fully consolidated subsidiaries. For the Group, these purchase commitments correspond to option commitments (sales of put options). The exercise price

of these transactions may be fixed or determined by a pre-defined calculation formula; furthermore, these transactions can be exercised at any time or at a predetermined date.

While waiting for IFRIC to come to a final decision, we have chosen the following accounting treatment:

- ▶ In accordance with the provisions of IAS 32, the Group has recorded the put options granted to minority shareholders in the subsidiaries concerned as financial liabilities;
- ▶ Initially, the liability is recorded at the current exercise price value and then, in later closings, on the basis of the fair value of potentially purchased shares, if the exercise price is based on the fair value;
- ▶ The counterpart of this liability is recorded less minority interests, with the balance recorded as goodwill. For the sake of consistency, the obligation to record a liability when the put option has not been exercised suggests that we continue to treat these transactions in the same way as we do the increase in the percentage of shares in controlled companies;
- ▶ Any further change in commitment value is recorded by adjusting the goodwill amount (excluding the discounting effect);
- ▶ The Group share figure is calculated on the basis of the percentage holding in the subsidiary, without taking into consideration the percentage of interest attached to sales of put options.

The accounting principles described above may be revised on the basis of the conclusions of the studies currently being conducted by the IFRIC.

Foreign exchange rate hedging instruments

The Group uses foreign exchange rate hedging instruments (mainly forward currency contracts) to manage and reduce its exposure to fluctuations in currency rates. These financial instruments are valued at their fair value. Variations in fair value of these instruments are treated as follows:

- ▶ When the instrument is classified as a hedging instrument for future cash flows, the variations in fair value corresponding to the effective portion are directly recorded as shareholders' equity, while the variations corresponding to the ineffective portion are recorded on the income statement.
- ▶ When the instrument is classified as a fair value hedging instrument, variations in fair value are recorded in the income statement, where they offset the variations in fair value of the underlying instrument for the effective portion.

Risk management

The Group is exposed to the following risks relating to use of financial instruments:

- ▶ credit risk;
- ▶ liquidity risk;
- ▶ market risk.

It is the Management Board's responsibility to define and supervise risk management for the Group. The Management Board has put in place a Risks Committee which is responsible for defining and controlling the Group's risk management policy. The Risks Committee is composed of the Group's Chief Financial Officer, the director of the Group's cash flow and financing operations department (DTFG), DTFG Front Office and Risk Control managers, the director of the internal auditing group and an outside consulting firm.

The purpose of the Group's risk management policy is to identify and analyse risks faced by the Group, to define risk limits and the controls to be implemented, to manage risks and to ensure compliance with defined risk limits. The risk management policy and systems are reviewed on a regular basis to take into account changes in market conditions and the Group's operations. Through its training and management rules and procedures, the Group aims to develop a rigorous and constructive control environment where all personnel have a full understanding of their roles and obligations.

The Group's Audit Committee is responsible for ensuring the application of Group risk management policy and procedures, and to examine whether the risk management framework adequately addresses the risks faced by the Group. The Group's Audit Committee is assisted in its supervisory role by the Internal Audit Department, which conducts regular, targeted reviews of risk management controls and procedures and reports its results to the Audit Committee.

Credit risk

Credit risk is the risk of financial loss for the Group in the event a client or counterparty to a financial instrument fails to meet its contractual obligations. This risk mainly arises from commercial receivables and marketable securities.

Commercial receivables

Operating receivables generally include trade receivables, franchisee receivables and rents from shopping malls. Where appropriate, they are subject to depreciation which takes into account the debtor's capacity to honour its debt and the collection period of the receivable.

Customer receivables due to financial service companies refer primarily to consumer credit granted to customers of companies within the Group's scope of consolidation. These

loans, together with the amounts outstanding from refinancing that back them, are classified on the basis of their maturity date as current or non-current assets and liabilities. To insure itself against credit risk, the group discounts (on the original terms of the credit) recoverable cash flow in the context of calculating depreciation on bad debts. Furthermore, a discount is calculated on the restructured credit using a base rate. Lastly, for questionable restructured debt and non-restructured bad debt, provisions and reversal of impairment losses for risk of non-recovery of the debt are recorded as risk cost; the increase in book value relating to reversal of impairment loss and depreciation of the discount arising from the passage of time is recorded as interest margin.

Investments

The Group limits its exposure to credit risk by diversifying its investments in liquid securities and limiting them to counterparties who have a minimum credit rating of A with Standard and Poor and A1 with Moody. Given these credit rating requirements, management does not expect any counterparty to default on its obligations.

Liquidity risk

Liquidity risk is the risk that the Group will experience difficulties honouring its debts when they are due. To manage liquidity risk, the Group's approach is to ensure, to the extent possible, that it has sufficient liquid assets at all times to honour its liabilities when they become due, under normal or "strained" conditions, without incurring unacceptable losses or damaging the Group's reputation.

Following the renegotiation of syndicated loans in 2004, the Group is no longer subject to any financial covenants.

The breakdown of debt by expiration date and currency is presented in Note 26 and the commitments received from financial institutions in Note 35.

Market risk

Market risk corresponds to the risk of variations in market price, such as exchange rates, interest rates and the price of equity instruments, affecting the Group's results or the value of financial instruments it holds. The purpose of market risk management is to manage and control exposure to market risk within acceptable limits while optimizing the profitability/risk trade-off.

The Group buys and sells derivatives in the normal course of business, and thus incurs financial liabilities in order to manage market risks. All of these transactions are executed in compliance with the directives set forth by the Risks Committee.

In general and to the extent possible, the Group seeks to apply hedge accounting to manage the volatility of its results.

Foreign exchange risk

The Group's operations throughout the world are performed by subsidiaries operating primarily in their own countries (with purchasing and sales in local currencies). As a result, the Group's exposure to exchange rate risk in commercial operations is naturally limited.

It mainly involves imports. The risk related to fixed import transactions is hedged by forward currency purchases.

Investments planned in foreign countries are sometimes covered by options.

Local financing operations are generally conducted in the local currency.

The maturity of foreign exchange transactions is less than 18 months.

The value of current positions at year end is presented in Note 26 to the financial statements.

Interest rate risk

Interest rate risk is managed centrally by the Group's cash flow and financing operations department (DTFG). The latter has a reporting obligation for its operations and measures monthly performance in order to identify:

- ▶ the outcome of actions taken
- ▶ whether or not the actions undertaken comply with the Group's risk policy.

The Risks Committee is responsible for controlling compliance with internal risk limits and monitoring the Carrefour Group's policy through the DTFG. The latter, chaired by the Group's Chief Financial Officer, meets at least once every two months.

The management procedures of the DTFG are subject to approval by the Audit Committee.

To achieve its aims, the DTFG has various reporting schedules (weekly, monthly and annually).

The Group's net exposure to interest rate fluctuation risk is reduced by the use of financial instruments comprising interest rate swaps and options.

The types of hedges as of 31 December 2007 and the amount of capital hedged are presented in Note 26 to the financial statements.

We have calculated our susceptibility to changes in rates in accordance with IFRS 7. The result of the calculation (on short-term debt) is as follows:

Effect of an interest rate simulation on financial expenses*

(in millions of euros)	rate reduction of 1%	rate increase of 1%
Variation in financial expenses before derivatives	(40)	40
Variation of financial expenses of derivatives	6	(29)
Variation of financial expenses after derivatives	(34)	11
*(gain), loss.		

Share risk

The Group's policy is to maintain a sound capital base to preserve investor, creditor and market confidence and to support the future development of operations. The Group occasionally purchases its own shares on the market. The rate of these purchases depends on stock prices. These shares are mainly used in the context of programmes which grant Group stock options. As of 31 December 2007, the Group held 10,942,439 treasury shares.

Furthermore, marketable securities and financial investments are primarily composed of monetary investments, where Group exposure is low.

Treasury stock

Treasury stock is deducted from consolidated shareholders' equity. Any income from the sale of treasury stock (together with the corresponding tax effects) is directly charged to shareholders' equity and does not contribute to net income for the fiscal year.

Assets and groups of assets held for sale and discontinued operations

A discontinued operation is a component of an entity that the entity has sold or is being held with a view to sale and:

- ▶ which represents a line of activity or a primary and distinct geographic region and
- ▶ is part of a unique and coordinated plan to dispose of a line of activity or a distinct geographic region; or
- ▶ is a subsidiary acquired exclusively for purposes of resale.

It is classified as a discontinued operation at the time of its disposal or at a prior date when the operation satisfies the criteria for classification as an asset held for sale. When an operation is classified as a discontinued operation, the comparative income statement is restated as if the activity had satisfied the criteria for classification as a discontinued operation as of the opening of the comparative period.

Net sales

Net sales include only store and warehouse sales.

Other income

Other income (financial and travel services, rental income, franchise fees, etc.) are recorded on a separate line called "Other income" and recorded under the "Net sales" line in the income statement.

Certain expenses, such as the cost of payments made by customers in several instalments and of loyalty schemes not funded by suppliers, are recorded net of other revenue.

This entry includes fees received by finance companies from debit cards, traditional credit applications or revolving credit applications. Fees are spread across the duration of the contract.

Gross margin from current operations

Gross margin from current operations corresponds to the sum of net sales and other income less the cost of sales as defined in Note 6.

Activity contribution

Activity contribution corresponds to the gross margin from current operations less sales, general and administrative expenses and depreciation, amortization and provisions.

Non-current income and expenses

Items of an unusual type due to their nature and frequency are accounted for under non-current income and non-current expenses, such as depreciation of assets and restructuring costs.

Income per share

The Group presents basic and diluted income per share for its ordinary shares.

Basic income per share is calculated by dividing the income attributable to the bearers of the company's ordinary shares by the weighted average number of ordinary shares in circulation during the period.

Diluted income per share is determined by adjusting the income attributable to bearers of ordinary shares and the average weighted number of ordinary shares in circulation for the effects of all potential ordinary dilutive shares, which include convertible bonds and share subscription options allocated to members of the workforce.

NOTE 2: HIGHLIGHTS FOR THE YEAR

Acquisitions in the period:

- ▶ Acquisition of Ahold Polska: On 1 December 2006, Carrefour signed a memorandum of agreement concerning the acquisition of Ahold Polska. On 29 June 2007, the Polish competition authorities announced their ratification of the acquisition on the condition that Carrefour transfer 9 stores (the Group accepted the condition). Carrefour took effective control of Ahold Polska on 2 July 2007. Ahold Polska operates 194 stores, including 15 Hypernova hypermarkets (6 fully owned and 9 leased) as well as Albert supermarkets. This company was fully consolidated as of 1 July 2007.

Net sales generated between the acquisition date and year end total 241 million euros. At the acquisition date, fixed assets amounted to 214 million euros.

- ▶ Acquisition of Atacadão: on 23 April 2007, Carrefour Brazil signed a memorandum of agreement concerning the acquisition of Atacadão. Atacadão operates 34 stores in the hard discount hypermarket sector in Brazil. This company was fully consolidated as of 1 May 2007.

Net sales generated between the acquisition date and year end total 1,259 million euros. At the acquisition date, fixed assets amounted to 220 million euros.

- ▶ Acquisition of Tengelmann: On 13 July 2007, Dia Spain signed a memorandum of agreement concerning the

acquisition of Plus Supermercados. This acquisition is subject to approval by the relevant authorities which should take place during the upcoming months. Tengelmann Spain has 250 hard discount stores. The memorandum of agreement also includes the acquisition of 58 planned store openings.

This company was fully consolidated as of 1 December 2007.

Disposals and discontinued operations in the period:

- ▶ Withdrawal from Portugal: On 27 July 2007, the Carrefour Group signed a memorandum of agreement to sell Carrefour Portugal to Sonae. The hard discount network was not affected by this transaction. This agreement was approved by the Portuguese competition authorities. In accordance with IFRS 5, the results for the 2007 fiscal year were recorded as "results of operations sold or in the process of being sold".

- ▶ Withdrawal from Slovakia: On 1 June 2007, the Carrefour Group signed a memorandum of agreement with ICS and ECM Group BV concerning the sale of its hypermarkets located in Slovakia. This agreement was entered into after the Slovakian competition authorities' 29 December 2006 refusal to approve the sale of these four stores to the Tesco retail group. These hypermarkets will be operated as Carrefour franchises as from the effective date of the sale. This transaction remains subject to the approval of

the relevant authorities. In accordance with IFRS 5, the results for the 2007 fiscal year were recorded as "results of operations sold or in the process of being sold".

- ▶ Withdrawal from Switzerland: On 21 August 2007, the Carrefour Group and Maus Frères jointly signed a memorandum of agreement concerning the sale of their respective interests in Distributis AG to Coop. Distributis

AG is the joint venture in which Carrefour and its partner Maus Frères each own a 50% interest. They operated 12 hypermarkets as of the end of June 2007. This agreement is subject to the approval of the Swiss competition authorities. In accordance with IFRS 5, the results for the 2007 fiscal year were recorded as "results of operations sold or in the process of being sold".

NOTE 3: SECTORAL INFORMATION

SECTORAL INFORMATION BY REGION

■ Investments by region

(in millions of euros)	31/12/07	31/12/06
France	1,105	1,095
Europe (excluding France)	1,162	1,450
Latin America	537	436
Asia	265	309
Total	3,069	3,290

In 2007, 50% of capital expenditures concerned the extension of sales area, the balance concerning primarily maintenance and renovation of the existing network.

In 2006, extension of sales area represented 48% of capital expenditures.

In 2008, planned capital expenditures are on the order of 3 billion euros.

■ Net sales

(in millions of euros)	31/12/07	31/12/06
France	37,621	37,212
Europe (excluding France)	30,837	28,835
Latin America	8,211	5,928
Asia	5,480	4,911
Total	82,148	76,887

■ Other income

(in millions of euros)	31/12/07	31/12/06
Rental income	225	211
Sub-leasing income	124	103
Sundry income	798	722
Total	1,147	1,036

■ Activity contribution, before depreciation, amortization and provisions

(in millions of euros)	31/12/07	31/12/06
France	2,244	2,279
Europe (excluding France)	1,884	1,814
Latin America	488	318
Asia	397	329
Total	5,014	4,740

■ Depreciation and provisions

(in millions of euros)	31/12/07	31/12/06
France	688	629
Europe (excluding France)	668	613
Latin America	187	157
Asia	179	158
Total	1,722	1,557

■ Activity contribution

(in millions of euros)	31/12/07	31/12/06
France	1,556	1,649
Europe (excluding France)	1,216	1,201
Latin America	301	161
Asia	218	171
Total	3,291	3,183

■ Non-current income and expenses

(in millions of euros)	31/12/07	31/12/06
France	(1)	(9)
Europe (excluding France)	41	114
Latin America	15	(1)
Asia	(7)	(18)
Total	47	86

■ Income from companies consolidated by the equity method

(in millions of euros)	31/12/07	31/12/06
France	30	17
Europe (excluding France)	19	20
Latin America	(6)	(1)
Asia	-	-
Total	43	37

■ Net intangible fixed assets

(in millions of euros)	31/12/07	31/12/06
France	4,448	4,387
Europe (excluding France)	7,025	6,722
Latin America	1,280	682
Asia	93	99
Total	12,847	11,890

■ Net tangible fixed assets

(in millions of euros)	31/12/07	31/12/06
France	4,786	4,463
Europe (excluding France)	6,333	6,378
Latin America	2,420	1,695
Asia	1,211	1,199
Total	14,751	13,736

■ Investment properties

(in millions of euros)	31/12/07	31/12/06
France	41	77
Europe (excluding France)	369	282
Latin America	17	21
Asia	74	75
Total	500	455

■ Foreign currency translation - Group share

(in millions of euros)	31/12/07	31/12/06
France	-	-
Europe (excluding France)	154	109
Latin America	337	270
Asia	(57)	(8)
Total	434	371

■ Provisions

(in millions of euros)	31/12/07	31/12/06
France	723	727
Europe (excluding France)	1,033	1,110
Latin America	366	410
Asia	25	10
Total	2,147	2,256

■ Trade payables

(in millions of euros)	31/12/07	31/12/06
France	6,346	6,378
Europe (excluding France)	8,080	7,953
Latin America	1,676	1,128
Asia	975	989
Total	17,077	16,449

■ Other liabilities

(in millions of euros)	31/12/07	31/12/06
France	1,540	1,507
Europe (excluding France)	1,004	995
Latin America	387	224
Asia	182	184
Total	3,114	2,910

■ Total balance sheet

(in millions of euros)	31/12/07	31/12/06
France	32,567	26,307
Europe (excluding France)	16,947	19,928
Latin America	913	(243)
Asia	1,504	1,540
Total	51,932	47,533

SEGMENT INFORMATION BY FORMAT

■ Investments by format

(in millions of euros)	31/12/07	31/12/06
Hypermarkets	1,535	1,639
Supermarkets	526	595
Hard Discount stores	430	415
Other activities	578	641
Total	3,069	3,290

■ Net sales

(in millions of euros)	31/12/07	31/12/06
Hypermarkets	50,883	47,026
Supermarkets	17,665	16,902
Hard Discount stores	8,641	8,007
Other activities	4,960	4,953
Total	82,148	76,887

■ Net tangible and intangible fixed assets

(in millions of euros)	31/12/07	31/12/06
Hypermarkets	13,343	12,165
Supermarkets	6,184	6,138
Hard Discount stores	2,343	1,989
Other activities	5,728	5,334
Total	27,597	25,626

■ Total balance sheet

(in millions of euros)	31/12/07	31/12/06
Hypermarkets	24,442	21,906
Supermarkets	5,662	4,323
Hard Discount stores	3,038	2,598
Other activities	18,790	18,705
Total	51,932	47,533

"Other activities" is mainly composed of convenience stores, Cash & Carry and holding companies.

NOTE 4: NET SALES

(in millions of euros)	31/12/2007	31/12/2006	% Var.
Net sales	82,148	76,887	6.8%

At constant exchange rates, net sales would have been 82,297 million euros.

The impact of exchange rate fluctuations represented (148) million euros at 31 December 2007, including (279) million euros in Asia, 102 million euros in the Europe Zone and 29 million euros in Latin America.

NET SALES BY COUNTRY

(in millions of euros)	31/12/2007	31/12/2006	(in millions of euros)	31/12/2007	31/12/2006
France	37,621	37,212	Latin America	8,211	5,928
Europe (excluding France)	30,837	28,835	Brazil	5,608	3,839
Spain	13,034	12,354	Argentina	1,659	1,356
Italy	6,373	6,285	Colombia	944	734
Belgium	4,316	4,340	Asia	5,480	4,911
Greece	2,471	2,251	Taiwan	1,331	1,326
Poland	1,713	1,189	China	2,554	2,136
Turkey	1,462	1,301	Thailand	525	473
Romania	728	451	Malaysia	281	251
Portugal (Hard Discount)	740	664	Indonesia	699	627
			Singapore	90	98

NOTE 5: OTHER INCOME BY KIND

(in millions of euros)	31/12/2007	31/12/2006	% Var.
Rental income	225	211	7.0%
Sub-leasing income	124	103	19.9%
Sundry income	798	722	10.5%
Total	1,147	1,036	10.7%

"Sundry income" refers essentially to the cost of loyalty programmes not financed by suppliers, as well as related products, franchise fees and income from finance companies.

NOTE 6: COST OF SALES

Other than inventory purchases and variations, the cost of goods sold includes other costs that mainly consist of the costs of products sold by financial companies, income from discounts and exchange rate differences generated by goods purchases.

NOTE 7: SALES, GENERAL AND ADMINISTRATIVE EXPENSES

(in millions of euros)	31/12/2007	31/12/2006	% Var.
Labour costs	7,988	7,471	6.9%
Property rentals	966	866	11.5%
Maintenance and repairs	771	723	6.7%
Fees	654	621	5.3%
Advertising	1,057	1,038	1.9%
Taxes	484	499	(2.9%)
Consumables	660	590	11.9%
Other general expenses	1,092	971	12.5%
Total	13,673	12,778	7.0%

Labour costs remained stable, representing 9.7% of net sales in 2007.

NOTE 8: DEPRECIATION, AMORTIZATION AND PROVISIONS

(in millions of euros)	31/12/2007	31/12/2006	% Var.
Depreciation of tangible fixed assets	1,484	1,347	10.2%
Depreciation of intangible fixed assets	183	170	8.1%
Amortization of financial lease agreements	33	25	31.0%
Depreciation of investment properties	18	17	5.4%
Allocations and reversals of provisions	5	(1)	n.s
Total	1,722	1,557	10.6%

NOTE 9: NON-CURRENT INCOME AND EXPENSES

(in millions of euros)	31/12/2007	31/12/2006
Depreciation of assets	(23)	(26)
Restructuring costs	(92)	(98)
Other non-current income and expenses	162	210
Total	47	86

Restructuring, integration and other expenses (store closings, store conversions) include non-current expenses related to specific events.

Other non-current income and expenses are primarily composed of capital gains on disposals.

Items of an unusual type due to their nature and frequency are accounted for under non-current income and non-current expenses.

NOTE 10: INTEREST INCOME

(in millions of euros)	31/12/2007	31/12/2006
Other financial expenses and income	(58)	(53)
Debt expense	(468)	(421)
Income from cash and cash equivalents	42	42
Interest expenses	(474)	(432)
Interest expenses for financial leasing operations	(36)	(31)
TOTAL	(526)	(474)

The breakdown of financial income items related to financial instruments may be analysed as follows:

Recorded on the income statement (in millions of euros)	31/12/2007	31/12/2006
Income from interest on bank deposits	38	10
Dividends received for assets available for sale	5	7
Net income from sale of assets available for sale reclassified from equity	37	3
Net foreign currency gain	12	15
Change in fair value of financial assets held for trading	22	20
Change in fair value of financial assets at fair value through profit or loss	6	6
Net change in fair value of cash flow hedging instruments reclassified from equity	1	1
Financial income	121	62
Interest expenses on financial liabilities valued at amortised cost	(628)	(568)
Net foreign currency losses		
Change in fair value of financial assets held for trading	(19)	(19)
Change in fair value of financial assets at fair value through profit or loss	(65)	(30)
Loss of value of securities held to maturity	n/a	n/a
Ineffective portion of the change in fair value of cash flow hedging instruments		
Financial expenses	(711)	(618)
Net financial income	(591)	(555)
Entered directly as shareholders' equity (in millions of euros)	31/12/2007	31/12/2006
Net change in fair value of financial assets available for sale	(35)	0
Net change in fair value of financial assets available for sale transferred to income	37	3
Ineffective portion of the change in fair value of cash flow hedging instruments	(5)	3
Fair value of cash flow hedging instruments transferred to income	(1)	(1)
Foreign currency translation resulting from foreign operations	66	(436)
Total	62	(431)

NOTE 11: INCOME TAX

(in millions of euros)	31/12/2007	31/12/2006
Income tax	619	758
Deferred tax	188	53
Total tax	807	811
Actual tax rate	28.7%	29.0%

(in millions of euros)	31/12/2007
Current income before tax	2,812
Standard rate	33.3%
Surplus tax	1.1%
Theoretical tax	968
Effects of permanent differences on tax	(101)
Tax effects of income not taxed or taxed at a different rate	(117)
Other	57
Total tax	807
Actual tax rate	28.7%

NOTE 12: NET INCOME FROM DISCONTINUED OPERATIONS

(in millions of euros)	31/12/2007	31/12/2006
Discontinued operations		
Group share	431	413
Discontinued operations minority share	(0)	(2)
Total	431	411

In 2007, net income from discontinued operations was accounted for by:

- ▶ income for the year and income from the sale of Portuguese hypermarkets amounting to 431 million euros
- ▶ the impact of the annual income for Slovakia amounting to 9 million euros
- ▶ zero impact from the annual income for Switzerland
- ▶ the final impact transactions for discontinued operations during prior fiscal years for (9) million euros.

Net sales for Portuguese hypermarkets at 31 December 2007 would have been 585 million euros. Cash flows at 31 December 2007 were (0.2) million euros from operating activities, (70.5) million euros from investment activities and 37.7 million euros from financing activities.

Net sales for Slovakia at 31 December 2007 would have been 104 million euros. Cash flows at 31 December 2007 were 37.9 million euros from operating activities, (0.1) million euros from investment activities. Cash flow from financing activities was zero.

Net sales for Switzerland would have been 460 million euros at 31 December 2007. Cash flows at 31 December 2007

were 2.1 million euros from operating activities, (53.6) million euros from investment activities and 30.7 million euros from financing activities.

In 2006, net income from discontinued operations was accounted for by:

- ▶ 2006 income and income from the withdrawal from South Korea in the amount of 430 million euros.
- ▶ the impact of the operating losses from supermarkets in China in the amount of (9) million euros
- ▶ capital gains from the disposal of cash & carry operations in Spain (Puntocash) for 24.3 million euros and operating losses of (6.9) million euros, resulting in a net income of 17.3 million euros.
- ▶ losses related to the restructuring of supermarkets in Spain for (7.4) million euros
- ▶ operating losses from Brazilian supermarkets for (3.6) million euros and additional costs, amounting to a net loss of (6.1) million euros
- ▶ operating losses in Slovakia for (8) million euros and additional costs of (7) million euros, amounting to a net loss of (15) million euros
- ▶ an adjustment to the sale price of the Prodirest operations of 1 million euros.
- ▶ income from Portuguese hypermarkets in the amount of 2.8 million euros
- ▶ income Group share from Switzerland in the amount of (1.7) million euros.

NOTE 13: NET INCOME PER SHARE

Net income per share before dilution	31/12/2007	31/12/2006
Net income from recurring operations, Group share (in millions of euros)	1,868	1,856
Net income from discontinued operations, Group share (in millions of euros)	431	413
Net income, Group share	2,299	2,269
Average weighted number of shares	700,118,405	704,624,922
Income from recurring operations per share (in euros) - Group share	2.67	2.63
Income from discontinued operations per share (in euros) - Group share	0.62	0.59
Net income, Group share per share (in euros)	3.28	3.22
Net income per share after dilution	31/12/2007	31/12/2006
Net income from recurring operations, Group share (in millions of euros)	1,868	1,856
Net income from discontinued operations, Group share (in millions of euros)	431	413
Net income, Group share	2,299	2,269
Average weighted number of shares	700,118,405	704,624,922
Dilutive shares		245,864
Number of shares restated	700,118,405	704,870,786
Income from recurring operations per share (in euros) - Group share	2.67	2.63
Income from discontinued operations per share (in euros) - Group share	0.62	0.59
Net income, Group share per share after dilution (in euros)	3.28	3.22

Treasury stock was not taken into account in calculating income per share.

A significant amount of treasury stock was purchased during the 2007 fiscal year. These purchases increased the income

per share for recurring operations - Group share by 0.7%. The resulting decrease in the number of shares in circulation following this buyback explains the increase in net income from recurring operations per share at 31 December 2007 as compared with 31 December 2006.

NOTE 14: INTANGIBLE FIXED ASSETS

(in millions of euros)	31/12/2007	31/12/2006
Net goodwill	11,674	10,852
Other gross intangible fixed assets	2,282	2,030
Amortization of other intangible fixed assets	(1,186)	(1,056)
Impairment	(164)	(167)
Other net intangible fixed assets	931	807
Intangible fixed assets in progress	242	232
Net intangible fixed assets	12,847	11,890

Change to goodwill:

(in millions of euros)	Goodwill	Acquisitions	Disposals	Impairment	Foreign	Goodwill	Acquisitions	Disposals	Impairment	Foreign	Goodwill
	net end				currency	net				currency	net
	2005	2006	2006	2006	translation	December	2007	2007	2007	translation	December
					adjustments	2006				adjustments	2007
France	3,621	438				4,059	45				4,104
Italy	3,111	21				3,132	3				3,135
Belgium	928	26				954		(9)			946
Spain	1,218	13				1,231	97	(2)			1,327
Brazil	319				(6)	313	505			24	841
Argentina	209				(24)	185				(24)	161
Other countries	830	182	(1)		(33)	978	401	(217)		(1)	1,161
Total	10,235	680	(1)	0	(63)	10,852	1 051	(228)	0	(1)	11,674

At 31 December 2007, goodwill in France consisted mainly of Comptoirs Modernes, Euromarché and Hyparlo; in Italy, of GS; in Belgium, of GB; in Spain, of Contiente and the buyback of the shares of minority shareholders in Centros Comerciales

Carrefour; in Brazil, RDC and Atacadão; in Poland, Ahold Polska; The main acquisitions during year were: Atacadão in Brazil, Ahold Polska in Poland and Plus Supermercados in Spain and generated recognition of provisional goodwill.

Change to intangible fixed assets:

(in millions of euros)	Gross	Reduction in value	Net
At 31 December 2005	15,097	(4,000)	11,097
Acquisitions	1,047		1,047
Disposals	(17)		(17)
Foreign currency adjustments	(192)	129	(63)
Amortization		(170)	(170)
Impairment		(9)	(9)
Changes in consolidation scope and transfer	6		6
At 31 December 2006	15,941	(4,050)	11,890
Acquisitions	537		537
Disposals	(95)		(95)
Foreign currency adjustments	23		23
Amortization		(183)	(183)
Impairment			
Changes in consolidation scope and transfer	591	82	674
At 31 December 2007	16,998	(4,151)	12,847

NOTE 15: TANGIBLE FIXED ASSETS

(in millions of euros)	31/12/2007	31/12/2006
Land	2,934	2,897
Buildings	9,628	8,560
Equipment, fixtures & fittings and installations	13,219	12,348
Other fixed assets	1,148	1,086
Fixed assets in progress	790	1,051
Leased land	177	152
Leased buildings	1,378	1,372
Leased equipment, fixtures & fittings and installations	143	137
Other leased fixed assets	22	20
Gross tangible fixed assets	29,439	27,624
Depreciation	(13,474)	(12,674)
Depreciation of leased fixed assets	(1,012)	(1,002)
Impairment	(202)	(213)
Net tangible fixed assets	14,751	13,736

Tangible fixed assets mainly include sales areas operated by the Group. At the end of December 2007, the Group operated 13 million m². A breakdown is available in the "Consolidated Store Network" note in the annual report.

Leased fixed assets

The Carrefour Group has carried out a review of all its property leasing agreements. Agreements qualifying as financial leasing agreements were capitalized, whereas other agreements were treated as simple operating leases.

■ Financial leasing agreement

(in millions of euros)	Total	Less than one year	1 to 5 years	More than 5 years
Minimum rates to be paid	899	82	260	557
Discounted value	464	62	150	252
Total sub-leasing income receivable	20	n/a	n/a	n/a
Minimum rents paid during the year	193	n/a	n/a	n/a
Conditional rents	0	n/a	n/a	n/a
Sub-leasing income	21	n/a	n/a	n/a

■ Simple leasing agreements

(in millions of euros)	Total	Less than one year	1 to 5 years	More than 5 years
Minimum rates to be paid	4,899	800	1,626	2,473
Total minimum income to be received from sub-leasing	92	n/a	n/a	n/a
Minimum rents paid during the year	1,039	n/a	n/a	n/a
Conditional rents	32	n/a	n/a	n/a

Change to tangible fixed assets

(in millions of euros)	Gross	Reduction in value	Net
At 31 December 2005	26,947	(13,546)	13,401
Acquisitions	2,807		2,807
Disposals	(466)		(466)
Depreciation		(1,399)	(1,399)
Impairment		(10)	(10)
Foreign currency adjustments		(198)	(198)
Changes in consolidation scope and transfer	(1,664)	1,265	(399)
At 31 December 2006	27,624	(13,888)	13,736
Acquisitions	2,755		2,755
Disposals	(283)		(283)
Depreciation		(1,514)	(1,514)
Impairment		11	11
Foreign currency adjustments	27		27
Changes in consolidation scope and transfer	(684)	703	19
At 31 December 2007	29,439	(14,687)	14,751

NOTE 16: OTHER LONG-TERM FINANCIAL ASSETS

(in millions of euros)	31/12/2007	31/12/2006
Investments in companies accounted for by the equity method ¹	436	417
Investments	297	269
Loans at more than 1 year	16	5
Others ²	806	837
Total	1,555	1,528

- 1 This item corresponds primarily to securities held in Italy (Finiper). Net income from companies consolidated by the equity method amounted to 43.1 million euros at 31 December 2007.
- 2 This item refers primarily to guarantees and deposits and other capitalized receivables.

NOTE 17: DEFERRED TAX

(in millions of euros)	31/12/2007	31/12/2006
Deferred tax assets	944	922
Deferred tax liabilities	(462)	(280)
Total	482	642

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

Deferred tax bridge table

(in millions of euros)	31/12/2006	Foreign currency effect	Allocations/ reversals	Others*	31/12/2007
Net deferred tax	642	17	- 188	11	482

* Essentially changes in consolidation perimeter

Unrecognized deferred tax assets

(in millions of euros)	31/12/2007	31/12/2006
Deferred tax on temporary differences	236	201
Deferred tax on deficits that can be carried forward	706	629
Unrecognized deferred tax assets	942	830

The amount of deferred tax on assets not recorded at 31 December 2007 amounted to 942 million euros. This corresponds principally to tax liabilities that can be carried forward and which were not capitalized because their recovery was considered unlikely.

NOTE 18: INVESTMENT PROPERTIES

(in millions of euros)	31/12/2007	31/12/2006
Investment properties at gross value	596	534
Depreciation	(96)	(79)
Total	500	455

Change in investment properties:

These changes are presented as follows:

Opening balance (01/01/2006)	463
Allowances for depreciation and amortization for the period	(17)
Foreign currency effect	(18)
Investments in the period	40
Disposals in the period	(85)
Changes in consolidation perimeter	(81)
Other movements	153
Closing balance (31/12/2006)	455
Allowances for depreciation and amortization for the period	(19)
Foreign currency effect	9
Investments in the period	30
Disposals in the period	(53)
Other movements	79
Closing balance (31/12/2007)	500

Other movements correspond to investment properties put into service (reclassification from fixed assets in progress to investment property).

Rental income generated by these investment properties and recorded on the income statement in 2007 amounted to 78 million euros. Their fair value at 31 December 2007 was estimated at 831 million euros.

NOTE 19: INVENTORIES

(in millions of euros)	31/12/2007	31/12/2006
Inventories at gross value	7,154	6,274
Depreciation	(287)	(223)
Inventories at net value	6,867	6,051

NOTE 20: COMMERCIAL RECEIVABLES

(in millions of euros)	31/12/2007	31/12/2006
Trade receivables	1,030	1,111
Depreciation on bad debts	(167)	(156)
Net receivables from customers	863	955
Supplier receivables	2,561	2,665
Total	3,424	3,620

Trade receivables are primarily those due from Group franchisees.

Supplier receivables correspond to rebates and commercial incentives receivable from the Group's suppliers.

NOTE 21: OTHER ASSETS

(in millions of euros)	31/12/2007	31/12/2006
Receivables from employees	25	20
Loans at less than 1 year	16	17
Receivables from the disposal of intangible, tangible and financial assets	42	27
Prepaid expenses	228	202
Other net operating receivables	645	549
Total	956	815

NOTE 22: CASH AND CASH EQUIVALENTS

(in millions of euros)	31/12/2007	31/12/2006
Cash equivalents	1,723	1,773
Cash	2,442	1,924
Total	4,164	3,697

NOTE 23: CREDIT RISK ASSOCIATED WITH FINANCIAL ASSETS

The book value of financial assets represents the maximum exposure to credit risk. The maximum exposure to credit risk at year end is as follows:

■ Exposure to credit risk

(in millions of euros)	31/12/2007	31/12/2006
Investments	297	269
Other long-term financial investments*	822	842
Total Financial Assets	1,119	1,111
Consumer credit from financial companies	4,672	4,242
Commercial receivables	3,424	3,620
Other Assets	956	815
Cash and marketable securities	4,164	3,697
Total	14,336	13,485

* Basically deposits and guarantees

Maximum exposure to credit risk concerns commercial receivables (operating receivables and credit from financial companies) at year end, analysed by geographic region, is as follows:

■ Exposure to credit risk

(in millions of euros)	31/12/2007	31/12/2006
France	6,406	6,963
Europe	5,186	4,473
Latin America	2,062	1,643
Asia	682	405
Total	14,336	13,485

NOTE 24: CAPITAL AND ISSUANCE PREMIUMS

■ Capital and issuance premiums

(in millions of euros)	Ordinary shares	
	2007	2006
In circulation as of 1 January	704,903	704,903
Issuance against cash		
Exercised stock options		
In circulation as of 31 December	704,903	704,903

At 31 December 2007, share capital was composed of 704,902,715 ordinary shares with nominal value of 2.5 euros. All issued shares were fully paid-up. Concerning company

shares held by the Group, all rights are suspended until these shares are returned to circulation.

NOTE 25: PROVISIONS

(in millions of euros)	31/12/2006	Foreign currency translation	Allowance	Discounting	reversals (unused)	reversals (used)	Other	31/12/2007
	Provisions for retirement benefits	707		91	31	(101)	(50)	(4)
Legal risk	961	26	285		(121)	(110)	(49)	992
Restructuring	174		30		(28)	(84)	(14)	78
After-sales service	68	1	25		0	(37)	(1)	57
Other	346	8	62		(30)	(33)	(8)	346
Total	2,256	35	494	31	(281)	(313)	(75)	2,147

The cost of retirement indemnities is determined at the end of each fiscal year on the basis of employee seniority and the probability of their continued employment by the company at retirement. The calculation is based on an actuarial method that incorporates assumptions as to salary increases and retirement age. The commitment of the Group is entirely covered by provisions and by payments to external agencies.

In the normal course of business, the Group's companies are involved in a certain number of legal proceedings or litigation, including disputes with tax and social security authorities. A provision for contingency and loss has been established for expenses that can be estimated with sufficient reliability and are deemed probable by the companies and their expert assessors.

Other provisions are composed of elements related to tax, labour and legal risk.

Summary of the financial situation of defined benefit schemes in the Group's three main countries (France, Italy and Belgium):

■ Breakdown of charges to 2007 income statement

(in millions of euros)	Total
Service costs	(3)
Financial cost	36
Expected return on financial assets	(13)
Other	
Expenses (income) at 31 December 2007	20

■ Balance sheet movements

(in millions of euros)	Total
Provision at 31/12/2006	641
Impact on income statement	19
Changes in the consolidation perimeter	
Benefits paid	(47)
Other	(2)
Provision at 31 December 2007	611

■ Change in the fair value of hedging assets

(in millions of euros)	Total
Fair value at 31/12/2006	308
Changes in the consolidation perimeter	
Expected return	10
Benefits paid by the fund	0
Actuarial losses	(26)
Other	
Fair value at 31 December 2007	292

■ Provision

(in millions of euros)	Total
Defined Benefits Obligations (DBO)	918
Unrecognised actuarial adjustments	(15)
Fair value of hedging assets	(292)
Provision at 31 December 2007	611

The criteria are as follows:

Retirement age	60 - 65 years
Increases in salaries	1.4% to 3.2%
Salary expense rate	7% to 35%
Discount rate	3.9% to 5.15%

NOTE 26: FINANCIAL LIABILITIES

Note 26.1 NET DEBT

The Group's net debt may be analysed as follows:

(in millions of euros)	December 2007	December 2006
Bonds	8,149	7,839
Derivatives - Liabilities	606	489
Other Borrowings	662	658
Other Long Term Debts	89	79
Commercial Paper	1,550	460
Leasing	466	481
Total Borrowings	11,523	10,006
Total restatement of borrowings	11,453	9,939
Marketable Securities	1,653	1,707
Derivatives - Assets	69	66
Cash	2,442	1,924
Total Investments	4,164	3,697
Net Debt	7,358	6,309

Note 26.2 BORROWINGS

■ Breakdown of borrowings by interest rate type:

(in millions of euros)	December 2007	December 2006
Fixed rate debt	9,396	8,212
Variable rate debt	2,057	1,727
Total	11,453	9,939

Floating-rate debt was either issued as such or swapped to floating-rate debt from fixed-rate debt on issuance.

■ Breakdown of borrowings by currency:

Borrowings are shown in their currency after the impact of hedging.

(in millions of euros)	December 2007	December 2006
Euro	10,879	9,352
US Dollar	0	1
Brazilian Real	304	92
Chinese Yuan	42	50
Turkish Lira	4	3
Cypriot Pound	22	50
Taiwanese Dollar	65	112
Malaysian Ringgit	3	2
Argentine Peso	0	18
Swiss Franc		97
Colombian Peso	103	150
Thai Baht	4	4
Polish Zloty	26	8
Total	11,453	9,939

The debt in euros represented 95% of the total in December 2007 as against 94% in December 2006.

■ Breakdown of bonds:

Breakdown of Bonds	Maturity date	Total
Public issues		8,149
		7,601
Bond Euro MTN, EUR, 7 years, 5.125%	2014	1,250
Bond Euro MTN, EUR, 5 years, E3M+15bp	2012	200
Bond Euro MTN, EUR, 10 years, 4.375%	2016	600
Bond Euro MTN, EUR, 10 years, 3.825%	2015	50
Bond Euro MTN, EUR, 10 years, 3.85%	2015	50
Bond Euro MTN, EUR, 8 years, 3.625%	2013	750
Bond Euros MTN, EUR, 4 years, 3.265%	2008	500
Bond Euro MTN, GBP, 10 years, 5.375%	2012	796
Bond Euro MTN, EUR, 8 years, 4.375%	2011	1,100
Bond Euro MTN, EUR, 2.5 years, 6.125%	2010	1,000
Bond, FRF, 10 years, 4.5%	2009	1,000
Bond, FRF, 10 years, 5.3%	2008	305
Private issues		547

■ Breakdown of borrowings by maturity date:

(in millions of euros)	December 2007	December 2006
1 year	3,247	2,408
2 years	1,064	1,007
3 to 5 years	3,347	3,462
Over 5 years	3,262	2,571
Unspecified	534	492
Total	11,453	9,939

■ Bank covenants:

At 31 December 2007, the Group had no bank covenants.

Note 26.3 LIQUIDITY RISK ASSOCIATED WITH FINANCIAL LIABILITIES

The contractual residual maturity date of financial liabilities may be analysed as follows:

31/12/2007	Book value	Contractual cash flow			
(in millions of euros)		< 1 year	2-5 years	> 5 years	
Debt hedged for fair value	846	960	80	880	0
Debt hedged for cash flow	100	101	101	0	0
Fixed rate debt	7,865	9,253	2,227	4,054	2,972
Unhedged debt	2,111	2,166	1,908	257	0
Liabilities related to financial lease agreements	466	0	0	0	0
Interest rate derivatives	135	1,142	127	1,015	0
Total Borrowings	11,523	13,623	4,444	6,207	2,972
Trade payables	17,077	17,077	17,077	0	0
Consumer credit refinancing	4,419	4,419	3,989	430	0
Other liabilities *	3,114	3,114	3,114	0	0
Total	36,132	38,232	28,623	6,637	2,972

Contractual cash flow is not discounted. For variable rate instruments, the rate taken into account is the spot rate at 31 December.

Carrefour implemented a programme for securitizing receivables denominated in euros arising from the supplier discount agreements of the Group's main subsidiaries. An analysis of risks and benefits granted resulted in a partially deconsolidated accounting treatment of the programme. The Group retained debt corresponding to the maximum guarantee on the balance sheet.

31/12/2006	Book value	Contractual cash flow			
(in millions of euros)		< 1 year	2-5 years	> 5 years	
Debt hedged for fair value	1,107	1,222	236	202	785
Debt hedged for cash flow	425	441	340	101	0
Fixed rate debt	6,583	7,659	1,281	4,727	1,651
Unhedged debt	1,330	1,359	1,030	329	0
Liabilities related to financial lease agreements	481	0	0	0	0
Interest rate derivatives	79	78	39	(7)	45
Total Borrowings	10,006	10,759	2,926	5,352	2,481
Trade payables	16,449	16,449	16,449	0	0
Consumer credit refinancing	3,943	3,943	3,427	516	0
Other liabilities *	2,910	2,910	2,910	0	0
Total	33,308	34,062	25,713	5,868	2,481

* Other liabilities is composed of the following items:

(in millions of euros)	31/12/2007	31/12/2006
Trade payables for fixed assets	877	890
Payables to employees	1,633	1,552
Prepaid income	94	86
Other liabilities	509	382
Total	3,114	2,910

Long-term liabilities (with the exception of provisions) are not discounted, as the effect of discounting on the financial statements would be insignificant.

NOTE 27: FINANCIAL INSTRUMENTS: CASH FLOW HEDGES

The following table indicates the periods during which the Group expects cash flows associated with derivatives qualified for cash flow hedges to occur.

(in millions of euros)	2007					2006				
	Expected					Expected				
	Book value	cash flow	< 1 year	> 1 year	> 5 years	Book value	cash flow	< 1 year	> 1 year	> 5 years
Interest rate risk *	0	0	0	0	0	5	5	7	(2)	0
Currency instruments *	248	260	260	0	0	91	93	93	0	0
Total	248	260	260	0	0	96	98	100	(2)	0

The following table indicates the periods during which the Group expects cash flows associated with derivatives qualified for cash flow hedges to impact the income statement.

(in millions of euros)	2007					2006				
	Expected					Expected				
	Book value	cash flow	< 1 year	> 1 year	> 5 years	Book value	cash flow	< 1 year	> 1 year	> 5 years
Interest rate risk *	0	0	0	0	0	5	5	7	(2)	0
Currency instruments *	248	260	260	0	0	91	93	93	0	0
Total	248	260	260	0	0	96	98	100	(2)	0

* Interest rate risk mainly concerns swaps whereas currency instruments are essentially comprised of forward contracts.

NOTE 28: FINANCIAL INSTRUMENTS: FOREIGN EXCHANGE RISK

Exposure to foreign exchange risk

The Group's operations throughout the world are performed by subsidiaries operating primarily in their own countries (with purchasing and sales in local currencies). As a result, the Group's exposure to exchange rate risk in commercial operations is naturally limited. The Group's susceptibility to foreign exchange risk is low.

The following Euro - Currency exchange rates were applied during the fiscal year:

Country	Currency	31/12/2007		31/12/2006	
		YEAR END	AVERAGE RATE	YEAR END	AVERAGE RATE
ARGENTINA	ARS	0.2157	0.2331	0.2477	0.2587
BRAZIL	BRL	0.3827	0.3775	0.3555	0.3659
CHINA	CNY	0.0930	0.0961	0.0973	0.1000
COLOMBIA	1000 COP	0.3372	0.3517	0.3388	0.3373
UNITED STATES	USD	0.6793	0.7297	0.7593	0.7963
UNITED KINGDOM	GBP	1.3636	1.4604	1.4892	1.4669
HONG KONG	HKD	0.0871	0.0937	0.0976	0.1026
INDONESIA	100 IDR	0.0072	0.0080	0.0084	0.0087
MALAYSIA	MYR	0.2054	0.2125	0.2151	0.2171
POLAND	PLN	0.2783	0.2660	0.2610	0.2571
ROMANIA	RON	0.2772	0.2985	0.2956	0.2856
SLOVAKIA	SKK	0.0298	0.0296	0.0290	0.0269
SINGAPORE	SGD	0.4725	0.4849	0.4950	0.5015
SWITZERLAND	CHF	0.6043	0.6085	0.6223	0.6354
TAIWAN	TWD	0.0209	0.0223	0.0233	0.0245
THAILAND	THB	0.0231	0.0222	0.0210	0.0210
TURKEY	TRY	0.5824	0.5616	0.5365	0.5564

NOTE 29: FINANCIAL INSTRUMENTS: FAIR VALUE

The following table indicates the fair value of financial assets and liabilities as well as their book value on the balance sheet. The principle used to define fair value is indicated in Note 1.

Fair values/book values (in millions of euros)	31/12/2007		31/12/2006	
	Book value	Fair value	Book value	Fair value
Investments	297	297	269	269
Other long term financial assets	822	822	842	842
Total Financial Assets	1,119	1,119	1,111	1,111
Consumer credit from financial companies	4,672	4,672	4,242	4,242
Operating receivables	3,424	3,424	3,620	3,620
Other Assets	956	956	815	815
Cash and marketable securities	4,164	4,164	3,697	3,697
Debt hedged for fair value	846	846	1,107	1,107
Debt hedged for cash flow	100	100	425	425
Fixed rate debt	7,865	7,814	6,583	6,624
Unhedged debt	2,111	2,111	1,330	1,330
Liabilities related to financial lease agreements	466	466	481	481
Interest rate derivatives	135	135	79	79
Total Borrowings	11,523	11,472	10,006	10,047
Trade payables	17,077	17,077	16,449	16,449
Consumer credit refinancing	4,419	4,419	3,943	3,943
Other liabilities	3,114	3,114	2,910	2,910
Total	50,468	50,417	46,793	46,834
Profit (non-recorded losses)		(50)		41

NOTE 30: EVENTS POST YEAR-END

On 29 January 2008, Carrefour SA, a joint venture between Carrefour and Sabanci in Turkey, announced the sale of land located in Merter (Istanbul) to a joint venture controlled by Apollo Real Estate and Multi Turkmall for the purpose of building a shopping centre. A Carrefour hypermarket will be built on this site. The transaction price amounts to 267 million euros.

On 29 January 2008, the Slovakian competition authorities approved the memorandum of agreement between the Carrefour Group and ICS and ECM Group BV concerning the sale of hypermarkets located in Slovakia.

The sale price of the Portuguese operations will be adjusted based on certain financial indicators on the transaction's final closing date.

NOTE 31: CONTINGENT LIABILITIES

In the context of their everyday operations, companies within the Group are regularly subject to tax audits.

These tax adjustments, or the identified outstanding tax not subject to adjustment, are the subject of appropriate provisions whose amount is regularly reviewed in accordance with the criteria of IAS 37. The Group relies on internal and external advisors to assist in evaluating such litigation or disputes.

Furthermore, the Group is subject to litigation or disputes that it believes will not give rise to any significant expenses or have a significant impact on its financial situation, its business and/or its results.

NOTE 32: OFF-BALANCE SHEET COMMITMENTS

The commitments made and received by the Group that have not been recorded on the balance sheet correspond to contractual obligations that have not yet been executed and are dependent on the fulfilment of conditions or operations subsequent to the year in progress. These commitments are of three sorts: relating to cash flow, relating to the operation of sales outlets and relating to securities acquisitions. Furthermore, the Group has rental contracts (mainly for rents payable on leased sales outlets and rents receivable from its shopping mall stores) that also represent future commitments either given or received.

1/ Off-balance sheet commitments related to funds consist of:

- ▶ lines of credit that can be brought into play, representing confirmed lines of credit made available to the Group and not yet used at the date of closing of the accounts;
- ▶ collateral and mortgages given or received mainly within the context of the Group's real estate operations;
- ▶ credit commitments given by the Group's financial service companies to their customers as part of their operating activities as well as bank commitments received.

2/ Off-balance sheet commitments related to operations consist of:

- ▶ commitments to purchase plots of land under the Group's expansion programme;
- ▶ various undertakings arising from commercial contracts;
- ▶ commitments made to carry out construction work as part of the Group's expansion programme;
- ▶ rental guarantees and guarantees on shopping mall operators;
- ▶ guarantees for receivables;
- ▶ as well as other commitments given or received.

3/ Commitments related to the acquisition of securities consist of:

- ▶ firm commitments received to purchase or sell securities mainly in France, in the scope of the Group's franchising activity - plus options to purchase securities and liability guarantees. Liability guarantees received are not disclosed.

4/ Commitments related to leasing agreements

At the end of December 2007, the Group fully owned 620 hypermarkets out of 1,086 consolidated hypermarkets, 660 supermarkets out of 1,702 consolidated supermarkets and 462 hard discount stores out of 4,823 consolidated hard discount stores.

Stores not fully owned are rented under leasing agreements that represented an expense of 965 million euros over the year 2007 (see Note 7).

Of these contracts, 15% expire in less than one year, 33% in 1 to 5 years and 52% in more than 5 years. The gross amount of future rental payments, determined on the basis of the maximum future commitment made by the Group, both in terms of duration and amount, for each of the property leasing agreements existing to date, amounts to 5,798 million euros. The discounted future rental flow corresponds to a commitment of 4,368 million euros.

The Group also owns shopping centres, mainly anchored by its hypermarkets and supermarkets, that are rented out and that, in 2007, represented an income of 225 million euros. The gross amount of future rental payments receivable, dependent on the future commitment made by lessees, both in terms of the duration and amount of each property rental lease agreement existing to date, amounts to 344 million euros. The discounted future rental flow corresponds to a commitment received of 305 million euros.

■ Commitments given:

(in millions of euros)	31/12/2007	Breakdown by maturity		
		- 1 year	1 to 5 years	+ 5 years
Relating to funds	6,174	1,820	3,954	400
relating to financial companies	4,689	1,166	3,511	13
relating to other companies	1,485	654	444	387
Relating to operation/property/expansion	1,146	372	647	126
Relating to sale of securities	1,800	180	1,557	63
Relating to lease agreements	5,798	882	1,886	3,030
TOTAL	14,917	3,255	8,044	3,618

■ Commitments received

(in millions of euros)	31/12/2007	Breakdown by maturity		
		- 1 year	1 to 5 years	+ 5 years
Relating to funds	7,311	2,924	4,341	47
relating to financial companies	1,849	542	1,281	25
relating to other companies	5,462	2,381	3,059	21
Relating to operation/property/expansion	709	102	466	141
Relating to acquisitions of securities	406	0	126	280
Relating to lease agreements	344	156	123	65
TOTAL	8,770	3,182	5,056	533

NOTE 33: EMPLOYEES

	31/12/2007	31/12/2006
Average number of Group employees	461,260	434,205
Group employees at year end	490,042	456,295

NOTE 34: RELATED PARTIES

The remuneration for the year 2007 paid to members of the Group's Management Committee (excluding the Management Board) amounted to 8,658,574 euros. Information on the remuneration of corporate officers is provided in the management report of the Management Board.

Transactions between the parent company and equity affiliates are summarized below:

■ Nature of transaction

(in millions of euros)	Transaction amounts		Receivables from affiliated companies		Payables to affiliated companies		Off-balance sheet commitments	
	2007	2006	2007	2006	2007	2006	2007	2006
Sale of goods	4	2	2	1				
Commitments given: firm commitments to purchase securities							979	1,049
Commitments received: firm commitments to purchase securities								84
Other	(41)	(38)			(10)	(7)		

COMPANIES CONSOLIDATED BY FULL INTEGRATION AT 31 DECEMBER 2007

	Percentage interests used in consolidation	Commercial Business Register number
FRANCE		
ACTIS	100.0	345,274,310
ALFROY	100.0	398,260,950
ALIMENTAIRE SCORE	100.0	333,708,014
ALLU	100.0	383,966,496
ALODIS	100.0	345,130,306
ANADIA	100.0	442,769,691
ANDELYSIENNE DE DISTRIBUTION	100.0	384,418,331
ANDRENA	100.0	339,363,095
ANIFLORE	100.0	418,453,007
ARDAN	100.0	408,857,142
AUCEMA	99.9	398,656,660
AUREJAN	100.0	409,581,154
BALBIDIS	100.0	338,557,952
BCG	100.0	347,514,895
BDD	100.0	380,060,210
BEARBULL	99.3	423,143,718
BERMITTO	100.0	334,897,220
BIGOURDANE DE DISTRIBUTION	100.0	334,570,298
BOEDIM	100.0	379,874,571
BREAL DISTRIBUTION	100.0	432,807,550
BRUMAT	100.0	337,730,683
CADS	100.0	353,110,554
CAMARSYL	100.0	443,499,041
CAMORIC	100.0	384,916,441
CARAUTOROUTES	100.0	433,970,944
CARCOOP	50.0	317,599,231
CARCOOP FRANCE	50.0	333,955,912
CARDADEL	100.0	335,014,411
CARFUEL	100.0	306,094,194
CARMA	50.0	330,598,616
CARMA VIE	50.0	428,798,136
CARMIN	100.0	392,312,898
CARREFOUR ADMINISTRATIF FRANCE	100.0	428,240,352
CARREFOUR ASSISTANCE A DOMICILE	100.0	487,596,173
CARREFOUR AUTOROUTES (ex Covicar 6)	100.0	451,321,194
CARREFOUR EUROPE	100.0	420,265,845
CARREFOUR FORMATION HYPERMARCHES FRANCE (CFHF)	100.0	433,970,811
CARREFOUR FRANCE	100.0	672,050,085
CARREFOUR HYPERMARCHES	100.0	451,321,335
CARREFOUR HYPERMARCHES FRANCE	100.0	428,767,859
CARREFOUR IMPORT SAS (EX CRFP2)	100.0	434,212,130
CARREFOUR INTERACTIVE	100.0	493,123,095
CARREFOUR MANAGEMENT	100.0	403,245,061
CARREFOUR MARCHANDISES INTERNATIONALES	100.0	385,171,582
CARREFOUR MOBILIER HYPERMARCHES FRANCE	100.0	433,970,886
CARREFOUR MONACO	100.0	92,502,820



**Percentage interests
used in consolidation**

**Commercial Business
Register number**

FRANCE

CARREFOUR PROPERTY	100.0	775,632,169
CARREFOUR SA	100.0	652,014,151
CARREFOUR SERVICES CLIENTS	100.0	423,697,523
CARREFOUR STATION SERVICE (ex PARIDIS 75)	100.0	451,321,376
CARREFOUR SYSTEMES D'INFORMATIONS FRANCE	100.0	433,929,114
CARREFOUR VACANCES	100.0	379,601,974
CARTAILLAN	100.0	447,729,815
CASCH	100.0	444,531,180
CASMF	100.0	444,531,388
CDA	100.0	342,416,005
CHAMNORD	62.6	303,543,128
CHAMPION SUPERMARCHES FRANCE (C.S.F)	100.0	440,283,752
CHAMVOG	100.0	410,907,315
CHANGE DISTRIBUTION	100.0	443,738,463
CHARSAC	100.0	326,313,426
CHRISTHALIE	100.0	344,389,820
CHRISTING	100.0	330,305,558
CLAIREFONTAINE	100.0	326,964,715
CLEMADIS	100.0	439,872,979
CM SUPERMARCHES SUD EST CMSSE	100.0	421,063,256
COJADIS	100.0	445,018,633
COLODIS	100.0	480,569,813
COMIDIS	100.0	333,903,789
COMPAGNIE D'ACTIVITE ET DE COMMERCE INTERNATIONAL -CACI-	100.0	352,860,084
COMPTOIRS MODERNES SAS (CMSAS)	100.0	575,450,317
CONTINENT 2001	100.0	430,209,650
COSG	100.0	440,091,114
COVICAR 2	100.0	440,274,454
CRFP1	100.0	434,210,985
CRFP4	100.0	440,160,570
CRFP10	100.0	444,531,628
CRFP11	100.0	444,531,719
CRFP12	100.0	444,531,750
CROIX DAMPIERRE	91.6	780,680,781
CSD	74.0	326,220,654
CSD TRANSPORTS	74.0	433,859,154
CUBZADIS	100.0	353,125,255
DAGUI	100.0	339,443,137
DALCINE	100.0	384,776,902
DARTAGNAN	99.9	339,211,450
DAUPHINOISE DE PARTICIPATIONS	100.0	337,748,552
DAVARD	100.0	333,940,120
DDAPS	100.0	383,946,795
DE LA MARILO	100.0	400,178,760
DEFENSE ORLEANAISE	50.0	085,580,728
DES BIHOURDES	100.0	428,082,218
DES JARDINS	100.0	383,329,968
DIJOI	100.0	333,134,641
DIONYESIENNE DE SUPERMARCHES	100.0	397,728,122
DISANIS	100.0	418,544,516
DISTRABAUD	100.0	402,068,456

FRANCE

Percentage interests
used in consolidation

Commercial Business
Register number

DISTRAL	100.0	331,057,075
DISTRIVAL	100.0	383,257,938
DOP 4	100.0	345,130,520
DU MOULIN	100.0	379,967,136
DU PETIT MOULIN	100.0	423,874,742
DUNIEDIS	100.0	338,434,673
ED FRANCHISE SAS	100.0	434,193,454
ED SAS	100.0	381,548,791
ERTECO	100.0	303,477,038
ESQUIEZIENNE DE SUPERMARCHES (S.E.S)	100.0	332,136,050
ETADIS	100.0	440,274,355
ETS CATTEAU	100.0	576,280,101
EUROMARCHE	100.0	780,060,414
FINIFAC	100.0	409,468,857
FORUM DEVELOPPEMENT	100.0	381,485,176
GEDEL	100.0	395,104,243
GEFIDIS	100.0	345,180,632
GENEDIS	100.0	345,130,512
GEOTIS	100.0	384,878,468
GILVER	100.0	382,944,684
GML - GRANDS MAGASINS LABRUYERE	50.0	314,832,387
GML FRANCE	50.0	397,894,296
GOUDY	100.0	353,898,125
GUALEX	100.0	398,334,649
GUIDA	100.0	339,376,378
GUILLOT ET FILS	100.0	775,543,846
GUIROVI	100.0	381,618,461
HALLDIS	100.0	391,982,980
HAMON	100.0	622,007,821
HAUTS DE ROYA	100.0	428,470,900
HERVAU	100.0	353,869,662
HOFIDIS II	100.0	423,143,718
HONDIS	100.0	437,939,952
HYPARLO FRANCE	100.0	439,916,677
HYPARLO SA	99.3	779,636,174
HYPARMO	99.3	334,440,849
IMMOBILIERE CARREFOUR	100.0	323,439,786
IMMOBILIERE ERTECO SNC	100.0	389,526,617
IMMODIS	100.0	950,340,927
INTERDIS	100.0	421,437,591
JBM HOLDING	100.0	401,634,852
JORI	100.0	350,832,267
JULIEME	100.0	392,746,194
KERISPER	100.0	323,635,367
KERRIS	100.0	340,382,548
LA BURRIERE	100.0	433,511,045
LA CIOTAT DISTRIBUION SNC	100.0	451,625,354
LA LAUFA	100.0	347,465,528
LA VOULTE DISTRIBUTION	100.0	391,571,312
LALAUDIS	99.0	339,176,885
LAMBIN	100.0	341,092,609



**Percentage interests
used in consolidation**

**Commercial Business
Register number**

FRANCE

LAPALUS & FILS (ETABS)	100.0	795,920,172
LAUL	100.0	410,261,689
LE RELAIS DE CARIMAI	100.0	420,047,938
LEDAYE	99.9	333,585,354
LEDISAND	100.0	401,140,330
LES REMPARTS	100.0	389,347,063
LEVALDIS	100.0	381,681,345
LOGIDIS	100.0	303,010,789
LOGIDIS COMPTOIRS MODERNES	100.0	428,240,287
LORDIS	100.0	430,160,010
LUDIS	100.0	345,316,855
MAISON JOHANES BOUBEE	100.0	775,583,248
MANDY	100.0	319,449,708
MANOLY	100.0	331,171,223
MAPILO	100.0	327,788,105
MARJORIE	99.9	347,619,645
MATEDIS	100.0	383,230,703
MIBILCO	100.0	347,737,157
MONDEVILLE 1	100.0	422,382,051
MONEDIS	100.0	351,036,017
MONTEL DISTRIBUTION	100.0	398,834,226
MONTELMAR DISTRIBUTION	100.0	487,596,165
MONTVERT	100.0	379,843,139
NEUVILLE DISTRIBUTION	100.0	439,525,148
NEUVYDIS	100.0	351,715,537
NODIS	100.0	325,485,902
NOISY DISTRIBUTION	100.0	350,498,416
OGALIM	100.0	348,302,613
OOSHOP	95.0	420,153,538
OSMADIS	100.0	404,239,584
P.R.M.	100.0	352,442,826
PARADICE	100.0	349,246,280
PERPIGNAN DISTRIBUTION SNC	100.0	451,603,070
PHILEVE	100.0	347,970,592
PHIVETOL	100.0	340,721,844
PLOUHADIS	100.0	385,254,370
POLE	100.0	341,455,855
PONTORSON DISTRIBUTION	100.0	352,725,808
PRODIM	100.0	345,130,488
PROFIDIS	100.0	323,514,406
PROFIDIS & CIE	99.0	327,753,372
RIOM DISTRIBUTION	100.0	487,596,199
RIOMOISE DE DISTRIBUTION SA	100.0	318,623,790
ROBINSON	100.0	403,877,863
S 2M I	100.0	440,272,789
S.D.O	100.0	487,280,307
S.L.M. DISTRIBUTION	100.0	453,585,101
S.T.D.	100.0	417,597,549
S2P - SOCIETE DES PAIEMENTS PASS	60.0	313,811,515
SAB	100.0	419,278,270
SADAP	100.0	351,546,734

FRANCE

Percentage interests
used in consolidation

Commercial Business
Register number

SAINT MICHEL DISTRIBUTION	100.0	314,208,752
SAINT ROMAIN DISTRIBUTION	100.0	403,730,112
SAPER	100.0	348,841,305
SARL DE SAINT HERMENTAIRE	100.0	384,235,602
SARL ERTECO EST	100.0	401,636,550
SAUDIS	100.0	338,625,759
SCI LA SEE	100.0	484,144,399
SCI POUR LE COMMERCE	100.0	378,384,102
SEGODIS	100.0	311,510,432
SELIMA	100.0	411,495,369
SES 1 (ex Coviam 7)	100.0	487,647,091
SET	100.0	433,964,202
SHF	100.0	387,520,711
SICODI	100.0	352,487,722
SIFO	100.0	401,321,344
SIGER	100.0	377,649,421
SISP	100.0	349,146,878
SMANG	100.0	328,816,004
SMSM	100.0	329,275,978
SNC ED EST	100.0	402,628,283
SOBEDIS	100.0	308,250,240
SOBRUDIS	100.0	380,848,051
SOCAMAG	100.0	423,938,042
SOCARDIS	100.0	382,952,356
SOCIETE D'EXPLOITATION AMIDIS & Cie	100.0	319,730,339
SOCIETE DE DISTRIBUTION PLOEUCOISE - SODIP	100.0	325,517,464
SOCIETE DES HYPERMARCHES DE LA VEZERE	50.0	382,824,761
SOCIETE FECAMPOISE DE SUPERMARCHES	100.0	305,490,039
SOCIETE NOUVELLE DES MAGASINS ED	100.0	352,730,816
SOCIETE NOUVELLE SOGARA	50.0	441,037,405
SODICO	100.0	338,008,162
SODICREST	100.0	997,220,082
SODIGIR	100.0	389,504,291
SODILOC	100.0	382,005,916
SODISAL	100.0	332,161,686
SODISCAF	100.0	398,008,565
SODISOR	100.0	788,358,588
SODITA	100.0	482,053,352
SOFEDIS	100.0	317,516,441
SOFIDIM	100.0	673,820,601
SOFIDIS	100.0	388,586,505
SOFINEDIS	100.0	304,515,380
SOFODIS	100.0	729,201,384
SOFRED	100.0	342,213,253
SOGARA	50.0	662,720,341
SOGARA FRANCE	50.0	397,509,647
SOGIPIC	100.0	400,881,058
SOGRIN	100.0	325,663,771
SOJUDIS	100.0	316,701,309
SOLADIS	100.0	345,027,171
SOLEDIS	100.0	401,146,311



**Percentage interests
used in consolidation**

**Commercial Business
Register number**

FRANCE

SOPLANDI	100.0	392,435,905
SOVAL	100.0	847,250,503
STEMA	100.0	440,068,625
STROFI	100.0	421,892,134
SUPER ALBA	100.0	325,183,655
TAVERDIS	100.0	350,621,652
THOMAS DISTRIBUTION	100.0	394,183,040
TILLY DISTRIBUTION	100.0	350,553,517
TONICLEM	100.0	414,102,657
TOURANGELLE DE PARTICIPATIONS	100.0	339,487,787
VALDIS	100.0	347,381,196
VEZERE DISTRIBUTION	100.0	478,502,651
VICUS	100.0	333,963,627
VIMOUTIERS DISTRIBUTION	100.0	310,712,278

**Percentage interests
used in consolidation**

GROSFUIT

100.0

**Percentage interests
used in consolidation**

ARGENTINA

BANCO CETELEM ARGENTINA SA	40.0
BANCO DE SERVICIOS FINANCIEROS SA	60.0
CARREFOUR AMERICAS	100.0
DIA ARGENTINA SA INC S.A.	100.0

MABE	100.0
MULTI STORE	100.0
NORTHSHORE PARTICIPATION	100.0
PLUSMARKT	100.0
R&D FOOD	100.0
ROB	100.0
ROTHIDI	100.0
RULUK	100.0
SAMDIS	78.8
SCHILCO	100.0
SERCAR	100.0
SINDIS	100.0
SIVVO	100.0
SOCIETE RELAIS	100.0
SOUTH MED INVESTMENTS	100.0
STIGAM	100.0
TECHNICAL MAINTENANCE SERVICE - TMS	100.0
VERSMARKT	100.0
VEVO	100.0
VOMARKT	100.0
WAPRO	100.0

BELGIUM

ALL IN FOOD	100.0
ANDIS	100.0
BIGG'S SA	100.0
CARGOVIL (EX OUTEX)	100.0
CARREFOUR BELGIUM	100.0
CARREFOUR INFORMATION SYSTEM	100.0
CARUM	100.0
CENTRE DE COORDINATION CARREFOUR	100.0
CUSTOMER LOYALTY PROGRAM BELGIUM - CLPB	97.1
DAVO	100.0
DE NETELAAR	100.0
DIKON	100.0
DIZO	100.0
ECLAIR	100.0
EXTENSION BEL-TEX	100.0
FIFO	100.0
FILMAR	100.0
FILUNIC	100.0
FIMASER	60.0
FOMAR	100.0
FOURCAR BELGIUM SA	100.0
FOURFINANCE HOLDING BV	100.0
FRESHCARE	100.0
FRESHFOOD	100.0
FRESHMAR	100.0
GB RETAIL ASSOCIATES SA	100.0
GMR	100.0

BRAZIL

BREPA COMERCIO PARTICIPACAO LTDA	100.0
CARREFOUR ADMINISTRADORA DE CARTOES	
CARREFOUR AMERICAS LTDA	100.0
CARREFOUR COMMERCIO E INDUSTRIA LTDA	100.0
CARREFOUR GALERIAS COMERCIAIS LTDA	100.0
CARREFOUR PARTICIPACOES SA	100.0
CARREFOUR VIAGENS E TURISMO LTDA.	100.0
DE CREDITO,	60.0
DIA BRASIL	100.0
ELDORADO	100.0
IMOPAR PARTICIPCOES E ADMINISTRACAO	
IMOBILIARIA LTDA	100.0

KORCULA PARTICIPACOES	100.0
LOJIPART PARTICIPACOES SA	100.0
NOVA GAULE COMERCIO E PARTICIPACOES S.A.	100.0
RDC FACCOR FACTORING FOMENTO COMERCIAL LTDA.	100.0

BULGARIA

CARREFOUR BULGARIA AD	100.0
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CHINA

BEIJING CARREFOUR COMMERCIAL CO., LTD.	55.0
BEIJING CHAMPION SHOULIAN COMMUNITY	
BEIJING CHUANGYIJIA CARREFOUR COMMERCIAL	100.0
BEIJING DIA-SHOULIAN COMMERCIAL RETAIL CO. LTD	87.4
BEIJING REPRESENTATIVE OFFICE OF CARREFOUR S.A.	100.0
CARREFOUR (CHINA) FOUNDATION	100.0
CARREFOUR (CHINA) MANAGEMENT & CONSULTING SERVICES CO.	100.0
CHAIN STORES CO LTD	100.0
CHANGCHUN CARREFOUR COMMERCIAL CO., LTD.	100.0
CHANGSHA CARREFOUR HYPERMARKET	100.0
CHENGDU CARREFOUR HYPERMARKET CO LTD	92.5
CHENGDU YUSHENG INDUSTRIAL DEVELOPMENT CO LTD	100.0
CHONGQING CARREFOUR COMMERCIAL CO LTD	55.0
DALIAN CARREFOUR COMMERCIAL CO., LTD.	65.0
DIA TIAN TIAN (SHANGHAI) MANAGEMENT CONSULTING SERVICE CO. LTD	100.0
DONGGUAN DONESHENG SUPERMARKET CO	100.0
DONGGUAN CARREFOUR COMMERCIAL CO., LTD	100.0
FOSHAN CARREFOUR COMMERCIAL CO., LTD	100.0
FUZHOU CARREFOUR COMMERCIAL CO LTD	65.0
GUANGZHOU JIAGUANG SUPERMARKET CO	55.0
HAIKOU CARREFOUR COMMERCIAL	100.0
HANGZHOU CARREFOUR HYPERMARKET CO., LTD	65.0
HARBIN CARREFOUR HYPERMARKET CO., LTD	65.0
HEFEI YUEJIA COMMERCIAL CO., LTD.	60.0
JINAN CARREFOUR COMMERCIAL CO., LTD	100.0
KUNMING CARREFOUR HYPERMARKET CO., LTD	100.0
NANJING YUEJIA SUPERMARKET CO LTD	65.0
NINGBO CARREFOUR COMMERCIAL	60.0
NINGBO LEFU INDUSTRIAL DEVELOPMENT CO. LTD	100.0
QINGDAO CARREFOUR COMMERCIAL	97.7
SHANGAI CARHUA SUPERMARKET LTD	55.0
SHANGHAI DIA-LIAN HUA RETAIL CO. LTD	100.0
SHENYANG CARREFOUR COMMERCIAL CO LTD	65.0
SHENZHEN CARREFOUR COMMERCIAL	100.0
SHENZHEN LERONG SUPERMARKET CO LTD	100.0
SUZHOU YUEJIA SUPERMARKET CO., LTD	55.0
TIANJIN FUYE COMMERCIAL CO., LTD.	55.0
TIANJIN QUANYE CARREFOUR HYPERMARKET CO., LTD	65.0
WUHAN HANFU CHAIN SUPERMARKET CO LTD	100.0
WUXI YUEFU COMMERCIAL CO., LTD.	60.0
XIAMEN CARREFOUR COMMERCIAL CO LTD	100.0
XIAN CARREFOUR HYPERMARKET CO LTD	100.0
XINJIANG CARREFOUR HYPERMARKET	100.0
XUZHOU YUEJIA COMMERCIAL CO LTD	60.0
ZHENGZHOU YUEJIA COMMERCIAL CO., LTD.	60.0
ZHUHAI LETIN SUPERMARKET CO., LTD.	100.0
ZHUZHOU CARREFOUR COMMERCIAL CO., LTD.	100.0

COLOMBIA

GSC SA - GRANDES SUPERFICIES DE COLOMBIA	100.0
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CZECH REPUBLIC

ALFA SHOPPING CENTER	100.0
SHOPPING CENTRE KRALOVO POLE	100.0
USTI NAD LABEM SHOPPING CENTER	100.0

GERMANY

ERTECO DEUTSCHLAND GMBH	100.0
PROMOHYPERMARKT AG & CO. KG	100.0

GREECE

CARREFOUR CREDIT	30.0
CARREFOUR MARINOPOULOS	50.0
DIA HELLAS	80.0
GUEDO HOLDING LTD	25.1
XYNOS SA	50.0

HONG KONG

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

INDIA

CARREFOUR INDIA MASTER FRANCHISE LTD	100.0
CARREFOUR WC & C INDIA PRIVATE LTD	100.0

INDONESIA

PT CARREFOUR INDONESIA (EX CONTIMAS)	100.0
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IRELAND

CARREFOUR INSURANCE	100.0
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ITALY

CARREFOUR DISTRIBUZIONE SRL (ex CONSORZIO)	
CARREFOUR ITALIA	100.0
CARREFOUR ITALIA IMMOBILIARE	99.8
CARREFOUR SERVIZI FINANZIARI SPA (CARREFOUR)	60.0
DEMETER ITALIA SPA (ex HYPERMARKET HOLDING)	99.8
DI PER DI SRL	99.8
ETNASTORE SPA	99.8
FINMAR SPA	99.8
GS SPA (EX ATENA)	99.8
I .S. CINQUE SRL	99.8
LOGIDIS ITALIA SRL	99.8
S.L.I.D.I. SRL	99.8
SOCIETA SVILUPPO COMMERCIALE	99.8
SVILUPPO ALIMENTARE SRL	99.8
TREDI'ESPANSIONE SRL	99.8

MALAYSIA

CARREFOUR MALAYSIA SDN BHD	100.0
MAGNIFICENT DIAGRAPH SDN-BHD	100.0

POLAND

CARREFOUR POLSKA	100.0
CARREFOUR POLSKA PROPER	100.0
CARREFOUR POLSKA WAW	100.0
CP (AHOLD POLSKA)	100.0

PORTUGAL

DIA PORTUGAL SUPERMERCADOS	100.0
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ROMANIA

CARREFOUR ROUMANIE	99.3
CARREFOUR VOIAJ	98.3

SINGAPORE

CARREFOUR SINGAPOUR PTE LTD	100.0
CARREFOUR SOUTH EAST ASIA	100.0

SLOVAKIA

ATERAITA	100.0
CARREFOUR SLOVENSKO	100.0

SPAIN

CARREFOUR CANARIAS, S.A.	95.9
CARREFOUR ESPANA PROPERTIES, S.L.	95.9
CARREFOUR NAVARRA, S.L.	95.9
CARREFOUR NORTE, S.L.	95.9
CARREFOURONLINE S.L (SUBMARINO HISPANIA)	95.9
CENTROS COMERCIALES CARREFOUR, S.A.	95.9
CORREDURIA DE SEGUROS CARREFOUR	71.9
DISTRIBUIDORA INTERNACIONAL DE ALIMENTACION (DIASA)	100.0
ESTABLECIMIENTOS DE CONVENIENCIA	100.0
FINANDIA E.F.C .	100.0
GROUP SUPECO MAXOR	95.9
IMMOBILIARIA CARREFOUR	67.1
INVERSIONES PRYCA, S.A.	100.0
NORFIN HOLDER S.L	100.0
PLUS SUPERMERCADOS, S.A.	100.0
SERVICIOS FINANCIEROS CARREFOUR EF.C. (FINANCIERA PRYCA)	57.7
SIDAMSA CONTINENTE HIPERMERCADOS, S.A.	100.0
SOCIEDAD DE COMPRAS MODERNAS, S.A. (SOCOMO)	95.9
SUPERMERCADOS CHAMPION, S.A.	95.9
TENGELMANN IBERIA, S.L.	100.0
VIAJES CARREFOUR, S.L.UNIPERSONAL	95.9

SWITZERLAND

CARREFOUR SUISSE	100.0
CARREFOUR WORLD TRADE	100.0
DISTRIBUTIS SA	50.0
HYPERDEMA (PHS)	100.0
PROMOHYPERMARKT AG (PHS)	100.0

TAIWAN

CARREFOUR INSURANCE BROKER CO	60.0
CARREFOUR STORES TAIWAN CO	60.0
CHARNG YANG DEVELOPMENT CO	30.0
PRESICARRE	60.0

THAILAND

CENCAR LTD	100.0
NAVA NAKARINTR LTD	100.0
SSCP THAILAND LTD	100.0

THE NETHERLANDS

ALCYON BV	95.9
CADAM BV	100.0
CARREFOUR CHINA HOLDINGS BV	100.0
CARREFOUR INTERNATIONAL SERVICES BV (HYPER GERMANY HOLDING BV)	100.0
CARREFOUR NEDERLAND BV	100.0
CARRETSTRAAT BV	100.0
EUROPE TRADING COMPANY (ETC)	100.0
FOURCAR BV	100.0
FOURET BV	100.0
FRANCOFIN BV	100.0
HOFIDIS INVESTMENT AND FINANCE INTERNATIONAL (HIFI)	100.0
HYPER GERMANY BV	100.0
HYPER INVEST BV	100.0
INTERCROSSROADS BV	100.0
KRUISDAM BV	100.0
MILDEW BV	100.0
ONESIA BV	100.0
SOCA BV	100.0

TURKEY

CARREFOUR SABANCI TICARET MERKEZI AS CARREFOURSA	58.2
DIA SABANCI SUPERMARKETLERI TICARET ANONIM SIRKETI	60.0

COMPANIES CONSOLIDATED BY EQUITY METHOD AT 31 DECEMBER 2007

FRANCE ⁽¹⁾	Percentage interests used in consolidation	Commercial Business Register number
ALTIS	50.0	310,710,223
DISTRIMAG	50.0	301,970,471
HYPERMARCHES DES 2 MERS - H2M	50.0	393,248,554
PROVENCIA SA	50.0	326,521,002
SA BLADIS	33.3	401,298,583
SCI LATOUR	60.0	333,337,053
SOCIETE RESEAU FRANCE BILLET	45.0	414,948,638
SOCIETE SUPERMARCHE DU BASSIN - SSB	50.0	324,766,047
<hr/>		
ARGENTINA ⁽²⁾	Percentage Interests used in consolidation	
HIPERBROKER	65.0	
<hr/>		
ITALY ⁽¹⁾		
CARREFOUR ITALIA MOBILE SRL	50.0	
FINIPER SPA	20.0	
G.D. PLUS SCARL	33.3	
IL BOSCO SRL	39.9	
IPER ORIO SPA	49.9	
IPER PESCARA SPA	49.9	
PEGASO SPA	48.9	
<hr/>		
SPAIN ⁽¹⁾		
COSTASOL DE HIPERMERCADOS, S.L.	32.6	
DIAGONAL PARKING, S.C.	55.1	
GLORIAS PARKING S.A.	47.9	
ILITURGITANA DE HIPERMERCADOS, S.L.	32.6	
INTERING SA	47.9	
SICIONE, S.A.	33.1	
<hr/>		
SWITZERLAND ⁽¹⁾		
DISTRIBUTIS MONCOR SA	25.0	
<hr/>		
UNITED ARAB EMIRATES ⁽¹⁾		
MAJID AL FUTTAIM	25.0	

(1) These companies are not consolidated by full integration because they are not controlled by the Group.

(2) These companies are insignificant or in the process of dissolution.

STATUTORY AUDITORS' REPORT

ON THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2007

To the Shareholders,

In accordance with our appointment as statutory auditors by your Annual General Meeting, we have audited the accompanying consolidated financial statements of Carrefour S.A. for the year ended 31 December 2007.

The consolidated financial statements have been approved by the Management Board. Our role is to express an opinion on these financial statements based on our audit.

1. Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities, of the financial position of the group and of the results of its operations for the fiscal year in accordance with IFRS as adopted in the European Union.

2. Justification of our assessments

In accordance with the requirements of Article L. 823-9 of the French Commercial Code (Code de commerce) relating to

the justification of our assessments, we bring your attention to the following matters:

- ▶ at each consolidated balance sheet date, the Company systematically performs a goodwill impairment test, in accordance with the method described in Note 1 of the Notes to the consolidated financial statements. We have examined the methodology of implementation of the impairment test, as well as the cash flow forecasts and the assumptions used, and we have verified that Note 1 of the Notes to the consolidated financial statements provides appropriate information.
- ▶ Note 1 of the Notes to the consolidated financial statements sets forth rules accounting principles relating to assets and groups of assets held for sale and discontinued operations. In the scope of our assessment of the accounting principles followed by your Company, we confirmed the appropriate nature of the accounting methods stated above and the information provided in the notes to the financial statements.

The assessments were made in the context of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

3. Specific verification

In accordance with professional standards applicable in France, we have also verified the information given in the group's management report. We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Paris La Défense and Neuilly sur Seine, 28 March 2008

The Statutory Auditors

KPMG AUDIT
A division of KPMG S.A.

Jean-Luc Decornoy
Partner

Deloitte & Associés

Jean-Paul Picard

This is a free translation into English of the statutory auditors' report issued in French and is provided solely for the convenience of English speaking users. The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the opinion on the consolidated financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the consolidated financial statements.

This report should be read in conjunction with, and is construed in accordance with, French law and professional auditing standards applicable in France.

REPORT BY THE CHAIRMAN OF THE SUPERVISORY BOARD

ON THE CONDITIONS FOR THE PREPARATION AND ORGANIZATION OF THE WORK OF THE BOARD AND THE INTERNAL CONTROL PROCEDURES

Pursuant to the provisions of Article L. 225-68 of the French Commercial Code, this report states the conditions for the preparation and organization of the work of the Supervisory Board during the course of 2007, together with the internal control procedures put in place by the Carrefour Group.

I - CORPORATE GOVERNANCE

By decision of the shareholders' meeting of 20 April 2005, the Company has adopted the form of a public limited company with a Management Board and a Supervisory Board. This report was communicated to the latter at its meeting of 5 March 2008.

1.1. The Management Board and the Supervisory Board

1.1.1. The Management Board

The Company is run by a Management Board comprising at least two members, and at most seven members, all individuals, who can be selected from outside the shareholders. No serving member of the Supervisory Board may be a member of the Management Board. The maximum age for occupying a position as a member of the Management Board is set at sixty-five years. The Management Board is appointed for two years; its members are appointed or reappointed by the Supervisory Board. Membership in the Management Board may be revoked by the Supervisory Board or by the shareholders' meeting. The Supervisory Board determines the method and amount of remuneration for each member of the Management Board. It also determines the number and price of subscription or purchase options for Company shares conferred on members of the Management Board and, where applicable, the number of Company shares that may be allocated to them free of charge and establishes the conditions for the allocation of such shares.

The Management Board meets as often as is required in the interests of the Company, in cases provided for by law and in order to examine all operations requiring prior authorization from the Supervisory Board. Every three months, the Management Board presents the Supervisory Board with a report summarizing the main actions or events that have occurred in the management of the Company. It must contain all the information needed to inform said Board of the progress of business. The Management Board may, at any time, present the Supervisory Board with a special report on any exceptional operations, their exceptional nature being assessed by the Management Board under its responsibility.

A meeting of the Management Board is called by its Chairman or, failing this, by any other member of the Management Board. It meets at the place indicated in the convocation. In order for the deliberations of the Management Board to be valid, at least half the members in office, including the Chairman, must be present.

All the decisions of the Management Board must be taken by a majority if the members present and represented. In the event of a tie, the Chairman will have the deciding vote.

The Management Board has full powers to act in the name of the Company in all circumstances; it exercises these powers within the limits of the company's objectives, under the control of the Supervisory Board and subject to the powers expressly assigned to the shareholders' meetings and to the Supervisory

Board by law or by the Articles of Association The Supervisory Board confers the position of Chairman of the Management Board on one of the members of the Management Board for the duration of his term of office. The Chairman of the Management Board represents the Company in its relations with third parties.

Under the terms of the discussions of the Supervisory Board meeting on 20 April 2005, the following were appointed as members of the Management Board: Mr. José Luis Duran (Chairman of the Management Board), Mr. Jacques Beauchet, Mr. Javier Campo, Mr. José Maria Folache and Mr. Guy Yraeta. Their terms of office were renewed for a period of two years with effect from 20 April 2007. Under the terms of its discussions on 22 January 2008, the Supervisory Board appointed Mr. Gilles Petit and Mr. Thierry Garnier as members of the Management Board.

During the course of the 2007 fiscal year, the Management Board met 25 times, with an average rate of attendance of over 99%.

The discussions of the Management Board related in particular to the following subjects:

- ▶ definition of the 2008-2010 strategic plan and approval of the strategic plans at country level;
- ▶ the study of tactical acquisitions' operations and rationalization of the business portfolio;
- ▶ the valuation of property assets and liabilities;
- ▶ operational matters such as sustainable development, international negotiations, preparation of sales programmes, etc.
- ▶ preparation for the Shareholders' Meeting and the study of requests submitted by Blue Capital;
- ▶ the budget, the annual and half-year accounts, quarterly results, the related financial announcement, the implementation of a share buyback programme;
- ▶ human resources questions: the Worldwide Employees Shareholding Programme, lifting of affiliation conditions, appointments, definition of the long term remuneration policy (purchase options, free share allocation, etc.);
- ▶ a two day strategic seminar with the Supervisory Board.

1.1.2. The Supervisory Board

On 7 March 2007, Comet BV designated Mr. Bernard Bontoux as its permanent representative on the Supervisory Board effective immediately. During its meeting of 7 March 2007, the Supervisory Board took note of the resignation of Mr. Luc Vandeveldel from his position as Chairman of the Board, and co-opted Mr. Robert Halley in his capacity as member of the Supervisory Board and appointed him Chairman.

Following resolutions adopted by the Shareholders' Meeting of 30 April 2007, the Supervisory Board has eleven members: Mr. Robert Halley (Chairman), Mr. Amaury de Sèze (Vice-Chairman), Mrs. Anne-Claire Taittinger, Mr. René Abate, Mr. Sébastien Bazin, Mr. Nicolas Bazire, Mr. René Brillet, Mr. Jean-Martin Folz, Mr. José Luis Leal Maldonado, COMET BV (represented by Mr. Bernard Bontoux) and Halley Participations (represented by Mr. Pierre-Jean Brenugat).

The Board took care to assess the independence of each member of the Board, as regards the general management performed by the Management Board. As regards the criteria recommended by the Bouton report on the corporate governance of listed companies and the recommendation of the European Commission, the Supervisory Board believes that of its members, five can be considered independent members who have no relationship of any kind whatsoever with the Company, its Group or its management that could compromise the exercise of their freedom of judgment. Thus, Mrs. Anne-Claire Taittinger, Mr. René Abate, Mr. Jean-Martin Folz, Mr. José Luis Leal Maldonado and Mr. Amaury de Sèze are independent members. The fact that Mr. René Brillet was a former employee does not prevent him from being considered an independent member, in that Mr. Brillet, now retired, has no relationship with Carrefour that could lead to a conflict of interests and affect his judgment.

Each member of the Supervisory Board must hold a minimum of one thousand shares during the duration of his or her term of office. The term of office is four years. During the course of the 2007 fiscal year, the Supervisory Board met 12 times (including one two-day strategic seminar with the Management Board), with an average rate of attendance of 97%.

During its meetings, the Supervisory Board discussed the following subjects in particular:

- ▶ the 2008-2010 strategic plan; budget, the study of tactical acquisitions' operations and rationalization of the business portfolio; valuation of property assets and liabilities;
- ▶ the composition of the Board and its Committees (appointment of a new Chairman following the resignation of the Chairman, proposals to appoint new members), modification of internal regulations and the allocation of director's fees, adaptation of the exit conditions for corporate officers to new legal provisions;
- ▶ examination of the annual and half-yearly accounts, quarterly results and the related financial announcement;
- ▶ approval of authorizations requested by the Management Board (stock buyback programme, implementation of long term remuneration plans);

- ▶ reports on the work of the Board's Committees (Committee for Remuneration, Appointments and Corporate Governance and the Audit Committee), renewal of the terms of office of members of the Management Board.

Under the terms of a press release dated 5 March 2008, the Halley Family Group announced its intent to terminate the shareholder pact among its members effective 15 April 2008, on which date Comet BV and Halley Participations will cease to belong to the Supervisory Board.

1.2. The Supervisory Board Committees

The Group has two specialized Committees. They were created in 2005 by the Supervisory Board and their members were chosen from amongst its members. The purpose of these committees is to examine certain specific questions in greater detail and to make recommendations to the Supervisory Board.

1.2.1. The Audit Committee

The prerogatives of the Audit Committee include:

- ▶ Annual and half-yearly financial statements for which:
 - it examines the corporate and consolidated financial statements before they are presented to the Supervisory Board,
 - it verifies that proper and consistent accounting methods are used to draw up corporate and consolidated financial statements,
 - it analyses the intermediate and preliminary results and the comments on them before they are made public,
 - it verifies that the internal procedures for collecting and auditing information ensure that the aforementioned accounting methods can be correctly applied,
 - it considers changes and adaptations of the accounting principles and rules used to draw up the financial statements.
- ▶ stock market regulations, for which it monitors the quality of the procedures and information relating to stock market regulations (reference document);
- ▶ the internal and external auditing of the Company and of its main subsidiaries, for which:
 - it evaluates proposals for the appointment or reappointment of the company's Statutory Auditors and their remuneration,
 - it evaluates, with those responsible for internal control, the Group's internal control systems.
- ▶ risk assessment: it regularly examines risks of a financial, strategic or operational nature with the Management Board.

The committee can make use of the information available from the Group's Finance and Management Director. Once annually, it can hear the Statutory Auditors under conditions stipulated by the Committee.

The Committee is composed of four members designated by the Supervisory Board from amongst its members, with a majority of independent members. The Chairman of the Committee is designated by the Supervisory Board.

Since April 2007, the membership of the Committee has been as follows:

Chairman : Jean-Martin Folz (independent member),
 Members : René Brillet (independent member),
 Amaury de Sèze (independent member),
 Sébastien Bazin.

The Committee meets at least three times per year. Two meetings are scheduled before the presentation of the annual and half-yearly financial statements. For its deliberations to be valid, at least half its members must be present. A member of the Committee may not be represented by a proxy.

During the course of the fiscal year 2007, the Committee (which met four times) proceeded, amongst other things, to examine the 2006 financial statements, the methods of consolidation and the Group's balance sheet, commitments with respect to retirement, delegations of authority, key events and principal options summaries of the income statement and balance sheet, the cash flow statement and financing, and the year-end accounts for 2007.

At each of its meetings, the Audit Committee analysed the summary of the work performed by the internal auditors. The Committee oversees the independence of the internal auditors and ensures that the resources allocated to internal auditing are adequate to accomplish the assignment.

1.2.2. The Committee for Remuneration, Appointments and Corporate Governance

The Committee intervenes in the following areas:

- ▶ proposals to the Supervisory Board for the appointment of its members and the members of the Management Board,
- ▶ proposals for the remuneration of corporate officers and the allocation of director's fees,
- ▶ assessment of the overall stock-option package and the allocation of free shares,
- ▶ information on the appointment and remuneration of members of the Corporate Management Committee,
- ▶ verification of the quality of information circulation between the Management Board and the Supervisory Board.

The Committee is composed of four members designated by the Supervisory Board from amongst its members, with a majority of independent members. The Chairman of the Committee is designated by the Supervisory Board.

Since April 2007, the membership of the Committee has been as follows:

Chairman: Anne-Claire Taittinger (independent member),
Members: José-Luis Leal Maldonado (independent member),
René Abate (independent member),
Bernard Bontoux.

The Committee meets at least once a year. It can meet at the request of the Chairman of the Supervisory Board or of two members of the Committee. For its deliberations to be valid, at least half its members must be present. A member of the Committee may not be represented by a proxy.

During the course of the fiscal year 2007, the Committee (which met 10 times) defined and proposed to the

Supervisory Committee the terms under which a share purchase option plan and "performance share" plans (free shares) could be granted. It determined the remuneration amount for corporate officers, as well as the variable part of such remuneration, proposed to the Supervisory Board the financial conditions applicable to departing members of the Management Board, if applicable, in accordance with new legal provisions introduced by the TEPA law, and analysed the competitiveness of remuneration for corporate officers. The Committee also evaluated the functioning of the Supervisory Board and assessed the independence of its members as compared with general management.

The Committee also submitted the proposed reappointment of members of the Management Board to the Supervisory Board, and it examined and validated the proposed new organization of Company management which, at the beginning of 2008, led to the appointment of two new members of the Management Board, as previously mentioned.

II - INTERNAL CONTROL SYSTEM

2.1. Introduction

The Carrefour Group uses the following definition of internal control:

- ▶ Internal control is a process conducted under the control of the Management Board. It is implemented by executive management and company personnel and is intended to provide reasonable assurance that the following objectives are met within each business unit:
 - the implementation and optimization of operations,
 - the reliability of financial information, and
 - compliance with laws and regulations in force;
- ▶ the internal control process allows the prevention and monitoring of risks resulting from the company's operations and of risks of misstatements or fraud, especially in the accounting and financial fields. As is the case for any system of control, however, it cannot provide an absolute guarantee that these risks will be totally eliminated.

The report that follows describes the Group's internal control procedure, in particular measures relating to the preparation and processing of accounting and financial information. The scope of the Group covered by the report extends to all subsidiaries consolidated using the full integration method, that is, the companies in which the Group exercises a decisive influence, whether directly or indirectly.

When the AMF recommendation was published, the Group took the opportunity offered by this framework to enrich this report. In particular, the internal control report is now divided

into two major chapters: the first describes the internal control system as a whole, while the second specifies the elements of the system for the accounting and financial fields.

The controls underlying this report consisted of updating the principles described in the prior report with the Group's main functions affected by the themes addressed here.

2.2. Internal control environment

2.2.1. Organization of the Group

The Group is organized geographically in order to take into account the specific local characteristics of the markets in which the Group operates. The countries (excluding France) are grouped together into regions. The Hard Discount operations are specifically grouped together, with a vertical organization that is more suited to its operations.

Until 2007, the Management Board relied on a Management Committee that brought together the main countries, regions and operations as well as the main support departments.

As of January 2008, the organization was changed. France, Europe (excluding France), Asia and Latin America, the Hard Discount operation and the main support departments are now represented on the Management Board.

The Finance Department directly reports to the Chairman of the Management Board.

The Management Board defines the strategy and provides guidance. It defines priorities (country objectives and major support projects).

The Group is decentralized to the extent that each country directly controls the operational aspects associated with its activity. The activities are divided into business units that are made up of all stores in a given format (e.g., hypermarkets, supermarkets, etc.) in a given country. Each business unit is run by a management team, which includes operational managers and the support service managers required to conduct activity.

The majority of countries have centralized functions which are not directly related to the stores' operational activities, particularly the administrative, financial and IT functions. This centralization allows stakeholders (customers, suppliers, employees and managers) to have centralized channels of communications to respond to questions they may have during their relationship with the operational companies.

The dissemination of the Group's principles and values to the Group's foreign subsidiaries takes place through an active expatriation policy targeting the principal management functions.

2.2.2. Delegation of authority

The Group's executives at all levels exercise their responsibilities within the limits of their defined functions. Each manager is free to determine the action that he or she must take to reach agreed objectives while adapting to circumstances. The freedom of initiative underlying this concept of responsibility requires the observation of rules for the delegation of authority, particularly concerning commitments with regard to third parties. These lines of authority are now in place for the main operational and support managers. For the majority of corporate entities, the Group implemented delegations of authority listing the specific decisions that require the prior approval of the Board of Directors or equivalent body in each applicable company. Delegations or sub-delegations among managers and their subordinates are the responsibility of each company with the support of the Group's legal department.

Investment decisions are governed by procedures defined by the Group, which provide for the approval of the Group's Investment Committee beyond a certain threshold.

The Group favours the operational hierarchical line, which is fully responsible for the profitable and controlled development of its business units. The operational line managers are also responsible for defining the extent of support services required.

Employees and their managers each have job and task descriptions as well as a list of control points allowing them to ensure an internal control level compatible with each brand's commitments.

2.2.3. Human resources

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

The Group's Human Resources Department leads this function by defining broad approaches, making best practices and tools available and managing their implementation.

Job descriptions are available for the main jobs and business units. These job descriptions refer to the controls needed for supervision of the activity and serve as a framework for the individual assessment system. The progressive implementation in 2008 of a common skills management system will be an opportunity to broaden these job descriptions.

Training schemes outlined in the annual plan aim to ensure progressive mastery of an activity combining specific know-how and management skills. Training is provided when an employee moves into a new position to ensure individual development.

Succession plans have been in place since 2003 for the Group's main management positions.

The majority of countries have implemented an annual employee evaluation system. Furthermore, the principal management positions are monitored by the Group's Human Resources Department.

Remuneration policies are managed by the Group's Human Resources Department for the principal management positions, and are handled at the country level for other positions in accordance with broadly defined guidelines. The Group uses several tools to control the implementation of these broad guidelines: regular feedback of performance indicators, in-country inspections and systems to determine employee opinions at various levels through questionnaires and focus groups.

2.2.4. Information systems

The Group's Information Systems Department is responsible for ensuring the coordination and consistency of the Group information systems strategy. It leads a network of IS country-level managers who report to the applicable country's Executive Director. It also relies on Professional Skills Centres which provide support to country-level Information Systems Departments for the selection, deployment and development of specific business applications at various levels, depending on the given country's issues.

It is responsible for a three-year strategic plan, validated by the Management Board, which defines the direction

for each support and technical field as well as the IS rules of governance.

Significant projects are validated by the Group Request Management Committee, which includes the project management team, members of the Management Board and an independent team assisted by experts who help the Committee to assess the project's strategic nature, its financing and its feasibility. In particular, the Committee's role is to ensure the overall consistency of projects with the company's objectives. The Group Information Systems Department provides all countries with a methodology guide that defines best practices and project management recommendations. The Request Management Committee also examines the management principles underlying the submitted project.

The Group's Information Systems Security Department is responsible for the governance of information systems security, especially the definition of security standards and the supervision of their implementation at the country level through local contacts in each country and an expertise centre at the Group level. A strategic plan, validated by the Management Board, defines the guidelines for controlling IT risk, the protection of sensitive information, back office robustness and access to the information system. This plan, which is the result of a risk assessment, identified security measures allowing the reasonable reduction of risk. Protecting the Group's network is one of the cornerstones of this process, characterized by centralized Internet access, remote access and antivirus protection. Concerning applications, security management standards are applied while taking associated risk into consideration. Information system robustness is one of the plan's key priorities, especially with respect to disaster recovery, crisis management and more detailed management of system resources.

2.2.5. Procedures, operating methods and tools

Documentary databases containing procedures and operating methods are available for most functions and are accessible to all authorized persons.

The support services guarantee and promote progress. Their task consists in designing and implementing tools and reports that are ready for use by operational staff, identifying synergies and proposing innovations. They play a role as guarantor and whistleblower with respect to methods and practices. They are organized in functional networks (or "Lines"); in other words, within a given Support Department the countries appoint contacts to operate in a network with other countries or, at Group level, work on projects, exchange best practices or promote activities in their field of expertise.

Moreover, specific activity experts within the organization of "Lines" guide the operational teams by making

recommendations on matters of merchandising, organization and compliance with product mix. These specialists provide technical support to operational staff in stores by demonstrating best practices, deploying projects, checking control points and undertaking periodic audits with diagnoses and action plans.

The standards, established for each position, are ordinarily available on-line in an electronic medium to all authorized persons.

2.2.6. Principles and values

In order to develop a shared culture, Carrefour has defined a framework allowing each employee to fulfil his or her tasks and to contribute to the long-term viability and development of the Group. This framework, which serves as a foundation for individual and collective action, includes values, a mission statement and guidelines.

The values are: Freedom, Responsibility, Sharing, Respect, Integrity, Solidarity and Progress. The mission defines objectives with regard to the various stakeholders in the activities of the company. The guidelines define the conditions for implementing strategy and provide rules of behaviour and operational management. They serve as a point of reference for decisions.

The dissemination of this framework and its implementation is achieved in the first instance through training, but also through its integration into the company's structures. For example, the values have been integrated into the system for evaluating the performance of top management. The framework defines a working environment that is also used as a framework for internal control activity. For example, the two-level decision rule aims to ensure that unusual actions are subject to approval by line management.

The code of ethics, an expression of values and the Group's commitments which was released in 2004, was updated in 2007.

Finally, according to the environment and the risks specific to each country, the latter may implement an ethics hot line.

2.3. Information and Communications

In order to allow everyone in the Group to assess the materiality of his or her contribution and the importance of his or her responsibility in terms of internal controls, the Group relies on a unique and uniform process for setting objectives and analysing performance.

Objectives are set annually within the framework of the budgetary process based on a multi-year strategic plan. This

process is organized around the collection of budget data from the appropriate levels of responsibility (i.e., the department level in hypermarkets and supermarkets and the store level for Hard Discount stores). The information gathering process is accompanied by various stages of approval, one of the main stages being at business unit level (see Section 2.2.1 above). Giving all managers (that is, all those responsible for leading teams or for overseeing an income statement for an activity) responsibility for agreed and approved budget objectives is an essential component of effective management control.

The budget is broken down on a monthly basis so that everyone, at each level, can monitor his or her performance throughout the year. It contains commercial and financial data and specific performance indicators. During the year the capital expenditures planned for in the budget are subject to updated profitability studies and specific authorizations.

The countries send this management reporting data to the Group on a monthly basis. It concerns commercial activity (especially sales, customer flows, average purchase amounts, sales area, store openings) and financial activity (especially income statement, balance sheet, cash flow table).

The accounting data is reconciled with management data each time the financial statements are drawn up.

The scope of this reporting (companies, methods of consolidation, percentage of interest, etc.) is identical to that applied to the Group's consolidated financial statements. In this way the Group uses the same management reporting information for decision-making as that obtained from its consolidated accounting. The same figures are used for financial communication at the time the half-yearly financial statements are produced.

Each month, actual performance is compared to the budgeted performance and to the previous year's performance.

A summary of the performance of the Group and the countries is presented to the Management Board. The Supervisory Board receives a summary of sales trends and performance indicators each month.

The financial control team is available to help managers draw up and monitor budgets, participate in validation phases, propose action plans made necessary by discrepancies found in their implementation and, broadly speaking, help insure the reliability of the entire process and of the financial data collected thereby.

2.4. Risk management

Risk management is adapted to the Group's decentralised structure.

2.4.1. Risk management at the Country/BU level

The monitoring and control of decentralized risk exposure depends on local managers, as close as possible to risks related to the activities they perform or supervise.

The process of drawing up a strategic plan is a chance to take stock of the principal risks and outside opportunities.

Since 2004, self-assessment questionnaires on internal controls, derived from best practices in controlling risks, have been sent to those responsible for selected processes, within a geographic area representative, on a spot basis, of the main sphere of the Group's activities. These questionnaires have provided a means of measuring the existence and proper application of internal controls on a self-assessment basis. Wherever controls have not been formalized or when they are judged ineffective, a "remediation" plan is put into action whereby recommendations are sent to each manager involved so that he or she can rectify any deficiencies in the internal control system.

Monthly performance reviews contribute to detecting the appearance and the occurrence of risks. The support services, in their role as guarantors and promoters of progress, may identify risks and suggest action plans to the line managers with a view to controlling them.

2.4.2. Risk management at Group level

Risks have been mapped at the Group level in the context of the draft Financial Security Act. Mapping is aimed at identifying potential internal and external risks and measuring their relative importance and the probability of their occurrence. The assessment of these risks by the Country and Group Directors and of their impact on the financial statements facilitated the review of internal process controls over a three year period on the basis of self-assessment questionnaires. Risk mapping served as a foundation for defining internal audit initiatives to be included in the half-yearly Audit Plan.

In 2007, the Group focused its attention on certain points:

- ▶ the identification of major areas of risk in the financial statements, accompanied by a self-assessment process by the Group's main Business Units;
- ▶ mapping of risks at the country level, health risks as well as operational risks at the store level, a process undertaken by the Risks Prevention Department which aims to deepen understanding of risks and develop preventative actions.

The principal risks and the systems implemented by the Operational and Support Departments to control them are described in the Reference Document.

2.4.3. Crisis management

Carrefour Group is exposed to potential crises given its functions, its size, its diversity and its presence in emerging markets. The Group's Quality, Liability and Risks Department defined and provided all Business Units with crisis management standards ("Minimum Ticket"), permitting the latter to implement procedures adapted to their own situation.

More specifically, as an extension of operational risk mapping, a disaster recovery plan which includes in particular preparations for a possible pandemic was developed at the Hypermarket level in France.

Furthermore, a system of feedback on known incidents was implemented at the Group level.

2.5. Control activities

Monitoring of operations and projects is ensured by monthly performance reviews that are systematically conducted for both the operational line and the support lines.

The establishment of a corporate model as part of the mapping procedure has made it possible to segment the Group's activities into major processes of a strategic, operational and support nature.

At the end of 2006, all of the Group's business unit managers have at their disposal complete documentation on internal control procedures resulting from the self-assessment questionnaires, since all of the Group's key processes were covered during the 2003-2006 period. This documentation indicates the key points of control or the best practices that should be implemented to effectively cover risks. It also draws attention to the malfunctions that are likely to occur when controls are not effective, thus boosting the concerned manager's accountability. This documentation of process control points has given rise to the establishment of a shared repository of best practices for internal control procedures for use by all of the Group's countries and functions.

This work has contributed to standardizing the level of internal control throughout the Group and enables each activity to benefit from best practices.

In 2007, the Group focused its self assessment on accounting and financial control activities.

2.6. System monitoring

2.6.1. Managerial control

The monitoring of internal control by management is carried out daily on a continuous basis, insofar as commercial operations require attention at all times, particularly on store sales floors.

The "Lines" and activity experts actively participate in control activities in the countries/BU and implement control systems to allow the correct application of stated principles to be measured.

In the scope of the Group's decentralized structure, each Business Unit defines and implements the organization that is appropriate for managing the internal control system within its context. Several of them have implemented internal control functions that are mainly focused on compliance.

Performance reviews contribute to regular monitoring of the system at each management level.

2.6.2. Internal Audit

In 2007, the Group developed the Internal Audit Department to refocus its mission on controlling the Group's principal risks.

2.6.2.1 Assignment

Within the framework of the Group's annual audit plan, the Internal Audit Department is involved in evaluating the management of internal control for all operations. This assignment is performed independently from management.

The Audit Department is involved at all levels of the Group and in all of its companies.

This evaluation especially relates to the following components:

- ▶ the reliability and integrity of financial and operational information,
- ▶ the effectiveness and efficiency of operations,
- ▶ asset protection,
- ▶ compliance with laws, regulations and agreements.

The assignments and responsibilities of the internal audit are governed by a charter validated by the Management Board and the Audit Committee.

2.6.2.2. Organization

The Audit Department reports to the Chairman of the Management Board. The internal audit function is performed by full-time auditors whose professionalism is ensured by appropriate training and experience, spread across three geographic regions. The internal audit managers in each region report to the Group Audit Director, who reports to the Chairman of the Management Board.

The Department has a budget which is annually validated by the Management Board, allowing to properly carry out its mission. The budget is reviewed on an annual basis based on the development of the Group's functions and its scope.

At the end of December 2007, Carrefour Group had 47 internal auditors.

2.6.2.3. The Internal Audit Plan

A draft annual audit plan is drawn up by the Audit Department, relying in particular on the Group's process repository and on the mapping of risk for the Group's functions. This draft is the basis for discussions with the Group's principal managers. The annual audit plan may be supplemented at the request of the main operational or support managers. The Audit Manager assesses the request before deciding whether to incorporate it into the annual audit plan. Thus, the content of the mission is defined in line with the requesting party. The projected annual audit plan is then examined and validated by the Management Board and presented to the Audit Committee.

Specific missions may also be organized at the request of the Audit Committee in consultation with the Chairman of the Management Board.

2.6.2.4. Organization of internal audit assignments

The internal audit relies on standards and professional practices to carry out its missions. Much attention is paid to the specificities and the challenges of each activity in the Group, so that the audits are a source of added value for the concerned companies. Missions are always coordinated with the audited departments to avoid disturbing their operations to the extent possible.

Missions are carried out either by the Internal Audit Department itself or, when necessary to have access to all useful skills for a relevant analysis of risks and procedures, by teams which bring together members of the Internal Audit Department and other Group departments or divisions. The internal audit may call on outside advisors if necessary.

2.6.2.5. Reports and summaries

A detailed report and a summary is drawn up for each audit. They are validated and distributed under the following conditions:

- ▶ a final document which includes the audit report, the summary, any written observations by management, management's corrective action plans and any replies by the Audit Department to management's observations, is provided to the audited party, the Executive Director and the audited company's Finance Manager. The corrective action plans specify the major lines of action, responsibilities for implementing the plan and the implementation schedule;
- ▶ a summary of this report is provided to the Chairman of the Management Committee, the Group's Chief Financial Officer and the manager of the concerned region.

Audits are subject to monitoring of the implementation of management action plans.

The Audit Manager informs the Chairman of the Management Board and the Audit Committee of the proper functioning of the audit plan as follows:

- ▶ each quarter, a detailed report addressing the execution of the audit program and its main findings, analyses and recommendations is presented to the Management Board. The results from monitoring the implementation of these recommendations are presented to the Management Board;
- ▶ each quarter, a summary report on the audit programme's performance as well its main findings, analysis and recommendations is presented to the Audit Committee. The results from monitoring the implementation of these recommendations are presented to the Audit Committee.

III - DATA RELATED TO ACCOUNTING AND FINANCIAL INTERNAL CONTROL

3.1. Organization of the accounting and management reporting function

The accounting function is provided by centralised teams in each country. These teams are part of the Finance "Line" led by the Group's Finance Department.

In recent years the Group has standardised the accounting system used in the various countries. In particular, this led to the implementation of an organizational model including the establishment of shared service centres (for the processing and payment of invoices for merchandise, fixed assets, general expenses and payroll) thereby standardizing and documenting the procedures in various countries and

ensuring an appropriate separation of tasks. Operating instructions are available to the users.

The management reporting function guarantees the reliability of financial management data.

3.2. Organization of the consolidation function

Each country is responsible for consolidating the financial statements at its own level. Consolidation at this level is provided by centralised financial teams in each country.

The Group consolidation team leads this process and is responsible for producing the Group's consolidated

statements. Responsibilities by region were defined as well as cross-over analysis responsibilities within the Group's team.

Group accounting principles are specified in a regularly updated document that is distributed to all those involved in the process.

Each country implements tools to address its specific consolidation needs. A tool was developed at the Group level to facilitate the transmission of data, the controls and the consolidation operations.

3.3. Risk and control activities

The LSF project conducted in recent years allowed us to identify and value our main financial risks. In 2007, a self-assessment questionnaire which focused on a limited number of major risks was sent to the financial directors in our main countries. The major risks in our business were identified by intersecting the points for analysis suggested by the AMF reference framework with the risk mapping and with the specifics of the sector and the Group.

The LSF documentary basis drawn up by the Group constitutes a baseline for the internal control of activities on which the Countries/BUs can rely.

In the scope of its regional and crossover responsibilities, the Group consolidation team carries out controls at the country consolidation level (in-country inspections, review of the reporting packages, identification of main options and any necessary corrections) and at the Group consolidation level (especially crossover analyses of items).

3.4. Half-yearly and annual financial statements

Since 2008, consolidation has occurred each quarter.

The subsidiaries prepare their statutory accounts, the consolidated financial statements for their region and adjust these reports into euros. The financial directors in these countries have a list of standard controls prepared by the Group consolidation team to be carried out on these consolidated financial statements.

The main options and accounting estimates are subject to systematic review by Group and the country financial directors, in cooperation with local external auditors.

The Group consolidation team's regular in-country visits at the time the financial statements are prepared are an opportunity to improve processes within the country (understanding and dissemination of the Group's accounting principles, addressing the country's specific issues, performing on-site controls). If necessary, inspections lead to the

issuance of recommendations to improve the country's consolidation procedures.

3.5. Control over financial communication

3.5.1. Role and mission of financial communication

The objective of financial communication is to inform:

- ▶ on a continuous basis: the regularity and continuity of the information flows must be ongoing. They are fundamental to the credibility of the company and guarantee the loyalty of its shareholders.
- ▶ by sending a clear and coherent message: communications must allow investors to acquire a precise and accurate understanding of the value of the company and the capacity of its management to develop it. Investors must be properly informed in order to make decisions;
- ▶ by respecting the principle of the equality of shareholders with regard to information: by ensuring that any information of a financial nature that may have an impact on its market price is made public through a single, centralized source at Group level.

3.5.2. Organization of financial communication

Financial announcements are addressed to a diverse public, primarily comprised of institutional investors, individuals and employees, through four channels:

- ▶ the shareholder relations department is responsible for informing the general public (individual shareholders);
- ▶ the Finance Department and the Chairman of the Management Board are the sole contacts for analysts and institutional investors;
- ▶ the Human Resources Department, with the support of the Communications Department, manages information intended for employees;
- ▶ the Communications Department manages relations with the press.

In practice, the financial message is prepared in close collaboration between the Finance Department and the Communications Department.

It is delivered as required by law (via an annual shareholders' meeting) and the regulations of the French Financial Markets Authority (periodic publications, press releases). Furthermore, beyond its legal obligations, Carrefour employs a wide array of media for its financial communications. The Group chooses between the press, the Internet, direct telephone contact, individual meetings or special meetings in response to events of an exceptional nature, depending on the importance of the event.

3.5.3. Procedures for controlling financial information

The Finance Department is the exclusive purveyor of financial information.

Internal control over the financial communication process essentially rests on adhering to the principle of equality among shareholders. Any press release or important announcement is prepared by mutual agreement between the Financial

Communications Department, which is part of the Finance Department, and the Group Communications Department.

The segregation of roles and responsibilities allows for strict independence between the Management Board, the departments concerned (e.g., the Mergers and Acquisitions Department) and the Financial Communications Department.

STATUTORY AUDITORS' REPORT

PREPARED IN ACCORDANCE WITH ARTICLE L. 225-235 OF THE FRENCH COMMERCIAL CODE, ON THE REPORT PREPARED BY THE CHAIRMAN OF THE SUPERVISORY BOARD OF CARREFOUR S.A., ON THE INTERNAL CONTROL PROCEDURES RELATING TO THE PREPARATION AND PROCESSING OF FINANCIAL AND ACCOUNTING INFORMATION

Year ended 31 December 2007

To the Shareholders,

In our capacity as statutory auditors of Carrefour S.A. and in accordance with Article L. 225-235 of the French Commercial Code, we report to you on the report prepared by the Chairman of the Supervisory Board of your company in accordance with Article L. 225-68 of the French Commercial Code for the year ended 31 December 2007.

It is for the Chairman of the Supervisory Board to give an account, in his report, notably of the conditions in which the tasks of the Supervisory Board are prepared and organized and the internal control procedures in place within the company. It is our responsibility to report to you our observations on the information set out in the Chairman's report concerning the internal control procedures relating to the preparation and processing of financial and accounting information.

We performed our procedures in accordance with professional guidelines applicable in France. These require us to perform procedures to assess the fairness of the information contained in the Chairman's report on the internal control procedures relating to the preparation and processing of financial

and accounting information. These procedures notably consisted of:

- ▶ obtaining an understanding of the internal control procedures related to the preparation and processing of financial and accounting information underlying the information presented in the Chairman's report as well as the existing documentation;
- ▶ obtaining an understanding of the work that allowed this information and the existing documentation to be drawn up;
- ▶ determining if the material weakness in the internal control relating to the the preparation and processing of accounting and financial information that we may have identified in the course of our audit are properly described in the Chairman's report.

On the basis of these procedures, we have no matters to report in connection with the information concerning the internal control procedures relating to the preparation and processing of financial and accounting information contained in the report of the Chairman of the Supervisory Board, prepared in accordance with Article L. 225-68 of the French Commercial Code.

Paris La Défense and Neuilly sur Seine, 28 March 2008

The Statutory Auditors

KPMG AUDIT
A division of KPMG S.A.

Jean-Luc Decornoy
Partner

Deloitte & Associés

Jean-Paul Picard

This is a free translation into English of a report issued in the French language and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

ADDITIONAL INFORMATION

CONSOLIDATED STORE NETWORK

FRANCE	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Hypermarkets	117	117	179	179	175	178	178	179	179	192	194
Supermarkets		398	530	539	534	547	566	588	595	615	604
Hard Discount stores	367	384	418	424	459	487	578	630	782	811	840
Other formats	321	357	576	584	127	126	126	129	108	101	61
Total	805	1,256	1,703	1,726	1,295	1,338	1,448	1,526	1,664	1,719	1,699
EUROPE (excluding France)											
Hypermarkets	68	73	142	187	253	268	281	288	321	365	399
Supermarkets			181	480	548	650	651	690	765	746	957
Hard Discount stores			1,965	2,099	2,210	2,325	2,464	2,606	2,789	2,969	3,136
Other formats			76	263	173	130	210	240	223	241	229
Total	68	73	2,364	3,029	3,184	3,373	3,606	3,824	4,098	4,321	4,721
BELGIUM											
Hypermarkets					57	57	56	56	56	56	56
Supermarkets					72	73	73	77	79	79	79
Other formats					1	1	1	1			
Total					130	131	130	134	135	135	135
CZECH REPUBLIC											
Hypermarkets			3	6	7	8	9	10			
Total			3	6	7	8	9	10			
GREECE											
Hypermarkets			4	11	11	13	13	16	19	25	28
Supermarkets				85	82	142	101	120	148	164	197
Hard Discount stores			142	181	199	212	221	251	267	295	300
Other formats				46	46		47	60	52	51	32
Total			146	323	338	367	382	447	486	535	557

ITALY	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Hypermarkets	6	6	6	31	34	34	39	38	50	55	58
Supermarkets				192	173	203	205	226	238	247	249
Other formats			46	190	98	98	130	147	171	190	194
Total	6	6	52	413	305	335	374	411	459	492	501
POLAND											
Hypermarkets	1	3	7	8	9	13	15	17	32	42	72
Supermarkets			6	15	51	55	67	70	71	83	247
Total	1	3	13	23	60	68	82	87	103	125	319
PORTUGAL											
Hypermarkets	3	4	5	5	5	6	7	7	7	10	
Hard Discount stores			273	272	276	281	283	286	292	320	348
Total	3	4	278	277	281	287	290	293	299	330	348
ROMANIA											
Hypermarkets										7	11
Total										7	11
SLOVAKIA											
Hypermarkets				2	4	4	4	4			
Total				2	4	4	4	4			
SPAIN											
Hypermarkets	56	58	112	116	108	115	119	121	136	148	155
Supermarkets*			175	187	167	174	200	190	143	82	86
Hard Discount stores			1,541	1,609	1,649	1,700	1,778	1,836	1,891	1,961	2,072
Other formats			30	27	28	31	32	32			3
Total	56	58	1,858	1,939	1,952	2,020	2,129	2,179	2,170	2,191	2,316
SWITZERLAND											
Hypermarkets					8	8	8	8	9	9	
Total					8	8	8	8	9	9	
TURKEY											
Hypermarkets	2	2	5	8	10	10	11	11	12	13	19
Supermarkets				1	3	3	5	7	86	91	99
Hard Discount stores			9	37	86	132	182	233	339	393	416
Total	2	2	14	46	99	145	198	251	437	497	534
LATIN AMERICA											
Hypermarkets	84	101	112	120	124	135	147	157	148	204	255
Supermarkets			83	253	263	249	254	211	149	118	141
Hard Discount stores			106	201	263	313	413	488	520	539	572
Other formats											5
Total	84	101	301	574	650	697	814	856	817	861	973
ARGENTINA											
Hypermarkets	18	21	22	22	22	23	24	28	28	30	59
Supermarkets				138	132	141	141	114	114	118	103
Hard Discount stores			106	201	246	246	285	310	319	325	329
Total	18	21	128	361	400	410	450	452	461	473	491

BRAZIL	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Hypermarkets	49	59	69	74	74	79	85	85	99	143	150
Supermarkets			83	115	131	108	113	97	35		38
Hard Discount stores					17	67	128	178	201	214	243
Other formats											5
Total	49	59	152	189	222	254	326	360	335	357	436
CHILE											
Hypermarkets		1	2	3	4	4					
COLOMBIA											
Hypermarkets		1	2	3	5	8	11	15	21	31	46
MEXICO											
Hypermarkets	17	19	17	18	19	21	27	29			
ASIA											
Hypermarkets	39	59	80	94	105	123	144	170	191	202	238
Supermarkets								6	8		
Hard Discount stores						0	55	164	225	255	275
Total	39	59	80	94	105	123	199	340	424	457	513
CHINA											
Hypermarkets	7	14	20	24	24	32	40	56	70	90	112
Supermarkets								6	8	0	
Hard Discount stores							55	164	225	255	275
Total	7	14	20	24	24	32	95	226	303	345	387
HONG KONG											
Hypermarkets	2	4	4								
INDONESIA											
Hypermarkets		1	5	7	8	10	11	15	20	29	37
JAPAN											
Hypermarkets				1	3	4	7	8			
MALAYSIA											
Hypermarkets	3	5	6	6	6	6	7	8	8	10	12
SINGAPORE											
Hypermarkets	1	1	1	1	1	1	2	2	2	2	2
SOUTH KOREA											
Hypermarkets	3	6	12	20	22	25	27	27	31		
TAIWAN											
Hypermarkets	17	21	23	24	26	28	31	34	37	47	48
THAILAND											
Hypermarkets	6	7	9	11	15	17	19	20	23	24	27

GROUP	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Hypermarkets	308	350	513	580	657	704	750	794	839	963	1,086
Supermarkets	0	398	794	1,272	1,345	1,446	1,471	1,495	1,517	1,479	1,702
Hard Discount stores	367	384	2,489	2,724	2,932	3,125	3,510	3,888	4,316	4,574	4,823
Other formats	321	357	652	847	300	256	336	369	331	342	295
Total	996	1,489	4,448	5,423	5,234	5,531	6,067	6,546	7,003	7,358	7,906

* In 2006, the Supermarket format in Spain consolidated the Carrefour Express stores. The entire supermarket network was sold or closed and reclassified in accordance with IFRS 5 as income from discontinued operations.

SALES AREA PER FORMAT (consolidated stores)

(in millions of m ²)	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Hypermarkets	3,075	3,489	4,580	5,256	5,674	6,180	6,510	6,885	7,087	7,620	8,539
Supermarkets			1,195	1,968	2,117	2,132	2,277	2,321	2,319	2,283	2,446
Hard Discount stores		232	794	906	997	1,093	1,255	1,466	1,674	1,850	2,065

SALES AREA PER COUNTRY (consolidated stores)

	Hypermarkets	Supermarkets	Hard Discount stores	Total
France	1,889	1,129	539	3,557
Europe (excluding France)	3,045	1,129	1,282	5,456
Belgium	365	141		507
Greece	167	213	96	476
Italy	429	305		735
Poland	418	223		641
Portugal	0		133	133
Romania	89			89
Spain	1,421	131	955	2,507
Turkey	155	115	98	368
Latin America	1,745	188	180	2,114
Argentina	376	127	97	600
Brazil	1,094	62	83	1,239
Colombia	274			274
Asia	1,860		63	1,923
China	848		63	911
Indonesia	287			287
Malaysia	111			111
Singapore	15			15
Taiwan	365			365
Thailand	235			235
Group	8,539	2,446	2,065	13,050

The total does not include the sales areas of other Group formats, such as convenience stores.

COMMERCIAL STATISTICS

CONSOLIDATED HYPERMARKET DATA

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Sales per m ² (annual net sales in euros)	7,930	7,410	7,410	8,110	7,214	6,594	6,319	6,109	6,201	6,023	5,959
Sales per store (annual net sales in millions of euros)	79	74	66	67	65	58	55	53	52	48	47
Annual number of customers going through check-outs	733	818	974	1,115	1,206	1,264	1,355	1,466	1,487	1,563	1,680

ANNUAL NUMBER OF CUSTOMERS GOING THROUGH CHECK-OUTS IN CONSOLIDATED HYPERMARKETS BY REGION AT 31 DECEMBER 2007

(in millions)	2007	2006
France	371	370
Europe	487	478
Latin America	277	243
Asia	546	472
Total	1,680	1,563

GROSS SALES BY REGION AND FORMAT AT 31 DECEMBER 2007

(in millions of euros)	Hypermarkets	Supermarkets	Hard Discount stores	Other Formats	Total
France	22,818	9,105	2,831	7,330	42,085
Europe	18,983	6,048	4,579	4,750	34,359
Latin America	7,925	796	782	272	9,775
Asia	5,938	0	114	0	6,052
Total	55,665	15,949	8,306	12,352	92,272

Information on branded store network

All formats	France	Europe	Latin America	Asia	Group
Total commercial sales incl. tax (in millions of euros)	46,470	40,025	9,693	6,254	102,442
2007/2006 change (in %)	1.6	3.4	36.0	10.4	5.3
% of total commercial sales incl. tax	45.4	39.1	9.5	6.1	100.0
Number of stores	5,515	7,860	1,096	520	14,991
Sales area (in m ²)	5,482,567	7,282,003	2,146,681	1,987,769	16,899,020

Hypermarkets

Total commercial sales incl. tax (in millions of euros)	24,392	22,116	7,925	6,140	60,573
2007/2006 change (in %)	1.4	2.1	36.5	10.3	6.1
% of total commercial sales incl. tax	23.8	21.6	7.7	6.0	59.1
Number of stores	218	445	255	245	1,163
Sales area (in m ²)	2,027,455	3,406,969	1,744,909	1,925,028	9,104,362
Total commercial sales incl. tax/m ² (in euros)	12,031	6,491	4,542	3,190	6,653

Supermarkets

Total commercial sales incl. tax (in millions of euros)	13,964	9,311	796		24,071
2007/2006 change (in %)	1.6	6.2	20.2		3.9
% of total commercial sales incl. tax	13.6	9.1	0.8		23.5
Number of stores	1,021	1,546	141		2,708
Sales area (in m ²)	1,814,675	1,747,437	188,307		3,750,419
Total commercial sales incl. tax/m ² (in euros)	7,695	5,328	4,226		6,418

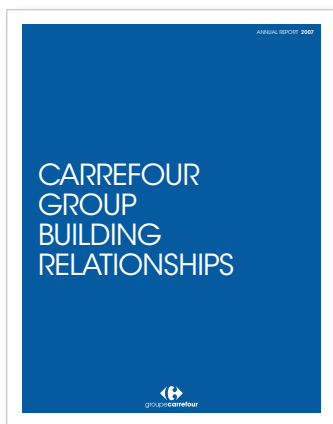
Hard Discount stores

Total commercial sales incl. tax (in millions of euros)	3,005	5,942	886	114	9,948
2007/2006 change (in %)	5.4	6.2	34.7	17.5	8.1
% of total commercial sales incl. tax	2.9	5.8	0.9	0.1	9.7
% Number of stores	897	4,299	695	275	6,166
Sales area (in m ²)	583,287	1,597,058	212,965	62,741	2,456,050
Total commercial sales incl. tax/m ² (in euros)	5,152	3,721	4,161	1,821	4,050

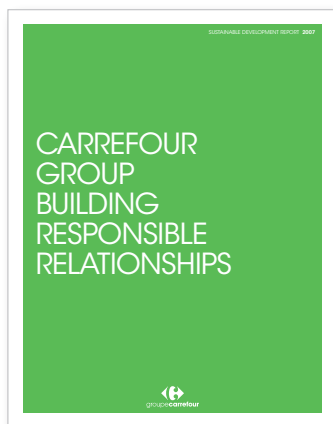
Other

Total commercial sales incl. tax (in millions of euros)	5,109	2,655	85		7,850
2007/2006 change (in %)	0.8	- 1.8			1.0
% of total commercial sales incl. tax	5.0	2.6	0.1		7.7
Number of stores	3,379	1,570	5		4,954

OTHER PUBLICATIONS:



2007 Annual Report



2007 Sustainable Development Report

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Carrefour SA with capital of 1,762,256,790 euros

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