2005 ANNUAL REPORT

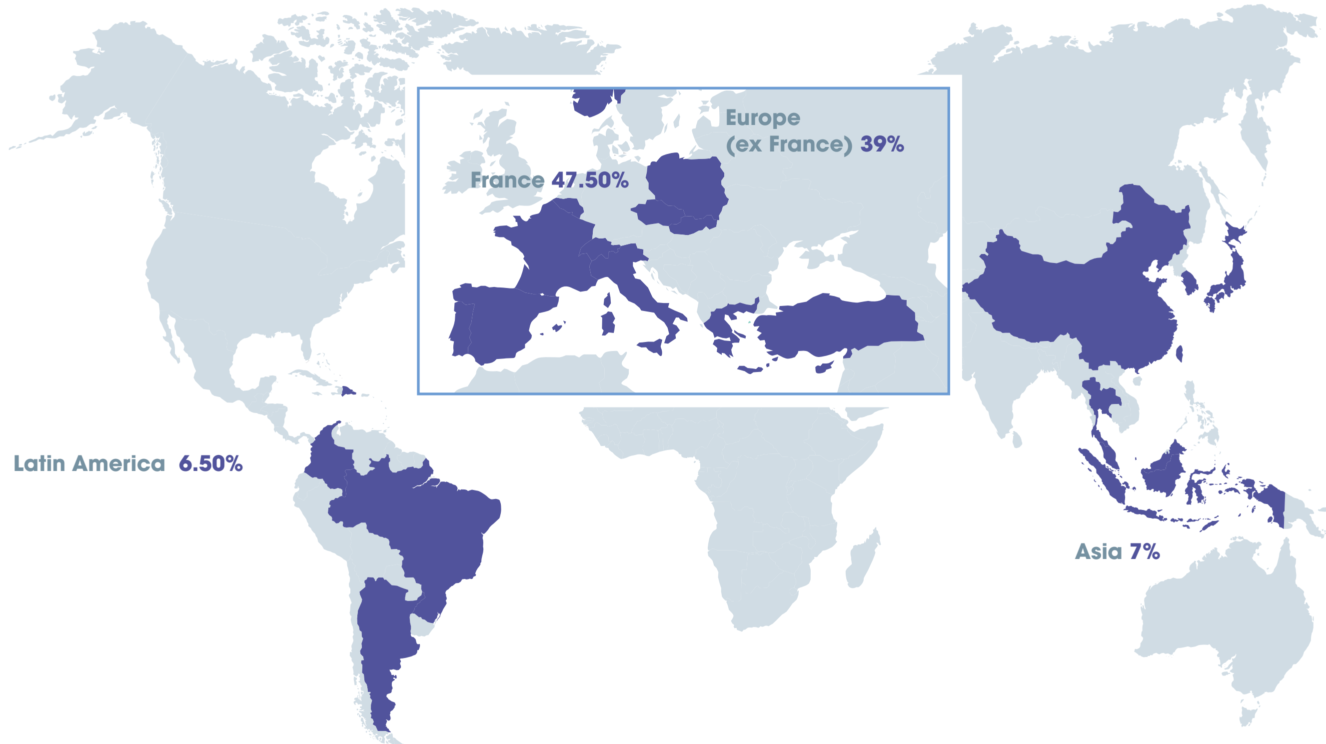
groupecarrefour


No.1
IN EUROPE
No.2
WORLDWIDE
30
COUNTRIES
12,028
STORES
436,474
EMPLOYEES
14,513,074
SQ.M OF SALES FLOOR AREA
93.614
BILLION EUROS
SALES INCL. TAX UNDER GROUP BANNERS IN 2005
OVER
3 BILLION
CASH TRANSACTIONS PER YEAR FOR ALL FORMATS

CARREFOUR IN 2005

An international multi-format Group with a presence in 30 countries

Breakdown of sales (incl. tax) under Group banners by region



HYPERMARKETS

Carrefour

59% of Group sales | 273,239 employees | 926 stores

SUPERMARKETS

Champion, GS, GB, GLOBI, Gima

24% of Group sales | 84,047 employees | 2,455 stores

HARD DISCOUNT

Dia %, Ed, Minipreço

9% of Group sales | 41,550 employees | 5,451 stores

CONVENIENCE, CASH & CARRY and other businesses

8% of Group sales | 37,638 employees

Convenience stores

SHOPI, Marché Plus, 8 à Huit, GB express, Contact, dìperdì, 5 Marinopoulos, Smile market

3,046* stores

Cash & carry

Promocash, Docks Market, Gross

150 stores

E-commerce

ooshop.com Le cybermarché de Carrefour

* Excluding the Sherpa and Proxi banners (1,582 stores)

Store locations as of December 31, 2005

Europe	Year of establishment	Portfolio of stores: Number of employees	sales incl. tax under banners in millions of euros	Growth in sales incl. tax under banners at constant exchange rates	HYPERMARKETS	Franchised	SUPERMARKETS	Franchised	HARD DISCOUNT	Franchised	CONVENIENCE	Franchised	CASH & CARRY	Franchised	Total
France	1963	135,103	44,468	-0.6 %	179	37	595	429	782	22	-	1,654	108	25	3,831
Spain	1973	67,903	13,619	2.1 %	136	5	143	-	1,891	828	-	-	-	-	3,003
Italy	1993	26,061	7,320	2.7 %	50	1	238	214	-	-	155	820	16	1	1,495
Belgium	2000	18,422	5,285	0.4 %	56	-	79	185	-	-	-	206	-	-	526
Greece and Cyprus	1991	13,366	2,295	12.1 %	19	-	148	-	267	95	52	103	-	-	684
Portugal	1992	5,250	1,306	4.3 %	7	-	-	-	292	98	-	-	-	-	397
Poland	1997	15,397	1,173	23.1 %	32	-	71	-	-	-	-	-	-	-	103
Switzerland	2001	2,501	645	0.7 %	9	3	-	-	-	-	-	-	-	-	12
Turkey	1993	8,677	1,359	37.7 %	12	-	86	-	339	24	-	-	-	-	461
Total		**292,680**	**77,468**	**0.8 %**	**500**	**46**	**1,360**	**828**	**3,571**	**1 067**	**207**	**2 783**	**124**	**26**	**10,512**

Latin America	Year of establishment	Number of employees	sales incl. tax under banners in millions of euros	Growth in sales incl. tax under banners at constant exchange rates	HYPERMARKETS	Franchised	SUPERMARKETS	Franchised	HARD DISCOUNT	Franchised	CONVENIENCE	Franchised	CASH & CARRY	Franchised	Total
Brazil	1975	48,354	3,944	-1.8 %	99	-	35	-	201	35	-	-	-	-	370
Argentina	1982	19,066	1,519	14.1 %	28	-	114	-	319	33	-	-	-	-	494
Colombia	1998	5,492	664	28.5 %	21	-	-	-	-	-	-	-	-	-	21
Total		**72,912**	**6,127**	**-5.7 %**	**148**		**149**		**520**	**68**					**885**

Asia	Year of establishment	Number of employees	sales incl. tax under banners in millions of euros	Growth in sales incl. tax under banners at constant exchange rates	HYPERMARKETS	Franchised	SUPERMARKETS	Franchised	HARD DISCOUNT	Franchised	CONVENIENCE	Franchised	CASH & CARRY	Franchised	Total
China	1995	35,414	2,064	26.3 %	70	-	8	-	225	-	-	-	-	-	303
Taiwan	1989	9,591	1,353	11.1 %	37	-	-	-	-	-	-	-	-	-	37
South Korea	1996	6,326	1,538	9.4 %	31	-	-	-	-	-	-	-	-	-	31
Thailand	1996	7,432	484	8.2 %	23	-	-	-	-	-	-	-	-	-	23
Indonesia	1998	7,979	518	33.9 %	20	-	-	-	-	-	-	-	-	-	20
Malaysia	1994	3,537	226	10 %	8	-	-	-	-	-	-	-	-	-	8
Singapore	1997	603	97	6.2 %	2	-	-	-	-	-	-	-	-	-	2
Total		**70,882**	**6,280**	**9.7 %**	**191**		**8**		**225**						**424**

Partner countries (franchised)

Country	Year of establishment	Number of employees	sales incl. tax under banners in millions of euros	Growth in sales incl. tax under banners at constant exchange rates	HYPERMARKETS	Franchised	SUPERMARKETS	Franchised	HARD DISCOUNT	Franchised	CONVENIENCE	Franchised	CASH & CARRY	Franchised	Total
Belgium	2000				-	-	-	62	-	-	-	-	-	-	62
United Arab Emirates	1995				-	10	-	-	-	-	-	-	-	-	10
Saudi Arabia	2004				-	2	-	-	-	-	-	-	-	-	2
Oman	2000				-	1	-	-	-	-	-	-	-	-	1
Qatar	2000				-	1	-	-	-	-	-	-	-	-	1
Egypt	2002				-	3	-	-	-	-	-	-	-	-	3
Tunisia	2001				-	1	-	4	-	-	-	-	-	-	5
Romania	2001				-	5	-	-	-	-	-	-	-	-	5
France (French overseas territories)	1988				-	9	-	39	-	-	-	56	-	-	104
Dominican Republic	2000				-	1	-	-	-	-	-	-	-	-	1
Norway	2004				-	-		5	-	-	-	-	-	-	5
Japan	2000				-	8	-	-	-	-	-	-	-	-	8
Total			**3,739**			**41**		**110**				**56**			**207**

	Number of employees	sales incl. tax under banners in millions of euros	HYPERMARKETS	Franchised	SUPERMARKETS	Franchised	HARD DISCOUNT	Franchised	CONVENIENCE	Franchised	CASH & CARRY	Franchised	Total
Group total		**93,614**	**839**	**87**	**1,517**	**938**	**4,316**	**1,135**	**207**	**2,839**	**124**	**26**	**12,028**

groupecarrefour

MESSAGE FROM THE CHAIRMAN OF THE SUPERVISORY BOARD

Fiscal year 2005 represented a fundamental stage in the development of the Carrefour group. We can indeed be proud and satisfied with the progress we have made since our shareholders decided to make a number of profound changes in April 2005. Strengthened by the implementation of a mode of corporate governance equal to the challenges faced by the Group and by the appointment of a new management team willing and able to deal with those challenges, the Carrefour group has energetically prepared the ground for its return to sustainable value creation.

As evidence of this strategic turnaround, the Group had the foresight to rethink its structure, define and stabilize its pricing strategy, revive innovative initiatives, move out of countries and activities which were underperforming or no longer of strategic importance, and accelerate the pace of its development. Thanks to the involvement, enthusiasm and motivation of all of its employees, the Group is now in a position to be confident about its renewed competitiveness and can devote its creativity to the service of its customers.

I would like to stress, in particular, the excellent functioning of the Group's governing bodies, whose complementarity and collegial administration provide us with a method of managing the company that is perfectly suited to the diversity of its store formats and its extensive geographical network. More generally, the Group's new principles of organization contribute to a high level of responsiveness in the face of competition, and help to promote decentralized decision-making and quicker implementation of decisions, resulting in a higher level of customer satisfaction throughout the world.

As fundamental qualities in an increasingly competitive international context, responsiveness and efficiency once again figure prominently among the strong points of the Carrefour group. Confronted with its major international competitors, these qualities will enable it to meet tomorrow's challenges and provide better responses to the demands of the constantly changing global retail distribution market.

I have confidence in the ability of the Group's management team to continue the satisfactory implementation of our strategy and successfully complete the major projects already underway, which are beginning to give us a glimpse of the Carrefour group of the future.

Lastly, as a major economic and social player on the international scene, the Carrefour group must exercise its activities in a socially responsible way. In this regard, the Group's employees contribute each day to the improvement of product quality, to customer safety and to local economic development, and are doing their part to protect the environment.

In view of the progress we made in 2005, I am more than ever convinced that the Carrefour group is in a strong position to ensure that 2006 will mark a return to profitable and sustainable growth, which is the best guarantee of lasting value creation.

Luc Vandevelde

INTERVIEW WITH THE CHAIRMAN OF THE MANAGEMENT BOARD

José Luis Duran, with the publication of the 2005 Annual Report, what is your overall assessment of the year 2005?

2005 represents a crucial turning point in the Carrefour group's strategy. We confronted this crucial period against a difficult background of intensified competition, weaker consumer spending in Europe and a rapidly changing regulatory environment in France. In the light of this situation, we not only rethought our economic model and our strategy, but above all our ambitions. By tracing out the most direct route from the existing situation to our objectives, we dared to break a number of taboos. In particular, we broke with a policy of short-term results, which favoured margin growth to the detriment of growth in sales and long-term results. Our objective is to be among the three leading players in the retail distribution sector in each of our markets.

And the first results are already in:

- We have found the way back to growth, with the opening of more than a million square metres of new sales floor area through organic growth, in addition to 425,000 sq.m from tactical acquisitions, whilst the average pace of growth over the last five years never exceeded one million square metres.
- Our sales increased by 6.1% on a like-for-like basis and by 4.3% worldwide at constant exchange rates, and by 28% in Latin America, 20.5% in Asia, 6.1% in Europe (excluding France) and 1.2% in France.
- We have recaptured market share in grocery retailing* as a result of our determined pricing policy, particularly in France. In this market, our entire range of banners gained market share of 0.6 point in grocery retailing in 2005 and, as a result of their pricing offensive, Carrefour hypermarkets in France increased their market share by 0.3 point. This shows the exceptional vitality of the hypermarket format when we offer customers the best product range at the best price.

Thanks to the efforts made in 2005, the Carrefour group has built a firm foundation for stronger and more sustainable growth in 2006. That is also why we withdrew from four countries (Japan, Mexico, the Czech Republic and Slovakia) and why we disposed of two of our activities (catering outlets in France and the cash & carry business in Spain) where the Group was no longer in a position to maintain its leadership position. From now on, we are concentrating all our resources on our strategic assets (i.e. those that show a potential for profitability and strong growth). Today, the course is clear for us and our teams.

What is your outlook for 2006-2008?

The strategy begun in 2005 is a fundamental strategy designed for the medium term (through to 2008), and we are pursuing it with determination. We are controlling costs in all regions. Our average net debt is improving, in spite of rising investments and dividends.

** Sources: Nielsen and Secodip.*

Our financial expenses are down by 6%. Our net income per share from recurring operations is stable overall and our healthy net cash flow ensures that we have the resources we need to carry out our strategic plan.
Although I remain cautious, I am optimistic: the Group has a high potential for growth. Over the 2006-2008 period, we will open on average twice as many hypermarkets throughout the world as between 2001 and 2004. In fact, we plan to add 1.5 million sq.m annually through organic growth and we will take advantage of the best opportunities for tactical acquisitions. Naturally, we will pay scrupulous attention to the allocation of capital and to the profitability of all these investments.

How do you intend to build loyalty among your customers?

Our customers are at the heart of the Carrefour group's strategy. The best proof that we have regained the trust of our customers is an increase in sales and in our grocery market share in France. The new pricing strategy in France that

INTERVIEW WITH THE CHAIRMAN OF THE MANAGEMENT BOARD

I have already mentioned was a necessary prerequisite, and we plan to maintain our competitiveness in 2006.
And we are going even further, by strengthening our initiatives in the area of customer relations. To that end, we still need to increase our understanding of current trends in our customers' purchasing behaviours, customs and lifestyles.
This can be accomplished by making better use of our databases. On the basis of this improved understanding of the attitudes of our customers and by more clearly anticipating their expectations, we can adapt our product range accordingly by implementing a more targeted price strategy and by further developing our product mix and services.
In 2005, we launched some major strategic programmes to prepare for these changes. This involves an in-depth change in our approach to developing goods and services.

What are the priorities and time frames for these projects?

These programmes will be implemented over the entire duration of the plan. They naturally imply a profound change in our management methods and tools.
In practice, this project must enable us to win market share in all sectors, and not only in the grocery and fresh produce sector where we are already the leader, but in non-food segments as well. All our teams are mobilized to offer the best range of products and services.
Market testing carried out in Spain in 2005, with small Carrefour hypermarkets and the MaxiDia stores, shows that we are continually getting closer to our customers and their expectations and that innovation in this sphere tends to pay off.

How is this strategy put into practice by employees?

A strategy can only succeed if the idea is transformed into action, and then the action is transformed into results.
The best guarantee of the successful implementation of our strategy is therefore the exceptional know-how and energy of our 436,000 employees. Their daily commitment to customer service is without a doubt our best asset.
A number of teams participated directly in the preparation of the strategic plan through participating in task forces that brought together people from all store formats and all geographical areas, possessing the full range of functional and operational skills.

It is this direct upstream involvement that facilitates implementation and guarantees that these programmes can be made fully operational.
Based on the success of these task forces, we decided to modify the organization of the Group by simplifying our structures and reinforcing the teams in direct contact with the customer. This simplification and the reallocation of resources have allowed us to strengthen our in-store teams.
In France, we recruited and trained some 15,000 employees, which puts the Carrefour group, once again, at the top of the list of national recruiters.

What are your priorities in terms of sustainable development?

Our customers also think and act as citizens. We have fully incorporated sustainable development into our new strategy. All of the Group's employees are developing projects that respond in concrete terms to the concerns and expectations of the populations that we serve throughout the world, in areas such as food safety, nutrition and social responsibility. For instance, in Colombia, Carrefour was one of the main industry leaders involved in the production and sale of substitute products to replace the cultivation of crops for illicit use. For its efforts in this area, Carrefour Colombia was awarded the United Nations Vienna prize.
In Thailand, Carrefour has initiated an aquaculture project at Baan Nam Kem to help the fishermen of southern Thailand reconstruct the aquaculture facilities destroyed by the tsunami of December 2004. At a time when the overexploitation of marine resources is becoming a cause for alarm, the Carrefour group is marketing four frozen fish items in France and Belgium under its own brand name which are the product of responsible, environmentally friendly fishing practices. These are just a few examples that illustrate our commitment to sustainable development.

In conclusion, would you say that the Carrefour group is once again a growth company?

Trust cannot be imposed;
it must be earned.
Carrefour is an extraordinarily modern and proactive retail distribution enterprise turned resolutely towards the future; it is the second largest such enterprise in the world, and certainly the most international in scope.
I believe in our teams' ability to make the Carrefour group a lasting vehicle for international growth, and I am totally committed to that objective, as is the entire management team.

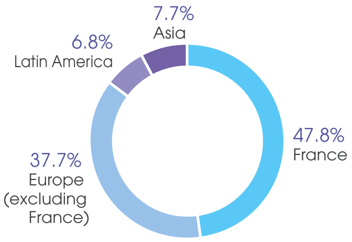
José Luis Duran

FINANCIAL OVERVIEW

2005 represented a new start for Carrefour. The Group adopted a strategy centred on customer satisfaction and growth and made some difficult choices concerning the development of its management structure, the allocation of its resources and the definition of its marketing strategy. The Carrefour group has simplified its management structure to facilitate decision-making and the implementation of its strategy. It has also strengthened its asset portfolio, by disposing of underperforming activities and by strengthening its position in its key markets. Carrefour has accelerated its growth by creating 1.5 million additional square metres of sales area in 2005 – a 50% increase over the sales floor area created in 2004. These strategic decisions to reposition its portfolio have had an impact on results with an exceptional charge of 372 million euros. Finally, Carrefour has maintained a consistent and determined marketing policy, particularly in France, where, for the first time since the year 2000, the Group won grocery market share over a full year.

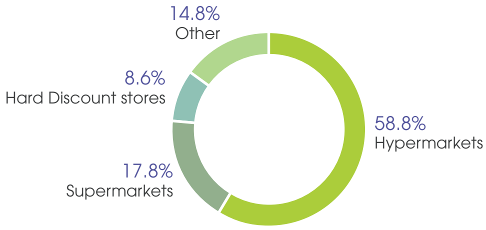
The 2005 results reflect the impact of these decisions. Net sales on a like-for-like basis and with constant exchange rates increased by 4.3%. Carrefour's commitment to maintain the lowest prices, particularly in France, led to a reduction of 0.2% in the Group's profit margin. Even though this reduction was partially offset by rigorous cost control policies, Activity Contribution declined by 2.9%. The strong rise in Activity Contribution at the international level (up 19%) partially offset the decline in France (down 16%). In 2005, for the first time in the history of the Group, international operations represented nearly half of Carrefour's EBIT before non-recurring items.

Breakdown of consolidated net sales by geographic region



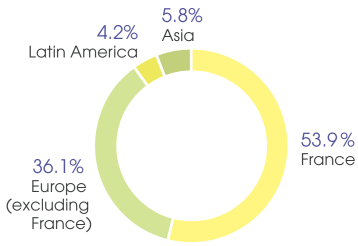
TOTAL 74,497 M€

Breakdown of consolidated net sales by store format



TOTAL 74,497 M€

Breakdown of Activity Contribution



TOTAL 3,175 M€

Consolidated net sales

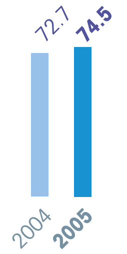
In 2005, consolidated net sales grew by 2.5%, which represents an increase of 4.3%, disregarding the impact of exchange rate and perimeter changes. In 2005, Carrefour sold its activities in Mexico, its Prodirest catering outlets in France and its cash & carry activities in Spain (Puntocash) and signed a franchising agreement with Aeon in Japan. The Group also decided to discontinue its operations under the Champion banner in Spain and Brazil.
In addition, it made the following acquisitions: 12 hypermarkets from Ahold in Poland, Aligros in Italy, Gima and Endi in Turkey, Chris Cash & Carry in Cyprus, the hard discount activities of the Rewe group in France and 11 Sonae hypermarkets in Brazil.
Carrefour also signed a memorandum of agreement concerning an exchange of its activities in the Czech Republic and Slovakia against the assets of Tesco in Taiwan.
Finally, at year-end 2005, the Group launched a simplified takeover bid for Hyparlo. The final conclusion of this transaction should strengthen the Group's position in France, with the acquisition of 12 hypermarkets. It should also provide access to new growth opportunities in Romania, where Hyparlo is currently the leading player in the hypermarkets segment, with five stores. Overall, the consolidation of Hyparlo should contribute additional full-year gross sales of approximately one billion euros.
In France, the Group's 2005 sales were down by 0.4%. In the Europe region, sales increased by 3.6% while in Latin America and Asia, sales grew by 7.5% and 12.6% respectively.
Gross sales (including tax) generated under the Group's retail banners amounted to 93.6 billion euros. Under its various trade names, Carrefour added nearly 1.5 million square metres of new sales floor area in 2005 (store openings and acquisitions combined) representing nearly 1,400 new retail outlets.

Activity Contribution (Group share)

The Group's Activity Contribution declined by 2.9%. This development reflects, in large part, our decision to lower prices across all our markets, particularly in France, as well as rigorous control of our general expenses.
The strong rise in Activity Contribution at the international level (up 19%) partially offset the decline in France (down 16%). In 2005, for the first time in the history of the Group, international operations represented nearly half of Carrefour's EBIT before non-recurring items.
The Group's Activity Contribution as a percentage of sales amounted to 4.3%, a slight decrease compared to 2004.

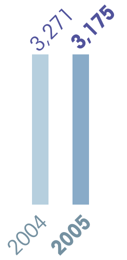
New totals after the application of IFRS standards, comparing the 2005 accounts with the published 2004 IFRS accounts adjusted for the depreciation of buildings over 40 years

Consolidated net sales
(in B€)



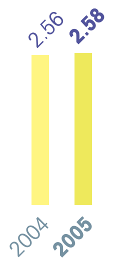
Activity Contribution before depreciation and amortization
(in M€)

Activity Contribution
(in M€)

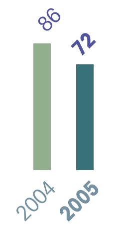


Net income from recurring operations, Group Share
(in M€)

Earnings per share from recurring operations
(in euros)



Debt ratio
(in % of equity)



Indebtedness

Net debt stood at 6.8 billion euros at year end, essentially unchanged compared to 2004. However, after eliminating the impact of the first application of IAS standards 32 and 39 as of January 1, 2005, net debt was reduced by nearly 500 million euros, as announced at the start of 2005.
In the final analysis, the net debt to cash flow ratio amounted to 53%, an improvement over 2004, in spite of the negative impact of the first application of IAS standards 32 and 39. Financial expenses were down by 6% over the year. Thus, despite the decrease in EBIT before non-recurring items, the financial expense coverage ratio improved, moving up from 6.7 x in 2004 to 7 x in 2005.

Net income from recurring operations, Group Share

Net income from recurring operations (Group share) increased by 1.2%, taking into consideration the 6% reduction in financial expenses and a 29.4% tax rate, essentially unchanged in 2005.

Earnings per share from recurring operations

Earnings per share from recurring operations stood at 2.58 euros, an increase of 0.9% compared to 2004. Group share of net income per share, after expenses related to divested activities or activities in the process of divestiture, amounted to 2.05 euros in 2005 versus 2.44 euros in 2004.

74.5 billion euros
Consolidated net sales

3,175 million euros
Activity Contribution (Group share)

7 x = EBIT /financial income
Indebtedness

1,807 million euros
Net income from recurring operations, Group Share

2.58 euros
Earnings per share from recurring operations

STOCK MARKET OVERVIEW

Capital

At December 31, 2005, Carrefour's equity capital totalled 1,762,256,790 euros.
This was made up of 704,902,716 shares with a par value of 2.50 euros compared with 705,119,550 shares one year earlier.

Distribution of capital

The distribution of capital among shareholders at December 31, 2005 was as follows:

Shareholders	Number of shares	In % of capital	Number of ordinary voting rights	In % of capital	Number of extraordinary voting rights	In % of capital
Halley family group	91,871,063	13.03	171,484,335	20.34	171,484,335	20.34
Owned shares	1	0.00	0	0.00	0	0.00
Controlled shares	0	0.00	0	0.00	0	0.00
Employees	15,482,998	2.20	30,178,621	3.58	30,178,621	3.58
Public	597,548,654	84.77	641,270,461	76.08	641,270,461	76.08
TOTAL	**704,902,716**	**100.00**	**842,933,417**	**100.00**	**842,933,417**	**100.00**

Carrefour shareholders' pact

By a letter of December 9, 2005 addressed to the French Financial Markets Authority (AMF), followed by a letter of December 12, the Halley family group stated that it would no longer act in concert with the March group with regard to the Carrefour company, beginning on December 7, 2005, owing to the early expiration, on the same day, of the agreement concluded on June 25, 2004.

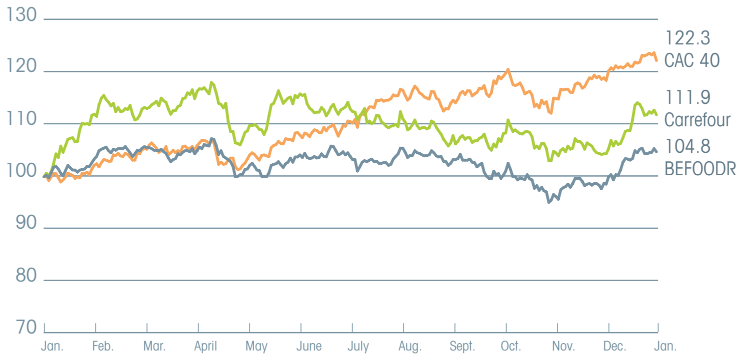
Carrefour stock

Carrefour is listed on the SRD Eurolist (Deferred Payment Service, ISIN code FR 0000120172).
It is included in the following indices: CAC 40, DJ Euro STOXX 50 and DJ Stoxx 50.
On December 30, 2005, the share was in 9th position in the CAC 40 index in terms of market capitalization, with a weighting of 2.89%.

(in euros)		2000	2001	2002	2003	2004	2005
Quoted price:	highest	91.8	69,4	58.15	46.34	44.11	41.75
	lowest	62.5	46.3	38.07	29.35	33.7	35.36
	on December 31	66.9	58.4	42.43	43.52	35.04	39.58
Number of shares on December 31		711,143,440	711,155,854	716,141,771	716,142,383	705,119,550	704,902,716
Market capitalization on December 31 (in billions of euros)		47.6	41.5	30.4	31.2	24.7	27.9
Average daily volume:		1,704,163	1,934,055	2,567,064	2,513,291	3,028,232	2,613,756
Net income per share from recurring operations		-	-	-	-	**2.56**	**2.58**
Net dividend		0.50	0.56	0.64	0.74	0.94	1*
Yield		0.74%	0.95%	1.50%	1.70%	2.70%	2.53%

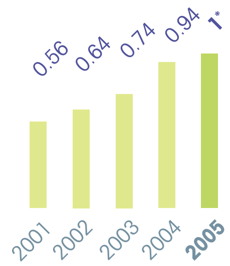
* Subject to the approval of the shareholders at their Annual Meeting on May 2, 2006.

Share price movements in 2005
compared with the CAC 40 index (basis 100)
compared with the BEFOODR index* (basis 100)



* The BEFOODR index includes: Carrefour, Casino, Colruyt, Delhaize, Sainsbury, Ahold, Metro AG, Wm Morrison and Tesco.

Dividend per share
(in euros)



* Subject to the approval of the shareholders at their Annual Meeting on May 2, 2006.

The Dividends are prescribed after five years to the benefit of the State.

Shareholder information

Carrefour shareholders have access to transparent, accurate and regularly updated information through:

A free telephone number for shareholders

Service available 7 days a week, 24 hours a day.
By dialing +33(0)1 53 70 19 00, shareholders have access to the following information:

- Group news and important events;
- The share price, its movement and that of the CAC 40;
- The calendar of meetings and financial publications — contact information can be left by voice mail to receive the Letters to Shareholders, the Shareholder's Guide or the Annual Report;
- Pure registered shares and their advantages — the shareholder is put through to an adviser of the Credit Agricole Indosuez Corporate Trust, appointed by Carrefour to manage registered shares;
- The Group's strategy and outlook by contacting the Shareholders' Service.

A Shareholders' e-mail alert

Register under the "Shareholders" section of the Carrefour website: http://www.carrefour.com.

The Letter to Shareholders

Sent to all registered and bearer shareholders who request it, the Letter to Shareholders appears twice a year, following the publication of the half-yearly results and the Annual Shareholders' Meeting.

The Shareholder's Guide

Meetings: the Annual Shareholders' Meeting, other shareholder meetings or meetings during the Paris Actionaria Exhibition.

Calendar of financial information

2005 Annual results	March 9, 2006
2006 first quarter sales	April 12, 2006
Shareholders' Meeting (on 2nd notification)	May 2, 2006
Payment of dividend	May 5, 2006*
2006 second quarter sales	July 12, 2006
2006 half-yearly results	September 7, 2006
2006 third quarter sales	October 11, 2006
2006 fourth quarter sales	January 11, 2007

* Subject to the approval of the shareholders at their Annual Meeting.

Contacts

Carrefour Group
Investor Relations

New address:
26 quai Michelet - TSA 20016
92695 Levallois-Perret Cedex
Tel.: +33 (0)1 53 70 19 00
investisseurs@carrefour.com

Carrefour Group
Shareholder Relations

New address:
26 quai Michelet - TSA 20016
92695 Levallois-Perret Cedex
Tel.: +33(0)1 53 70 19 00
actionnaires@carrefour.com

Registered shareholders

CACEIS Corporate Trust
Service Émetteurs-Assemblées
14, rue Rouget de Lisle
92862 Issy-les-Moulineaux Cedex 09
Tel.: +33 (0)1 43 23 84 24
Fax: +33 (0)1 43 23 89 03

2005
A YEAR OF PROGRESS

The Group now has a new management team and a new form of corporate governance, which is better suited to the company's requirements.
2005 was a year of strategic repositioning for the Carrefour group.
Over the full year, we gained grocery market share in France for the first time since 2000 as a result of a consistent pricing strategy focused on the customer.
We added 1.5 million square metres of new sales floor area, 50% more than in 2004.
Finally, in 2005, we optimized our asset portfolio.

New mode of governance

- A new Supervisory Board was formed in April.
- A new Management Board was appointed in April.

Portfolio of stores

- The Carrefour group has significantly strengthened its positions in all countries and optimized its asset portfolio.
- Strengthening of the Group's positions in Poland (February), Italy (April), Cyprus (May), Turkey (May), Brazil (June), France (July) and Taiwan (September).
- Divestitures in Japan (March), Mexico (March), Slovakia (September) and the Czech Republic (September).

Openings and expansions

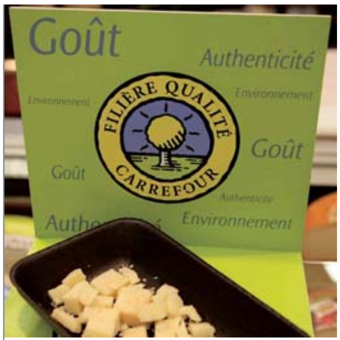
- 1.5 million sq.m of new sales floor area created – a level not achieved since 2000. 1,394 stores were opened throughout the world in 2005.
- Investments increased by 25%, a substantial part of which was dedicated to the opening and expansion of stores.
- 82 hypermarkets were opened (54 new stores and 28 acquisitions) in 2005 throughout the world. Opening of the 70th hypermarket in China.

Price repositioning

- Carrefour launched a major price offensive in France which has begun to produce results.
- Price competitiveness is an essential, non-negotiable element in all of our markets.

Recapture of market share in France

- Ongoing efforts to improve price competitiveness in 2005 enabled the Group to recapture grocery market share in France over the full year. Grocery market share for Carrefour hypermarkets increased by 0.3% in France according to Secodip. Overall, the Group's market share rose by 0.6% in France.



Safety and environment

- In early October, the Group organized the first Scientific Food Safety Symposium in Evian.
- A performance agreement was signed with Schneider Electric in June to reduce electricity consumption in stores in France by 10 to 15%.
- Four frozen fish products produced in accordance with environmentally responsible fishing practices were introduced in France and Belgium.

Our brands

- Launch of the third generation of Carrefour products in France: Carrefour, Carrefour Agir and Carrefour Sélection.
- Restructuring of the Champion brand. The latest version of the Champion brand comprises the following product ranges: Collection Champion, Éco Planète, Fair Trade and Organic.
- Restructuring of Carrefour brands in Brazil, China and Colombia.

EUROPE

KEY EVENTS IN 2005

2005 was characterized by a marked intensification of activity in Europe, where the Group strengthened its leadership position. Its vitality was reflected by numerous openings and acquisitions and by substantial price investments, particularly in France, Belgium and Italy. The Group also withdrew from certain underperforming markets such as Slovakia and the Czech Republic.

France

2005 was marked by sustained pricing efforts. As a result, hypermarkets gained 0.3% market share for grocery items according to Secodip. All store formats combined, the gain amounted to 0.6%.

Other noteworthy facts:

- The number of Carrefour loyalty card holders increased to 8 million;
- Carrefour and Champion product ranges were restructured;
- Existing Champion stores were modernized;
- Acquisition of 101 Pennymarket stores under the Ed banner;
- Sale of Prodirest to Transgourmet (Rewe);
- Acquisition of ten new motorway service stations.

Spain

In 2005, Carrefour Spain:

- Opened 4 hypermarkets in Talavera (Toledo), Pulianas (Granada), Cartaya (Huelva) and Coristanco (La Coruña);
- Launched an in-depth modernization of its existing supermarkets. In this regard, certain Champion stores were converted into Carrefour hypermarkets or into Dia hard discount stores;
- Sold the Puntocash cash & carry chain;
- Opened 5 new service stations;
- Launched a loyalty programme in Carrefour hypermarkets.

Portugal

Key development in 2005: a common organizational structure was established with Spain, particularly in the support and merchandise areas. Purchasing was pooled with Spain.

Italy

With a solid base in Italy, the Carrefour group continued its expansion in 2005 with:

- The opening and conversion of 8 supermarkets into hypermarkets and the opening of 4 new hypermarkets. Overall, hypermarket sales floor area was increased by 70,000 sq.m. Italy's 50th hypermarket opened for business in December 2005.
- The acquisition and opening of 92 new GS supermarkets;
- The acquisition, through a partnership with Aligros, of 160 mainly convenience stores in the Apulia region.

Overall, Italy has 975 convenience stores.

92 GS supermarkets were opened in Italy (including new stores and acquisitions).

Belgium

Carrefour Belgium's noteworthy developments in 2005 included:

- The purchase of T-Centrum resulting in the acquisition of 13 supermarkets in the Antwerp region;
- A strong pricing offensive. Price reductions concerned national brands, as well as Carrefour and GB products;
- Deployment of a non-grocery product range in supermarkets, and the modernization of GB Express and GB Contact;
- Happy Days card holders reached the 5 million mark.

Greece and Cyprus

The Group also expanded in Greece and Cyprus. In 2005, investments were made in an additional 45,000 sq.m of sales floor area.

The Group also obtained a foothold in Cyprus in 2005.

Thanks to the purchase of Chris Cash & Carry, the Group acquired 3 hypermarkets and 3 supermarkets.

Poland

Although the Group already has a strong base in this country, it pursued its development with the acquisition of 12 Hypernova stores from Ahold.

This acquisition places the Group in second place for hypermarkets with 32 hypermarkets and 71 supermarkets.

Turkey

In 2005, the Carrefour group moved into second place in this market.

The Group now operates throughout the country.

Through a large transaction in 2005, the Group acquired 2 Turkish retail banners:

- Gima, which positions the Group strongly in the supermarket segment, the dominant store format in this country;
- Endi, thanks to which the Group acquired 50 hard discount stores.

Switzerland

The Carrefour group operates 12 hypermarkets in Switzerland.

Substantial amounts were invested in pricing and promotional campaigns in spite of a very competitive market.

ASIA
KEY EVENTS IN 2005

Already established in eight Asian countries, the Carrefour group continued to strengthen its position in Asia in 2005. The Group also revitalized its marketing strategy in most of the Asian countries in which it operates through such developments as a franchising agreement in Japan, acquisitions in Taiwan, and store openings in China and Indonesia. Expansion in China was particularly intense.

China

In 2005, the Carrefour group celebrated ten years of activity in China. As of year-end 2005, Carrefour had 35,000 employees working in 70 hypermarkets, eight supermarkets and 225 hard discount stores. 2005 saw the strongest expansion ever in China with:

- The opening of 14 hypermarkets, 62 hard discount stores and 2 supermarkets;
- The implementation of a new organizational structure in 4 operating regions.

Results:

- The Carrefour group was once again, at year-end 2005, the leading international retail distributor in China;

Each year, several hundred department managers are recruited from the local population and more than 500 people are continually being trained in sales and management functions. They will be the managers of tomorrow in a country that is key to the Group's development.

Taiwan

Taiwan could be considered the bridgehead of the Group's operations in Asia, after China. At the end of 2005, Taiwan had 37 hypermarkets with nearly 10,000 employees.

The Group is the country's leading international retailer and has been operating there for 16 years.

Noteworthy events in 2005 included:

- The signature of an agreement with Tesco Taiwan. Six hypermarkets and two other projects currently underway should join the retail banner in 2006;
- A new marketing campaign to boost sales in hypermarkets.

South Korea

After 9 years of activity in this country, the Carrefour group is Korea's fourth largest retailer with 31 hypermarkets as of the end of 2005. The year 2005 in South Korea was marked by substantial efforts to boost Carrefour's sales dynamic in a very competitive market, along with the opening of 4 hypermarkets.

Indonesia

After 7 years of operation in Indonesia, as of the end of 2005, the Group had a total of 20 hypermarkets, thanks to the opening of 5 new stores. The Group is the second largest retailer in the entire country and the leader in the hypermarket format.

In 2005, the first hypermarket was opened outside of the Jakarta area.

Thailand, Malaysia and Singapore

At year-end 2005, the Group had 33 hypermarkets in these 3 countries.

In Thailand, where the Group is the third largest retailer in the hypermarket segment, Carrefour Quality Line contracts were signed with five suppliers for the cultivation of vegetables, fruit and rice.

In this very competitive market, the Group initiated a new sales dynamic through numerous promotional campaigns featuring an extensive product range and low prices.

Japan

The Group's activities (8 hypermarkets) were divested to Aeon in March 2005.

Aeon operates these eight stores as franchises under the Carrefour banner and distributes Carrefour brand products in the country.

LATIN AMERICA

KEY EVENTS IN 2005

The Carrefour group took advantage of improved economic conditions to revitalize its sales dynamic in Latin America, where it has been established for 30 years. 20 hypermarkets and 68 hard discount stores were opened in 2005.

Argentina

The Carrefour group has operated in Argentina for 23 years and has 28 hypermarkets, 114 supermarkets and 352 hard discount stores in the country, with over 20,000 employees. In 2005:

- The Group consolidated its position as the country's leading retailer with a 30% market share at year-end 2005.

This advance is the result of a "clustering" approach which consists in adapting stores to their economic and social environment. This approach was initiated in 2004.

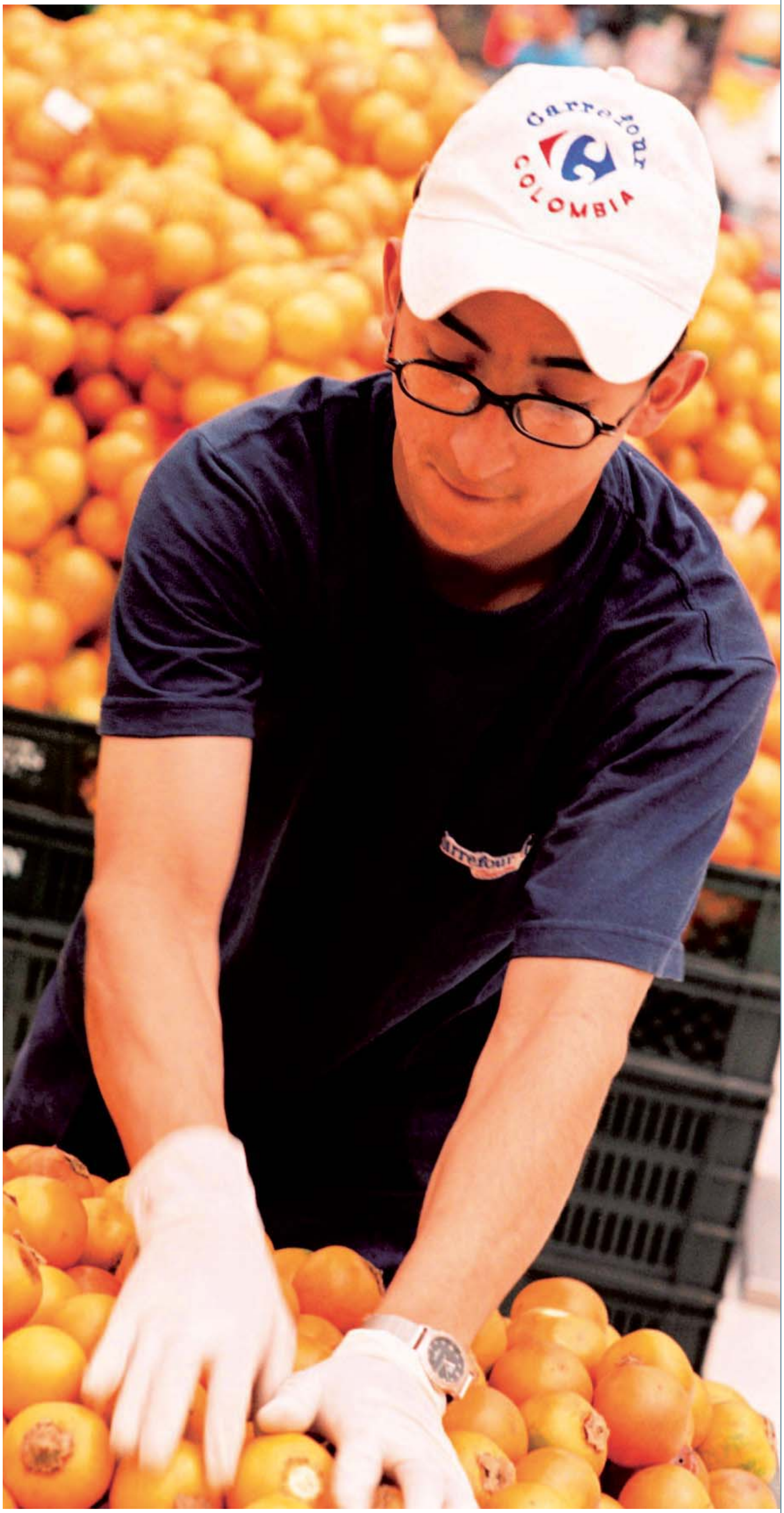
Brazil

As one of the Group's strongholds and historic markets, activity in Brazil was particularly buoyant in 2005, in spite of the difficult economic situation.

At year-end 2005, the Group had 99 hypermarkets, 35 supermarkets and 236 hard discount stores in Brazil. Overall, over 48,000 people are employed by the Group in the country.

Noteworthy events in 2005 included:

- The acquisition of 10 hypermarkets from the Sonae Group in Sao Paolo. As a result of this acquisition, the Group was able to strengthen its position in the Sao Paulo region;
- The opening of 4 new hypermarkets;
- The streamlining of its portfolio of existing supermarkets with store closings in the Rio de Janeiro region;
- The restructuring of Carrefour product ranges.



Colombia

The Carrefour group is the third largest retailer in Colombia and has been present in the country for seven years now.

In 2005, the Group continued its development in this country, where it had 21 hypermarkets at the end of 2005.

In 2005:

- 6 hypermarkets were opened;
- The "Gran Orden Merito a la Democracia" award was presented to Carrefour Colombia for its commitment to the sphere of social responsibility. Carrefour is the country's leading employer of disabled people and participates in a programme aimed at discouraging the cultivation of coca for illicit use;
- The Carrefour brand was launched;
- A training centre was opened.

Mexico

Carrefour withdrew from this country in March 2005. The Group sold all of its assets (29 hypermarkets) in Mexico to Chedraui.

This sale is in keeping with the Group's new strategy of disposing of non-strategic or underperforming operations.

STORES
FORMATS

The Carrefour group has taken full advantage of the multi-format retailing concept with its extensive range of hypermarkets, supermarkets, hard discount stores and convenience stores, operated directly by the Group or under franchising agreements. 2005 was a year of change as well as a year of growth. Change, because the traditional rules governing the relationship between sales floor area, store format and trade names were called into question in favour of innovations in products and store formats. And growth, because there were numerous new store openings, expansions and tactical acquisitions. As evidence of this new momentum, hypermarkets in France increased their food market share.

HYPERMARKETS

Where choice and value for money go hand in hand

In 2005, hypermarkets continued their development as well as their price offensive. Already the leading format in France, hypermarkets also intensified their expansion abroad. With operations in 30 countries, the Carrefour group opened 82 hypermarkets throughout the world in 2005.

Hypermarkets: the keystone of the multi-format strategy

With sales floor areas ranging from 3,000 sq.m to more than 20,000 sq.m, hypermarkets have an extensive catchment area.
They also attract a substantial amount of traffic. True to their mission, they offer a wide range of food and non-food products at very attractive prices "all under one roof". They normally carry between 20,000 and 80,000 product listings. Their distinctive feature is integrating discount pricing with the pleasure of shopping by combining a wide range of products, quality, innovation and modern facilities. Depending on their size, staff numbers range between 250 and 750 employees.
Today, Carrefour is expanding the services available to customers in hypermarkets. It is also endeavouring to create closer relationships with its customers, in order to serve them more efficiently.

HYPERMARKETS DESIGNED FOR CHINA

Chinese consumers, with limited access to cars and refrigerators, as well as limited space, shop more frequently than Europeans – three times a week on average. What do they appreciate most? Fresh products, such as those found in open-air markets. The Carrefour group has adapted to this demand by making the quality of fresh produce a top priority. Emphasis is also placed on giving stores a lively, friendly atmosphere where it is easy and practical to shop. At the end of 2005, the Group had 70 hypermarkets China.

An absolute priority: unbeatable prices in each store's catchment area

In 2005, the Group regained the initiative on pricing. The objective is to be the price leader or joint leader in each store's catchment area in France.
Over the year 2005, Carrefour hypermarkets in France won 0.3% market share for grocery items.

The three key ingredients

Along with this pricing offensive, three major initiatives, directed at customers, were conducted simultaneously:

1. Improvement of the product range

Carrefour has continued to adapt its product mix to local demand and expanded its product ranges.
The number of product listings increased by 6% in the grocery department, 7% in cosmetics and 8% in fresh produce in French hypermarkets.

2. Expansion of services

Insurance, financial services and travel services are just some of the services we are offering in our hypermarkets in France, Spain and Brazil, for example, and that we plan to develop in other countries as well.

3. Ongoing dialogue with our customers

In 2005, Carrefour developed a more targeted marketing strategy, thanks, in large part to the loyalty card and its detailed database. As a result, messages were clarified, new loyalty programmes were launched and highly targeted price reduction operations were deployed. The card, which was launched in April 2004 in France, was held by nearly 8 million customers at year-end 2005 and it was used for 63% of purchases.

Successful relaunch of the Carrefour brand

2005 was also marked by a restructuring of the Carrefour product range in France. Our teams adapted the range to the newly identified needs of customers through initiatives in pricing, quality and innovation. By the end of 2006, this range will include 11,000 mass-market products and miscellaneous household goods. The Carrefour brand is now featured more prominently on shelf displays.

It has also been expanded, with the addition of Carrefour Agir products and Carrefour Sélection products.

2005: the year hypermarkets were modernized in France

Existing hypermarkets were enlarged and renovated. 48,000 sq.m were added and 22 hypermarkets were enlarged in France, including stores at Angers Saint-Serge, Villabé and Annecy.

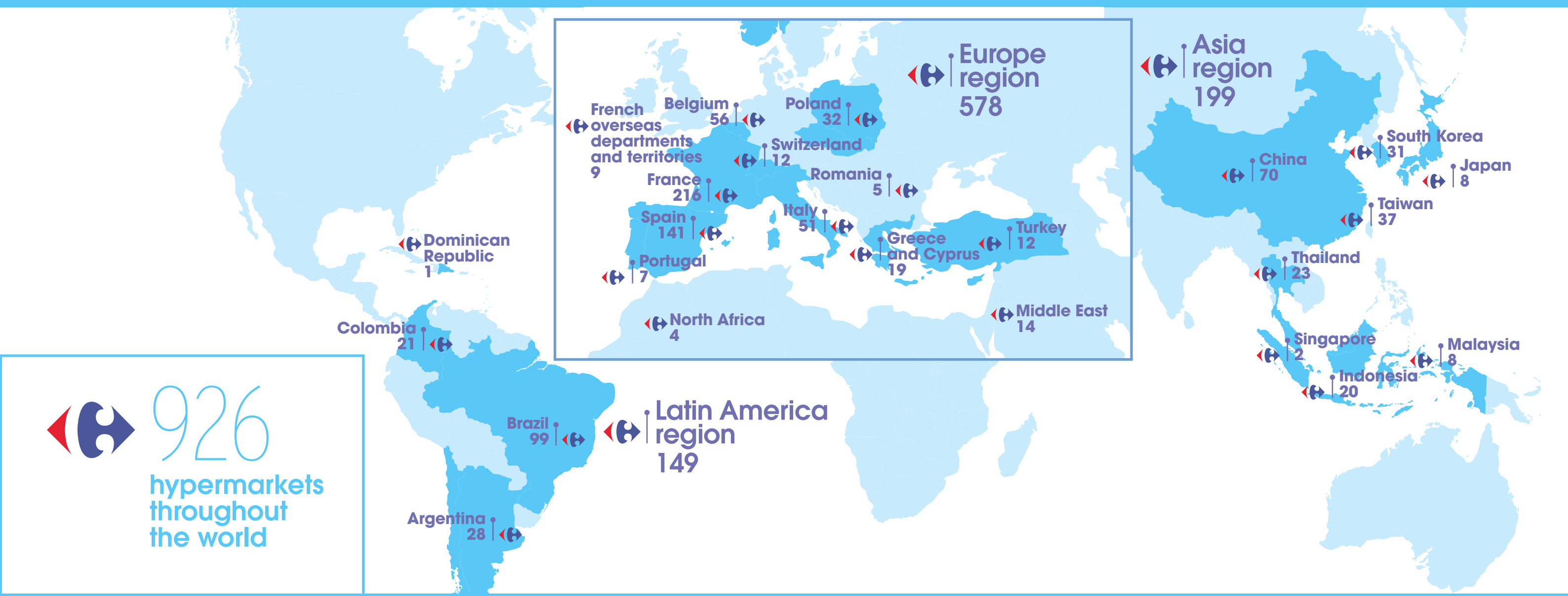
82
new Carrefour hypermarkets worldwide in 2005
- 54 openings
- 28 acquisitions

700,000 sq.m
of new sales floor area created

Nearly 8 million
customers have a Carrefour loyalty card in France

Over 4 million
customers have a Carrefour loyalty card in Spain

HYPERMARKET LOCATIONS THROUGHOUT THE WORLD AS OF DECEMBER 31, 2005



926
hypermarkets throughout the world

SUPERMARKETS

Fresh produce, convenient shopping and fair prices

2005 was rich in new developments for the Carrefour group's supermarkets with 226 new supermarkets, several new store concepts, 200 stores renovated in France, tactical acquisitions in Italy, Greece and Turkey, the development of a non-food product range and the restructuring of Champion brand products. This store format has real potential.

ADAPTING TO LOCAL CONDITIONS

Local acceptance and public recognition are decisive factors in an effective marketing strategy for supermarkets.

Well-known local trade names

93% of the Carrefour group's supermarkets are located in Europe, including 1,024 Champion supermarkets in France. Italy has 452 GS supermarkets and Belgium 326 GB supermarkets. Several acquisitions were completed in Turkey, Cyprus, Italy, and Greece – proof of the Group's interest in this format and of its commitment to optimizing its portfolio of stores.

Loyalty building first and foremost

Supermarkets may be located in cities, as well as in suburban and rural areas. In cities, the product range consists mainly of grocery products, while stores in rural areas are developing a product range including more non-food products, such as textile products and miscellaneous household goods. Loyalty building, by ensuring customer satisfaction, is a primary objective of the supermarket format. Approximately 10,000 product listings are sold in these stores, which are growing in sales floor area. Depending on their size, staff numbers range from 25 to 250 employees. Today, the size often exceed 2,000 sq.m in floor area.

Expansion and modernization of Champion stores

Champion will celebrate its 35th anniversary in France in 2006. The year 2005 was marked by numerous enlargements and the reorganization and modernization of existing stores.
These renovations and enlargements will continue in 2006. In 2005, these expansion operations included over 90 enlargements and 70,000 additional sq.m of sales floor area, 19 new stores and a number of new franchisees. Furthermore, 200 stores were modernized in 2005, including new façades, new signs and new public address systems, along with newly competitive pricing.
The non-food product range was also enhanced and the number of non-food products has doubled in three years – yet one more factor that differentiates us from the competition.

INNOVATING AND EXPERIMENTING

Our teams are always looking for ways to innovate and expand the limits of the supermarket concept. A new highly urban concept is being tested in France and Italy featuring a "fast-lane" shopping circuit designed for customers in a hurry, ready-cooked and "ready to eat" dishes, emphasis on fresh products, opening hours adapted to city life, and so on. This new concept was created for quick, efficient and pleasant shopping.

Restructuring and strengthening of the Champion brand in France

Champion has decided to expand its range of store brands with the addition of self-service deli products, health and baby products, diet products, cosmetic items, teas and so on. The objective is to differentiate its offer from that of its competitors by targeting rapidly growing product families and by increasing the number of product listings from 1,550 to 2,400.

The children's food department, for example, was enlarged, with 100 additional listings. In the future, efforts will be focused on organic products, health-food products, fair trade products and up-scale products. This enlargement of the product range will allow us to respond better to the changing expectations of our customers, while making their shopping experience simpler and more enjoyable.

226
new supermarkets in 2005

410
Champion stores renovated in 3 years

10% more
non-food products in two years in France

SUPERMARKET LOCATIONS THROUGHOUT THE WORLD AS OF DECEMBER 31, 2005

2,455
supermarkets throughout the world

HARD DISCOUNT STORES

Quality products at low prices

Offering convenience and quality at discount prices, the Group's hard discount stores are found under the Dia banner in eight different countries, as well as in France under the Ed banner, in Portugal under the Mini Preço banner, and in Spain under the MaxiDia banner (a new store format added to the hard discount family in 2005). 2005 was not only a year of innovation, but also a year of strong organic growth with the opening of 636 new hard discount stores throughout the world.

Attacking the market

With nearly 5,500 stores throughout the world and 636 openings in 2005, the hard discount format is a powerful growth engine for the Group.
This format offers products at discount prices all year long, together with a guarantee of irreproachable food safety.
The hard discount format offers a deliberately optimized product mix, with a product range mainly composed of Dia brand grocery products.
Through regular enlargement and modernization operations, hard discount stores are continually updated in real time to keep pace with the market.

Dia: the world's third leading hard discounter

Dia is the Carrefour group's hard discount brand. Operating in eight countries throughout the world, the Group's 5,500 Dia stores generated sales of 7.9 billion euros in 2005. There are currently three different types of Dia stores:

- Town-centre Dia stores, which are small and flexible and firmly rooted in the urban environment;
- Suburban Dia stores, with a sales floor area of nearly 600 sq.m, equipped with a car park. They have a more extensive product range featuring fresh produce and wholesale packs;
- MaxiDia, the format's latest incarnation, a true hard discount format tried on an experimental basis in 2004 and developed in 2005.

Ed: the hard discount format "made in France"

Ed offers its customers quality at discount prices along with a quick, friendly shopping experience.
Over 10,000 employees work in 804 stores. Ed is continuing to expand its product range with more fresh produce, including meats and fruit and vegetables. Ed stores market Dia brand products, at prices 35% below those of national brands, on average. At the end of 2005, the Carrefour group acquired 101 Pennymarket stores which are now operating under the Ed banner.

A Dia store in Brazil

MAXIDIA: THE XL VERSION OF THE HARD DISCOUNT FORMAT

Launched in 2004 on the Spanish market, MaxiDia illustrates the Group's determination and capacity for innovation, as well as the dissolution of the traditional link between sales floor area, format and trade name. MaxiDia proves that the hard discount format can function effectively with sales floor areas of 1,200 sq.m while offering a broader range of food products and basic non-food items.

636
stores opened in 2005

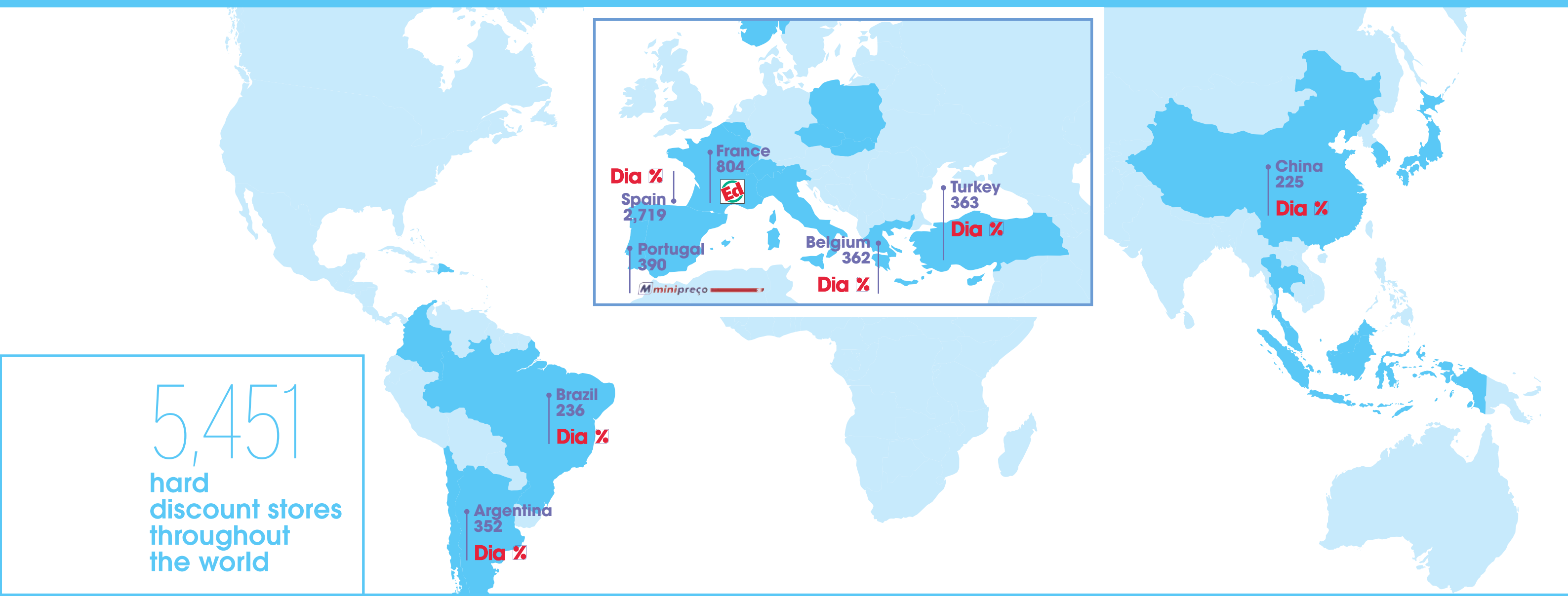
313,000 sq.m
added in 2005

804
Ed stores in France

SPAIN IN THE LEAD

313,000 sq.m of sales floor area were added in 2005. Although Spain is still leading the race, Turkey and Brazil are asserting their potential as powerful development accelerators, with the opening of 129 and 41 stores respectively in these two countries in 2005. With 2,719 Dia stores and 50% of the existing base, Spain is the pace-setter for the Group in this store format. In 2005, the Spanish market once again proved its vitality with the opening of 149 stores. The dynamic situation in Spain is also reflected by a high level of innovation with the creation of the MaxiDia concept, which was tried on a pilot basis in Spain.

HARD DISCOUNT LOCATIONS THROUGHOUT THE WORLD AS OF DECEMBER 31, 2005



5,451
hard discount stores throughout the world

CONVENIENCE AND CASH & CARRY

Just around the corner

Convenience stores complete the Carrefour group's retail network in both town and country locations. With more than 3,000 stores in Europe, the Carrefour group is a major player in the neighbourhood grocery store segment.

A format adaptable to new lifestyles

With the ageing of the population, the increase in the number of single-person households and rural depopulation, the convenience store meets the needs of a new economic and social reality. With their modern formats and innovative concepts, the Group's convenience trade names are expanding.
From a positioning based on the store's neighbourhood location, this format is moving towards a positioning based on convenience, a friendly atmosphere and customer service. The objective is to meet customer expectations more closely. In 2005, 439 new convenience stores were opened throughout the world, representing over 124,000 sq.m of new sales floor area.

Carrefour: the leader in convenience stores in France

Ranging in size from 50 to 900 sq.m, the convenience store format relies on its specific advantages to meet the needs of customers. Shopi, a true neighbourhood supermarket, is the leading banner in its niche, Marché Plus facilitates shopping for customers in urban environments and the 8 à Huit stores offer a product mix specifically adapted to urban environments. In the superette concession niche, Proxi offers a mix of products and services, particularly in rural areas. Finally, the Sherpa banner, found exclusively in mountain regions, caters to a highly seasonal clientele.
With more than 1,600 franchise stores in France, and 1,500 concession stores, the Carrefour Convenience division in France is the leading player in the convenience grocery store segment.
In all these stores, the proprietary Grand Jury brand is featured as the convenience format's own brand.

The convenience format in Europe

The Carrefour convenience format is well established in Europe, primarily in Belgium with Contact GB and GB Express, in Italy with Dí Per Dí, and in Greece with 5' Marinopoulos.
Overall, the convenience format is well represented with 206 convenience stores in Belgium, 155 in Greece and 975 in Italy.

FRANCHISING: AN EFFECTIVE GROWTH ENGINE FOR THE GROUP

Franchising is a highly effective development accelerator for the Group, particularly in the convenience store niche. 93% of these stores operate under this form of management, which requires a high level of professionalism, expertise and quality of service from the Group. Brand recognition, logistics services and competitive product pricing are the golden rules of franchising. The Carrefour group has acquired this unique form of experience over many years.

1,654*
convenience stores in France
* excluding concession stores.

439
new convenience stores in 2005

93%
of convenience stores are operated under franchising agreements

THE CASH & CARRY FORMAT: DAILY CONVENIENCE FOR CATERING PROFESSIONALS

The cash & carry niche represents 12% of the catering and food services market, which is dominated by wholesalers. Intended for food trade professionals, the Carrefour group is developing the cash & carry concept in France with Promocash and in Italy with Docks Market, with a total of 150 stores, 133 of which are located in France.

LOCATIONS OF CONVENIENCE STORES IN EUROPE AS OF DECEMBER 31, 2005

French overseas departments and territories 56

3,046*
convenience stores in Europe
* excluding the Sherpa and Proxi banners (1,582 stores).

SERVICES

Offering customers an added dimension

Each day, the Carrefour group reinforces its personal relationship with its customers by providing services that meet their needs and match their shopping habits.

Carrefour financial services for better budget management

In the spirit of helping customers manage their spending more efficiently, Carrefour hypermarkets have expanded their range of financial services. The spearhead of this strategy is the PASS Card. In the beginning, it was a simple card that allowed customers to spread out their payments, and also gave them priority status at store check-outs. It now has the added dimension of an international payment card (Visa and Visa Premier). Thanks to this strategy, there are now more than 10 million holders of PASS cards (Visa included) throughout the world. This payment card is available to hypermarket customers in many countries (France, Italy, Spain, Belgium, Brazil, Argentina, Greece, Turkey, Indonesia, Thailand, Malaysia, etc.). These cards serve as an entry point to a full range of financial services. Today, customers can not only make their purchases on credit, but can also take out a loan to buy a car or remodel their homes. And if customers are looking for ways to put their money to work for them, savings, life insurance and investment solutions are also available.

In all, these services amount to 3.5 billion euros in credit outstanding (all products combined). In 2005, the Life Insurance Grand Prize attributed by the magazine *Mieux Vivre Votre Argent* was presented to the "Carrefour Horizons Life Insurance" solutions offered by the Financial Services departments of 216 Carrefour hypermarkets in France.

DIVERSIFYING ONLINE SERVICES

www.ooshop.fr
The Group has been present on the Internet since 1999. The Ooshop cyber market symbolizes this response to new consumer spending practices. In the space of six years, Ooshop has risen to first place amongst cyber markets in France, ahead of all its competitors. The cities of Paris, Evreux, Rouen, Rennes, Le Mans, Nantes, Bordeaux and Lyon now have access to 8,000 product listings, including 2,000 fresh and frozen products. But this cyber market is not limited to groceries. Personal computer products, household appliances, as well as TV and Hi-Fi products are also available on carrefourmultimedia.com, along with a home delivery service. Home delivery is a real plus, particularly in the case of bulky or fragile products, such as washing machines or flat-screen TVs.

Getting the best price on insurance at Carrefour

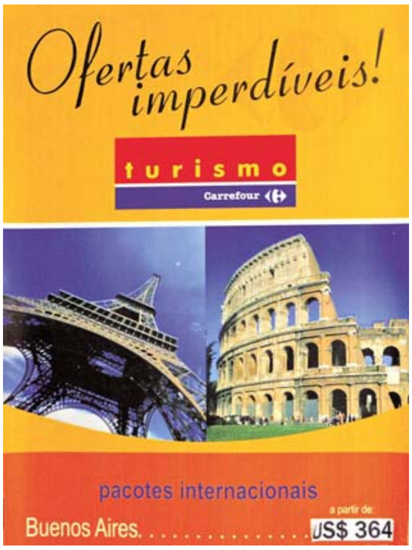
Insurance products have been available to customers at Carrefour for more than 15 years, through the Carma insurance company. In 2005, Carrefour set an objective to stimulate sales in this highly competitive segment with high growth potential. In France, after updating the insurance counters in 2005, a goal was set to increase the number of points of sale from 72 to 100 by 2007, and to revitalize the sales network, which currently comprises 380 employees specialized in the sale of insurance products. Customers have given a score of 8.5 out of 10 for claim management services and identify the Group as one of the least expensive insurers. This price image was strengthened even further in 2005. The combined auto and homeowner's insurance package, for example, is available for as little as 1 euro per day.

www.carrefourspectacles.com

Would you like to attend a concert after filling your virtual shopping cart? Tickets for more than 50,000 shows and events are available each year at www.carrefourspectacles.com. With a vast selection of concerts, plays, art exhibitions, festivals, athletic events, trade shows, and so on, the choice is the most extensive in France and also extends beyond the country's borders. The Carrefour group is France's second largest provider of ticketing services.

IMMEDIATE BOARDING WITH CARREFOUR TRAVEL SERVICES

Carrefour customers can make travel arrangements for trips anywhere in the world at unbeatable prices at their hypermarket via an assisted self-service system. A wide choice of holidays are available at discount prices, selected by Carrefour staff from the catalogues of the best tour operators. Regardless of the service required (hotels, cruises, package and holiday tours, mobile home rentals, flat and car rentals, etc.), the objective is to ensure that customers always receive the best value for money. As a signatory of a travel services charter to "provide the world's best travel arrangements", Carrefour travel services prides itself on communicating with its customers and makes a firm commitment to ensure their satisfaction. Carrefour travel services distributed nearly 2 million brochures and descriptive booklets in 2005. This service is available in Spain, Greece and Brazil as well as in France.



FILLING UP AT CARREFOUR: 1,167 SERVICE STATIONS IN FRANCE IN 2005!

As France's second largest petrol retailer, the Carrefour group has 1,167 service stations in France, including 10 recently acquired service stations on the motorway network.
Carrefour also offers a heating oil delivery service. In just three years, this service has won 170,000 customers.

€3.5 billion
in outstanding credit throughout the world

2nd
largest petrol retailer in France

1,167
service stations in France

including 24
on the motorway network


Carrefour

OUR STRATEGY COMMITMENTS AND INITIAL RESULTS

2005 was a year of strategic repositioning. The Carrefour group invested heavily to build the foundations for sustainable growth.
These investments allowed us to begin to reconfigure our portfolio of stores and deploy an aggressive pricing strategy. Acquisitions, divestitures, store openings, new store formats, a new range of services and competitive pricing – these were all part of our strategy to stimulate growth and establish a closer relationship with our customers.


营业时间
OPENING
HOURS
Carrefour
家乐福
入口
生意

ESTABLISHING

THE FOUNDATIONS FOR PROFITABLE GROWTH

2005 was unquestionably a year of renewal. Our sole objective was to establish the foundations for profitable and sustainable growth. We respected our commitments in spite of a difficult economic environment. Above all, the Group resumed its organic growth by adding 1.5 million square metres of new sales floor area – 50% more than in 2004. The Group also re-examined the structure of its asset portfolio and gave free rein to innovation by reinventing a number of new store formats.

Organic growth

ACCELERATING GROWTH

The year 2005 marked a strategic turning point. It was also a year of action, rewarded by sustained expansion with the addition of more than 1 million square metres of sales floor area through the opening of 788 new stores over the year.

Opening of the 70th hypermarket in Shenzhen, China.

Returning to profitable and sustainable growth

In 2005, our strategic repositioning and new economic model began to produce results. For the first time since 2000, hypermarkets in France regained grocery market share due to sustained efforts in the area of price competitiveness. Internationally, growth opportunities produced excellent results. At constant exchange rates, total sales excluding France increased by 7.5% in 2005. Investments were also up, by 38%, allowing us to add new sales floor area, among other things.
In 2005, 50% more square metres were added than in 2004.

Reaching critical size on each market

To promote profitable growth, 1.8 billion euros were devoted to store openings and enlargements in 2005. Investments totalled 1.3 billion euros on average each year over the 2001-2004 period. This resulted in the creation of more than 1 million square metres of new sales floor area in 2005 – a record not attained since the year 2000.

The objective of these massive investments was to rapidly and sustainably strengthen the Group's market share in each country and in each customer catchment area in which it operates. Combined with targeted tactical acquisitions of 425,000 sq.m in 2005, these openings should strengthen the Carrefour group's position in each of its markets. This is an indispensable precondition which will enable us to reduce fixed costs, optimize profitability and strengthen the image of the Group's trade names throughout the world. The expansion of floor area is a crucial component of our long-term strategy.

The multi-format strategy: offering customers the widest choice

The multi-format strategy optimizes the Group's chances of appealing to all types of customer profiles and of meeting their full range of needs. The Carrefour group is strengthening its position thanks to an extremely dense store network. These formats offer each other mutual reinforcement. In Spain, for instance, Carrefour is the leader in hypermarkets and hard discount stores. Other advantages of the multi-format strategy include pooled purchasing power, the exchange of best practices and risk diversification.

THE MAIN COMPONENTS OF THE NEW ECONOMIC MODEL

Stimulate expansion
- Add more floor area
- Invent new store formats
- Make tactical acquisitions

Pursue customer-oriented initiatives
- Opt for an aggressive pricing strategy worldwide
- Develop customer relations
- Optimize the employee/customer relationship

Ensure profitable growth
- Simplify organizational structures and optimize fixed costs
- Strengthen purchasing synergies amongst all trade names
- Streamline and strengthen the asset portfolio by country and by activity

788
stores opened, including
54 hypermarkets
76 supermarkets
481 hard discount stores
168 convenience stores
9 cash & carry stores

Visible acceleration

As far as results are concerned, the strategic repositioning carried out in 2005 allowed us to turn the page, thanks to lasting action on price reduction, support for investments and the reallocation of resources.
In 2005, the Group's sales grew by 4.3% at constant exchange rates. Although EBITDA declined in France, the grocery market share of hypermarkets in France increased by 0.3% according to Secodip and the Group's grocery market share increased by 0.6% – the first full-year increase since 2000. The decline in EBITDA in France is the direct result of our aggressive pricing strategy.
Internationally, growth opportunities produced excellent results with a 7.5% increase in sales and a 19% increase in earnings.

Over 1 million
sq.m of sales floor area added

Strategic operations

INVESTING TO WIN

The redeployment of our activities began in 2005. The objective was to strengthen the Group's leadership position in its strategic markets. This year, the Group strengthened its positions in France, Belgium, Poland, Italy, Turkey, Brazil and Taiwan. At the same time, it withdrew from several countries, such as Japan and Mexico.
The highlights of the numerous transactions completed in 2005 are described below.

Acceleration of strategic operations

Tactical acquisitions and the divestiture of underperforming assets were intensified in 2005. These changes foreshadow the Group's future configuration and establish a solid foundation for future growth.
Overall, 425,000 sq.m were acquired in 2005. In spite of the ongoing redistribution of our asset portfolio, Europe, Latin America and Asia are still the Group's three major markets.
The operations carried out in 2005 were guided by two principles:

- The deployment of a multi-format approach to create synergies and saturate the market;
- The adoption of a pragmatic attitude to take full advantage of opportunities and the divestiture of underperforming or non-strategic assets. This resulted in the Group's withdrawal from Japan, Mexico, Slovakia and the Czech Republic.

Intensification of activity in Europe

The European market was the setting for a substantial number of operations. The Group completed major acquisitions in Poland, Turkey, Cyprus, Italy and France.

- **No.2 in Poland in the hypermarket segment**

The Carrefour Group's strong expansion in Poland continued in 2005. In February, the Group acquired 12 Hypernova hypermarkets from Ahold.
With 32 hypermarkets, Carrefour is now the new challenger on the Polish market. These acquisitions strengthen its presence in this flourishing market, where it runs 71 supermarkets under the Champion and Globi banners.

- **In France, acquisition of Pennymarket**

The agreement of July 21, 2005 between Carrefour, Rewe and Transgourmet resulted in the acquisition of 101 Pennymarket hard discount stores, and strengthened the Ed trade name in France.
Based in northern France, these stores generated approximately 262 million euros in net sales in 2004. Via this agreement, Carrefour sold Prodirest to Transgourmet, a joint venture between Rewe and Coop.
Further north, near Antwerp, Carrefour Belgium acquired T'Centrum, a Belgian franchise chain of 13 independently managed supermarkets.

- **Reinforcement of positions in Italy**

The partnership agreement concluded with Aligros positions Carrefour as a co-leader in the Apulia region.
This partnership concerns 70% of the 160 convenience stores, managed directly or under franchising agreements. They will gradually be transferred to Carrefour Group trade names according to their size.

- **Foothold in Cyprus**

Carrefour Marinopoulos acquired 100% of the capital of Chris Cash & Carry, which is the second-largest food retailer in Cyprus with three hypermarkets and three supermarkets.

2005: A YEAR OF TURKISH DEVELOPMENTS

With the acquisition of 60% of Gima and of 82% of Endi from Fiba, the Group reinforced its positions in Turkey. It operates via three main store formats: hypermarkets, supermarkets and hard discount stores. Carrefour Turkey generated 1.3 billion euros in sales incl. tax.

425,000
sq.m acquired in 2005

606
stores acquired, including
28 hypermarkets
150 supermarkets
155 hard discount stores
271 convenience stores
2 cash & carry stores

Leadership position in hypermarkets stronger than ever in Brazil

The Group took advantage of the improvement of economic conditions in Latin America to open 10 hypermarkets and 68 hard discount stores in the region. In terms of acquisitions, 2005 was noteworthy for the purchase of 10 hypermarkets from the Brazilian Group Sonae, based in Sao Paulo and operated under the BIG banner. With this acquisition, the Carrefour group consolidated its leadership position in Brazil in the hypermarket segment.
The acquisition was completed after the sale of the Group's Mexican assets to Chedraui, and is a prime example of the Group's new strategy of disposing of underperforming or non-strategic assets with insufficient market share in order to strengthen its positions in its key markets.

Strengthening our positions in Asia

With operations in eight Asian countries, the Group strengthened its positions in the region in 2005. After the agreement concluded with Tesco in September 2005, the Group now has 43 stores in Taiwan. This agreement included 6 hypermarkets and 2 projects.
At the same time, the Group signed an agreement with Tesco for the sale of its activities in the Czech Republic (11 hypermarkets) and Slovakia (4 hypermarkets).
In Japan, a franchising agreement was signed in March 2005 with Aeon, according to which the latter acquired 8 Carrefour hypermarkets which will continue to operate under the same name. This partnership calls for the exchange of marketing concepts and the sale of Carrefour products by the Japanese retailer.

Growth

ADAPTING AND INNOVATING

The customer is the cornerstone of the Carrefour group's growth strategy. That explains the Group's emphasis on continual improvement. Increased competitiveness, new products, new stores and new formats were a part of this effort to win back customers in 2005. With its proven capacity for innovation, the Carrefour group developed a number of new store formats to regain the advantage.

Gaining momentum through innovation

Customers change and their needs evolve over time, and markets are in constant flux. Listening to customers, observing their behaviour, and endeavouring to understand their immediate environment are the initial steps in the process of responding to their expectations.
They are also ways to anticipate, or even at times provoke, these expectations.
The evolving needs of customers thus lead to new store concepts.

Thanks to its capacity for innovation and to the new store formats developed this year, the Carrefour group is now in a position to cover all market segments. In this perspective, the new store formats contribute directly to the Group's expansion strategy and its strategy for penetrating target markets.

Carrefour Express, MaxiDia and Urban Champion

These are the latest additions to the Carrefour family. These three concepts reflect the emergence of the new currents guiding the Group's strategy.
All are the fruit of a single concern: how to best respond to the new needs and other behaviours of customers. They also underlie a new way of thinking that is no longer dominated by an inflexible predetermined relationship between the trade name, store format and floor area.
The keys to the profitability of these new formats are an integrated organizational structure, a centralized back office and appropriate product mixes. Franchising also constitutes a good lever for development.

EXPERIMENTING, ADAPTING, INNOVATING...

Numerous experiments were conducted throughout the world by a number of trade names in 2005. A brief overview of the Carrefour group's major innovations is given below:

Carrefour Express, based on the mini-hypermarket and MaxiDia model in Spain • GS Spesa Idea and GS Top supermarkets in Italy • the urban supermarket concept with Champion in France • the "Tintalito" Carrefour model in Colombia • Carrefour Bairro and mini-hypermarket in Brazil • the Bodega cluster in Argentina.

Carrefour Express
A supermarket that capitalizes on Carrefour's renown

Ranging in size between 1,200 and 2,500 sq.m, this supermarket offers 6,700 product listings, a third of which are store brands,at hypermarket prices. The transformation of these stores has been highly successful with an increase in sales of 30% since the change of trade name.

As of year-end 2005, 10 Carrefour Express stores had been opened in Spain. By the end of 2006, Spain should have 75 such stores.

Champion Urbain • Champion France
For quick, efficient and enjoyable shopping

Champion Urbain is Carrefour's response to a new type of customer. For the most part, they live in town centres, do not have cars, are often young and affluent, and always in a hurry.
With floor areas ranging between 1,000 and 2,000 sq.m, these stores, set up for self-service, are designed for customers looking for a quick and pleasant shopping experience. Mainly stocking food items, they are open from 9 a.m. to 9 p.m. to accommodate city dwellers' pace of life.

As of year-end 2005, the Carrefour group had opened 3 new Champion Urbain stores in France.

Hard discount • MaxiDia
Hard discount stores

MaxiDia stores are larger, accessible by car and offer highly competitive discount pricing. Featuring grocery products, fresh and perishable produce and small everyday household items, these stores are true discount supermarkets with an average size of 1,200 sq.m. They draw on the experience and renown of Dia while offering more comfort for the customer and a more diversified product mix.

At year-end 2005, the Carrefour group had 40 MaxiDia hard discount stores in Spain. By the end of 2006, Spain should have 100 such stores.

40
MaxiDia hard discount stores opened in 2005

10
Carrefour Express stores opened in 2005

3
Champion Urbain stores opened in 2005


Les meilleurs
sites Web
Téléphonie Mobile

LISTENING TO OUR CUSTOMERS

We are endeavouring to establish a closer relationship with our customers – with the aim of getting to know them better and increasing our understanding of their needs – so that we can offer them products and services that more closely meet their expectations. This involves a greater degree of refinement in the analysis of their needs, as well as a higher level of responsiveness to those needs. It also involves an aggressive pricing strategy, as well as a steady stream of new ideas to ensure an ever-higher level of customer satisfaction.

IMPROVING OUR PRICE POSITIONING

Carrefour has launched an aggressive pricing strategy, particularly in France.
In the future, we must further improve our price image to win market share.

Aiming for lower prices everywhere

Since February 2005, our teams have been fully committed to doing everything possible to strengthen the price image of the Carrefour group's stores in France – as well as in all the other markets in which it operates – and to regaining the ground lost in recent years. The clearly stated objective of each hypermarket is to be the least expensive store within its market radius.

Carrefour's strategy to regain price competitiveness

- A specific pricing strategy for each hypermarket based on accurate consumer surveys, department by department, range by range.
- A shortening of the reaction time between the results of the price survey and the adjustment of price displays in each department (24 to 72 hours maximum).

Relying on enhanced price competitiveness to win market share

In 2005, the grocery market share for Carrefour hypermarkets increased by 0.3% in France. The main challenge in 2006 is to continue this price reduction strategy without affecting the Group's profitability. To meet this challenge, priority must be given to the following actions:

- Develop non-food product ranges to increase our stores' power of attraction;
- Continue the rebuilding of our product range with the objective of being more in phase with customer expectations;
- Develop services to serve our customers better.

Increased price attractiveness for non-food items

Non-food purchases are in a period of strong development. In fact, there are more new trends and innovation in telephone products, household appliances and even in textile products. Customers are receptive to new offerings and feel the need to replace these products on a regular basis. They are also devoting a growing share of their budget to such products. Consequently, it is crucial for Carrefour hypermarkets to increase the performance of these departments by improving the product range and by offering a wider range of services.

20% REDUCTION ON 200 PRODUCTS AT CHAMPION

Saving money is a constant refrain as customers fill their shopping carts at Champion stores. Champion's Price Roll Back campaign is highly popular with the stores' customers. It has been offering a 20% discount on 200 commonly purchased items each month since September 1, 2005 – all without any limitation on purchase quantities. The promotion is highlighted in stores by special marking that helps customers easily spot the products included in the campaign. The 20% reduction is credited to their Iris loyalty cards at the check-out. The campaign makes a strong impression on customers, who readily return to use the credit they have earned, which is deducted from their next purchases.

TRULY "MAGIC" PRICES AT CARREFOUR

The Carrefour "Magic Month" came into being in September 2005 from a desire to share our good ideas. After the campaign's resounding success in Spain and Turkey, it was adopted to celebrate the 42nd anniversary of hypermarkets in France. It is a good illustration of the Group's aggressive price positioning strategy. It is organized around a giant lottery based on the principle of offering rock-bottom prices on products that are popular with customers. Supported by a major advertising campaign in a wide range of media, Magic Month is one of the most effective marketing campaigns of the year and a big hit with customers.

Focusing on customers

ESTABLISHING A CLOSER RELATIONSHIP WITH OUR CUSTOMERS TO SERVE THEM BETTER

Above all, the past year has provided an opportunity to strengthen our relationship with our customers. By getting to know them better and increasing our understanding of their needs, we can offer them better service and ensure their satisfaction.

Getting to know our customers through loyalty building

The Carrefour group's philosophy is based on the principle of knowing its customers. In keeping with this principle, Carrefour hypermarkets have been engaged in an operation to establish a strong connection with their customers since April 2004. This connection is the "Carrefour Loyalty Programme". It has been a resounding success: as of the end of December 2005, more than 8 million customers had become members of this programme in France. Nearly 30% of French households are currently holders of the Carrefour loyalty card. The databases generated by the card offer the Group some major advantages, including the ability to:

- Refine its analysis of customer needs and expectations;
- Increase responsiveness by continuously adapting the product range;
- Optimize communications through improved targeting of messages.

Carrefour has developed loyalty cards in most of its markets (Belgium, Italy, Greece and Turkey, among others) with the objective of improving our knowledge of our customers in order to serve them better.

Adapting the product mix to customers' needs

Responding more closely to customer expectations means going further than just offering them a wide range of food products. It also means developing a varied product mix at the local level which responds specifically to their expectations in such areas as textile products, electronics and household appliances, for example. This is one of the keys to building customer loyalty. Two types of actions can contribute to this effort and will be renewed on a regular basis:

- The seasonal renewal of assortments and product ranges to respond to customer needs;
- The organization of special events and of wide-ranging marketing campaigns to attract customers on a regular basis.

The Carrefour brand asserts itself

The best-selling brand in Carrefour hypermarkets is... the Carrefour brand. Nine out of 10 customers fill their shopping carts with Carrefour brand products. "Sign your brands! Show us that you are proud of them!" That's what Carrefour customers told us during round table discussions in 2005. This privileged relationship with our customers deserves to be strengthened. The main development concerning the Carrefour brand in French hypermarkets in 2005 was a transition from mass marketing to targeted marketing. Carrefour products must no longer be purchased only for what they are, but also for the values that they convey – values that are meaningful to customers. Carrefour stores feature three ranges, listed in ascending order of price: Carrefour (80% of the product offering), Agir and Sélection. They are immediately recognizable by their packaging and their colour code, and every product in each of these three ranges displays the Group's quality commitment, along with more complete labelling information and a more visible display of the Group's "satisfaction or your money back" policy.
A restructuring of Carrefour brand products was also undertaken in Colombia, Brazil, China and Indonesia. The Champion brand also initiated a complete update of its product range in France. The range was enlarged with an emphasis on rapidly growing product families. The goal is to anticipate customer expectations as much as possible. Strategic areas for expansion include organic products, health food products, fair trade products and upmarket products.

CARREFOUR AGIR: A RANGE THAT CONVEYS VALUES

Among the three Carrefour product ranges, the Carrefour Agir range includes three product lines for three ways of consuming: Organic, Nutrition, and Fair Trade.In each case, official or widely recognized labels are used to promote trust among consumers and encourage them to buy with confidence. The Agir Organic line already has more than 300 product listings certified by the independent certification body Ecocert. The Agir Nutrition line is targeted at consumers whose main priority is to protect their health. Finally, to help underprivileged communities and contribute to funding of solidarity projects, such as the construction of schools, the Agir Fair Trade line is positioned squarely in line with Carrefour's commitment to economic responsibility.

SPAIN: A STRATEGIC CENTRE FOR TEXTILE COLLECTIONS

Carrefour hypermarkets have been dressing their customers for many years by offering a wide range of men's, women's and children's clothing and shoes, as well as baby clothes and household linens. All these textile items are designed and styled in two countries: Spain and France. It is in these countries that our in-house teams of stylists design the Tex brand collections that fill the shelves of Europe's hypermarkets every day. These stylists are continually on the lookout for the latest trends. During their trips, they assess, sort and select the colours, materials and textures that will create the fashion trends of tomorrow. Whether they are included in the generic textile range or whether they are part of the three annual mini-collections, all these items have an additional selling point – rock-bottom pricing – proving once again that non-food items are destined to become a strong lever for loyalty building.

Nearly 8 million
French customers have a Carrefour loyalty card

5 million
Spanish customers have a Carrefour loyalty card

8 million
Spanish customers have a Dia loyalty card

9 out of 10
customers buy Carrefour brand products,

representing 25%
of the trade name's total sales

Listening to our customers

INNOVATING IN THE INTEREST OF OUR CUSTOMERS

By developing new products and services, Carrefour's goal is to surprise, amaze and delight its customers – thereby, proving that its retail banners are thriving, up-to-date businesses.

Personalized credit in Italy and a credit card in Brazil

To help maintain its customers' purchasing power, Carrefour developed a full range of financial services in Italy in 2005. Carrefour Financial Services in Italy originated from the Group's alliance with the credit institution Agos Itafinco S.p.A. The flagship product is customized consumer credit. The main advantage for customers is more flexibility in the scheduling of their purchases and in the management of their budgets. Quite simply, it gives customers the option of making even quite large purchases on a limited monthly budget.

"Self check-out": reducing the wait at the check-out desk

A vast majority of customers express the desire to spend less time at the check-out counter. That was what lay behind the current experimentation with new systems which offer customers the option of scanning their purchases themselves, paying for them at automatic check-out facilities and then bagging them themselves. The results of satisfaction surveys are very encouraging. A cashier is on hand for every four automatic check-out modules to offer guidance and assistance to customers.

As a result, staff customarily assigned to check-out counters can be reassigned to the sales floor to guide and assist customers.
In 2005, the Group tested the "Self check-out system" in three stores in France, as well as in Italy (Turin) and Belgium (Brussels). This interactive process should continue in 2006, without exceeding 20% of check-out desks for all trade names combined, in order to maintain personal contact in the stores.

PHOTOS AND MUSIC À LA CARTE

Who has not dreamed of putting together their own compact disc? This is now possible for the customers of several Carrefour hypermarkets in Spain and of a number of Champion supermarkets in France, thanks to a music database comprising thousands of songs from which customers can make their choices. This easy-to-use tool allows you to make your own compact disc, right at the store, the perfect match for what you want to listen to and enjoy at the time. The interactive terminal can also be used to develop your photos or download ringtones for your mobile phone.

ORGANIC TEXTILES: CUTTING-EDGE TECHNOLOGY IN PERFECT HARMONY WITH RESPECT FOR THE ENVIRONMENT

Organic clothing has been available at Carrefour since June 1, 2005. These innovative products, marketed under the Tex brand, have their own distinctive packaging and are prominently displayed. They include bodysuits and pyjamas for babies, tee-shirts for children and adults and tank tops for women, made from cotton grown in accordance with the standards of organic agriculture.

The benefits for buyers of these new products are softness, suppleness and fibre strength, as well as a feeling of satisfaction in knowing that they are doing their part to help the environment. The figures speak for themselves: by cultivating 3,000 hectares of cotton using organic methods, the use of 1,200 tonnes of chemical fertilizers and 2,400 liters of pesticides can be avoided.


GARANTIA DE ORIGEM
CARREFOUR

CARREFOUR
A SOCIALLY RESPONSIBLE GROUP

The Carrefour group's influence and widespread presence in the global economy confer on it some heavy responsibilities. With more than 436,000 employees and a local presence in 30 countries, its social responsibility and involvement must set an international standard.

ESTABLISHING A CLOSER RELATIONSHIP WITH OUR EMPLOYEES

With 436,000 employees, including 135,000 in France, the Carrefour group is one of the ten largest private employers in the world. Above and beyond these figures, its goal is to set the benchmark for excellence in the areas of human resources management and social responsibility. The Group mobilizes all of its resources to attract, train, support and retain talented individuals and to promote career development and personal fulfillment for its employees, who are the retail banners' best ambassadors to their customers.

Skills and motivation: the mainstays of human resources

Wherever it has a presence, the Carrefour group plays a key role in the economy and job market. Our stores are located in the midst of communities and exercise a strong drawing power in terms of jobs. Throughout all its trade names (Carrefour, Dia, Ed, Champion, GS, GB, and so on) and all its formats, the Carrefour group is a leading private employer – the largest private employer in France and Greece, the third largest in Brazil and the fifth largest in Colombia, for example.

The retail profession is based on providing service to customers. Our success in establishing brand recognition and customer loyalty depends on the skills and motivation of the women and men who work for us, and on their ability to satisfy customer expectations and to meet their demands. 90% of all employees have some contact with customers. Carrefour owes its success to the affirmation made right from the start in its conviction that "our principal strength comes from our staff motivation".

The Group's employees share seven Corporate Values which serve as common points of reference for all: freedom, responsibility, sharing, respect, integrity, solidarity and progress.

Training designed for each country

The Group has always favoured local recruitment as well as local training via its training centres. In 2005, two new centres were opened in Belgium and Colombia. This year, training programmes once again include a wide range of topics depending on local issues and needs, with a strong emphasis, however, on customer relations issues. Some of the topics dealt with throughout the world by thousands of employees include: focusing on the customer in Singapore, Thailand, Taiwan, and Greece; the excitement of selling in Turkey; occupational safety in Italy; corporate values in Taiwan and customer relations during check-out for cashiers in France and Belgium and for newly hired employees in Spain.

THE CARREFOUR INTERNATIONAL FOUNDATION

The objectives of the Carrefour Foundation include emergency aid, reconstruction and the fight against social exclusion. It acts essentially in support of local actions initiated by employees. In 2005, the Foundation contributed to such causes as groceries for the disadvantaged, food bank programmes, micro-credit programmes for social reinsertion, assistance programmes for small producers and aid for street children. It also became involved in providing aid for tsunami victims in Indonesia, Thailand, Malaysia and Sri Lanka – through support for the mobilization and initiatives of employees. This aid consisted of emergency food aid followed by financial aid in the form of contributions, for reconstruction via grants and micro-credit programmes. The Carrefour International Foundation donated a total of 1.7 million euros to tsunami victims.

Sustained relationships with students and job seekers

In 2005, 80,000 employees were recruited throughout the world, including 15,000 in France. Once again, Carrefour was the leading private recruiter in France. In connection with its recruitment operations, it continuously networks with the community via its web portal www.carrefourmyjob.com, where over 300 job categories are listed, but also by maintaining regular relationships with schools and students. The campaign entitled "1,000 student jobs all year long", launched at the start of the 2005 school year, is a good example. Another example of a programme targeted at students is the partnership reserved for Master's degree graduates, initiated by Champion supermarkets in France with 15 business schools, with the objective of identifying future store managers. On June 9, 2005, Carrefour hypermarkets also signed an apprenticeship charter with the French government whereby a commitment was made to recruit 1,500 apprentices over a two-year period in French hypermarkets.

Signature of the third "Mission Handicap" agreement in France

Disabled employees represent 6.6% of the workforce at Carrefour hypermarkets – a percentage that exceeds the legal obligation in France. Even so, on March 2, 2005, they once again renewed their commitment to disabled workers. For the third consecutive time, they signed the "Mission Handicap" company-wide agreement. Carrefour hypermarkets have also made a commitment to develop and strengthen the position of disabled workers. 250 disabled job seekers will be recruited and integration programmes and special facilities for the disabled will be improved. Finally, an improvement and evaluation programme will be carried out. 20 additional new Carrefour stores are concerned by this agreement, joining the 187 stores that have already signed up. In 2008, the Group is expected to have 3,000 disabled employees. Furthermore, in January 2005, Champion supermarkets signed an agreement on the development of employment for the disabled, which calls for 250 disabled persons to be recruited over the next three years.

THE RECRUITMENT CHAT LINE: A CARREFOUR-INSPIRED INNOVATION

On May 16, 2005, the Carrefour hypermarkets set up a gigantic "chat line" dedicated to recruitment – an all-time first that met with a resounding success. Recruiters were online to answer questions from Internet users connected to www.recrute.carrefour.fr. Over 7,000 "virtual" candidates had the opportunity to communicate directly for two hours with Carrefour management representatives, who dealt with some 4,000 questions! These included basic questions on job duties, available positions, advancement opportunities, and so on, as well as practical questions on how to submit an application.

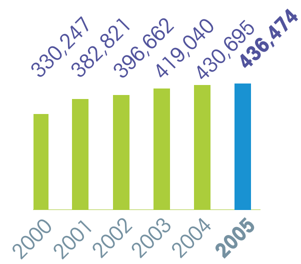
OVER
436,000
employees throughout the world

OVER
135,000
employees in France

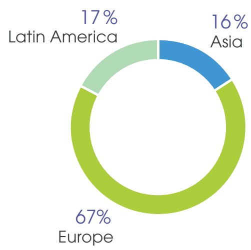
90%
of jobs involve customer contact

33 years old
the average age of employees

Employee numbers over three years in France and worldwide from 2000 to 2005



Breakdown of workforce by geographic region in 2005



OUR ACHIEVEMENTS

Being the world's second largest retailer carries with it some heavy responsibilities – not only towards all stakeholders in direct or indirect contact with the Carrefour group, but also towards the countries in which the Group is located. For ten years, the Carrefour group has endeavoured to meet the challenges posed to all the large economic players. The results measure up to the standards expected of a Group of our size and influence. According to AccountAbility, Carrefour is ranked among the world's five most socially responsible multinational corporations.

A widely recognized, multi-faceted commitment

Actions initiated in 30 countries

Food quality and safety, environmental protection, and economic and social development are the three main fields in which the Group exercises its corporate social responsibility. The words "social responsibility" cover a wide range of issues – ethical trading, the integration of vulnerable populations and minorities, product traceability, export assistance for small and medium-sized enterprises, and so on.

In the 30 countries in which the Carrefour group operates, a large number of local initiatives were undertaken in 2005. Some concrete examples of the Group's day-to-day commitment in 2005 include the development of 250 product partnerships in Brazil, a distribution agreement with small-scale coffee and red kidney bean producers in Colombia who have made a commitment to abandon the cultivation of illicit crops, support and assistance for small and medium-sized French companies to export their products to China, and so on.

Triple recognition for the Group's commitment

At the end of 2005, three studies conducted by world-recognized ratings agencies ranked the Group among the word's leading socially responsible corporations. According to AccountAbility, it is ranked in fifth place among the world's 100 most responsible multinationals, putting it in first place worldwide for French distributors and companies. This prestigious recognition has now been awarded two years in a row. According to Covalence, a Swiss ratings agency, the Group has been the leading commercial distribution company over the last five years from the point of view of its ethical reputation. Finally, the French firm Utopies confirms this consensus by ranking the Group in sixth position for the quality of its social and environmental reporting. This triple convergence highlights the quality of the Group's commitment.

CARREFOUR GOES THE EXTRA MILE FOR HUMAN RIGHTS

The Carrefour group has stepped up its support for an international standard concerning corporate responsibility with regard to human rights issues. In November 2005, the Group came out in favour of an international standard on this question. Furthermore, the Group expressed its support for the decision of the International Federation for Human Rights to set up a single control entity to verify compliance with individual rights in the workplace in accordance with the recommendations of the ILO. The Group has been a pioneer on this issue since the implementation of a social charter with all its suppliers in the 1990s.

OUR SUPPLIERS ARE ALSO OUR PARTNERS

The Carrefour group is continuing to pursue its strategy of assistance and support for its suppliers, whether they be French SMEs or small South American producers. The following examples, including some local initiatives, illustrate Carrefour's efforts in favour of more accessible commerce for all.

A passport to Asia for French SMEs

In the spring of 2005, the Group's directors accompanied a delegation of 200 representatives of French small and medium-sized enterprises (SMEs) to Asia. The objectives were to introduce them to the Asian market, test their receptivity and that of their products to exporting and put them in contact with local buyers. This trip, aimed at exploring Asian markets, coincided with the "French Weeks" initiative organized by the Group to promote French food and agricultural products. "French Weeks" were organized in China, Thailand and South Korea. 1,100 French products were marketed during these events. The marketing process involved a complicated series of steps including selection, price quotations, certification procedures, etc., proving that French SMEs are fully capable of meeting the challenges posed by exporting their products to Asia.

Local development: Carrefour assists small South American producers

In agreement with the UN, Carrefour Colombia is helping several hundred families and small producers market their harvests of new crops substituted for the illicit crops previously grown. These new crops include palm hearts in the Putumayo and Bolivar regions, red kidney beans in Cofrimayo and coffee in Cozurca.
All the producers were able to sell their products in Carrefour stores.
The Group was recognized by the United Nations in Vienna for the role it played in the control of drug traffic and crime prevention. In Brazil, where Carrefour is the second largest retailer, 250 Carrefour Quality Line partnerships were set up in 2005. These partnerships represent a lasting commitment between local producers, manufacturers and carriers and Carrefour section supervisors.

74%

of our suppliers are SMEs

85%

of our distributor brand products are manufactured by SMEs

5th

ranked socially responsible enterprise in the world according to AccountAbility

CARREFOUR AND SMEs

The Carrefour group has been a partner of SMEs for 30 years. It all began with the so-called "unbranded goods" in 1976. In the 1980s, Carrefour became involved in the manufacturing process for its own brands and put together a network of SMEs. Then in 1996, Carrefour launched the "Reflets de France" brand, a range of 280 regional speciality products in partnership with 130 local SMEs. This resulted in a significant number of lasting relationships: over 20 out of the 28 SMEs engaged in 1976 are still suppliers of the Group today. Currently, 255 French SMEs are partners of the Group in France.

PROTECTING OUR CUSTOMERS AND THE ENVIRONMENT

Food safety: an absolute priority

Being the world's second largest retailer of food products requires complete control of food risks. For the Group, food safety depends on compliance with three essential points: continuous anticipation of risks, perfect coordination with other players, and the quality of information provided to customers.

Combining expertise and experience

On October 3 and 4, 2005, the Group organized the first Scientific Food Safety Symposium in Evian. 16 independent internationally known scientists and nine Carrefour Quality Directors shared their expertise. The objective was to ensure optimal food safety for customers by combining scientific expertise with practical knowledge acquired through experience. Potential risks were mapped and actions to be implemented were drawn up and compiled. This guarantees that the Group can react appropriately and quickly when a food safety crisis occurs.

Anticipating risks

Traceability of products and raw materials, rigorous quality controls and efficient recall procedures are all routine for the Carrefour group, guaranteeing customers optimal food safety. To counter any potential risks of avian influenza, the Group has set up a specific action plan. A continuous monitoring unit sorts through all available information. This unit, which is in contact with the WHO, a network of scientists and the public authorities, provides a continuous connection with the competent authorities through which appropriate measures can be triggered. Carrefour has simultaneously strengthened its control measures for suppliers and subcontractors and trained all its sales floor teams to respond to customer queries.

Informing consumers

Public health is a legitimate and growing concern of consumers – especially in the area of food safety. That is why the Group has invested heavily in educational initiatives. The Champion stores in France, with their nutrition campaigns, are a good example of this. Several special issues of the "Vivre Champion" newsletter have been devoted to the topic of nutrition. In April 2005, Champion also distributed 200,000 kits on the topic of nutrition in its stores. Above all, the Group was the instigator of "Nutrition Days" organized in numerous countries. Using promotions and a wide range of media aids, these "Nutrition Days" are helping to promote all the right reflexes in customers with regard to nutrition. Finally, promotional flyers increasingly include nutritional information.

Completely redesigned packaging

The fight against obesity, a major public health risk, is an important issue. Consumer information has been given particular prominence on the packaging of Carrefour brand products. Full nutritional information is now provided on the back of each package. To ensure that this information is as clear as possible, it was designed with the help of the experts on the Carrefour scientific committee and consumer organizations. It also includes nutritional advice to help customers acquire the right reflexes as they shop. This commitment to nutrition also took concrete form in France with the launch of the Carrefour Agir Nutrition range.

The Group takes a stand on the environment

Conserving our natural resources, reducing energy emissions and waste, limiting the environmental impact of constructing new facilities – the Group's actions to protect the environment are commensurate with the seriousness of the issues at stake. The following is a look back at some exemplary actions.

"Responsible" fishing

After cod processed in accordance with "Responsible Fishing" practices in 2004, Carrefour launched four new frozen fish listings under its own brands in 2005: Greenland halibut, sea bream, dab and sea bass. These product listings meet the criteria for fishing practices that are respectful of ecosystems. In 2005, 880 tonnes of fish processed in accordance with "Responsible Fishing" practices were sold in France and Belgium. This "responsible line" will soon be sold in Switzerland and Spain.

Electrical performance

In May 2005, Carrefour and Schneider Electric signed an energy performance agreement. The objective of this agreement is to reduce stores' electricity consumption by 10 to 15% in the medium term. Air conditioning, heating, lighting and particularly cold rooms and frozen food cabinets were modified in 15 stores in 2005. If all existing hypermarkets were to be modernized, savings equivalent to 25% of the annual electricity consumption of the city of Paris could be achieved. This measure will be gradually deployed in all Carrefour hypermarkets in France.

Cleaner fuel

Despite its propensity for pollution, two out of three vehicles in France run on diesel fuel. From July 2005, all 214 Carrefour service stations in France have been selling a new diesel fuel with an additive to reduce pollution that provides excellent mechanical performance. It is sold at the same price as its predecessor.
With this new fuel, Carrefour – France's second largest petrol retailer – has shown its determination to reconcile competitive pricing with a responsible attitude towards the environment while meeting the increasing demands of new generation diesel engines.

Improved waste management

Plastic bags, crates and cardboard boxes… Carrefour has been selling reusable and exchangeable bags since December 2004. As a result, the consumption of free throwaway plastic bags has dropped by 35% since 2003. In 2005, more than 11 million reusable bags were sold by the Carrefour group's stores. As part of the same initiative, stores collect used batteries at collection points made available to customers in the stores.
As of the end of October 2005, 609 tonnes of batteries had been collected. Finally, all these sites systematically sort their waste. The Group also made a commitment in 1996 to reduce the weight and volume of its packaging, which has been reduced by 7,000 tonnes to date.

Information campaigns to change behaviours

In addition to its actions to protect the environment, the Group also endeavours to heighten the awareness of its customers regarding the main issues of sustainable development. Carrefour organizes events in its stores on a regular basis (Environment Day, Sustainable Development Week, etc.) to inform its customers about these issues. The "Water Action" operation launched by Champion in October 2005 was aimed at alerting the general public to the need to control water consumption. Carrefour also designs teaching aids on the environment aimed at both children and adults. Some examples include the document "La Famille Durable à la Maison" (The Sustainable Family at Home) and the newsletters "Junior" and "Positif", as well as a partnership with Chic Planète.

"ENVIRONMENTAL QUALITY" PILOT STORES

At Saint-Maur-des-Fossés in the Paris region and at Shenzhen in China, Champion is refitting two of its stores to meet environmental quality standards. This approach consists in designing a building that is respectful of the environment at each stage of its life cycle, from construction to the end of its useful life. This involves reducing the impact of construction, improving energy performance, visual, acoustic and thermal comfort, sanitary quality, and so on. Each aspect is analyzed and thought out to control the impact on the building's surroundings and create a comfortable and healthy interior environment.


Carrefour

LOOKING AHEAD

The change of course initiated in 2005 is only a first step. 2006 and the years to come are already shaping up as the beginning of a new era of accelerated growth, which will find expression in new store openings, enlargements, new formats, product innovations and, of course, sales growth. Some major new projects are already underway, such as the development of the non-food product range and the expansion of the services we offer. All our teams are already hard at work.

60 Targeting growth

TARGETING GROWTH

Profitable growth remains the absolute priority of the Carrefour group in 2006 and for the years to come. This clearly defined strategy is structured around two key focal points: the customer and growth. The way we deal with these two key issues will determine the Group's future development.

2005: an encouraging turning point

The new strategy is already producing results. Preliminary results in 2005 offer evidence of the start of an upturn. For the first time since 2000, the Group recaptured grocery market share in France. This increase is the sign of a new dynamic. Internationally, sales increased by 7.5% at constant exchange rates. Carrefour has strengthened its positions everywhere throughout the world. An additional 1.5 million square metres of sales floor area were added, including 425,000 through acquisitions. But even though these results portend a better future, much remains to be done.

Cautious optimism

The Carrefour group must face the challenges of both a difficult and changing economic environment, and of stiff competition, with each market participant fiercely defending its market share. Customers are changing as well. It is crucial to keep pace with their changing expectations and needs. Customers are better informed and more vigilant, and have adopted new purchasing behaviours. The least expensive food products or those with a high level of added value have each won favour. The demand for non-food products is increasing and customers are ready to support such products particularly when they are innovative in nature. Technological progress is shortening product life cycles, and product ranges must be constantly updated. In-store services must also be expanded.

Continuing the effort to win customers

To ensure customer satisfaction and meet the full range of customer needs, we will continue to emphasize six key points:

- The ongoing implementation of a consistent and determined pricing strategy;
- An extensive and well positioned range of products and services to set the Group apart from the competition and regain market share. The proposed new "High Turnover Consumer Goods" concept and the creation of so-called "Schools" to redefine the Textile, General Merchandise and Electrical/Audiovisual are good illustrations of this determination;
- The drawing power of the Group's own brands by further improving their quality and enhancing their added value;
- The development of services to assist customers and facilitate their shopping throughout the stores;
- The Partnership with our suppliers by focusing on the essential: the development of a better balanced selection of brand name products and optimization of the supply chain;
- Increased knowledge of our customers by finding a harmonious balance between micro-marketing and mass marketing. A more nuanced form of customer relations will be implemented, which will have an impact on all activities (through the sharing of information, local definition of the best product mix, and targeted marketing and pricing).

Leading the field through continued development

Organic growth and acquisitions will continue in the years to come, and the optimization of the portfolio will continue by seizing all opportunities. Even though pragmatism and expediency will guide this reallocation of resources, we will not change course. Investment activities will also continue to be sustained. The nature of the resulting portfolio of stores will be decisive for the future.

Outlook

Over the 2006-08 period, the Group will maintain this strategy of strong and profitable growth. In 2005, investment activities increased sharply (by 38% compared with the average over the last five years).

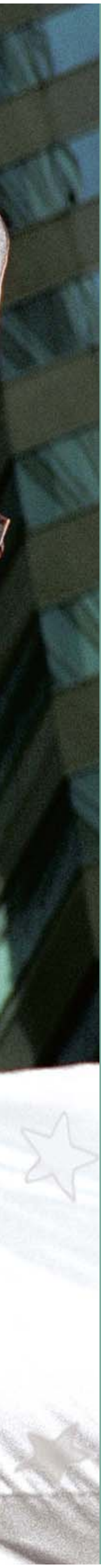
These investments will continue to be devoted to sustained development, via increasing numbers of store openings and targeted acquisitions. As evidence of this strategy, 100 hypermarkets are scheduled to open in 2006, while the average for previous years was 45 openings per year. The emergence of new ideas will also play an important role in coming years. The Group's ability to transform its stores and invent new formats to respond to specific local situations will be crucial.
A number of new concepts designed to ensure our future success are already under development, including "Tintalito" in Colombia, "Bodega Cluster" in Argentina, "GS Spesa Idea supermarkets" in Italy, and the "Super Très Urbain" concept in France.

100
hypermarket openings planned per year between 2006 and 2008

1,000
new retail outlets per year

10 billion
euros of investments
dedicated to organic growth over the 2006-2008 period


groupe carrefour



CORPORATE GOVERNANCE

A new corporate governance structure was implemented in 2005. It was designed to ensure a better distribution of authority between the Supervisory Board, which serves a control function, and the Management Board, responsible for the Group's management functions. The Management Committee remains the operational body for strategy implementation.

THE SUPERVISORY BOARD

The main prerogatives of the Supervisory Board are:

- The appointment and dismissal of members of the Management Board and its Chairman;
- The approval of any changes in the Group's structures or in the structure of the share capital.

The continuing role of the Supervisory Board is to verify and monitor the execution of corporate strategy. It can carry out any verification procedures that it deems necessary at any time and obtain access to all documents that it considers useful for such verifications. It must also verify the fairness and accuracy of the financial statements presented to it by the Management Board. When this verification process has been completed, the Supervisory Board draws up a report which is communicated to the shareholders during the Annual General Meeting.

Composition of the Supervisory Board

The Supervisory Board is chaired by Luc Vandevelde and has seven members.

Luc Vandevelde

Chairman of the Supervisory Board

Age 55

Luc Vandevelde began his career in 1971 with the Kraft Group in Brussels. He successively held the positions of Financial Director of Kraft in Madrid, Vice-president for Development and Planning of Kraft Europe in Lausanne and Director of Finance and Administration of Kraft GmbH in Germany. He was then appointed Vice-president for Finance and Administration of Kraft International in 1988 in the United States and Vice-president for Administration and Development of Kraft General Foods International in 1989. He returned to Europe in 1990 as Chairman and Managing Director of Kraft Jacobs Suchard for France, and then for France and Italy. In 1995, he joined Promodès as General Manager. In 1999, following the merger with Carrefour, he was appointed Vice-chairman and Managing Director of Carrefour. In 2000, he joined the Marks & Spencer Group as Chairman.
In January 2003, he founded Change Capital Partners in London and joined the Halley Family Group in April 2003. He was appointed a Director of Carrefour in March 2004. He then left Marks & Spencer in May 2004. On April 20, 2005, he was appointed Chairman of the Supervisory Board.

Other appointments

Member of the Board and Chairman of the Compensation Committee at Vodafone.
Member of the Boards of Société Générale, Comet BV and Citra SA.
Partner in Change Capital Partners.

Comet BV represented by Robert Halley

Representative of the Halley Family Group, a core shareholder of Carrefour

Age 70

Robert Halley joined Promodès in 1961. He was appointed General Manager of the Management Board in 1972 and Vice-Chairman and Managing Director in 1987.

José Luis Leal-Maldonado

Former Spanish Finance Minister and former Chairman of the Spanish Banking Association.

Age 66

José Luis Leal-Maldonado was appointed Managing Director for Economic Policy in 1977 in Spain, a position that he occupied until February 1978, when he became Secretary of State for Economic Coordination and Programming. He was appointed in Spain Finance Minister in April 1979, a position that he held until September 1980. From 1981 to 1990, he worked as Economic Advisor to the Banco de Vizcaya and assistant to the chairman of Banco Bilbao Vizcaya. From 1990 to 2006, he was Chairman of the Spanish Banking Association.

Other appointments

Member of the Boards of Saint-Gobain, Saint-Gobain Cristaleria Espanola, CEPSA, and Renault Spain. Chairman of "Dialogo", a Spanish-French friendship association and of Accion Contra el Hambre, Vice-Chairman of the Fundacion Abril Martorell and member of the Real Patronato del Museo del Prado and of the Fundacion Duques de Soria.

René Brillet

Former Carrefour General Manager for Asia

Age 65

René Brillet began his career as a radio officer in the Merchant Marine in 1968. In 1972 he joined Carrefour and successively held the positions of Chief Accountant in Italy and Brazil, then of Store Manager and Director of Organization and Methods while still in Brazil. In 1981, he moved to Argentina as Executive Director and then to Spain, where he was in charge of operations from 1982 to 1985, and finally to France, which he managed from 1986 to 1995. In 1996, he was appointed General Manager for Europe and then General Manager for Asia in 1998, a position that he held until February 28, 2004.

Anne-Claire Taittinger

Member of the Management Board of the Taittinger Group, General Manager of the Société du Louvre, Vice-president of Baccarat

Age 55

Anne-Claire Taittinger is a graduate of the Institut d'Études Politiques de Paris, and holds a Master's degree in urban sociology and an advanced degree in urban development from the Centre de Perfectionnement aux Affaires. She began her career in 1976 at the Caisse des Dépôts et Consignations as head of urban development operations at the Société Centrale d'Équipement du Territoire. She joined the Louvre group in 1979 as General Secretary and then became Chairman and Managing Director of the Compagnie Financière Deville. She was successively Chairman and Managing Director of the Compagnie Financière Leblanc, of ELM-Leblanc, Vice-Chairman and Managing Director of the Industrial Division of Deville, Chairman and Managing Director of Parfums Annick Goutal France USA and then of Baccarat. She was appointed General Manager then, in 2002, Chairman of the Executive Committee of the Taittinger Group as well as General Manager of its subsidiary, the Louvre group, in conjunction with the separation of the functions of Chairman of the Board and General Manager.

Other appointment

Member of the Board of Dexia.

René Abate

Consultant

Age 57

René Abate is a graduate of the École Nationale des Ponts et Chaussées and the Harvard Business School. He began his career as an engineer with the New York Port Authority in 1970 and then joined BCG in 1974 where he was a consultant in the fields of strategy and organization to large companies in various sectors, notably in high turnover consumer goods and in food and specialist retailing. He was successively Cabinet Business Manager in France, Chairman of the Group for Europe and member of the World Executive Committee, positions from which he resigned in 2006.

Other appointments

Member of the Board of Directors of the École Nationale des Ponts et Chaussées. Member of the Board of Directors and Vice-president of the Envol association for European children.

Amaury de Sèze

Chairman of PAI partners

Age 59

Amaury de Sèze began his career in 1968 at Bull General Electric. In 1978, he joined the Volvo group where he held the positions of General Manager, Chairman and Managing Director of Volvo France, Chairman of Volvo Corporate Europe, member of the Executive Committee of the Volvo Group and member of the Renault Volvo Strategic Committee. He joined the Paribas group in 1993 as a member of the Management Board of the Compagnie Financière de Paribas and of the Paribas Bank, in charge of equity holdings and industrial affairs and then as Manager of the Equity Holdings Division of the BNP-Paribas Bank. He has been Chairman of PAI partners since 1998.

Other appointments

Member of the Boards of Eiffage, Groupe Bruxelles Lambert (GBL), Publicis, Gras Savoye, Groupe Industriel Marcel-Dassault, Power Corporation of Canada, and Pargesa Holding S.A.

THE COMMITTEES OF THE SUPERVISORY BOARD

There are two specialized committees within the Supervisory Board. The purpose of these committees is to examine certain specific issues in depth and make proposals to the Supervisory Board.

The Audit Committee

Missions of the committee

The prerogatives of the Audit Committee include responsibility for:

Annual and interim 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 the corporate and consolidated financial statements;
- it analyzes the intermediate and preliminary results and the commentaries on them before they are made public;
- it verifies that the internal procedures for collecting and auditing the 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 assures the quality of the procedures and information relating to stock market regulations (reference document).

The internal and external audit of the company and its main subsidiaries, for which:

- it evaluates proposals for the nomination or renewal of the company's Statutory Auditors and their compensation;
- it evaluates, with those responsible for internal control, the Group's internal control systems.

The risks that it examines regularly with the Supervisory Board are of a financial, strategic or operational nature.
The committee can make use of the information available from the Group's Finance and Management Director and can hear the Statutory Auditors under conditions stipulated by the Committee.

Membership of the Committee

The committee has a maximum of four members appointed by the Supervisory Board from amongst its members.

Current committee members are:

- Robert Halley (Chairman)
- René Brillet (independent member)
- Amaury de Sèze (independent member)

The Committee meets at least three times per year. Two meetings are scheduled before the presentation of the annual and interim financial statements. The committee is not quorate unless at least half its members are present. A committee member may not appoint a proxy.

The Committee on Remuneration, Appointments and Corporate Governance

Missions of the committee

The Committee intervenes in the following areas:

- Proposals to the Supervisory Board for the nomination of its members;
- Proposals for the remuneration of corporate officers and the distribution of director's fees;
- Assessment of the overall stock-option package;
- Information on the nomination and remuneration of the Group's senior management;
- Evaluation of the quality of the work of the Supervisory Board.

Membership of the Committee

The committee has a maximum of four members appointed by the Supervisory Board from amongst its members.
Current committee members are:

- José Luis Leal-Maldonado (Chairman and independent member)
- Anne-Claire Taittinger (independent member)
- René Abate (independent member)

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. The committee is not quorate unless at least half its members are present. A committee member may not appoint a proxy.

THE MANAGEMENT BOARD

The Management Board, an executive body appointed by the Supervisory Board, is responsible for the General Management of the company through a collective decision-making process. It examines and approves the financial statements and calls the Shareholders' Meeting. It reports on its management decisions to the Supervisory Board.

From left to right: Jacques Beauchet, José Maria Folache, José Luis Duran, Guy Yraeta, Javier Campo.

JOSÉ LUIS DURAN

Chairman of the Management Board

Age 41

After studying economics, José-Luis Duran began his career in 1987 at Arthur Andersen. He joined Pryca (a Carrefour subsidiary) in 1991 where he successively held the positions of Management Auditor (1991-1994), Management Auditor - Southern Europe (1994-1996) and then Management Auditor - Americas Region until 1997. After holding the position of Chief Financial Officer at Pryca he became Chief Financial Officer of Carrefour Spain in 1999.

In April 2001 he was appointed CFO and Managing Director of Organization and Systems for Carrefour and joined the group's Executive Committee. On February 3, 2005, José-Luis Duran was named Managing Director and Chief Executive Officer of the Group.

On April 20, 2005, he was appointed Chairman of the Management Board.

JACQUES BEAUCHET

Member of the Management Board

Age 54

After completing his studies at the European School of Management in Paris (ESCP), Jacques Beauchet began his career in 1977 in management control at Shell.

In 1986, he joined Codec as Management Control Director until 1989, when he became General Secretary. At the end of 1990, he was appointed acting Finance Director of Promodès. In 1993, he became Advisor to the Chairman, a post which he held concurrently with that of Communications Director from 1995.

In 1999, he was named the Carrefour group's Human Resources Director.

Since February 3, 2005, Jacques Beauchet has been Managing Director for Human Resources, Communications and General Secretary.

On April 20, 2005, he was appointed to membership of the Management Board. The following divisions report to him directly: Human Resources, Communications, Legal, Quality and Risks, International Partnerships and Convenience France.

THE MANAGEMENT COMMITTEE

The Management Committee is responsible for the Group's operational management. Each member of the Management Committee reports directly to the Management Board, either to its Chairman, or to one of its members.
The Management Committee is composed of:

MEMBERS OF THE MANAGEMENT BOARD

José Luis DURAN
Jacques BEAUCHET
Javier CAMPO
José Maria FOLACHE
Guy YRAETA

OPERATING DIVISIONS

China
Jean-Luc CHÉREAU
Chairman, Carrefour China
Éric LEGROS
Executive Director-China

Dia Spain
Ricardo CURRAS

Convenience and Cash & Carry Director
Gérard DOREY

Italy
Didier FLEURY

Supermarkets France
Thierry GARNIER

Belgium
Marc OURSIN

Dia Europe
Javier de la PENA

Spain
Gilles PETIT

Other Asian countries
Noël PRIOUX

Other European countries
Gilles ROUDY

Latin America
Éric UZAN

FUNCTIONAL DIVISIONS

Human Resources
Hervé CLEC'H

Grocery Sales
Juan CUBILLO

Organization, Systems and Supply Chain
Gérard LAVINAY

Finance Management
Éric REISS

JAVIER CAMPO

Member of the Management Board

Age 50

After studying engineering at the Universidad Politécnica in Madrid, Javier Campo began his professional career in 1979 at the Accenture consulting firm.
In 1982, he became General Manager of the Alton and Old Chap jean brands.
He joined the Group in 1985 as Marketing Director of Dia.
In 1986, he was appointed General Manager of Dia Spain, then General Manager of Dia International.
In 1996, he became a member of the Executive Committee of the Promodès group and then of the Carrefour group in 1999.
On April 20, 2005, he was appointed to membership of the Management Board. The following divisions report to him directly: Dia, Food Sales and Organization, Systems and Supply Chain.

JOSÉ MARIA FOLACHE

Member of the Management Board

Age 45

After obtaining a law degree and an MBA from the IESE business school in Barcelona, José Maria Folache joined Continente in 1986 as Deputy HTCG Purchasing Director in the Merchandise Department in Spain.
In 1991, he was the Manager of a hypermarket for one year, and then returned to the Merchandise Department in Spain as Sales Director. In 1993, he was appointed Regional Director, and then in 1994, Director of non-food central purchasing for the Promodès group.
In 1998, he was appointed General Manager for Promodès Hypermarkets in Italy and in 2000 General Director, Spain. Since February 3, 2005, José Maria Folache has been Managing Director of the Europe region (excluding France).
On April 20, 2005, he was appointed to membership of the Management Board. The following divisions report to him directly: sales (electrical/audiovisual, general merchandise and textiles), Italy, Spain, Belgium and other European countries.

GUY YRAETA

Member of the Management Board

Age 53

After completing his engineering studies at the Institut Supérieur d'Agriculture in the Rhône-Alpes region, Guy Yraeta joined Carrefour in 1976.
In 1988, he was appointed Store Manager and two years later, he took up the post of Grocery Director for France.
In 1994, he became Regional Director for the Central Northeast territory.
Beginning in 1995, he held the post of Executive Director for Italy for four years.
On April 20, 2005, he was appointed to membership of the Management Board. He is responsible for the management of hypermarkets in France.

FINANCIAL REPORT

73 CONSOLIDATED FINANCIAL STATEMENTS

In the pages that follow, the Carrefour Group Financial Report presents the Group's results for the two fiscal years 2004 and 2005. It comprises the following:

- **the Group Management Report presents the activity and main figures for 2005,** for the Group in its entirety and for each of the geographical operating regions: France, Europe (excluding France), Latin America and Asia. It ends by focusing on recent developments and the 2006 objectives for the Group, as presented at the time of the publication of the consolidated earnings on March 9, 2006;

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

- the report by the Chairman of the Supervisory Board on corporate governance and internal control procedures;

- finally the **store network and commercial statistics,** summarizing ten years' worth of trends in the number of consolidated stores in each country and sundry statistics, in particular as regards sales areas and the number of branded stores.

CONSOLIDATED FINANCIAL STATEMENTS

MANAGEMENT REPORT

ACCOUNTING PRINCIPLES

The Carrefour Group consolidated financial statements for the fiscal year 2005 have been drawn up in accordance with IAS/IFRS international accounting standards.

The comparative financial statements are the 2004 statements restated in accordance with IFRS standards, which were presented in the update to the 2004 reference document dated August 24, 2005.

The accounting principles applied in 2005 are comparable to those applied in the 2004 statements restated in accordance with IFRS standards, with the exception of the two following points:

- the Group decided in 2005 to make a change in its estimate of its buildings depreciation period, raising it from 20 to 40 years. Information that has been restated to take into consideration buildings depreciation over 40 years is therefore shown for 2004.
- since the early application of the standards relating to financial instruments (IAS 32 and 39) had not been adopted on January 1, 2004, they are being applied for the first time in 2005 without a comparison with 2004.

For the purposes of comparison, the aggregates noted below are based on the 2004 financial statements restated in accordance with IFRS standards and taking into consideration buildings depreciation over 40 years.

ACTIVITY – RESULTS

Carrefour had established the following 4 priorities for 2005:

- **improving the price competitiveness of hypermarkets in France:** continuing the investments made on pricing by targeting them more effectively to improve price competitiveness;
- **winning market share in France;**
- **improving profitability and return on capital employed (ROCE) for international operations:** consolidating strong market positions in Europe, Asia and Latin America through the rationalization and optimization of the asset portfolio;
- **establishing the basis for faster profitable growth as from 2006** by creating 1 million m² in 2005 and by preparing the foundations for a programme to accelerate openings as from 2006.

Thus, in 2005:

- Carrefour maintained a constant and determined commercial policy, in particular in France, where for the first time since 2000 the Group won grocery market share over the whole year;
- Carrefour's commitment to maintaining low prices, especially in France, is partly reflected in the change in the Group's profit margin, which has fallen by 0.2%;
- Carrefour pursued its programme of selling off insufficiently profitable or non-strategic assets (sale of Japan, sale of Mexico, sale of food service in France (Prodirest), sale of the Czech Republic and of Slovakia, closures or sales of supermarkets in Spain and Brazil and the sale of Puntocash in Spain). At the same time, the Group has strengthened its position in key markets, thanks to tactical acquisitions (Greece, Poland, Turkey) and franchising agreements (France, Italy);
- the level of EBIT against sales in our countries progressed, thanks to improved operating performance and the sale of insufficiently profitable operations: in 2005, no country was any longer showing a deficit and 8 countries out of 19 recorded profits of more than 4% of sales;
- the preparation for accelerated growth by creating additional sales area is reflected in the creation of almost 1.5 million m² of additional surface area, both by store openings and extensions and acquisitions.

Annual figures

(in millions of euros)	December 2005	December 2004 restated Dep / 40 years	Var.% 2005/2004 restated Dep / 40 years
Net sales	**74,497**	**72,668**	**2.5%**
Activity contribution	3,175	3,271	(2.9%)
Net income from recurring operations – Group share	1,807	1,786	1.2%
Net income from discontinued operations – Group share	(371)	(85)	
Net income – Group share	**1,436**	**1,701**	**(15.6%)**

Net sales

(in millions of euros)	December 2005	December 2004 restated Dep / 40 years	Var.%	Var.% at constant exchange rate
France	35,577	35,723	(0.4%)	(0.4%)
Europe (excl. France)	28,102	27,123	3.6%	2.4%
Latin America	5,075	4,721	7.5%	(6.4%)
Asia	5,743	5,101	12.6%	9.1%
Total	**74,497**	**72,668**	**2.5%**	**0.9%**

Net sales were 74,497 million euros, up 0.9% on 2004 sales, at a constant published exchange rate. After the positive impact of the exchange rate, sales increased by 2.5%.

Excluding the sales of Japan, Mexico, the Czech Republic and Slovakia, of the food service business in France (Prodirest), of supermarkets in Spain and Brazil and of Puntocash in Spain, sales would have risen by 6.0%, and by 4.3% on a constant exchange rate basis.

Breakdown of net sales by business

	2005	2004	2003
Hypermarkets	59%	58%	59%
Supermarkets	18%	18%	18%
Hard Discount stores	9%	8%	7%
Other	14%	16%	16%
TOTAL	**100%**	100%	100%

Breakdown of net sales by geographic region

	2005	2004	2003
France	48%	49%	51%
Europe (excl. France)	38%	37%	36%
Latin America	7%	7%	7%
Asia	7%	7%	6%
TOTAL	**100%**	100%	100%

ACTIVITY CONTRIBUTION

Activity contribution was 3,175 million euros and represented 4.2% of our sales as against 4.4% in 2004 (earnings restated as a result of the change in buildings depreciation periods over 40 years). It fell by 2.9% compared to 2004.

(in millions of euros)	December 2005	December 2004 restated Dep / 40 years	Var.%	Var.% at constant exchange rate
France	1,713	2,039	(16.0%)	(16.0%)
Europe (excl. France)	1,145	996	15.0%	14.2%
Latin America	133	90	47.8%	22.2%
Asia	184	146	26.0%	24.2%
Total	**3,175**	**3,271**	**(2.9%)**	**(4.0%)**

Breakdown of Activity contribution by geographic region

	2005	2004
France	54%	63%
Europe (excl. France)	36%	30%
Latin America	4%	3%
Asia	6%	4%
TOTAL	**100%**	100%

DEPRECIATION AND PROVISIONS

Depreciation and provisions totalled 1,474 million euros. They represented 2.0% of sales.

NON-CURRENT INCOME AND EXPENSES

Non-current income and expenses represented a net expense of 21 million euros. This included:

- costs of restructuring or closing sites in the amount of 204 million euros;
- an expense of 31 million euros relating to stock options;
- capital gains or losses from sales representing income of 188 million euros (mainly from sales of shopping malls in France, Italy, Turkey and Greece);
- other non-recurring items totalling 27 million euros.

EBIT

EBIT amounted to 3,154 million euros and represented 4.2% of our sales as against 4.4% in 2004 (earnings restated as a result of the change in buildings depreciation periods over 40 years). It fell by 1.3% compared to 2004.

EBIT by geographic region

	2005	2004
France	4.8%	5.7%
Europe (excl. France)	4.1%	3.7%
Latin America	2.6%	1.9%
Asia	3.2%	2.9%
TOTAL	**4.3%**	4.5%

INTEREST INCOME (EXPENSE)

Interest income was a net expense of 455 million euros, up 6.2% on 2004, representing 0.6% of sales in 2005 as against 0.7% in 2004.

This improvement in interest income is primarily explained by non-recurring income from the liquidation of a debt and by a slight decrease in financial expense.

Thus, despite the reduction in Activity contribution, coverage of financial expenses rose from 6.7 x in 2004 to 7 x in 2005.

INCOME TAX

The effective income tax expense was 794 million euros in 2005. This represented 29.4% of income before taxes as against 29.7% in 2004.

This slight reduction in the effective tax rate can be explained by the slight fall in taxation rates in France and Italy, while the Group also benefited from non-capitalized tax credits in countries that, have seen losses in the past, such as Turkey and Belgium.

CONSOLIDATION BY THE EQUITY METHOD

Income from equity affiliates increased slightly to 51 million euros, that is, 10 million higher than in 2004. This trend was mainly due to the increase in the percentage of the Hyparlo holding (from 20% to 49%) and to the increase in Hyparlo earnings as a result of non-recurring income.

MINORITY INTERESTS

The share of minority interests in income rose from 8.2% in 2004 to 7.6% in 2005 (not including income from discontinued operations). This reduction can be explained mainly by the combined effect of a deterioration in income from Greece, with the 2004 income including non-recurring tax income, and an increase in Turkey's overall income.

NET INCOME FROM RECURRING OPERATIONS – GROUP SHARE

This amounted to 1,808 million euros, up 1.2% in comparison with net income from recurring operations - Group share 2004, which was 1,786 million euros.

NET INCOME FROM DISCONTINUED ACTIVITIES – GROUP SHARE

This represented an expense of 372 million euros in the 2005 income statement and was broken down as follows:

(in millions of euros)	
Restructuring Supermarkets Brazil	(196.0)
Restructuring Supermarkets Spain	(61.0)
Income from sale of Mexico	(29.0)
Income from sale of Prodirest	(22.0)
2005 income Czech Republic/Slovakia	(63.0)
Income from sale of Japan	1.0
2005 income Cash & Carry Spain	(2.0)
TOTAL	**(372.0)**

The main item in this entry concerns the withdrawal from supermarkets in Brazil, half of which is linked to an exceptional amortization of goodwill.

Despite the various restructuring operations carried out up until October 2005 and the closure of 35 sales outlets, income still did not meet the expectations of the Group. The decision was therefore taken to abandon the Champion trade name in Brazil by closing or disposing of 26 other sales outlets, with the remaining 34 stores being converted into a regional adaptation of the Carrefour Express concept.

In Spain, it was also decided to restructure 176 Champion supermarkets, which were posting recurring losses.

26 stores have been transferred to the DIA trade name and 10 to Carrefour Express.

In 2006, 7 of the 140 stores will be closed, with 37 being sold to third parties, 26 transferred to the DIA trade name and 70 to Carrefour Express.

CASH FLOW AND INVESTMENTS

Cash flow was 3,582 million euros, up 3% on 2004. It represented 52.7% of net debt in 2005 as against 45.5% in 2004 (by applying IAS 32/39 to the net closing debt in 2004). Net investment for the year totalled 2,554 million euros, as against 2,069 million euros in 2004. The Carrefour group's tangible and intangible investments totalled 3,026 million euros. Financial investments represented 826 million euros in 2005. Disposals with an impact on our cash flow totalled 1,299 million euros for 2005.

SHAREHOLDERS' EQUITY

This totalled 9,386 million euros at December 31, 2005 as against 7,876 million euros in the previous year.

NET DEBT

On a constant accounting principle (applying IAS 32/39 to end of year debt in 2004), the Group's net debt fell from 7,546 million euros at the end of 2004 to 6,790 million euros at the end of 2005. Net debt represented 72% of the net position before distribution of a dividend at the end of 2005, as against 101% at the end of 2004. Excluding foreign currency translation adjustments, it represented 79% of the net position after distribution of the dividend at the end of 2005.

ANALYSIS BY GEOGRAPHIC REGION

(in millions of euros)	France 2005	France 2004	Europe (excl. France) 2005	Europe (excl. France) 2004	Latin America 2005	Latin America 2004	Asia 2005	Asia 2004	Total 2005	Total 2004
Net sales	35,577	35,723	28,102	27,123	5,075	4,721	5,744	5,101	74,497	72,668
Activity contribution	1,713	2,039	1,145	995	133	90	185	146	3,175	3,271

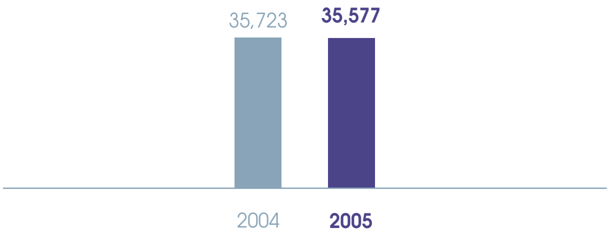
FRANCE

The consolidated store network in France at December 31, 2005 was as follows:

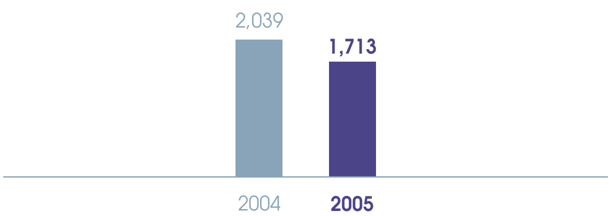
	2005
Hypermarkets	179
Supermarkets	595
Hard Discount stores	782
Other stores	108
TOTAL	**1,664**

In 2005, the network increased by 7 supermarkets and 152 hard discount stores, and decreased by 26 warehouses (sale of Prodirest).

Net sales
(in millions of euros)



Activity contribution
(in millions of euros)



France's sales were slightly down, by 0.4%. This fall was the result of significant price reductions in all our store formats in order to increase market share. Activity contribution fell from 5.7% of sales in 2004 to 4.8% of sales in 2005 and totalled 1,713 million euros.

Operational investments in France totalled 791 million euros, representing 2.2% of sales.

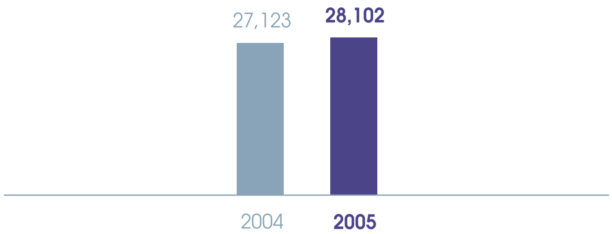
EUROPE (excluding France)

The consolidated store network in Europe at December 31, 2005 was as follows:

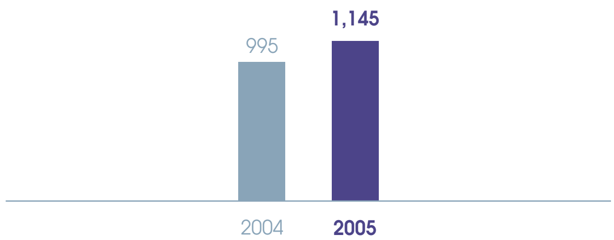
	2005
Hypermarkets	321
Supermarkets	765
Hard Discount stores	2,789
Other stores	223
TOTAL	**4,098**

The consolidated store network expanded this year by 33 hypermarkets, 75 supermarkets and 133 hard discount stores.

Net sales
(in millions of euros)



Activity contribution
(in millions of euros)



Sales in Europe increased by 3.6%, thanks to very good results in the main European countries. Activity contribution totalled 4.1% of sales at December 31, 2005 compared to 3.7% in 2004.

Operational investments in Europe totalled 1,192 million euros, representing 4.2% of sales.

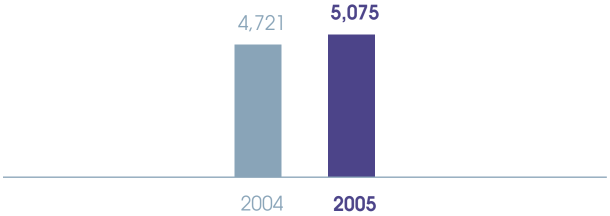
LATIN AMERICA

The consolidated store network in Latin America at December 31, 2005 was as follows:

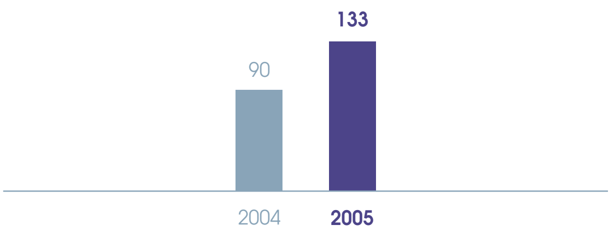
	2005
Hypermarkets	148
Supermarkets	149
Hard Discount stores	520
Other stores	-
TOTAL	**817**

In 2005, the network expanded by 32 hard discount stores, while the number of hypermarkets fell by 9 stores and the number of supermarkets by 62 stores, mainly due to the decision to move out of supermarkets in Brazil.

Net sales
(in millions of euros)



Activity contribution
(in millions of euros)



Sales increased by 7.5% between 2004 and 2005, strongly affected by exchange rate fluctuations. At constant exchange rates, sales fell by 6.4%. This fall was mainly attributable to the withdrawal from supermarkets in Brazil. Activity contribution increased from 1.9% of sales in 2004 to 2.6% of sales in 2005, to 133 million euros.

Operational investments totalled 248 million euros, representing 4.9% of sales.

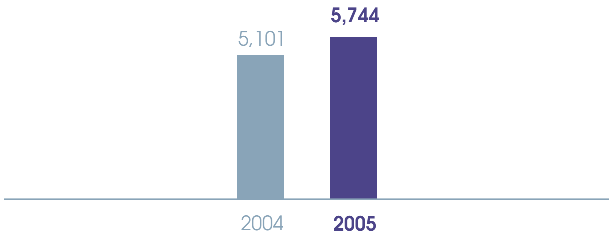
ASIA

The consolidated store network in Asia at December 31, 2005 was as follows:

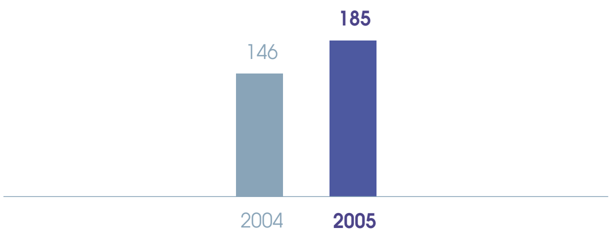
	2005
Hypermarkets	191
Supermarkets	8
Hard Discount stores	225
Other stores	-
TOTAL	**424**

In 2005, the network expanded by 21 hypermarkets, 2 supermarkets and 61 hard discount stores.

Net sales
(in millions of euros)



Activity contribution
(in millions of euros)



Sales in Asia increased by 12.6%. At constant exchange rates, sales increased by 9.1%. Activity contribution increased from 2.9% of sales in 2004 to 3.2% of sales in 2005 and totalled 185 million euros.

Operational investments in Asia totalled 381 million euros, representing 6.6% of sales.

RECENT CHANGES

Hyparlo

During the first quarter of 2005, Carrefour increased its holding in Hyparlo, through the contribution of Bearbull (Romania) shares together with the payment of an additional balancing cash adjustment.

Following the operation, in 2005 Carrefour held a total of 49% of Hyparlo shares, as against 20% at the end of 2004.

Since Carrefour did not have exclusive control of Hofidis II on December 31, 2005, the Group's holding was consolidated by the equity method.

On September 13, 2005, the Paris Court of Appeal ruled that a "joint taking of control" of Hofidis II occurred on January 14, 2005 and that, as a result, a takeover bid for Hyparlo shares should be lodged by Carrefour and the Arlaud family before December 21, 2005.

On December 20, 2005, the Group and the Arlaud family signed a rider to their agreement protocol of December 24, 2004 at the end of which, and subsequent to the takeover bid, the Arlaud family sold its holding in Hofidis II to Carrefour on the basis of a transparent price of 39.22 euros per Hyparlo share. This disposal is subject to the prior authorization of the EU authorities responsible for the supervision of mergers.

This amendment to the agreement protocol of December 24, 2004 put an end to the joint action between the members of the Arlaud family group and the Group. The members of the Arlaud family having decided to leave Hofidis II early, the Group presented the takeover bid to Hyparlo's shareholders by itself, at the price of 39.22 euros a share. Mr Gilles Pardi presented his resignation from his post as Chairman of Hofidis II, with effect as of March 14, 2006. The effect of this resignation, pursuant to the Articles of Association of Hofidis II, will be to confer dual voting rights on the Group. As a result, on the settlement-delivery date of the takeover bid, Carrefour will hold an absolute majority of voting rights within Hofidis II, thereby conferring on it a majority holding in Hyparlo, independently of the sale concluded with members of the Arlaud family.

Hyparlo's operations will, therefore, be consolidated by full integration as of mid-March 2006.

Disposal of the Czech Republic and Slovakia

On September 30, 2005, Carrefour announced its intention of acquiring Tesco Taiwan and of transferring its operations in the Czech Republic and Slovakia to Tesco. Through this agreement, Carrefour wishes to transfer its 11 hypermarkets in the Czech Republic and Slovakia to Tesco.

The execution of this transaction is subject to the approval of the competition authorities. On January 21, 2006, the European Union approved the transaction in the Czech Republic, but referred the decision on Slovakia to the Slovak authorities. The latter are not expected to give their response before the end of April.

OBJECTIVES

Going forward, our goal is to achieve profitable growth. In order to achieve this, the Group has set itself the following priorities:

- accelerating organic growth: in 2006, the Group will create more sales area than ever before. Carrefour intends to open 100 new hypermarkets, more than twice the average openings in the 2000-2004 period. In total, the Group will open 1000 additional stores, representing 1.5 million new m2. Carrefour will thus strengthen its presence in the markets in which it is well established and pursue a market share saturation strategy;
- making the commercial model even more effective by improving its mix, reinforcing its teams in the sales outlets, consolidating its brands and developing its customer loyalty programmes. Whatever the environment, Carrefour's price competitiveness will remain a fundamental priority;
- Carrefour intends to devote 4 to 5% of its sales to growth investments, that is, about 10 billion euros over the period 2006-2008, with strict investment criteria.

In 2006, Activity contribution will grow, thanks to higher growth in sales than in 2005.

A renewed acceleration of growth in 2007 will be reflected in a growth in net sales and Activity contribution on the order of 10% in 2008.

RISK MANAGEMENT

FINANCIAL RISKS

Foreign exchange risk

The Group's operations throughout the world are performed by the subsidiaries operating primarily in their own countries (acquisitions 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 of fixed import transactions is hedged by forward currency purchases. Finally, investments planned in foreign countries are sometimes covered by options. Local finance operations are generally conducted in the local currency. The maturity of foreign exchange transactions is less than 1 year. The value of current positions at the year end is presented in Note 27 to the financial statements.

Interest rate risk

Interest rate risk is managed centrally by our Coordination Centre in Brussels. The latter has a reporting obligation for its operations and calculates monthly performance in order to identify:
- the outcome of actions taken;
- whether or not the actions undertaken comply with the Group's risks policy.

The control of compliance with internal risk limits and monitoring of the Carrefour Group's policy by the Coordination Centre are the responsibility of the Risks Committee. The latter, chaired by the Group's Chief Financial Officer, meets at least every two months.

The management procedures of the Coordination Centre are subject to validation by the Audit Committee.

To achieve its aims, the Coordination Centre has various reporting schedules (weekly, monthly and annual).

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 at December 31, 2005 and the amount of capital hedged are presented in Note 27 to the financial statements.

We have calculated our susceptibility to changes in rates in accordance with the COB recommendation of January 2003. The result of the calculation (on short-term debt in accordance with paragraph 6.4.2 of the recommendation) is as follows:
- in the event of a fall of 1% in rates, interest income would improve by 12 million euros, that is 2.6% of interest income;
- in the event of a rise of 1% in rates, interest income would fall by less than 10 million euros, that is, 2.2% of interest income.

Liquidity risk

Following renegotiation of syndicated loans in 2004, the Group is no longer subject to any financial covenants.
Breakdown of debts by expiration date and currency is presented in Note 26 and the commitments received from financial institutions in Note 30.

Share risk

As at December 31, 2005, the Group held only one treasury share and thus is not exposed to share risk.
Furthermore, marketable securities and financial investments comprise primarily monetary investments, where Group exposure is low.

LEGAL RISKS

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 set aside for expenses that can be estimated with sufficient reliability and deemed probable by the companies and their expert assessors.

The amount of provision made for after-sales services, tax, social security and legal expenses and risks relating to the Group's operations totalled 1,591 million euros at December 31, 2005.

None of the disputes in progress involving the Group's companies are, in the opinion of their expert assessors, likely to affect the activity, results or financial situation of the Group in any significant way.

INSURANCE

Carrefour's insurance policy aims, first of all, to protect its customers, staff and assets.

As a result, the Group has negotiated across-the-board global schemes (in particular loss, civil liability, environment, construction) ensuring uniform cover for all its subsidiaries, whatever their formats and wherever they are established, with a few exceptions (Brazil, for example, which does not allow this type of arrangement).

Furthermore, the Group ensures that the new acquisitions made over the year rapidly obtain its across-the-board cover or, where applicable, benefit from its DIC/DIL cover policies.

Carrefour's insurance policy identifies and assesses existing and emerging risks in close collaboration with operational managers and Quality Management, and puts in place prevention measures through a centralized policy and a local policy, thanks to links in each country.

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

Monitoring and management methods are regularly controlled and inspected by independent players: brokers, insurers, the captive reinsurance company manager and Carrefour's Risk Management department.

This methodology is given for information only in order to illustrate the fields of action in 2005, and should not be considered to represent a permanent situation. The Group's insurance policy also depends on market conditions, opportunities and the risk assessment made by General Management.

Furthermore, in order to optimize its insurance costs and manage its risks appropriately, Carrefour has a policy for the maintenance of its frequency claims, through its captive reinsurance company and, since January 1, 2005, through its own insurance company located in Ireland: Carrefour Insurance Limited, which is accredited by the Irish authorities. Its figures are consolidated in the Group financial statements.

This direct insurance company primarily covers risks of losses on assets and operating losses of subsidiaries in Europe; subsidiaries outside Europe are reinsured 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 limit its undertakings. Beyond a certain limit, risks are transferred to the insurance market.

This same subscription strategy applies to civil liability risks, which are reinsured by the Group's captive insurance company. The captive insurance company's commitment amounts are limited per claim and per insurance year. They are then 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 shown in its balance sheet.

The policy in force is in the form of an "all except" policy issued on the basis of existing guarantees on the insurance market. It covers risks of fire, theft, natural disasters, operating losses, etc.

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

The programme put in place by the Group offers a guarantee limit of 200 million euros per claim in direct losses and operating losses combined. This programme includes sub-limits, particularly in the area of natural events. 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 is renewed on January 1 each year.

Civil liability coverage

This covers bodily injury, material or immaterial damage, (in the latter case with sub-limits and depending on the legislation in force) suffered by a third party that which may have been caused by the Group, both in the operational and post-delivery civil liability areas. The majority of the Carrefour Group's sites are classified as ERP sites (Establishments Receiving the Public); as a result, its exposure to the risks inherent in this activity 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 recognized 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 is subject to a specific insurance approach because of the conditions imposed by re-insurers, which do not, in reality, offer the possibility of a guarantee for accidental pollution risks. Nevertheless, Carrefour has taken out protection for risks whose origin lies in gradual pollution as well as sudden, accidental pollution.

The maximum cover amount is 15 million euros for so-called gradual pollution.

Special risks

This essentially means cover for company representatives. These risks are covered by policies appropriate to the Group's exposure. Given the sensitive nature of this information, the cover amounts for these various contracts remain confidential.

Construction coverage

This covers operators during 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 the legislation in force, collective bargaining agreements and company agreements, schemes for covering the risks of accidents in the workplace, medical costs and welfare and retirement expenses have been put in place in each country.

INDUSTRIAL AND ENVIRONMENTAL RISKS

The Carrefour Group has made environmental responsibility a major part of its policy.

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 from service stations (ground pollution, hydrocarbons);
- control of the use of refrigerating fluids;
- car pollution (parking);
- logistics: reduction of atmospheric emissions and research into less polluting alternative transport systems;
- control of pollution for local residents (noise, integration with the landscape);
- management of natural resources (fish stocks, wood, etc.);
- reduction of the environmental impact of packaging (taking the environment into account in the design of packaging and reduction in the use of packaging);
- waste recovery / recycling;
- water management, energy.

The costs incurred to prevent the effects of our business on the environment in part correspond to the operating costs of the Quality and Sustainable Development Department and its counterparts in the countries. The largest proportion, however, is the operational share corresponding to the amounts allocated to specific projects.

Environmental policies and risk management are inherent to and managed by each sector and are not operated solely by the Quality and Sustainable Development Department.

CONSOLIDATED FINANCIAL STATEMENTS

INTRODUCTION

The following are presented in relation to previous periods:

1) the published IFRS 31/12/2004 income statement restated to include depreciation of buildings over 40 years for the purposes of comparison (see note 1 and transition table Note 33);

2) the income statement published in the Update to the reference document dated August 24, 2005;

3) in accordance with IFRS 5 "Non-current assets held for sale and discontinued operations", the 2004 income statement has been restated to include the operations discontinued in 2005.

CONSOLIDATED INCOME STATEMENT

Sign convention (- expenses + income)

(in millions of euros)	Notes	31/12/2005	% Var.	31/12/2004 published restated Dep / 40 yrs [1]	31/12/2004 published [2]	31/12/2004 IFRS [3]
Net sales	4	74,496.8	2.5%	72,668.0	72,668.0	70,284.2
Other income	5	1,011.3	(2.6%)	1,038.6	1,038.6	996.5
Total income		**75,508.1**	**2.4%**	**73,706.6**	**73,706.6**	**71,280.7**
Cost of sales		(58,626.5)	2.8%	(57,052.8)	(57,052.8)	(55,192.7)
Gross margin from current Operations	6	**16,881.6**	**1.4%**	**16,653.8**	**16,653.8**	**16,088.0**
Sales, general and administrative expenses	7	(12,232.7)	2.9%	(11,888.2)	(11,888.2)	(11,343.4)
Depreciation, amortization and provisions	8	(1,474.2)	(1.4%)	(1,494.7)	(1,652.3)	(1,552.9)
ACTIVITY CONTRIBUTION	3	**3,174.7**	**(2.9%)**	**3,270.9**	**3,113.3**	**3,191.6**
Non-recurring income		264.6	15.3%	229.5	229.5	220.7
Non-recurring expenses	9	(285.0)	(6.7%)	(305.5)	(305.5)	(305.6)
EBIT	3	**3,154.2**	**(1.3%)**	**3,194.9**	**3,037.3**	**3,106.8**
Interest income	10	(454.6)	(6.2%)	(484.5)	(484.5)	(478.2)
Net debt expense		*(395.9)*	*(1.5%)*	*(401.9)*	*(401.9)*	*(395.6)*
Other financial income and expenses		*(58.7)*	*(28.9%)*	*(82.6)*	*(82.6)*	*(82.6)*
Income before taxes		**2,699.6**	**(0.4%)**	**2,710.4**	**2,552.8**	**2,628.5**
Income tax	11	(793.9)	(1.5%)	(805.9)	(762.7)	(780.6)
NET INCOME FROM RECURRING OPERATIONS OF CONSOLIDATED COMPANIES		**1,905.7**	**0.1%**	**1,904.6**	**1,790.2**	**1,848.0**
Net income from companies consolidated by the equity method		50.6	24.4%	40.7	40.7	40.7
Net income before from recurring operations		1,956.3	0.6%	1,945.3	1,830.9	1,888.7
Net income from discontinued operations	12	(374.2)	ns	(85.5)	(85.5)	(143.3)
Total net income		**1,582.1**	**(14.9%)**	**1,859.8**	**1,745.4**	**1,745.4**
of which net Income, Group share		**1,436.0**	**(15.6%)**	**1,701.5**	**1,591.1**	**1,591.1**
OF WHICH INCOME FROM RECURRING OPERATIONS, GROUP SHARE		**1,807.5**	**1.2%**	**1,786.3**	**1,676.0**	**1,733.8**
of which Income from discontinued operations, Group share		**(371.5)**	**ns**	**(84.8)**	**(84.8)**	**(142.6)**
of which net Income, minority share		146.1	(7.6%)	158.2	154.2	154.2

	31/12/2005	31/12/2004 published restated Dep / 40 yrs	31/12/2004 published	31/12/2004 IFRS
Earnings per share from recurring operations (before dilution)	2.58	2.56	2.40	2.49
Earnings per share from recurring operations (after dilution)	2.58	2.56	2.40	2.49

CONSOLIDATED BALANCE SHEET

ASSETS (in millions of euros)	Notes	31/12/2005 (*)	31/12/2004 published restated Dep / 40 yrs	31/12/2004 published
Goodwill	14	10,235	9,329	9,329
Other intangible assets	14	862	730	730
Tangible fixed assets	15	13,401	12,775	12,617
Financial assets	16	1,175	1,141	1,141
Investments in companies accounted for by the equity method	16	467	247	247
Deferred tax on assets	17	1,029	1,066	1,066
Investment properties	18	463	481	481
Consumer credit from financial companies		1,398	1,594	1,594
NON-CURRENT ASSETS		**29,030**	**27,363**	**27,205**
Inventories	19	6,110	5,621	5,621
Commercial receivables	20	3,451	3,147	3,147
Consumer credit from financial companies short term		2,357	1,627	1,627
Tax receivables		598	423	423
Other assets	21	813	900	900
Cash and cash equivalents	22	3,733	3,203	3,203
Assets held for sale (1)		158		
CURRENT ASSETS		**17,220**	**14,921**	**14,921**
TOTAL ASSETS		**46,250**	**42,284**	**42,126**

EQUITY AND LIABILITIES

LIABILITIES (in millions of euros)	Notes	31/12/2005 (*)	31/12/2004 published restated Dep / 40 yrs	31/12/2004 published
Shareholders' equity, Group share	23	8,385	7,057	6,947
Shareholders' equity, minority interest		1,001	933	929
SHAREHOLDERS' EQUITY		**9,386**	**7,990**	**7,876**
Borrowings	26	7,628	7,340	7,340
Provisions	24	2,325	1,954	1,954
Deferred tax liabilities		226	397	353
Consumer credit refinancing		264	255	255
NON-CURRENT LIABILITIES		**19,830**	**17,936**	**17,778**
Borrowings – under 1 year	26	2,895	2,632	2,632
Trade payables		16,025	14,721	14,721
Consumer credit refinancing short term		3,199	2,654	2,654
Tax payables		1,241	1,388	1,388
Other liabilities	25	3,022	2,952	2,952
Liabilities held for sale (1)		38		
CURRENT LIABILITIES		**26,420**	**24,347**	**24,347**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**46,250**	**42,284**	**42,126**

(1) The assets and liabilities held for sale correspond to the assets and liabilities of Cash & Carry operations in Spain (see Note 2) and operations in the Czech Republic and Slovakia.

(*) The IAS 32 and IAS 39 standards relating to financial instruments were applied as from January 1, 2005. Only the financial statements at December 31, 2005 are affected by the application of these standards.

CONSOLIDATED CASH FLOW STATEMENT

(in millions of euros)	**31/12/2005 IFRS**	31/12/2004 published restated Dep / 40 yrs	31/12/2004 published*
INCOME BEFORE TAX [(1)]	**2,700**	**2,711**	**2,553**
OPERATING ACTIVITIES			
Tax	(757)	(830)	(830)
Provision for amortization	1,564	1,781	1,939
Capital gains and losses on sales of assets	(160)	(56)	(56)
Changes in provisions	300	(127)	(127)
Dividends on companies accounted for by the equity method	6	(47)	(47)
Impact of discontinued activities	(71)	0	0
Cash flow from operations	**3,582**	**3,432**	**3,432**
Change in working capital	175	875	875
Impact of discontinued activities	19	0	0
Change in cash flow from operating activities (excluding financial companies)	**3,775**	**4,307**	**4,307**
Change in consumer credit commitments	(27)	(5)	(5)
Net cash from operating activities	**3,748**	**4,302**	**4,302**
INVESTING ACTIVITIES			
Acquisitions of tangible and intangible fixed assets	(3,026)	(2,570)	(2,570)
Acquisitions of financial assets	(51)	(123)	(123)
Acquisitions of subsidiaries	(775)	(315)	(315)
Disposals of subsidiaries	565	19	19
Disposals of fixed assets	707	546	546
Disposals of investments	26	375	375
Sub-total Investments net of Disposals	**(2,554)**	**(2,068)**	**(2,068)**
Other uses	(126)	(80)	(80)
Impact of discontinued activities	63	0	0
Net cash from investing activities	**(2,617)**	**(2,148)**	**(2,148)**
FINANCING ACTIVITIES			
Proceeds on issue of shares	88	(368)	(368)
Dividends paid by Carrefour (parent company)	(656)	(525)	(525)
Dividends paid by consolidated companies to minority interests	(102)	(152)	(152)
Change in borrowings	128	(1,596)	(1,596)
Net cash from financing activities	**(542)**	**(2,641)**	**(2,641)**
Net change in cash and cash equivalent before currency impact	**590**	**(487)**	**(487)**
Impact of currency fluctuations	(59)	(27)	(27)
Net change in cash and cash equivalent after currency impact	**531**	**(514)**	**(514)**
CASH AND EQUIVALENTS AT BEGINNING OF YEAR	**3,202**	**3,717**	**3,717**
CASH AND EQUIVALENTS AT END OF YEAR	**3,733**	**3,202**	**3,202**

(1) Of which financial interests of 573 million euros.

(*) Restated to exclude operations discontinued in 2005; the cash flow variations from operating, investment and finance transactions remain unchanged for 2004.

The related cash flows are not significant.

VARIATION IN CONSOLIDATED SHAREHOLDERS' EQUITY BEFORE ALLOCATION OF INCOME

(in millions of euros)	Capital	Reserves relating to variations in share-holders' equity	Currency translation adjust-ment, Group share	Reserves for fair value variation in financial instruments	Other reserves and income	Share-holders' equity, Group share	Minority interests	Total shareholders' equity
SHAREHOLDERS' EQUITY AT 01/01/2004 BEFORE ALLOCATION	**1,790**	**0**	**0**	**0**	**4,408**	**6,198**	**1,036**	**7,234**
Income 2004					1,591	1,591	154	1,745
Dividends 2003					(525)	(525)	(103)	(628)
Adjustment to capital and premiums [(1)]	(28)				(353)	(381)	8	(373)
Foreign currency translation adjustment			66		66	66	1	67
Effects of changes in consolidation scope and other movements [(2)]					(3)	(3)	(167)	(170)
SHAREHOLDERS' EQUITY AT 31/12/2004 BEFORE ALLOCATION	**1,762**	**0**	**66**	**0**	**5,185**	**6,947**	**929**	**7,876**
Impact of IAS 32/39		(257)		(48)		(305)	(79)	(384)
Shareholders' equity at 01/01/2005 after impact of IAS 32/39	**1,762**	**(257)**	**66**	**(48)**	**5,185**	**6,642**	**850**	**7,492**
Foreign currency translation adjustment			697			697	60	757
Adjustment to the fair value of financial instruments		221		41		262	(3)	259
Income and expenses recorded directly as shareholders' equity		**221**	**697**	**41**	**0**	**959**	**57**	**1,016**
Income 2005					1,436	1,436	146	1,582
Total income and expenses recorded for the period		**221**	**697**	**41**	**1,436**	**2,395**	**203**	**2,598**
Dividends 2004					(656)	(656)	(101)	(758)
Change in capital and premiums					31	31	75	106
Impact of changes in consolidation scope and other movements					(27)	(27)	(26)	(52)
SHAREHOLDERS' EQUITY AT 31/12/2005 BEFORE ALLOCATION	**1,762**	**(36)**	**763**	**(7)**	**5,968**	**8,385**	**1,001**	**9,386**

(1) The change in capital and premiums in 2004 was due to the cancellation of owned shares. The difference between shareholders' equity in the statutory financial statements and the consolidated financial statements can be explained by 216,000 shares classified as shares for cancellation in the statutory financial statements and cancelled in the consolidated financial statements.

(2) The reduction in consolidated reserves in 2004 arose due to the redemption of certain minority shares, mainly in Spain, Brazil and France.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1

ACCOUNTING PRINCIPLES

Under the terms of European regulation 1606/2002 of July 19, 2002 on international standards, the Carrefour Group's consolidated financial statements for the fiscal year 2005 have been drawn up for the first time in accordance with IFRS international accounting standards applicable as from January 1, 2005, as approved by the European Union.

The consolidated financial statements have been drawn up on the basis of historic cost, with the exception of certain assets and liabilities subject to IFRS standards. 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 the fair value minus sale costs, whichever is the lower.

The preparation of the consolidated financial statements involves taking into consideration 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 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 current and non-current operating assets and goodwill, the amount of provisions for risks and other provisions relating to the business, as well as assumptions made for the calculation of retirement pension commitments or deferred taxes. Details of the main assumptions retained by the Group are provided in each of the paragraphs in the Appendix devoted to the financial statements.

The specific rules for initial adoption, as defined in IFRS1 "Initial adoption of international financial information standards", have been applied. We have opted to present the income statement by type. The other options selected, where applicable, are indicated in the following sections. IAS 32 and IAS 39 relating to financial instruments have been applied as from January 1, 2005.

IFRS 5 relating to non-current assets held for sale and discontinued operations was applied as of January 1, 2004.

For the purpose of the publication of these comparative financial statements for the fiscal year 2005 and in accordance with the recommendation of the AMF (French Financial Markets Authority) relating to financial communication during the transition period, the Carrefour Group published its financial information for 2004 on the transition to IAS/IFRS standards, presenting, for preliminary information only, the impact in figures of the changeover to IFRS on the 2004 financial statements in the update to the reference document dated August 24, 2005.

This information was analyzed by the Audit Committee, the Management Board and the Supervisory Board and, for audit purposes, by the Auditors, who issued their judgment without reservations as to its preparation in their specific audit report.

Furthermore, the impacts in figures of the changeover to IFRS on the accounts as at December 2004 are presented in Note 33 and the impacts of the initial application of IAS 32 and IAS 39 in Note 2.

Change in estimate

In 2005, the Group decided to make a change in estimate as to the duration of the depreciation of its buildings, increasing it from 20 to 40 years.

The change in estimate, reflected in a change in the duration of depreciation retroactive to January 1, 2005, can be justified by the fact that the contribution values of the stores, as determined by expert assessors within the context of the project for the creation of the European property company, Carrefour Property, in 2005, have proved that buildings still have significant market value after 20 years. Following the creation of Carrefour Property, the Group decided to engage in an overall review of the useful economic life of its assets. AFREXIM (association of property experts) has thus conducted a sectoral study of the economic life span of a building. The property expert's report concluded in 2005 that the economic life span of a building within the Group is 40 years.

An income statement and balance sheet restated under this change in estimate were communicated for the purpose of comparison with 2004 in December 2004. This information was prepared on the basis of the "published" IFRS financial statements drawn up on December 31, 2004.

Scope - Method of consolidation

The companies over which Carrefour exercises exclusive control, either directly or indirectly, are consolidated by full integration. Control exists when the Group has the power to direct the financial and operational policies of the subsidiary directly, in order to obtain advantages from its operations. To assess the amount 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.

When Carrefour has no significant influence over the operational or financial decisions of the companies in which the Group owns securities, these are held as Financial Assets. These securities may, where appropriate, be protected by a provision for amortization. The method of amortization is presented in the Financial Assets paragraph.

Sectoral information

The Carrefour Group is organized by geographic region (France, Europe excluding France, Asia and Latin America), and then by the following formats: Hypermarkets, Supermarkets, Hard Discount stores and other (Convenience, Cash & Carry, Financial companies etc.).

The accounting principles retained for sectoral information are identical to those used for preparing the consolidated financial statements.

Groups of companies

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

As from January 1, 2004, all company groupings are entered in the accounts by the acquisition method. The difference between the acquisition cost, which includes expenses directly attributable to the acquisition, and the fair value of assets, net of liabilities and any liabilities accepted as part of the business composition, is shown as goodwill. Negative goodwill resulting from the acquisition is immediately entered in the income statement.

For companies acquired during the course of the fiscal year and increases in investments, 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 is shown in the consolidated income statement.

Conversion of financial statements of foreign companies

For companies operating in countries where there is high inflation, namely, until this year, Turkey:

- fixed assets, 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;
- all balance sheet items, with the exception of the Group's share of shareholders' equity, is 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 current foreign currency exchange rates. The difference thus created between the assets and liabilities in the balance sheet is recorded in a foreign currency translation 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 for foreign companies

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

Fixed assets

1 - Impairment tests

In accordance with IAS 36 "Asset depreciation", when events or changes in the market environment indicate the risk of a fall in the 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, this being defined as the fair value (minus the disposal cost) and the useful value. The useful value is determined by discounting future cash flows from 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).

2 - Goodwill

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

IAS 36, "Depreciation of assets", states that this impairment test should be conducted either at the level of each Cash Flow Generating Unit (CFGU) to which goodwill has been allocated or at business group level within a business sector or geographic sector in which the return on investment of acquisitions is evaluated.

The level of analysis at which Carrefour evaluates the current value of goodwill generally corresponds to countries or to operations by country.

The need to record a loss in value is evaluated by comparing the book value of CFGU or CFGU group assets and liabilities and their recoverable value. The recoverable value is the market value or useful value, whichever is the higher.

The useful value is estimated by discounting future cash flows over a period of 4 years with determination of a final value calculated on the basis of the discounting of the fourth year figures at the perpetual rate of growth to infinity and the use of a discount rate specific to each country.

The specific discounting rate for each country takes into consideration the specific risk to a country determined by a grid containing the five weighted indicators below:

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

These discounting rates are validated by the Group's Management Committee and were between 5.7% and 11.6% for the fiscal year 2005, depending on the country.

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

3 - Intangible fixed assets

Other intangible fixed assets basically correspond to software programs that are depreciated over between one and five years.

4 - 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 the cost of sales, less depreciation and loss in value.

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

Tangible fixed assets in the course of construction are posted at their cost at acquisition 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 and fittings and installations	6 2/3 years to 8 years
• Other fixed assets	4 to 10 years

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 in the following way:
- 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 durations 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 split between the financial expense and amortization of the balance of the debt.

In accordance with IAS 36, tangible 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 the higher. The level of analysis at which Carrefour evaluates the current value of tangible fixed assets corresponds to each hypermarket and to the geographic groupings of supermarkets and Hard Discount stores.

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.

Financial assets

In accordance with IAS 39, financial assets are classified on the basis of the four categories below:
- Financial assets measured at fair value through the income statement;
- Loans and receivables;
- Assets until maturity;
- Available for sale assets.

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, that is the date on which the Group bought or sold the asset.

1 - Financial assets measured at fair value through 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 recorded on the income statement. Classified as current assets in the cash flow equivalents, these financial instruments include 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 not held for transaction purposes or 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. The assets are subject to impairment tests in the event of an indication that they have diminished in value. A depreciation is recorded if the book value is higher than the estimated recoverable value.

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

3 - Assets held until 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 valued at their fair value and then at the amortized cost on the basis of the effective rate of interest method. The assets are subject to impairment tests in the event of an indication that they have diminished in value. A depreciation is recorded if the book value is higher than the estimated recoverable value.

Assets held until their maturity date are shown as financial assets.

4 - Available for sale assets

Assets held for sale are financial assets that are not part of the above mentioned categories. They are valued at fair value. Underlying capital gains or losses are recorded as shareholders' equity until they are sold. When, however, there is an objective indication of the depreciation of an asset available for sale, the accumulated loss is posted in the income statement. Depreciation recorded on variable income securities cannot be reversed at a later closure.

For listed securities, the fair value corresponds to a market price. For unlisted securities, it is determined with regard to recent transactions or by valuation techniques that incorporate 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 tests in order to evaluate the extent to which they are recoverable. This category contains primarily non-consolidated investments 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.

The fair value of investment properties has also been evaluated. This valuation has been achieved by applying a multiple that is a function of the calculated profitability of each of the shopping malls and a capitalization rate based on the country to the annualized gross rents generated by each investment property.

Inventories

In accordance with IAS2 "Inventories", inventories are valued at the cost of sales or their net selling value, whichever is the lower. 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 one which does not generate a significant difference with the FIFO method. The cost of sales 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 on purchase and supplier service provision.

Operating receivables

Operating receivables generally include trade receivables, franchisee receivables and rents receivable from shopping malls.

Customer receivables outstanding - 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 considered to be assets and liabilities, held until their maturity date and 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 open only to a negligible risk of a change in value.

Cash refers to cash in hand and bank balances.

Provisions

In accordance with IAS 37 "Provisions, Contingent liabilities and Contingent assets", provisions are posted when, at year end, the Group has an obligation in respect of a third party arising from a past event, when it is probable or certain that it will result in an out flow of resources. This obligation may be of a statutory, regulatory or contractual nature. These provisions are estimated on the basis of their type, taking into consideration 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 bonus etc.) and post-employment advantages on the basis of specific contributions/benefits (retirement benefit).

a - Systems with defined contributions
Defined contribution schemes are schemes whereby the Company makes periodic fixed contributions to external benefit agencies that manage and administer them. 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).

b - Schemes with defined benefits and long-term advantages
The Carrefour Group makes provision for the various defined benefit schemes dependent on the accumulated years of service within the Group that are not totally pre-financed.

This 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, age of departure, mortality, personnel rotation and discount rates.

The Group has decided to apply the "corridor" method, whereby the effect of variations in actuarial terms is not recognized on the income statement, as long as the former remain within a range of 10%. Thus actuarial differences exceeding 10% between the value of the commitment and the value of the hedging assets – whichever is the higher – on the income statement are spread over the expected average working life of employees benefiting from this scheme.

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

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

Three plans granted between 2003 and 2005 fall within the scope of IFRS2 "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 period of the vesting period.

The benefits granted that are remunerated by these schemes are posted as expenses, which corresponds to an increase in shareholders' equity over the vesting period. The accounting expense 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 restricted stock plans granted by the Group are recognized as an expense spread over the period of acquisition of the rights. 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 recognized for the allocation of free shares in 2005.

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.

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

Deferred tax is calculated on the basis of temporary differences between the book value entered in the consolidated financial statements and the tax bases of assets and liabilities. Deferred taxes are accounted for based on the way in which the Group expects to collect or pay the book value of assets and liabilities, using tax rates that were enacted on the date on which the accounts were closed.

Assets and liabilities for the purpose of deferred tax are not discounted and are classified in the balance sheet as non-current assets and liabilities.

Deferred income tax assets are posted against temporary deductible differences to the extent that it is probable that future tax losses and tax credits will be available against which these can be recorded.

Financial debt and financial instruments

Financial debt includes:

- bonds;
- interest accrued;
- outstanding amounts relating to financial lease agreements;
- bank loans and facilities;
- subordinated loans of unspecified duration (PSDI);
- securitized debt for which the group incurs the credit risk;
- commitments minority shares purchase.

a - Accounting principle

Financial debts are recorded on the basis of the principle of amortized cost. Initially, they are 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 financial cash flow hedges. The gain or loss relating to variations in fair value deemed to be effective is stated as equity until the hedged transaction is itself recognized in the Group's financial statements. The portion considered to be ineffective is directly recorded as financial income.

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 at the fair value of the borrowing on the basis of interest rate changes. 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 as 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 recognized on the market or by the use of rates laid down 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 interest rates 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 1991 and 1992 fulfil the function of derivatives under IAS 39 to the extent that the three following characteristics are fulfilled at the same time:

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

As a result, in accordance with standard 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.

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. As a result, part of these securitized receivables have been recognized as financial debt.

e - Commitments for the buyback of minority shares

The Group has undertaken to buy back the shares of minority shareholders in some of its subsidiaries consolidated by full integration. For the Group, these buyback 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 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 bought shares, if the exercise price is based on the fair value;
- the counterpart of this liability is recorded less minority interests and the balance 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;
- the later 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 work currently being conducted by 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 and variations in fair value 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.

Treasury stock

Treasury stock are 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 separate main geographic region,
- is part of a single coordinated plan to dispose of a line of business or a separate geographic region, or
- is a subsidiary acquired solely with a view to sale.

Net sales

Net sales include only store and warehouse sales.

Other revenues

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

Some 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 revenues.

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.

Note 2

HIGHLIGHTS FOR THE YEAR

Initial application of IAS 32/39 standards relating to financial instruments:

Note: The IAS 32 and IAS 39 standards relating to financial instruments were applied as from January 1, 2005. Only the financial statements to December 31, 2005 are affected by the application of these standards.

All financial instruments have been valued on the balance sheet and posted at their fair value. Under French standards, derivatives appear as off-balance sheet commitments.

The following show the detailed impact of the application of IAS standards 32 and 39 to the balance sheet at January 1, 2005:

Assets

(in millions of euros)	31/12/2004 IFRS	Share-holders' equity (*)	Interest rate deriva-tives (*)	PSDI (*)	Currency derivatives (*)	Finance companies (**)	Securiti-zation (*)	Put options granted to minority share-holders (*)	Accrued interest (***)	Other	31/12/2004 restated IAS 32/39
Goodwill	9,329							96			9,425
Other intangible assets	730										730
Tangible fixed assets	12,617										12,617
Financial assets	1,141										1,141
Investments in companies accounted for by the equity method	247										247
Deferred tax assets	1,066				5	10					1,081
Investment properties	481										481
NON-CURRENT ASSETS	**25,611**	**0**	**0**	**0**	**5**	**10**	**0**	**96**	**0**	**0**	**25,722**
Inventories	5,621				(5)						5,616
Commercial receivables	3,147						113				3,260
Consumer credit from financial companies	3,221					(32)					3,189
Tax receivables	423										423
Other assets	900										900
Cash and cash equivalents	3,203	(257)	(126)	(63)	(21)					(3)	2,733
CURRENT ASSETS	**16,515**	**(257)**	**(126)**	**(63)**	**(26)**	**(32)**	**113**	**0**	**0**	**(3)**	**16,121**
Assets held for sale and discontinued operations											
TOTAL ASSETS	**42,126**	**(257)**	**(126)**	**(63)**	**(21)**	**(22)**	**113**	**96**	**0**	**(3)**	**41,843**

Liabilities

(in millions of euros)	31/12/2004 IFRS	Share-holders' equity (*)	Interest rate deriva-tives (*)	PSDI (*)	Currency derivatives (*)	Finance companies (**)	Securiti-zation (*)	Put options granted to minority share-holders (*)	Accrued interest (***)	Others	31/12/2004 restated IAS 32/39
Shareholders' equity, Group share	6,947	(257)	(5)	(4)	(3)	(12)				(3)	6,663
Shareholders' equity minority interest	929					(10)		(69)			850
Recyclable share-holders' equity			(3)		(18)						(21)
Recyclable shareholders' equity: minority interest											
SHAREHOLDERS' EQUITY	**7,876**	**(257)**	**(8)**	**(4)**	**(21)**	**(22)**	**0**	**(69)**	**0**	**(3)**	**7,492**
Borrowings	7,340		(118)	(59)			113	165	224		7,665
Provisions	1,954										1,954
Deferred tax liabilities	353										353
NON-CURRENT LIABILITIES	**17,523**	**(257)**	**(126)**	**(63)**	**(21)**	**(22)**	**113**	**96**	**224**	**(3)**	**17,464**
Borrowings – under 1 year	2,632										2,632
Trade payables	14,721										14,721
Consumer credit refinancing	2,909										2,909
Tax liabilities payable	1,388										1,388
Other liabilities	2,952								(224)		2,728
CURRENT LIABILITIES	**24,603**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**(224)**	**0**	**24,379**
Liabilities held for sale and discontinued operations											
TOTAL LIABILITIES	**42,126**	**(257)**	**(126)**	**(63)**	**(21)**	**(22)**	**113**	**96**	**0**	**(3)**	**41,843**

(*) See note 1.

(**) In accordance with IAS 32 and 39, the depreciation of outstanding amounts owed to financial service companies corresponds to the difference between the fair value of the outstanding amount and the discounted value of future Cash Flows relating to this outstanding amount.

(***) Under IFRS standards, accrued interest is classified as financial debt.

Acquisitions in the year

Hyparlo

In order to strengthen its links with the Arlaud family, on January 20, 2005 Carrefour acquired a 50% share in the Hyparlo Group holding company. At the same time, and to balance this share acquisition, Hyparlo took 100% of its shares from its subsidiary in Romania, formerly held 50/50 with Carrefour.

On September 13, 2005 the Paris Court of Appeal declared that the acquisition of joint control of Hofidis had occurred on January 14, 2005 and that, as a result, a public takeover bid for Hyparlo's shares must be lodged before December 21, 2005.

On December 20, 2005, the Group and the Arlaud family signed a rider to their agreement protocol of December 24, 2004 under the terms of which the Arlaud family sold the whole of their share in Hofidis following the public takeover bid. The execution of this operation is subject to the prior authorization of the EU monopoly and mergers authority.

Acquisition of Aligros

A partnership agreement protocol was signed on April 13, 2005, with the Aligros Group, a major player in supermarket retailing in the Puglia region in Italy. This agreement concerns 162 sales outlets, mainly convenience stores currently in operation, either direct (61 stores) or franchised (101 stores), under the trade names Gulliper, Gulliver, Gully and Bondì. Net sales including tax made under trade names in 2004 totalled about 160 million euros. This agreement between Carrefour and Aligros S.p.A was approved by the Italian Competition Authority on May 12, 2005. This company was consolidated by full integration on July 1, 2005.

Acquisition of Hypernova

On November 30, 2004, Carrefour signed an irrevocable agreement with Ahold for the future acquisition of 12 Hypernova hypermarkets in Poland. The transaction received the approval of the Polish Competition Authorities on February 7, 2005. This company was consolidated by full integration on March 1, 2005.

The stores began to operate under the Carrefour trade name at the beginning of April 2005.

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

Acquisition of Gima-Endi

In May 2005, Carrefour signed an agreement to acquire 60.2% of the capital of GIMA and 55.2% of the capital of ENDI from the holding company FIBA and then in September 2005 launched a takeover bid for GIMA's capital. As a result of the bid, Carrefour Turkey now holds 65.3% of GIMA and 77.6% of ENDI, directly or indirectly.

GIMA, the third-largest supermarket chain in Turkey, operates 81 stores, with an average surface area of 1,138 m2, throughout the country, and is listed on the Istanbul stock exchange. ENDI is the fourth-largest Hard Discount store chain in Turkey and operates 45 stores with an average surface area of 286 m2. In 2004, GIMA and ENDI posted net sales of about 384 million euros.

This acquisition was approved by the Turkish authorities and was consolidated by full integration on July 1, 2005.

Acquisition of Chris Cash & Carry

On May 19, 2005, a joint venture agreement was signed between Carrefour Marinopoulos and Andreas Andreou, Chairman and a 67.8% majority shareholder of Chris Cash & Carry (CCC) in Cyprus, for the purpose of control.

CCC is the second-largest food retailer in Cyprus with 2004 net sales standing at about 94.5 million euros. The company currently operates 3 hypermarkets and 4 supermarkets.

This company was consolidated by full integration on July 1, 2005.

Disposale in the year

Sale of Food service in France and acquisition of Pennymarket

On July 21, 2005, the Group sold its Prodirest subsidiary to the groups Rewe and Transgourmet to offset the acquisition of Pennymarket. The operation involved taking over stores belonging to Penny and to the property company that owns the buildings of 55 stores. Pennymarket operates 101 discount stores in northern France. This company was fully integrated on December 1, 2005. As this involves the sale of a business activity, the income from the sale of Prodirest has been recorded as "net income from discontinued operations", in accordance with IFRS 5.

Sale of Japan

On March 10, 2005, Carrefour SA sold all its assets in Carrefour Japan to Aeon for 72 million euros. As this was a country disposal, the income from the sale has been recorded as "net income from discontinued operations" in accordance with IFRS 5.

Sale of Mexico

On March 9, 2005, Carrefour SA sold all its assets in Carrefour Mexico to Chedraoui for 390 million euros. As this was a country disposal, the income from the sale has been recorded as "net income from discontinued operations" in accordance with IFRS 5.

Sale of Punto Cash (Spain)

On December 22, 2005, Carrefour announced the sale of its Cash & Carry subsidiary in Spain to the Miquel Alimentacio group. The authorization of the competition authorities is expected during the first half of 2006. The operation was recorded on December 31, 2005 under IFRS 5, "Assets held for sale and discontinued operations".

Sale of the Czech Republic and Slovakia

On September 30, 2005, Carrefour announced its intention of acquiring Tesco Taiwan and of selling its operations in the Czech Republic and Slovakia to Tesco. Through this agreement, Carrefour wishes to sell its 11 hypermarkets in the Czech Republic and 4 hypermarkets in Slovakia to Tesco. The finalization of this transaction is subject to the approval of the competent regulatory authorities, including the competition authorities. On January 21, 2006, the European Union approved the Czech Republic transaction. It has, however, transferred the decision on Slovakia to the Slovak authorities.

The conclusion of the operation is not expected before April 30, 2006. The operation was recorded on December 31 2005 in accordance with IFRS 5 "Assets held for sale and discontinued operations".

Restructuring of supermarkets in Spain

In 2005, the Group decided to restructure all its supermarkets:

- closure of 7 supermarkets,
- sale of 37 supermarkets to third parties,
- conversion of 52 stores to DIA or Maxi DIA,
- 80 stores converted to Carrefour Express.

In accordance with IFRS 5, the costs of this restructuring, together with the income from the supermarkets sold and closed, have been recorded as "Net income from discontinued operations".

Restructuring of supermarkets in Brazil

In 2005, the Group decided to stop the operation of the Champion trade name by closing 61 supermarkets and converting the 34 remaining stores in a new format comparable to the Carrefour Express stores, launched in Spain.

In accordance with IFRS 5, the costs of this restructuring, together with the income from the supermarkets sold and closed, have been recorded as "Net income from discontinued operations".

Other highlights of the year

Finiper

The partnership created in 1997 with Mr Marco Brunelli, the chief shareholder at Société Finiper (of which the Group holds 20%), was strengthened by new agreements signed on January 21, 2005. This was reflected in a purchase option for Carrefour and a sales option for Mr Marco Brunelli on 80% of Finiper's capital. The options will be exercised at a later date on the basis of a multi-criteria valuation.

This operation is part of Carrefour's strategy to consolidate its market share in Italy.

At December 31, 2005, the Finiper Group was consolidated for the first time on the basis of the equity method.

Note 3

SECTORAL INFORMATION

ANALYSIS BY GEOGRAPHIC REGION

Investments

(in millions of euros)	31/12/2005	31/12/2004 published restated Dep / 40 yrs	31/12/2004 published
France	1,025	1,201	1,201
Europe (excluding France)	1,293	824	824
Latin America	310	200	200
Asia	399	345	345
TOTAL	**3,026**	2,570	2,570

Net sales

(in millions of euros)	31/12/2005	31/12/2004 published restated Dep / 40 yrs	% Var.	31/12/2004 IFRS
France	35,576.6	35,723.4	(0.4%)	35,168.0
Europe (excluding France)	28,102.0	27,122.9	3.6%	26,403.9
Latin America	5,074.6	4,721.0	7.5%	3,937.7
Asia	5,743.6	5,100.7	12.6%	4,774.6
TOTAL	**74,496.8**	72,668.0	2.5%	70,284.2

Other income

(in millions of euros)	31/12/2005	31/12/2004 published restated Dep / 40 yrs	% Var.	31/12/2004 IFRS
France	337.7	431.7	(21.8%)	429.7
Europe (excluding France)	313.8	338.3	(7.2%)	335.1
Latin America	200.9	116.9	71.8%	101.0
Asia	158.9	151.7	4.7%	130.8
TOTAL	**1,011.3**	1,038.6	(2.6%)	996.5

The increase in the item "Other revenues" in Latin America can essentially be explained by the effect of the exchange rate.

Depreciation

(in millions of euros)	31/12/2005	31/12/2004 published restated Dep / 40 yrs	% Var.	31/12/2004 published	31/12/2004 IFRS
France	563.3	552.9	1.9%	610.1	607.2
Europe (excluding France)	614.9	603.9	1.8%	675.4	637.5
Latin America	126.2	136.2	(7.4%)	150.5	116.2
Asia	181.7	181.0	0.4%	195.6	170.7
TOTAL	**1,486.1**	1,474.0	0.8%	1,631.6	1,531.6

Activity contribution, before depreciation, amortization and provisions

(in millions of euros)	31/12/2005	31/12/2004 published restated Dep / 40 yrs	% Var.	31/12/2004 IFRS
France	2,269	2,596	(14.4%)	2,576
Europe (excluding France)	1,760	1,607	8.7%	1,613
Latin America	259	235	9.2%	213
Asia	360	327	9.2%	343
TOTAL	**4,650**	4,766	(2.5%)	4,744

Activity contribution

(in millions of euros)	31/12/2005	31/12/2004 published restated Dep / 40 yrs	% Var.	31/12/2004 IFRS
France	1,713	2,039	(16.0%)	1,964
Europe (excluding France)	1,145	996	15.0%	968
Asia	133	90	ns	88
Latin America	185	146	26.4%	172
TOTAL	**3,175**	3,271	(2.9%)	3,192

Income from companies consolidated by the equity method

(in millions of euros)	31/12/2005	31/12/2004 published
France	48	26
Europe (excluding France)	5	16
Asia	0	0
Latin America	(2)	(1)
TOTAL	**50.6**	40.7

Income from discontinued operations

(in millions of euros)	31/12/2005	31/12/2004 published restated Dep / 40 yrs	31/12/2004 IFRS
France	(22.0)	0.0	11.2
Europe (excluding France)	(128.2)	4.5	(43.4)
Latin America	(225.0)	0.0	8.9
Asia	1.0	(90.0)	(120.0)
TOTAL	**(374.2)**	(85.5)	(143.3)

Net intangible fixed assets

(in millions of euros)	31/12/2005	31/12/2004 published
France	3,910	3,553
Europe (excluding France)	6,447	5,902
Asia	50	34
Latin America	690	570
TOTAL	**11,097**	10,059

Net tangible fixed assets

(in millions of euros)	31/12/2005	31/12/2004 published restated Dep / 40 yrs	31/12/2004 published
France	3,979	3,648	3,591
Europe (excluding France)	6,002	5,894	5,822
Asia	1,888	1,768	1,753
Latin America	1,531	1,465	1,451
TOTAL	**13,401**	12,775	12,617

Net investment properties

(in millions of euros)	31/12/2005	31/12/2004 published
France	18	25
Europe (excluding France)	272	343
Asia	154	86
Latin America	20	26
TOTAL	**463**	481

Total balance sheet

(in millions of euros)	31/12/2005	31/12/2004 published restated Dep / 40 yrs	31/12/2004 published
France	17,545	16,631	16,574
Europe (excluding France)	20,806	19,032	18,961
Latin America	4,394	3,754	3,740
Asia	3,505	2,866	2,851
TOTAL	**46,250**	42,284	42,126

ANALYSIS BY FORMAT

Investments

(in millions of euros)	31/12/2005	31/12/2004 published restated Dep / 40 yrs	31/12/2004 published
Hypermarkets	1,451	1,307	1,307
Supermarkets	730	654	654
Hard Discount stores	317	251	251
Other activities	528	358	358
TOTAL	**3,026**	2,570	2,570

Net sales

(in millions of euros)	31/12/2005	31/12/2004 published restated Dep / 40 yrs	% Var.	31/12/2004 published
Hypermarkets	43,802	42,147	3.9%	40,899
Supermarkets	13,239	13,080	1.2%	12,672
Hard Discount stores	6,441	5,813	10.8%	5,813
Other activities	11,015	11,627	(5.3%)	10,899
TOTAL	**74,497**	72,668	2.5%	70,284

"Other activities" is mainly composed of convenience stores and cash & carry.

Net tangible and intangible fixed assets

(in millions of euros)	31/12/2005	31/12/2004 published restated Dep / 40 yrs	31/12/2004 published
Hypermarkets	14,310	13,298	13,169
Supermarkets	7,290	7,016	6,994
Hard Discount stores	1,749	1,417	1,412
Other activities	1,149	1,102	1,100
TOTAL	**24,497**	22,834	22,676

Net sales by country

(in millions of euros)	December 2005	December 2004 published	December 2004 IFRS
France	**35,577**	**35,723**	**35,168**
Europe (excl. France)	**28,102**	**27,123**	**26,404**
Spain	11,945	11,736	11,420
Italy	6,008	5,878	5,878
Belgium	4,262	4,250	4,250
Greece	2,039	1,828	1,828
Portugal	1,130	1,092	1,092
Poland	1,027	750	750
Switzerland	488	484	484
Turkey	1,203	702	702
Czech Republic and Slovakia	0	402	0
Latin America	**5,075**	**4,721**	**3,938**
Brazil	3,248	2,712	2,453
Argentina	1,231	1,068	1,063
Mexico	0	519	0
Colombia	596	422	422
Asia	**5,744**	**5,101**	**4,775**
Taiwan	1,295	1,123	1,123
Korea	1,427	1,168	1,168
China	1,776	1,391	1,391
Thailand	456	421	421
Malaysia	226	204	204
Indonesia	472	382	382
Japan	0	326	0
Singapore	92	86	86

Note 4

NET SALES

(in millions of euros)	31/12/2005	31/12/2004 published restated Dep / 40 yrs	% Var.	31/12/2004 IFRS
Sales	**74,496.8**	72,668.0	2.5%	70,284.2

At constant exchange rates, net sales would have been 73,325 million euros.

The impact of exchange rate fluctuations represented 1,172 million euros at December 31, 2005, of which 655 million euros in the Latin America region, 339 million euros in the Europe region (mainly Turkey and Poland) and 178 million euros in the Asia region.

Excluding the sale of Japan, the Czech Republic, Slovakia, Mexico, Prodirest, supermarkets in Brazil and in Spain, and PuntoCash, sales would have risen by 6% at current exchange rates and 4.3% at constant exchange rates.

Note 5

OTHER INCOME

(in millions of euros)	31/12/2005	31/12/2004 published restated Dep / 40 yrs	% Var.	31/12/2004 IFRS
Rental income	263.4	244.7	7.7%	224.9
Sub-leasing income	94.4	90.9	3.9%	76.3
Sundry income	653.5	703.0	(7.0%)	695.3
TOTAL	**1,011.3**	1,038.6	(2.6%)	996.5

Sundry income refers essentially to the cost of coupons 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, discount-related products and exchange rate differences generated by goods purchases.

Note 7

SALES, GENERAL AND ADMINISTRATIVE EXPENSES

(in millions of euros)	31/12/2005	31/12/04 published restated Dep / 40 yrs	% Var.	31/12/2004 IFRS
Labor costs	7,115.1	6,877.2	3.5%	6,579.5
Property rentals	779.4	695.9	12.0%	657.6
Maintenance and repairs	687.7	658.9	4.4%	629.7
Fees	492.3	611.1	(19.4%)	585.0
Advertising	1,095.8	1,105.6	(0.9%)	1,061.4
Taxes	520.8	469.9	10.8%	460.0
Consumables	540.5	520.0	3.9%	493.8
Other general expenses	1,001.0	949.6	5.4%	876.4
TOTAL	**12,232.7**	11,888.2	2.9%	11,343.5

In 2005, labor costs accounted for 9.6 % of net sales, as against 9.5% at December 31, 2004 as published, restated for depreciation over 40 years.

The proportion of "Sales, general and administrative expenses" in net sales was 16.4%, as it was in 2004.

Note 8

DEPRECIATION, AMORTIZATION AND PROVISIONS

In 2005, the Group decided to proceed to a change in its estimate of the duration of depreciation of its buildings, increasing it from 20 to 40 years.

(in millions of euros)	31/12/2005	31/12/04 published restated Dep / 40 yrs	% Var. (2005 vs 2004 restated)	31/12/2004 IFRS
Depreciation of tangible fixed assets	1,285.8	1,234.4	4.2%	1,306.5
Amortization of intangible fixed assets	155.2	159.8	(2.9%)	156.7
Amortization of financial lease agreements	27.5	49.6	(44.4%)	48.7
Depreciation of investment properties	17.6	30.2	(41.8%)	24.5
Allocations and reversals of provisions	(11.9)	20.7	ns	16.5
TOTAL	**1,474.2**	1,494.7	(1.4%)	1,552.9

Note 9

NON-CURRENT INCOME AND EXPENSES

(in millions of euros)	31/12/2005	31/12/04 published restated Dep / 40 yrs	% Var.	31/12/2004 IFRS
Depreciation of assets	-	(107.0)	ns	(107.0)
Costs of restructuring	(204.0)	(100.0)	104.0%	(100.0)
Stock options	(31.1)	(30.6)	1.6%	(30.6)
Other non-current income	264.6	229.5	15.3%	220.7
Other non-current expenses	(49.9)	(67.9)	(26.5%)	(67.9)
TOTAL	**(20.4)**	(76.0)	(73.2%)	(84.9)

Some items of an unusual type due to their nature and frequency are accounted for under non-current income and non-current expenses. Other non-current income comprises capital gains on disposals for the most part.

Note 10

INTEREST INCOME

(in millions of euros)	31/12/2005	31/12/04 published restated Dep / 40 yrs	31/12/2004 IFRS
Other financial expenses and income	**(58.7)**	**(82.6)**	**(82.6)**
Net debt expense	**(395.9)**	**(401.9)**	**(395.6)**
Income from cash and cash equivalents	34.3	37.6	37.6
Interest expenses	(398.4)	(404.8)	(398.5)
Interest expenses for financial leasing operations	(31.8)	(34.7)	(34.7)
TOTAL	**(454.6)**	(484.5)	(478.2)

Other interest income and expenses include the cost of discounting provisions for retirement pensions, 33.3 million euros at December 31, 2005 and 34.7 million euros at December 31, 2004.

The breakdown of the Group's debt is shown in Note 26 on borrowings.

Note 11

INCOME TAX

(in millions of euros)	31/12/2005	31/12/04 published restated Dep / 40 yrs	31/12/2004 IFRS
Income tax	795.4	825.0	792.0
Deferred tax	(1.5)	(19.1)	(11.5)
Total tax	**793.9**	**805.9**	**780.6**
Actual tax rate (Basis: pre-tax profit)	**29.4%**	**29.7%**	**29.7%**

(in millions of euros)	31/12/2005
Current income before tax	**2,699.6**
Standard rate	33.3%
Surplus tax	1,6%
Theoretical tax	**942.2**
Effects of permanent differences on tax	**(127.8)**
Tax effects: non-taxed income or taxed at a different rate	(60.7)
Other	40.2
Effective tax	**793.9**
Effective tax rate	29.4%

NOTE 12: NET INCOME FROM DISCONTINUED OPERATIONS

(in millions of euros)	31/12/2005	31/12/04 published restated Dep / 40 yrs	31/12/2004 IFRS
Discontinued operations, Group share	(371.5)	(84.8)	(154.9)
Discontinued operations, minority share	(2.7)	(0.7)	11.6
TOTAL	**(374.2)**	(85.5)	(143.3)

In December 2005, net income from discontinued operations were accounted for by:

- the impact of the sale of Japan for 1 million euros, a provision for depreciation of 90 million euros having been recorded at December 31, 2004;
- the impact of the sale of Mexico for (29) million euros, corresponding for the most part to capital losses, since income for the period was not significant;
- net income for the period and net income from the sale of the food service activity in France, amounting to (22) million euros;
- losses for the year in the Czech Republic and Slovakia amounting to (63) million euros;
- losses for the year from Cash & Carry in Spain (Puntocash) amounting to (2) million euros;
- the impact of the closure of the Brazilian supermarkets in 2005 amounting to (196) million euros;
- the impact of the closure of the Spanish supermarkets in 2005 amounting to (63) million euros.

Net sales from **the food service activity in France** as at October 1, 2005 (date of sale) would have been 545 million euros as against 557 at December 31, 2004.

Cash flow arising from this activity at December 31, 2005 was not significant, respectively 14.8 million euros from operating activities, (0.5) million euros from investment activities and (14.4) million euros from financing activities.

Net sales from the **Czech Republic** at December 31, 2005 were 331 million euros as against 291 at December 31, 2004.

Cash flow from this activity at December 31, 2005 was respectively (7.6) million euros from operating and 29 million euros from Investment activities.

Assets in the Czech Republic before the cancellation of intercompany transactions can be broken down on December 31, 2005 as follows: 213 million euros in non-current assets and 156 million euros in current assets, as against 275 million euros and 91 million euros at December 31, 2004.

Liabilities in the Czech Republic before the cancellation of intercompany transactions comprised 11 million euros in non-current liabilities and 85 million in current liabilities, as against 10 million and 88 million euros respectively at December 31, 2004.

Net sales in **Slovakia** at December 31, 2005 were 109 million euros as against 111 at December 31, 2004.

Cash flow from this activity at December 31, 2005 was not significant, respectively (1) million euros from operating activities, 34 million euros from Investment activities and 1 million euros from financing activities.

Assets in Slovakia before the cancellation of intercompany transactions can be broken down on December 31, 2005 as follows: 15 million euros in non-current assets and 19 million euros in current assets as against 59 million euros and 28 million euros at December 31, 2004.

Slovakia's liabilities before the cancellation of intercompany transactions consisted primarily of 15 million euros in current liabilities, as against 20 million euros at December 31, 2004.

Net sales from **Cash & Carry in Spain (Puntocash)** at December 31, 2005 were 176 million euros as against 172 at December 31, 2004.

Cash flow from this activity at December 31, 2005 was not significant, respectively 1.7 million euros from operating activities, (6.3) million euros from Investment activities and 10.5 million euros from financing activities.

Assets in Punto Cash before the cancellation of intercompany transactions can be broken down on December 31, 2005 as follows: 26 million euros in non-current assets and 26 million euros in current assets, as against 27 million euros and 45 million euros at December 31, 2004.

Liabilities in Punto Cash before the cancellation of intercompany transactions comprised 10.7 million euros in current liabilities and 1.4 million in non-current liabilities, as against 12.6 million and 1.4 million euros respectively at December 31, 2004.

Net sales from **Spanish supermarkets closed** in 2005 or in the process of being sold at December 31, 2005 were 105 million euros as against 118 at December 31, 2004.

Net sales from **Brazilian supermarkets closed** in 2005 or in the process of being sold at December 31, 2005 were 253 million euros, as against 264 at December 31, 2004.

In December 2004, net income from discontinued operations resulted from (published financial statements):
- latent losses of 90 million euros in Japan,
- gains from the disposal of securities (Modelo Continente, Optique in the Czech Republic), amounting to 10.6 million euros,
- other items for a net expense of 5.4 million euros.

Note 13

NET INCOME PER SHARE

Net income per share before dilution	31/12/2005 IFRS	31/12/2004 IFRS published restated Dep / 40 years	IFRS
Net income from recurring operations, Group share (in millions of euros)	1,807.5	1,785.7	1,733.8
Net income from discontinued operations, Group share (in millions of euros)	(371.5)	(84.8)	(142.6)
Net income, Group share	1,436.0	1,701.5	1,591.1
Average weighted number of shares	699,470,384	697,160,633	697,160,633
Net income from recurring operations per share (in euros)	**2.58**	**2.56**	**2.49**
Net income from discontinued operations per share (in euros)	**(0.53)**	**(0.12)**	**(0.20)**
Net income from Group share per share (in euros)	**2.05**	**2.44**	**2.28**

Net income per share after dilution	31/12/2005 IFRS	31/12/2004 IFRS published restated Dep / 40 years	IFRS
Net income, from recurring operations, Group share (in millions of euros)	1,807.5	1,785.7	1,733.8
Net income from discontinued operations, Group share (in millions of euros)	(371.5)	(84.8)	(142.6)
Net income, Group share	1,436.0	1,701.5	1,591.1
Average weighted number of shares	699,470,384	697,160,633	697,160,633
Shares to be created	0	0	0
Number of shares restated	699,470,384	697,160,633	697,160,633
Earnings per share from recurring operations (in euros)	**2.58**	**2.56**	**2.49**
Earnings per share from discontinued operations (in euros)	**(0.53)**	**(0.12)**	**(0.20)**
Earnings per share, Group share after dilution (in euros)	**2.05**	**2.44**	**2.28**

At December 31, 2005, there were no potentially dilutive shares

Note 14

INTANGIBLE FIXED ASSETS

(in millions of euros)	31/12/2005	31/12/2004 published
Net goodwill	**10,235**	**9,329**
Other gross intangible fixed assets	1,774	1,581
Amortization of other intangible fixed assets	(953)	(814)
Impairment of other intangible fixed assets	(163)	(144)
Other net intangible fixed assets	**657**	**623**
Intangible fixed assets in progress	**205**	**106**
Net intangible fixed assets	**11,097**	10,059

Goodwill at end of December 2005

(in millions of euros)	Net goodwill end 2004 IFRS	Acquisitions 2005	Disposals 2005	Impairments 2005	Foreign currency translation adjustments 2005	Net goodwill end 2005
France	3,340	281				3,621
Italy	2,971	140				3,111
Belgium	925	3				928
Spain	1,213	9		(4)		1,218
Brazil	273	53		(92)	85	319
Argentina	184				25	209
Other countries	423	390			17	830
TOTAL	9,329	876	0	(96)	127	**10,235**

At December 31, 2005, goodwill in France consisted of Comptoirs Modernes and Euromarché, in Italy GS, in Belgium GB, in Spain Continente and the buyback of the shares of minority shareholders in Centros Comerciales Carrefour, in Brazil the Sonae stores and in Argentina Norte.

The main acquisitions in the year were Hyparlo and Pennymarket in France, the buyback of 2% of GS Spa in Italy, the acquisition of 10 Sonae hypermarkets in Brazil and for the "other countries" of the Group Hypernova (Poland), Gima and Endi (Turkey).

An impairment was recorded in Brazil for the supermarkets sold off in 2005.

Change to intangible fixed assets

(in millions of euros)	Gross	Depreciation	Net
At January 1, 2005	**13,719**	**(3,660)**	**10,059**
Acquisitions	428	(251)	177
Disposals	(21)		(21)
Foreign currency adjustments	103	51	154
Changes in consolidation scope and transfer	867	(140)	727
At December 31, 2005	**15,097**	**(4,000)**	**11,097**

Note 15

TANGIBLE FIXED ASSETS

(in millions of euros)	31/12/2005	31/12/04 published restated Dep / 40 yrs	31/12/2004 published
Land	3,110	3,117	3,117
Buildings	8,031	7,330	7,330
Equipment, fixtures & fittings and installations	12,064	10,987	10,987
Other fixed assets	1,108	1,077	1,077
Fixed assets in progress	1,055	844	844
Leased land	144	145	145
Leased buildings	1,268	1,217	1,217
Leased equipment, fixtures & fittings and installations	134	99	99
Other leased fixed assets	32	1	1
Gross tangible fixed assets	**26,947**	**24,816**	**24,816**
Depreciation	(12,319)	(10,974)	(11,132)
Depreciation of leased fixed assets	(944)	(843)	(843)
Impairment	(283)	(223)	(223)
Net tangible fixed assets	**13,401**	12,775	12,617

The Carrefour Group has carried out a review of all its property leasing agreements. Agreements considered to be as financial leasing agreements have been recapitalized in the opening balance, whereas other agreements have been considered as operating lease agreements.

Leased fixed assets

(in millions of euros)	Total	Less than 1 year	1 to 5 years	More than 5 years
Financial leasing agreements				
Minimum rents to be paid	805	52	196	557
Discounted value	372	34	123	215
Total sub-leasing income receivable	13			
Minimum rents paid during the year	171	n/a	n/a	n/a
Conditional rents	n/a	n/a	n/a	n/a
Sub-leasing income	3			
Simple leasing agreements				
Minimum rents to pay	5,202	751	1,780	2,670
Total minimum income to be received from sub-leasing	77	n/a	n/a	n/a
Minimum rents paid during the year	860	n/a	n/a	n/a
Conditional rents	31	n/a	n/a	n/a

Change to tangible fixed assets

(in millions of euros)	Gross	Depreciation and provisions	Net
At January 1, 2005	**24,816**	**(12,198)**	**12,617**
Acquisitions	2,562		2 562
Disposals	(796)	345	(451)
Amortization		(1,313)	(1,313)
Depreciation			0
Foreign currency adjustment	871	(362)	509
Changes in consolidation scope and transfer	(506)	(18)	(524)
At December 31, 2005	**26,947**	**(13,546)**	**13,400**

Note 16

FINANCIAL ASSETS

(in millions of euros)	31/12/2005	31/12/2004 published
Investments in companies accounted for by the equity method[(1)]	467	247
Investments[(2)]	283	538
Loans at more than 1 year	6	12
Others[(3)]	886	590
TOTAL	**1,642**	1,388

(1) This item corresponds primarily to retail companies' securities held by France. Company income calculated by the equity method was 50.6 million euros at December 31, 2005, the corresponding goodwill 176 million euros and cumulative reserves 125.4 million euros.

(2) In 2004, this item corresponded primarily to Finiper (Italy) securities, now consolidated by the equity method.

(3) This item refers primarily to guarantees and deposits and other capitalized receivables.

Note 17

DEFERRED TAX

(in millions of euros)	31/12/2005	31/12/04 restated Dep / 40 yrs	31/12/2004 published
Deferred tax assets	1,029	1,066	1,066
Deferred tax liabilities	(226)	(397)	(353)
TOTAL	**803**	669	714

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

Non-capitalized deferred tax assets

	Deferred tax on unrecognised assets - Inventories at 31/12/2005	
(in millions of euros)	On temporary differences	On deficits that can be carried over
TOTAL	**303**	**634**

(in millions of euros)	2005
Maturity date between 2005 and 2015	144
Maturity date beyond 2015	793
TOTAL	**937**

The deferred tax assets not recorded at December 31, 2005 amounted to 937 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)	31/12/2005	31/12/2004 published
Investment properties at gross value	561	628
Depreciation	(98)	(147)
TOTAL	**463**	**481**

Changes in investment properties

The changes are presented as follows:

Opening balance (31/12/204)	**481**
Allowances for depreciation and amortization for the period	**(18)**
Foreign currency effect	**55**
Investments in the period	**38**
Main disposals in the period	**(155)**
Japan	(44)
Mexico	(13)
Turkey	(98)
Other movements	**63**
Closing balance (31/12/2005)	**463**

Rental income generated by these investment properties and recorded on the income statement in 2005 amounted to 71.3 million euros.

Direct operating expenses resulting from these investment properties and recorded in the income statement for 2005 amount to 20.2 million euros.

Their fair value at December 31, 2005 was estimated at between 660 million euros and 690 million euros.

Note 19

INVENTORIES

(in millions of euros)	31/12/2005	31/12/2004 published
Inventories at gross value	6,365	5,947
Depreciation	(255)	(326)
Inventories at net value	**6,110**	5,621

Note 20

COMMERCIAL RECEIVABLES

(in millions of euros)	31/12/2005	31/12/2004 published
Trade receivables	1,246	1,286
Depreciation on bad debts	(143)	(150)
Net receivables from customers	1,103	1,137
Supplier receivables	2,348	2,011
TOTAL	**3,451**	3,147

Trade receivables are primarily those due from Group franchisees. Supplier receivables correspond to rebates owed by the Group's suppliers.

Note 21

OTHER ASSETS

(in millions of euros)	31/12/2005	31/12/2004 published
Receivables from employees	16	15
Loans at less than 1 year	8	20
Receivables from the disposal of intangible, tangible and financial assets	30	128
Prepaid expenses	192	149
Other net operating receivables	568	588
TOTAL	**813**	900

Note 22

CASH AND CASH EQUIVALENTS

(in millions of euros)	31/12/2005	31/12/2004 published
Cash equivalents	1,976	2,101
Cash	1,756	1,102
TOTAL	**3,733**	3,203

Note 23

FOREIGN CURRENCY TRANSLATION - GROUP SHARE

Breakdown of foreign currency translation, Group share by geographic region

(in millions of euros)	31/12/2005	31/12/2004 published
France	-	-
Europe (excluding France)	182	98
Latin America	355	(25)
Asia	227	(6)
TOTAL	**763**	66

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

Note 24

PROVISIONS

(in millions of euros)	31/12/2004 IFRS	Currency impact	Allow-ances	Capitaliza-tion	Unused reversals of provisions	Used reversals of provisions	31/12/2005
Provisions for retirement benefits	732	3	68	31	(40)	(61)	734
Other provisions	1,222	109	659		(134)	(266)	1,591
TOTAL	1,954	112	727	31	(174)	(327)	**2,325**

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 presence in the company at retirement. The calculation is based on an actuarial method that incorporates assumptions as to salary increases and the age of retirement. The commitment of the Group is entirely covered by provisions and by payments to external agencies.

Half the other provisions consist of items relating to tax and legal risks, with the rest covering risks directly relating to the company's operations (after-sales service disputes, labour risks etc.).

Group companies are involved in a certain number of legal proceedings and disputes in the normal course of business, including disputes with the social security and tax authorities. Expenses liable to be estimated with a sufficient level of reliability and deemed to be probable by the companies and their experts are subject to the establishment of a provision for contingencies and loss.

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

(in millions of euros)	
Defined Benefits Obligations (DBO)	990
Fair value of assets	299
Net obligation	**691**
Unrecognised actuarial adjustments	(34)
Net balance sheet value	**656**
Expected return on assets	**4%**

The criteria are as follows:

Age of retirement	60-65 years
Increases in salaries	2 to 3%
Salary cost rate	14 to 40%
Discount rate	2.41 to 4.25%

Note 25

OTHER LIABILITIES

(in millions of euros)	31/12/2005	31/12/2004 published
Trade payables for fixed assets	749	623
Payables to employees	1,519	1,417
Prepaid income	103	61
Other liabilities	651	851
TOTAL	**3,022**	2,952

Note 26

BORROWINGS

Breakdown of net debt

(in millions of euros)	31/12/2005	31/12/2004 (*) published
Bonds	7,737	7,280
Derivatives – liabilities	294	-
Other borrowings	1,329	1,459
Other LT debts	188	186
Commercial paper	520	577
Leasing	455	470
Total borrowings	**10,523**	**9,972**
Total restatement of borrowings (1)	**10,497**	**9,972**
Marketable securities	1,976	2,101
Cash	1,756	1,102
Total investments	**3,733**	**3,203**
Net debt	**6,790**	6,770

(1) Amount of borrowing restated to include the derivatives shown as assets in the balance sheet.

(*) IAS 32 and IAS 39 relating to financial instruments were applied as from January 1, 2005. Only the financial statements to December 31, 2005 are affected by the application of these standards, which explains why the fair value of the derivatives in the balance sheet was zero at December 31, 2004.

Based on equivalent accounting principles (by applying IAS 32 and IAS 39 to the 2004 financial statements), the Group's net debt would have been 7,546 million euros at the end of 2004.

Breakdown of borrowings by interest rate type

(in millions of euros)	31/12/2005	31/12/2004 published
Fixed rate debt	7,677	5,877
Floating rate debt [(1)]	2,820	4,095
TOTAL	**10,497**	9,972

(1) 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)	31/12/2005	31/12/2004 published
Euro	10,041	8,317
Japanese yen	0	170
Brazilian real	7	1
Chinese yuan	32	10
Turkish lira	48	7
Korean won	125	120
Taiwanese dollar	35	16
Malaysian ringgit	2	10
Argentine peso	43	145
Pound sterling	0	796
Swiss franc	114	362
Colombian peso	21	11
Polish zloty	8	1
Others	21	5
TOTAL	**10,497**	9,972

The debt in euros represented 85.5% of the total in December 2005, as against 83% in December 2004.

After swaps, the debt in euros represented 95.6% of total debt in December 2005.

Breakdown of Bonds

(in millions of euros)	Maturity date	Amount
Bonds		**7,737**
Public issues		**6,478**
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, 4.50%	2009	1,000
Bond domestic, FRF, 10 years, 5.30%	2008	305
Bond Euro MTN, EUR, 4 years, 3.265%	2008	500
Bond Euro MTN, CHF, 8 years, 3.50%	2007	162
Bond Euro MTN, EUR, 5 years, 5.125%	2006	500
Bond, EUR, 7 years, 4.50%	2006	266
Euro Bond Fixed rate, EUR, 8 years, 3.625%	2013	750
Euro Bond Fixed rate, EUR, 10 years, 3.825%	2015	50
Euro Bond Fixed rate, EUR, 10 years, 3.85%	2015	50
Private issues		**1,258**

The fair values, both assets and liabilities, of the derivatives have been incorporated into Bonds (26 million in the case of derivative assets and 320 million in the case of derivative liabilities).

Breakdown of borrowings and financial debts

(in millions of euros)	Amount
Breakdown of bonds	7,737
Other financial debts	649
Borrowings and financial debts	**8,385**

Breakdown of borrowings by maturity date

(in millions of euros)	31/12/2005	31/12/2004 published
1 year	2,895	2,632
2 years	1,008	1,071
3 to 5 years	3,191	2,787
Over 5 years	3,130	3,221
Unspecified	273	261
TOTAL	**10,497**	9,972

Bank covenants

At December 31, 2005, the Group had no bank covenants.

Note 27

FINANCIAL INSTRUMENTS

The principle used to define fair value is indicated in Note 1.

Market value of financial assets and liabilities

	31/12/2005			31/12/2004 published		
	Nominal value	Net book Value	Fair value	Nominal value	Net book Value	Fair value
Investments	283	283	283	538	538	538
Other long-term financial assets (mainly deposits and guarantees)	892	892	892	603	603	603
Consumer credit from financial companies	3,755	3,755	3,755	3,221	3,221	3,221
Operating receivables	5,021	5,021	5,021	4,471	4,471	4,471
Cash and marketable securities	3,733	3,733	3,733	3,203	3,203	3,203
Currency derivatives		14	14		(20)	(20)
Borrowings	8,385	8,484	8,717	9,661	9,972	10,221
Of which						
Debt hedged for fair value	1,031	1,082	1,082	1,344	1,466	1,466
Debt hedged for cash flow	825	825	825	1,455	1,455	1,455
Unhedged debt	6,530	6,530	6,762	6,862	6,862	7,111
Interest rate derivatives		48	48		189	189

Market value of derivatives

	31/12/2005		31/12/2004 published	
(in millions of euros)	Fair value	Notional	Fair value	Notional
CASH FLOW HEDGE INSTRUMENTS				
Interest rate risk				
Swaps	2	550	(3)	1,730
Options				
Currency instruments				
Currency swaps				
Forward contracts	(4)	156	(11)	94
Options				
Others				
FAIR VALUE HEDGE INSTRUMENTS				
Swaps	(51)	1,531	(131)	2,664
Options				
Currency instruments				
Currency swaps				
Forward contracts	(9)	59	(10)	79
Options			0	0
Other			0	0
INSTRUMENTS HELD FOR TRANSACTION PURPOSES				
Currency derivatives				
Interest rate derivatives	2	13,742	(55)	10,449
Other				

Note 28

EVENTS POST YEAR-END

No significant event has occurred since the date of the closing of the accounts that could alter the relevance of the information presented above.

Note 29

CONTINGENT LIABILITIES

In the context of the everyday management of its activities, 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 30

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 the 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 cash 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;
- undertakings made for carrying out construction work as part of the Group's expansion programme;
- rental guarantees and guarantees on shopping mall operators;
- guarantees for receivables;
- and other commitments made or received.

3. Commitments relating to the acquisition of securities:

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

4. Commitments relating to leasing agreements

At the end of December 2005, the Group fully owned 505 hypermarkets out of 839 consolidated hypermarkets, 649 supermarkets out of 1517 consolidated supermarkets and 396 Hard Discount stores out of 4,316 consolidated Hard Discount stores. Stores not fully owned are rented under leasing agreements that represented an expense of 779.4 million euros over 2005 (see note 7). 15% of these contracts expire in less than one year, 34% in 1 to 5 years and 51% 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 5,311.4 million euros. The discounted future rental flow corresponds to a commitment made of 4,055 million euros.

The Group also owns shopping malls, mainly anchored by its hypermarkets and supermarkets, that are rented out and that, in 2005, represented an income of 263 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 509 million euros. The discounting of these future rents corresponds to a received commitment of 454 million euros.

Commitments given

(in millions of euros)	December 2005	1 year	Breakdown by maturity 1 to 5 years	+ 5 years
Cash-flow related	**5,465**	**2,243**	**2,816**	**405**
Guarantees, mortgages and collateral	1,106	271	436	398
Discounted notes and securitization	185	185		
Undrawn lines of credit	4,111	1,732	2,379	
Other	63	55	1	7
Relating to operation/property/expansion	**1,368**	**688**	**591**	**89**
Land	748	488	251	9
Forward purchase (merchandise)	232	79	144	10
Other	388	121	197	71
Relating to acquisitions of securities	**2,302**	**1,054**	**920**	**328**
Commitment to purchase securities	1,936	1,054	882	
Liability guarantees	366		38	328
Lease-related	**5,311**	**801**	**1,827**	**2,684**
TOTAL	**14,446**	4,785	6,154	3,506

Commitments received

(in millions of euros)	December 2005	1 year	Breakdown by maturity 1 to 5 years	+ 5 years
Cash-flow related	**6,964**	**2,297**	**2,988**	**1,679**
Undrawn lines of credit	5,695	1,906	2,127	1,663
Mortages and collateral	174	71	88	15
Lines of credit with finance companies	1,094	320	773	1
Relating to operations/guarantees, property/expansion, etc.	**1,269**	**362**	**746**	**161**
Relating to acquisitions of securities	**118**	**118**		
Securities purchase options	118	118		
Lease-related	**509**	**143**	**282**	**85**
TOTAL	**8,859**	2,920	4,015	1,924

Note 31

EMPLOYEES

	December 2005	2004	2003
Average number of Group employees	417,258	409,964	402,256
Group employees at year end(*)	440,479	430,695	419,040

(*) excluding Podirest.

The number of employees at the end of the period, excluding Prodirest, the Czech Republic and Slovakia, was 436,474.

Note 32

AFFILIATED PARTIES

The remuneration for the year 2005 paid to members of the Group's Executive Committee amounted to 6,895,321 euros.
The information on the remuneration of company representatives is provided in the management report of the Management Board.

The transactions between the parent company and the companies accounted for under the equity method are summarized below:

(in millions of euros)	Transaction amounts		Receivables from affiliated companies		Payables to affiliated companies		Provisions for receivables		Off-balance sheet commitments	
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
Nature of transaction										
Sale of goods	365	354	50	54						
Commitments given: firm commitments to purchase securities									1 379	
Commitments received: firm commitments to purchase securities									87	
Other	36	27	9	11	2	1			96	116

Note 33

CHANGEOVER FROM FRENCH ACCOUNTING PRINCIPLES TO IFRS ACCOUNTING PRINCIPLES

Note: For the purpose of the publication of these comparative financial statements for the fiscal year 2005, and in compliance with the recommendation of the AMF (French Financial Markets Authority) relating to financial communication during the transition period, the Carrefour Group published its financial information for 2004 on the transition to IAS/IFRS standards, presenting, for preliminary information only, the impact in figures of the changeover to IFRS on the 2004 financial statements in the Update to the reference document dated August 24, 2005.

The majority of IFRS restatements have no impact on the Group's cash flow.

The only restatement having an impact on cash flow is that referring to the consolidation of financial service companies by full integration (as opposed to the equity method in the financial statements published under French standards), with their cash flow situation now being incorporated into that of the Group.

Reconciliation of the income statement at December 31, 2004, drawn up in accordance with French standards, with the income statement at December 31, 2004 drawn up in accordance with IFRS

(in millions of euros)	31/12/2004 under French standards	Adjustments	Reclassifica-tions	31/12/2004 published	Dep/40 years	31/12/2004 restated Dep/40 years
Net sales	**72,668.0**			**72,668.0**		**72,668.0**
Other income			1,038.6	1,038.6		1,038.6
Total income	72,668.0		1,038.6	73,706.6		73,706.6
Cost of sales	(56,554.2)	(84.2)	(414.4)	(57,052.8)		(57,052.8)
Margin from current operations	**16,113.8**	**(84.2)**	**624.2**	**16,653.8**		**16,653.8**
Sales, general and administrative expenses	(11,792.9)	(6.3)	(89.0)	(11,888.2)		(11,888.2)
Other income and expenses	596.2	13.8	(610.0)			
Depreciation, amortization and provisions	(1,683.4)	0.4	30.7	(1,652.3)	157.6	(1,494.7)
Activity contribution		(76.3)	(44.1)	3,113.3	157.6	3,270.9
Non-recurring income and expenses		(37.9)	(38.1)	(76.0)		(76.0)
EBIT	**3,233.8**	**(114.2)**	**(82.2)**	**3,037.3**	**157.6**	**3,195.0**
Financial income	(424.1)	(48.7)	(11.7)	(484.5)		(484.5)
Income before tax	**2,809.7**	**(162.9)**	**(93.9)**	**2,552.8**	**157.6**	**2,710.5**
Income tax	(836.4)	39.8	33.9	(762.7)	(43.2)	(805.9)
Share in net income of companies accounted for by the equity method	101.4	-	(60.7)	40.7		40.7
Net income from recurring operations	**2,074.7**	**(123.1)**	**(120.7)**	**1,830.9**	**114.4**	**1,945.3**
Net income from recurring operations, Group share	**1,981.1**	**(109.7)**	**(195.4)**	**1,676**	**110.3**	**1,786.3**
Goodwill amortization	(319.3)	319.3				0.0
Net income from recurring operations, Group share after goodwill	**1,661.8**	**209.6**	**(195.4)**	**1,676**	**110.3**	**1,786.3**
Non-recurring income	(246.2)		246.2			
Impact of discontinued operations, Group share		(5.8)	(79.0)	(84.8)		(84.8)
Impact of discontinued operations, total		(6.5)	(79.0)	(85.5)		(85.5)
Total net income	1,509.2	190.4	45.8	1,745.4	114.4	1,859.8
Net income, Group share	**1,386.8**	**204.3**		**1,591.1**	**110.3**	**1,701.5**

Main adjustments to the income statement at December 31, 2004, drawn up in accordance with French standards, with the income statement at December 31, 2004 drawn up in accordance with IFRS

(in millions of euros)	Adjustments	Closing of goodwill amortization	Financial leasing (IAS 17)	Employee benefits (IAS 19)	Valuation of inventories (IAS 2)	Stock options (IFRS 2)	Other adjustments
Net sales							
Other income							
Total income							
Cost of sales	(84.2)				(84.2)		
Margin from current operations	**(84.2)**				**(84.2)**		
Sales, general and administrative expenses	(6.3)		18.5	(9.0)	(0.5)		(15.3)
Other income and expenses	13.8			13.8			
Depreciation, amortization and provisions	0.4		(11.2)				11.6
Activity contribution	**(76.3)**		**7.3**	**4.8**	**(84.7)**	**0.0**	**(3.7)**
Non-recurring income and expenses	(37.9)		0.0	0.0	0.0	(30.6)	(7.3)
EBIT	**(114.2)**		**7.3**	**4.8**	**(84.7)**	**(30.6)**	**(11.0)**
Financial income	(48.7)		(14.1)	(32.7)	(0.6)		(1.3)
Income before tax	**(162.9)**		**(6.8)**	**(27.9)**	**(85.3)**	**(30.6)**	**(12.3)**
Income tax	39.8		1.9	2.8	25.2	10.7	(0.8)
Share of net income of companies accounted for by the equity method							
Net income from recurring operations	**(123.1)**		**(4.9)**	**(25.1)**	**(60.1)**	**(19.9)**	
Net income from recurring operations, Group share	(109.7)		(3.9)	(25.1)	(55.1)	(19.9)	(5.7)
Goodwill amortization	319.3	319.3					
Net income from recurring operations after goodwill, Group share	**209.6**	**319.3**	**(3.9)**	**(25.1)**	**(55.1)**	**(19.9)**	**(5.7)**
Non-recurring income							
Impact of discontinued operations, Group share	(5.8)						(5.8)
Impact of discontinued operations, total	(6.5)						(6.5)
Total net income	190.4	319.3	(4.9)	(25.1)	(60.1)	(19.9)	(18.9)
Net income, Group share	**203.8**	**319.3**	**(3.9)**	**(25.1)**	**(55.1)**	**(19.9)**	**(11.5)**

Main reclassifications on the income statement at December 31, 2004, drawn up in accordance with French standards, with the income statement at December 31, 2004 drawn up in accordance with IFRS

(in millions of euros)	Reclassifica-tions	Consolidation of finance companies	Reclassification of non-recurrent items	Other reclassifications
Net sales				
Other income	1,038.6	496.0	(2.4)	545.0
Total income	1,038.6	496.0	(2.4)	545.0
Cost of sales	(414.4)	(168.2)	(9.4)	(236.8)
Margin from current operations	**624.2**	**327.8**	**(11.8)**	**308.2**
Sales, general and administrative expenses	(89.0)	(160.8)	(2.7)	74.5
Other income and expenses	(610.0)			(610.0)
Depreciation, amortization and provisions	30.7	(11.3)		42.0
Activity contribution	**(44.1)**	**155.7**	**(14.5)**	**(185.3)**
Non-recurring income and expenses	(38.1)	(0.7)	(236.7)	199.3
EBIT	**(82.2)**	**155.0**	**(251.2)**	**14.0**
Financial income	(11.7)	2.3		(14.0)
Income before tax	**(93.9)**	**157.3**	**(251.2)**	
Income tax	(33.9)	(51.4)	85.3	
Share of net income of companies accounted for by the equity method	(60.7)	(60.7)		
Net income from recurring operations	**(120.7)**	**45.2**	**(167.2)**	
Net income from recurring operations, Group share	(195.4)		(195.4)	
Goodwill amortization				
Net income from recurring operations after goodwill, Group share	**(195.4)**		**(195.4)**	
Non-recurring income	246.2		246.2	
Impact of discontinued operations, Group share	(79.0)		(79.0)	
Impact of discontinued operations, total	(79.0)		(79.0)	
Total net income	45.8	45.8		
Net income, Group share	**0.0**			

Reconciliation of the balance sheet drawn up at December 31, 2004, in accordance with French standards, with the balance sheet at December 31, 2004 drawn up in accordance with IFRS

ASSETS

(in millions of euros)	31/12/2004 in accordance with French standards	Total adjustments	Total reclassifications	31/12/2004 published IFRS	Dep / 40 years	31/12/2004 published restated IFRS Dep / 40 years
Goodwill	8,851	319	159	9,329		9,329
Other intangible fixed assets	1,046	(10)	(306)	730		730
Tangible fixed assets	12,897	193	(473)	12,617	158	12,775
Financial assets	1,014	18	109	1,141		1,141
Investments in companies accounted for by the equity method	551	(304)		247		247
Deferred tax assets	1,049	(112)	131	1,066		1,066
Investment properties			481	481		481
Consumer credit from financial companies		1,594		1,594		1,594
Non-current assets	**25,406**	**1,698**	**101**	**27,205**	**158**	**27,363**
Inventories	6,243	(635)	13	5,621		5,621
Commercial receivables	3,059	0	89	3,147		3,147
Consumer credit from financial companies - short term		1,617	10	1,627		1,627
Tax receivables	411	0	12	423		423
Other assets	928	31	(59)	900		900
Cash and cash equivalents	2,930	306	(34)	3,203		3,203
Current assets	**13,571**	**1,319**	**31**	**14,921**	**0**	**14,921**
Total assets	**38,977**	**3,017**	**132**	**42,126**	**158**	**42,284**

LIABILITIES

(in millions of euros)	31/12/2004 in accordance with French standards	Total adjustments	Total reclassifications	31/12/2004 published IFRS	Dep / 40 years	31/12/2004 published restated IFRS Dep / 40 years
Shareholders' equity, Group share	7,549	(602)		6,947	110	7,057
Shareholders' equity, non-Group share	780	149		929	4	933
Shareholders' equity	**8,329**	**(453)**	**0**	**7,876**	**114**	**7,990**
Borrowings			7,340	7,340		7,340
Provisions	1,274	612	68	1,954		1,954
Deferred tax liabilities	471	(181)	63	353	44	397
Bank loan refinancing		255		255		255
Non-current liabilities	**10,074**	**233**	**7,471**	**17,778**	**158**	**17,936**
Borrowings - less than 1 year	9,724	245	(7,337)	2,632		2,632
Trade payables	14,362		359	14,721		14,721
Bank loan refinancing - short term		2,654		2 654		2,654
Tax payables	1,368		20	1,388		1,388
Other liabilities	3,448	(115)	(380)	2,952		2,952
Current liabilities	**28,903**	**2,784**	**(7,338)**	**24,347**	**0**	**24,347**
Total liabilities and shareholders equity	**38,977**	**3,017**	**132**	**42,126**	**158**	**42,284**

Main adjustments to the balance sheet at December 31, 2004, drawn up in accordance with French standards, with the balance sheet at December 31, 2004 drawn up in accordance with IFRS

ASSETS

(in millions of euros)	Consolidation of finance companies (IAS 27)	Ending of goodwill amortization	Employee benefits (IAS 19)	Financial leasing (IAS 17)	Inven-tories (IAS 2)	Pre-opening costs and rebates
Goodwill		319				
Other intangible fixed assets						
Tangible fixed assets	3			226		
Financial assets	19			(3)		
Investments in companies accounted for by the equity method	(304)					
Deferred tax assets				(16)		
Investment properties						
Consumer credit from financial companies	1,594					
Non-current assets	**1,312**	**319**		**207**		
Inventories					(635)	
Commercial receivables						
Consumer credit from financial companies - short term	1,617					
Other assets	57					(26)
Cash and cash equivalents	306					
Current assets	**1,980**				**(635)**	**(26)**
Total assets	**3,292**	**319**		**207**	**(635)**	**(26)**

LIABILITIES

(in millions of euros)	Consolidation of finance companies (IAS 27)	Closing of goodwill amortization	Employee benefits (IAS 19)	Financial leasing (IAS 17)	Inven-tories (IAS 2)	Pre-opening costs and rebates
Shareholders' equity, Group share	2	319	(318)	(37)	(418)	(22)
Shareholders' equity, non-Group share	209		(2)	(6)	(36)	(4)
Shareholders' equity	**211**	**319**	**(320)**	**(43)**	**(454)**	**(26)**
Borrowings						
Provisions	81		531			
Deferred tax liabilities					(181)	
Bank loan refinancing	255					
Non-current liabilities	**547**	**319**	**211**	**(43)**	**(635)**	**(26)**
Borrowings - less than 1 year				245		
Trade payables						
Consumer credit from financial companies - short term	2,654					
Tax payables						
Other liabilities	91		(211)	5		
Current liabilities	**2,745**	**0**	**(211)**	**250**	**0**	**0**
Total liabilities and shareholders' equity	**3,292**	**319**	**0**	**207**	**(635)**	**(26)**

Main adjustments to the balance sheet at December 31, 2004, drawn up in accordance with French standards, with the balance sheet at December 31, 2004 drawn up in accordance with IFRS

ASSETS

(in millions of euros)	Deferred tax (IAS 12)	Other adjustments	Total adjustments
Goodwill			319
Other intangible fixed assets		(10)	(10)
Tangible fixed assets		(36)	193
Financial assets	2		18
Investments in companies accounted for by the equity method			(304)
Deferred tax assets	(96)		(112)
Investment properties			0
Consumer credit from financial companies			1,594
Non-current assets	**(94)**	**(46)**	**1,698**
Inventories			(635)
Commercial receivables			0
Consumer credit from financial companies - short term			1,617
Tax assets due			0
Other assets			31
Cash and cash equivalents			306
Current assets			**1,319**
Total assets	**(94)**	**(46)**	**3,017**

LIABILITIES

(in millions of euros)	Deferred tax (IAS 12)	Other adjustments	Total adjustments
Shareholders' equity, Group share	(90)	(38)	(602)
Shareholders' equity, non-Group share	(4)	(8)	149
Shareholders' equity	**(94)**	**(46)**	**(453)**
Borrowings			0
Provisions			612
Deferred tax liabilities			(181)
Bank loan refinancing			255
Non-current liabilities	**(94)**	**(46)**	**233**
Borrowings - less than 1 year			245
Trade payables			0
Bank loan refinancing - short term			2,654
Tax payables			0
Other liabilities			(115)
Current liabilities			**2,784**
Total liabilities and shareholders' equity	**(94)**	**(46)**	**3,017**

Main reclassifications on the balance sheet at December 31, 2004, drawn up in accordance with French standards, with the balance sheet at December 31, 2004 drawn up in accordance with IFRS

ASSETS

(in millions of euros)	Investment properties (IAS 40)	Reclassification prepaid rents	Other reclassifications	Total reclassifications
Goodwill			159	159
Other intangible fixed assets		(75)	(231)	(306)
Tangible fixed assets	(481)		8	(473)
Financial assets		84	25	109
Investments in companies accounted for by the equity method				0
Deferred tax assets			131	131
Investment properties	481			481
Consumer credit from financial companies				
Non-current assets	**0**	**9**	**(67)**	**(58)**
Inventories			13	13
Commercial receivables			89	89
Consumer credit from financial companies - short term			10	10
Tax receivables			12	12
Other assets		(9)	(50)	(59)
Cash and cash equivalents			(34)	(34)
Current assets	**0**	**(9)**	**40**	**31**
Total assets	**0**	**0**	**132**	**132**

LIABILITIES

(in millions of euros)	Investment properties (IAS 40)	Reclassification prepaid rents	Other reclassifications	Total reclassifications
Shareholders' equity, Group share				0
Shareholders' equity, non-Group share				0
Shareholders' equity	**0**	**0**	**0**	**0**
Borrowings			7,340	7,340
Provisions			148	148
Deferred tax liabilities			(17)	(17)
Bank loan refinancing				
Non-current liabilities	**0**	**0**	**7,471**	**7 471**
Borrowings - less than 1 year			(7,337)	(7,337)
Trade payables			359	359
Bank loan refinancing - short term				0
Tax payable on liabilities			20	20
Other liabilities			(380)	(380)
Current liabilities	**0**	**0**	**(7,338)**	**(7,338)**
Total liabilities and shareholders' equity	**0**	**0**	**132**	**132**

Main adjustments to shareholders' equity at December 31, 2004, drawn up in accordance with French standards, with that at December 31, 2004 drawn up in accordance with IFRS

(in millions of euros)	Capital	Total undistributed reserves	Shareholders' equity, Group share	Non-Group interests	Total shareholders' equity
Shareholders' equity at 31/12/2004 in accordance with French standards before distribution	**1,762**	**5,787**	**7,549**	**780**	**8,329**
Ending of goodwill amortization		319	319		319
IAS 17: financial leasing agreements		(37)	(37)	(6)	(43)
IAS 2: inventories		(418)	(418)	(36)	(454)
IAS 27: financial companies		2	2	209	211
IAS 19: employee benefits		(318)	(318)	(2)	(320)
Pre-opening costs		(22)	(22)	(4)	(26)
IAS 12: deferred taxes		(90)	(90)	(4)	(94)
Other adjustments		(38)	(38)	(8)	(46)
Shareholders' equity at 31/12/2004 in accordance with IFRS before distribution	**1,762**	**5,186**	**6,947**	**929**	**7,876**
Depreciation over 40 years		110	110	4	114
Restated shareholders' equity at 31/12/2004 in accordance with IFRS before distribution Depreciation over 40 years	**1,762**	**5,296**	**7,057**	**933**	**7,990**

COMPANIES CONSOLIDATED BY FULL INTEGRATION AT DECEMBER 31, 2005

	Percentage interests used in consolidation	Commercial Business Register number
FRANCE		
@ CARREFOUR B2C MANAGEMENT	100.0	430 472 092
ACTIS	100.0	345 274 310
ALIMENTAIRE SCORE	100.0	333 708 014
ALODIS	100.0	345 130 306
ANDELYSIENNE DE DISTRIBUTION	100.0	384 418 331
ANDRENA	100.0	339 363 095
ANNONAY DISTRIBUTION	100.0	310 380 621
ARDAN	100.0	408 857 142
ASPHALTE	100.0	430 365 445
AUCEMA	99.9	398 656 660
AUREJAN	100.0	409 581 154
BCG	100.0	347 514 895
BDD	100.0	380 060 210
BIGOURDANE DE DISTRIBUTION	100.0	334 570 298
BOEDIM	100.0	379 874 571
BRIMONT	100.0	423 291 731
BRUMAT	100.0	337 730 683
CAMARSYL	100.0	443 499 041
CARAUTOROUTES	100.0	433 970 944
CARBAS	100.0	440 590 222
CARCOOP	50.0	317 599 231
CARCOOP FRANCE	50.0	333 955 912
CARFUEL	100.0	306 094 194
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 EUROPE	100.0	420 265 845
CARREFOUR FORMATION HYPERMARCHÉS FRANCE (CFHF)	100.0	433 970 811
CARREFOUR FRANCE	100.0	672 050 085
CARREFOUR HYPERMARCHÉS FRANCE	100.0	428 767 859
CARREFOUR IMPORT SAS (EX CRFP2)	100.0	434 212 130
CARREFOUR MANAGEMENT	100.0	403 245 061
CARREFOUR MARCHANDISES INTERNATIONALES	100.0	385 171 582
CARREFOUR MOBILIER HYPERMARCHÉS FRANCE	100.0	433 970 886
CARREFOUR MONACO	100.0	92 502 820
CARREFOUR PROPERTY	100.0	775 632 169
CARREFOUR SA	100.0	652 014 051
CARREFOUR SERVICES CLIENTS	100.0	423 697 523
CARREFOUR SYSTÈMES D'INFORMATIONS FRANCE	100.0	433 929 114
CARREFOUR TRESO	100.0	428 240 337
CARREFOUR VACANCES	100.0	379 601 974
CASCH	100.0	444 531 180
CASMF	100.0	444 531 388
CDA	100.0	342 416 005
CDM	100.0	379 959 257
CENTRALE INTERNATIONALE DE MARCHANDISES - CIM -	100.0	784 380 586
CHAMNORD	63.6	303 543 128
CHAMPION SUPERMARCHÉS FRANCE (C.S.F)	100.0	440 283 752
CHESHUNT FRANCE	100.0	391 027 448
CHRISTHALIE	100.0	344 389 820
CHRISTING	100.0	330 305 558

COMPANIES CONSOLIDATED BY FULL INTEGRATION AT DECEMBER 31, 2005

	Percentage interests used in consolidation	Commercial Business Register number
CLEMADIS	100.0	439 872 979
CM SUPERMARCHÉS SUD EST CMSSE	100.0	421 063 256
CODIMON	100.0	412 653 990
COJADIS	100.0	445 018 633
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
CONTINENT FRANCE	100.0	430 209 288
COVICAR 2	100.0	440 274 454
CRFP1	100.0	434 210 985
CRFP10	100.0	444 531 628
CRFP11	100.0	444 531 719
CRFP12	100.0	444 531 750
CRFP4	75.0	440 160 570
CROIX DAMPIERRE	91.6	780 680 781
CSD	74.0	326 220 654
CSD TRANSPORTS	74.0	433 859 154
CUBZADIS	100.0	353 125 255
DALCINE	100.0	384 776 902
DARTAGNAN	99.9	339 211 450
DAUPHINOISE DE PARTICIPATIONS	100.0	337 748 552
DÉFENSE ORLÉANAISE	50.0	085 580 728
DISANIS	100.0	418 544 516
DISTRABAUD	100.0	402 068 456
DISTRAL AYZAC	100.0	381 342 831
DISTRIVAL	100.0	383 257 938
DOP 4	100.0	345 130 520
ED FONCIÈRE RÉGION NORD	100.0	444 525 992
ED FRANCHISE SAS	100.0	434 193 454
ED SAS	100.0	381 548 791
ERTECO	100.0	303 477 038
ESQUIEZIENNE DE SUPERMARCHÉS (S.E.S)	100.0	332 136 050
ETS CATTEAU	100.0	576 280 101
EUROMARCHE	100.0	780 060 414
FINIFAC	100.0	409 468 857
FORGES LES EAUX	100.0	419 532 916
FORUM DEVELOPPEMENT	100.0	381 485 176
GEDEL	100.0	395 104 243
GENEDIS	100.0	345 130 512
GILVER	100.0	382 944 684
GML - GRANDS MAGASINS LABRUYÈRE	50.0	314 832 387
GML FRANCE	50.0	397 894 296
GOUDY	100.0	353 898 125
GUALEX	100.0	398 334 649
GUIROVI	100.0	381 618 461
HALLDIS	100.0	391 982 980
HAUTS DE ROYA	100.0	428 470 900
HERVAU	100.0	353 869 662
IMMO NORD	100.0	413 674 037
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
JAPIERRE	100.0	325 774 338

COMPANIES CONSOLIDATED BY FULL INTEGRATION AT DECEMBER 31, 2005

	Percentage interests used in consolidation	Commercial Business Register number
JULIEME	100.0	392 746 194
KERISPER	100.0	323 635 367
KERRIS	100.0	340 382 548
LA CIOTAT DISTRIIBUTION SNC	100.0	451 625 354
LA LAUFA	100.0	347 465 528
LALAUDIS	99.0	339 176 885
LAMBIN	100.0	341 092 609
LAPALUS & FILS (ETABS)	100.0	795 920 172
LE GANELON	100.0	332 864 883
LEDAYE	99.9	333 585 354
LES REMPARTS	100.0	389 347 063
LOGIDIS	100.0	303 010 789
LOGIDIS COMPTOIRS MODERNES	100.0	428 240 287
LORDIS	100.0	430 160 010
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
MONTEL DISTRIBUTION	100.0	398 834 226
MONTEL HOLDING	100.0	007 050 107
MONTVERT	100.0	379 843 139
NEUVYDIS	100.0	351 715 537
NOISY DISTRIBUTION	100.0	350 498 416
OGALIM	100.0	348 302 613
ONA	100.0	303 657 084
OOSHOP	95.0	420 153 538
P.R.M.	100.0	352 442 826
PARADICE	100.0	349 246 280
PARIDIS 75	100.0	451 321 376
PERPIGNAN DISTRIBUTION SNC	100.0	451 603 070
PHILEVE	100.0	347 970 592
PLOUHADIS	100.0	385 254 370
POLE	100.0	341 455 855
PONTORSON DISTRIBUTION	100.0	352 725 808
PRINTANIA	100.0	321 276 065
PRODIM	100.0	345 130 488
PROFIDIS	100.0	323 514 406
PROFIDIS & CIE	99.0	327 753 372
PROPO	100.0	410 690 101
PROVIDANGE	100.0	352 367 239
PYRENNENNE DE SUPERMARCHÉS (S.P.S)	100.0	331 140 707
RIOMOISE DE DISTRIBUTION SA	100.0	318 623 790
RIOMOISE DE DISTRIBUTION SNC	100.0	329 678 338
ROCHEDIS	100.0	352 057 046
S 2M I	100.0	440 272 789
S.D.O	100.0	487 280 307
S.L.M. DISTRIBUTION	100.0	480 062 223
S.T.D.	100.0	417 597 549
S2P - SOCIÉTÉ DES PAIEMENTS PASS	60.0	313 811 515
SAB	100.0	419 278 270

COMPANIES CONSOLIDATED BY FULL INTEGRATION AT DECEMBER 31, 2005

	Percentage interests used in consolidation	Commercial Business Register number
SADAP	100.0	351 546 734
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 POUR LE COMMERCE	100.0	378 384 002
SCI SOGARA MERIGNAC	50.0	307 048 975
SDAG	100.0	006 150 163
SEGODIS	100.0	311 510 432
SELIMA	100.0	411 495 369
SET	100.0	433 964 202
SHF	100.0	387 520 711
SIMADIS	100.0	430 287 730
SISP	100.0	349 146 878
SMSM	100.0	329 275 978
SNC ED EST	100.0	402 628 283
SNE & CIE - SOCIÉTÉ NOUVELLE D´EXPLOITATION	100.0	388 182 388
SOCAMAG	100.0	423 938 042
SOCIÉTÉ DE DISTRIBUTION PLOEUCOISE - SODIP	100.0	325 517 464
SOCIÉTÉ DES HYPERMARCHÉS DE LA VÉZÈRE	50.0	382 824 761
SOCIÉTÉ D´EXPLOITATION AMIDIS & Cie	100.0	319 730 339
SOCIÉTÉ FECAMPOISE DE SUPERMARCHÉS	100.0	305 490 039
SOCIÉTÉ NOUVELLE DES MAGASINS ED	100.0	352 730 816
SOCIÉTÉ NOUVELLE SOGARA	50.0	441 037 405
SOCODIS	100.0	405 005 307
SODIALP	100.0	324 766 047
SODIGIR	100.0	389 504 291
SODISCAF	100.0	398 008 565
SODISOR	100.0	788 358 588
SOECUDIS	100.0	389 551 508
SOFEDIS	100.0	317 516 441
SOFIDIM	100.0	673 820 601
SOFINEDIS	100.0	304 515 380
SOFRED	100.0	342 213 253
SOGADIS	100.0	321 357 543
SOGARA	50.0	662 720 341
SOGARA FRANCE	50.0	397 509 647
SOVAL	100.0	847 250 503
STOC SUD EST - STOC S.E.	100.0	398 155 606
STROFI	100.0	421 892 134
SUESCUN	100.0	340 023 936
TAVERDIS	100.0	350 621 652
TERRADIS	100.0	331 015 958
THOMAS DISTRIBUTION	100.0	394 183 040
TILLY DISTRIBUTION	100.0	350 553 517
TOURANGELLE DE PARTICIPATIONS	100.0	339 487 787
VALDIS	100.0	347 381 196
VÉZÈRE DISTRIBUTION	100.0	478 502 651
VLS DISTRIBUTION (SUPERMARCHÉ SCHALLER)	100.0	340 468 321

COMPANIES CONSOLIDATED BY FULL INTEGRATION AT DECEMBER 31, 2005

	Percentage interests used in consolidation
GERMANY	
ERTECO DEUTSCHLAND GMBH	100.0
PROMOHYPERMARKT AG & CO. KG	100.0
PROMOHYPERMARKT AG (PHS)	100.0
PROMOHYPERMARKT INTERNATIONAL	100.0
ARGENTINA	
BANCO CETELEM ARGENTINA SA	40.0
BANCO DE SERVICIOS FINANCIEROS SA	60.0
CARREFOUR AMERICAS	100.0
CARREFOUR ARGENTINA SA	100.0
DIA ARGENTINA SA	100.0
SUPERMERCADOS NORTE	100.0
BELGIUM	
BIGG´S SA	100.0
CARGOVIL (EX OUTEX)	100.0
CARREFOUR BELGIUM	100.0
CENTRE DE COORDINATION CARREFOUR	100.0
CUSTOMER LOYALTY PROGRAM BELGIUM - CLPB	97.1
ECLAIR	100.0
EXTENSION BEL-TEX	100.0
FILMAR	100.0
FILUNIC	100.0
FIMASER	60.0
FOURCAR BELGIUM SA	100.0
FRESHFOOD	100.0
GB RETAIL ASSOCIATES SA	100.0
GIB MANAGEMENT SERVICES	100.0
GMR	100.0
MABE	100.0
R&D FOOD	100.0
ROB	100.0
ROTHIDI	100.0
SERCAR	100.0
SOCIETE RELAIS	100.0
SOUTH MED INVESTMENTS	100.0
STIGAM	100.0
SUPERTRANSPORT	100.0
TECHNICAL MAINTENANCE SERVICE - TMS	100.0

	Percentage interests used in consolidation
BRAZIL	
BREPA COMERCIO PARTICIPACAO LTDA	100.0
CARREFOUR ADMINISTRADORA DE CARTOES DE CRE-DITO, COMERCIO E PARTICIPACOES LTDA	60.0
CARREFOUR AMERICAS LTDA	100.0
CARREFOUR COMMERCIO E INDUSTRIA LTDA	100.0
CARREFOUR GALERIAS COMERCIAIS LTDA	100.0
CARREFOUR PARTICIPACOES E ADMINISTRACAO SA	100.0
CARREFOUR PARTICIPACOES SA	100.0
CARREFOUR REVENDEDORA DE COMBUSTIVEIS LTDA.	100.0
CARREFOUR VIAGENS E TURISMO LTDA.	100.0
CONSENSUS COMÉRCIO VAREJISTA DE PRODUTOS ALIMENTÍCIOS LTDA.	100.0
DIA BRASIL	100.0
ELDORADO	100.0
FARO TRADING SA	100.0
IMOPAR PARTICIPCOES E ADMINISTRACAO IMOBILIARIA LTDA	100.0
LOJIPART PARTICIPACOES SA	100.0
MAPAR PARTICIPACOES LTDA.	100.0
MAUA PARTICIPACOES	100.0
NOVA GAULE COMERCIO E PARTICIPACOES S.A.	100.0
NTC TRADING S/A	100.0
RDC FACCOR FACTORING FOMENTO COMERCIAL LTDA.	100.0

COMPANIES CONSOLIDATED BY FULL INTEGRATION AT DECEMBER 31, 2005

	Percentage interests used in consolidation
CHINA	
BEIJING CARREFOUR COMMERCIAL CO., LTD.	55.0
BEIJING CHAMPION SHOULIAN SUPERMARKET Co. Ltd	78.8
BEIJING DIA-SHOULIAN COMMERCIAL RETAIL CO. LTD	82.2
CARREFOUR (CHINA) MANAGEMENT & CONSULTING SERVICES CO.	100.0
CHANGSHA CARREFOUR HYPERMARKET	87.0
CHENGDU CARREFOUR HYPERMARKET CHAINSTORE COMPANY	92.5
CHENGDU YUSHENG INDUSTRIAL DEVELOPMENT CO LTD	100.0
CHONGQING CARREFOUR HYPERMARKET CHAIN STORE	55.0
DALIAN CARREFOUR COMMERCIAL CO., LTD.	65.0
DIA TIANTIAN (SHANGHAI) MANAGEMENT CONSULTING SERVICE CO. LTD	100.0
DONGGUAN DONESHENG SUPERMARKET CO	100.0
FUZHOU CARREFOUR COMMERCIAL CO LTD	65.0
GUANGZHOU JIAGUANG HYPERMARKET CO	55.0
HANGZHOU CARREFOUR HYPERMARKET CO., LTD	65.0
HARBIN CARREFOUR HYPERMARKET CO., LTD	65.0
HEFEI CARREFOUR	65.0
HUARONG CARREFOUR COMMERCIAL CO., LTD	55.0
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 MANAGEMENT CO. LTD	100.0
QINGDAO CARREFOUR COMMERCIAL	97.7
SHANGAI CARHUA SUPERMARKET LTD	55.0
SHANGHAI DIA-LIAN HUA RETAIL CO. LTD	55.0
SHENYANG CARREFOUR HYPERMARKET CO LTD	65.0
SHENZHEN CARREFOUR COMMERCIAL	100.0
SHENZHEN LERONG SUPERMARKET CO LTD	100.0
SUZHOU YUEJIA HYPERMARKET CO., LTD	55.0
THE CARREFOUR (CHINA) FOUNDATION	100.0
TIANJIN FUYE HYPERMARKET CO.	55.0
TIANJIN QUANYE CARREFOUR HYPERMARKETL CO., LTD	65.0
WUHAN HANFU CHAIN SUPERMARKET CO LTD	100.0
WUXI YUEFU SUPERMARKET Co.	60.0
XIAMEN CARREFOUR COMMERCIAL CO LTD	65.0
XIAN CARREFOUR HYPERMARKET CO LTD	100.0
XINJIANG CARREFOUR HYPERMARKET	100.0
XUZHOU YUEJIA COMMERCIAL CO LTD	60.0
ZHENGZHOU YUEJIA	60.0
ZHUHAI LETIN HYPERMARKET CO. LTD	100.0

	Percentage interests used in consolidation
COLOMBIA	
GSC SA - GRANDES SUPERFICIES DE COLOMBIA	100.0
KOREA	
CARREFOUR KOREA LTD	100.0
SPAIN	
CARREFOUR CANARIAS, S.A.	95.6
CARREFOUR NAVARRA, S.L.	95.6
CARREFOUR NORTE, S.L.	95.6
CARREFOURONLINE S.L (SUBMARINO HISPANIA)	95.6
CENTROS COMERCIALES CARREFOUR, S.A.	95.6
DISTRIBUIDORA INTERNACIONAL DE ALIMENTACION (DIASA)	100.0
E-CARREFOUR SA	95.6
FINANDIA E.F.C.	100.0
GROUP SUPECO MAXOR	95.6
IMMOBILARIA CARREFOUR	66.9
INVERSIONES PRYCA, S.A.	100.0
NORFIN HOLDER S.L	100.0
PUNTOCASH, S.A.	100.0
SERVICIOS FINANCIEROS CARREFOUR EF.C. (FINANCIERA PRYCA)	57.5
SIDAMSA CONTINENTE HIPERMERCADOS, S.A.	100.0
SOCIEDAD DE COMPRAS MODERNAS, S.A. (SOCOMO)	95.6
SUPERMERCADOS CHAMPION, S.A.	95.6
VIAJES CARREFOUR, S..UNIPERSONAL	95.6
GREECE	
CARREFOUR MARINOPOULOS	50.0
CITYGATE	50.0
DIA HELLAS	80.0
GUEDO Holding Ltd.	50.1
XYNOS SA	50.0
HONG KONG	
CARREFOUR GLOBAL SOURCING ASIA	100.0
CARREFOUR TRADING ASIA LTD (CTA)	100.0
CARREFOUR ASIA LTD	100.0
VICOUR LIMITED	100.0
INDONESIA	
PT CARREFOUR INDONESIA (EX CONTIMAS)	100.0
IRELAND	
CARREFOUR INSURANCE	100.0

COMPANIES CONSOLIDATED BY FULL INTEGRATION AT DECEMBER 31, 2005

	Percentage interests used in consolidation
ITALY	
ASTRA SPA	99.8
CARREFOUR ITALIA	100.0
CARREFOUR ITALIA IMMOBILIARE	99.8
CARREFOUR SERVIZI FINANZIARI SPA	60.0
CONSORZIO CARREFOUR	99.8
DEMETER ITALIA SPA (ex HYPERMARKET HOLDING)	99.8
DI PER DI SRL	99.8
ERTECO ITALIA SRL	99.8
ETNASTORE SPA	59.9
FINMAR SPA	99.8
FMM SRL	99.8
GALLERIA COMMERCIALE LIMBIATE SRL	99.8
GALLERIA COMMERCIALE SIRACUSA SRL	99.8
GRANDI MERCATI SRL	99.8
GS SpA (EX ATENA)	99.8
LOGIDIS ITALIA SRL	99.8
MIRTO 92	99.8
S.L.I.D.I. SRL	99.8
SOCIETA SVILUPPO COMMERCIALE	99.8
SVILUPPO ALIMENTARE SRL	99.8
LUXEMBOURG	
CARIGES SA	100.0
MALAYSIA	
CARREFOUR MALAYSIA SDN BHD	100.0
MAGNIFICIENT DIAGRAPH SDN-BHD	100.0
NETHERLANDS	
ALCYON BV	93.2
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
FOURCAR BV	100.0
FOURET BV	100.0
FRANCOFIN BV	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

	Percentage interests used in consolidation
POLAND	
CARREFOUR POLSKA	100.0
CPP	100.0
PORTUGAL	
CARREFOUR (PORTUGAL)	99.9
DIA PORTUGAL SUPERMERCADOS	100.0
LISPETROLEOS	99.9
CZECH REPUBLIC	
ALFA SHOPPING CENTER	100.0
CARREFOUR CESKA REPUBLIKA	100.0
EDEN DEVELOPMENT	100.0
SHOPPING CENTRE KRALOVO POLE	100.0
USTI NAD LABEM SHOPPING CENTER	100.0
SINGAPORE	
CARREFOUR SINGAPOUR PTE LTD	100.0
CARREFOUR SOUTH EAST ASIA	100.0
SLOVAKIA	
ATERAITA	100.0
CARREFOUR SLOVENSKO	100.0
SWITZERLAND	
CARREFOUR SUISSE	100.0
CARREFOUR WORLD TRADE	100.0
DISTRIBUTIS SA	40.0
HYPERDEMA (PHS)	100.0
TAIWAN	
PRESICARRE	60.0
CARREFOUR FINANCIAL CONSULTING	50.4
THAILAND	
CENCAR LTD	100.0
NAVA NAKARINTR LTD	100.0
SSCP THAILAND LTD	100.0
TURKEY	
CARREFOUR SABANCI TICARET MERKEZI AS CARREFOURSA	60.0
DIA SABANCI SUPERMARKETLERI TICARET ANONIM SIRKETI	60.0
ENDI TUKETIM MALLARI TICARET VE SANAYI A.S.	46.5
GIMA GIDA VE ITHIYAC MADDELERI TICARET A.S.	39.2

COMPANIES CONSOLIDATED BY EQUITY METHOD AT DECEMBER 31, 2005

	Percentage interests used in consolidation	Commercial Business Register number
FRANCE		
ALTIS	50.0	310 710 223
DISTRIMAG	50.0	301 970 471
HAMON INVEST	50.0	431 586 502
HOFIDIS II	50.0	423 143 718
HYPARLO	48.9	779 636 174
HYPERMARCHÉS 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
SOCIÉTÉ RÉSEAU FRANCE BILLET	45.0	414 948 638
SOCIÉTÉ SUPERMARCHÉ DU BASSIN - SSB	50.0	324 754 894

	Percentage interests used in consolidation
ARGENTINA	
HIPERBROKER	65.0
BRAZIL	
AGROPECUARIA LABRUNIER LTDA	100.0
AGROPECUARIA ORGANICA DO VALE	82.5
AGROPECUARIA VALE DAS UVAS SARL	100.0
FAZENDA SAO MARCELO SA	100.0
SPAIN	
CORREDURIA DE SEGUROS CARREFOUR	71.7
COSTASOL DE HIPERMERCADOS, S.L.	32.5
DIAGONAL PARKING, S.C.	55.0
FEU VERT IBÉRICA, S.A.	47.8
GLORIAS PARKING S.A.	47.8
ILITURGITANA DE HIPERMERCADOS, S.L.	32.5
INTERING SA	47.8
SICIONE, S.A.	33.0
ITALY	
FINIPER SPA	20.0
IL BOSCO SRL	39.9
IPER ORIO SPA	49.9
IPER PESCARA SPA	49.9
PEGASO SPA	48.9
SWITZERLAND	
DISTRIBUTIS MONCOR SA	20.0

STATUTORY AUDITORS' REPORT

Consolidated Financial Statements – Fiscal year ended December 31, 2005

To the shareholders,

Following 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 2005.

The consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit. These financial statements have been prepared for the first time in accordance with IFRSs as adopted by the European Union. They include comparative information restated in accordance with the same standards in respect of financial year 2004, except for IAS 32 and IAS 39 which have been applied as from 1st January 2005, in accordance with the option given by IFRS 1.

I. 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 financial statements presentation. 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 and of the financial position of the Group as at 31 December 2005 and of the results of its operations for the year then ended in accordance with IFRSs as adopted by the European Union.

Without qualifying our opinion, we draw your attention to Note 1 of the Notes to the consolidated financial statements, which discloses a change in estimate regarding the amortisation period of buildings, from 20 to 40 years, with a prospective application from 1st January 2005.

II. JUSTIFICATION OF OUR ASSESSMENTS

In accordance with the requirements of article L.823-9 of the French Commercial Law (Code de Commerce) relating to the justification of our assessments, we bring to your attention the following matters: at each consolidated balance sheet date, the Company systematically performs a goodwill impairment test, and also assesses if there is any indication that these long-term assets may be impaired, 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 this 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.

These 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.

III. SPECIFIC VERIFICATION

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

Paris - La Défense et Neuilly-sur-Seine, on 7 April 2006

Statutory Auditors

KPMG Audit, A division of KPMG S.A.
Jean-Luc Decornoy
Partner

Deloitte & Associés
Jean-Paul Picard
Partner

Frédéric Moulin
Partner

LSF REPORT 2005

REPORT BY THE CHAIRMAN OF THE SUPERVISORY BOARD

concerning corporate governance and internal control procedures

Pursuant to the provisions of Article L225-37 of the French Commercial Code, the present report states the conditions for the preparation and organization of the work of the Supervisory Board during the course of 2005, together with the internal control procedures put in place by the Carrefour Group.

1. Corporate governance

By decision of the shareholders' meeting of April 20, 2005, the Company has adopted the form of a public limited company with a Management Board and a Supervisory Board. The present report was communicated to the latter at its meeting on March 7, 2006.

1.1. THE MANAGEMENT BOARD AND SUPERVISORY BOARD

1.1.1. The Management Board

The Company is run by a Management Board comprising at least two members, and at the 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 the position of 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, on the number of Company shares that may be allocated to them free of charge.

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. The Management Board presents the Supervisory Board every three months with a report summarizing the main actions or events that have occurred in the management of the Company. It must contain all the information that will 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 own 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 invitation. 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 of 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 shareholders' meetings and to the Supervisory Board by law or by the Articles of Association. The Supervisory Board confers on one of the members of the Management Board the post of Chairman 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 April 20, 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.

During the course of the 2005 fiscal year, the Management Board met 8 times, with an average rate of attendance of 95%.

- The first meeting was devoted to the adoption of the Management Board's internal rules and to the definition of the procedures for a share purchase option scheme and the procedures for the allocation of free shares in accordance with the recommendations of the Committee for Remuneration, Appointments and Corporate Governance.

- The purpose of the second meeting was to prepare a joint seminar with the Management Board and the Supervisory Board.
- The purpose of the third meeting was to approve the pro forma opening balance sheet as of January 1, 2004 and the pro forma consolidated financial statements for 2004, restated in accordance with IFRS standards, and to prepare the press release for the financial community.
- The fourth meeting was devoted to an analysis of the Company's activity and strategy (strategic plan and study of the operations for tactical acquisitions or restructuring of the portfolio of operations, hereinafter called "M&A operations").
- A review of the half-year financial statements to June 30, and the financial press release relating to it, was the subject of the fifth meeting.
- The sixth meeting was devoted mainly to the conclusions to be drawn from the decision of the Paris Court of Appeal in the context of the Hyparlo case and to following up M&A projects.
- The seventh meeting was devoted to the preparation of the strategic plan and to the study of M&A operations.
- Finally, discussions at the final meeting focused on the study of the Employment and Skills Forecasting Management project and to following up M&A operations.

1.1.2. The Supervisory Board

The Supervisory Board has eight members: Mr Luc Vandevelde (Chairman), Mr Carlos March (Deputy Chairman), Mrs Anne-Claire Taittinger, Mr René Abate, Mr René Brillet, Mr Jose Luis Leal Maldonado, Mr Amaury de Sèze and the company COMET BV (represented by Mr Robert Halley).

The Board focused on assessing the independence of each member of the Board, as regards the 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, six 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 José Luis Leal Maldonado and Mr de Sèze are independent members. The fact that Mr René Brillet was a former employee does not prevent him from being considered to be an independent member, in that Mr Brillet, now retired, no longer has any relationship with Carrefour that could lead to a conflict of interests and affect his judgment.
Mr Carlos March is an independent member: the fact that he is a shareholder is no obstacle to this classification in that, in compliance with the Bouton Report, he owns less than 10% of the capital and voting rights in Carrefour and cannot be considered to be a participant in controlling the Company.

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 2005 fiscal year, the Supervisory Board met 8 times, with a 92% attendance rate.

- The first meeting was devoted mainly to the appointment of the Chairman and Vice-Chairman, to the adoption of the internal rules of the Supervisory Board, the composition of the Board's Committees, the appointment of the members of the Management Board and their Chairman and to defining the procedures of a share purchase option scheme and the arrangements for the allocation of free shares in accordance with the recommendations of the Committee for Remuneration, Appointments and Corporate Governance.
- The study of an expansion project in Turkey was the subject of the second meeting.
- The third meeting, held in the form of a two-day seminar in conjunction with the Management Board, was devoted to the presentation by the latter of the Company's business and strategy and to an analysis of the 2005 budget drawn up in accordance with IFRS standards.
- The purpose of the following meeting was to present the 2004 financial statements, restated in accordance with IFRS standards, together with the Audit Committee's report and the summary of their work by the Auditors.
- The Management Board presented the M & A projects in progress at the fifth meeting.
- The half-year financial statements were examined at the sixth meeting, during the course of which the Audit Committee's conclusions were presented, as was a summary of their work by the Auditors.
- The seventh meeting was the occasion for the Committee for Remuneration, Appointments and Corporate Governance to present its work, and the Management Board presented a detailed analysis of the Hyparlo case.
- Finally, discussions at the final meeting focused on the continuation of the presentation of its recommendations by the Committee for Remuneration, Appointments and Corporate Governance.

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

1.2.1.1. The Committee's remit

The responsibilities of the Audit Committee concern:

The annual and half-year financial statements, for which:
- it examines the statutory and consolidated financial statements before they are presented to the Supervisory Board;
- it ensures that the accounting methods adopted for the drawing up of the consolidated and statutory financial statements are relevant and consistent;
- it analyzes the interim and preliminary results, together with the observations relating to them, before they enter the public domain;
- it verifies that the internal procedures for collecting and controlling the information guarantee the application of the aforementioned accounting methods;
- it studies the changes and adaptations of accounting principles and rules adopted to draw up the financial statements.

Stock market regulations, for which:
- it monitors the quality of the procedures and information relating to stock market regulation (reference document).

The internal and external auditing of the Company and of its main subsidiaries, for which:
- it reviews the proposals for the appointment or re-appointment of the company Auditors and their remuneration,
- it evaluates the Group's internal control systems, in conjunction with the internal audit staff.

Risks, which it examines regularly with the Management Board, whether they be financial, strategic or operational.

The Committee has access to information from the Group's Financial Director. Once a year, it can interview the Auditors under conditions that it shall determine.

1.2.1.2. Members of the Committee

The Committee comprises 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.

In 2005, the Committee was composed as follows:
Chairman: Robert Halley
Members: René Abate (independent member)
René Brillet (independent member)
Amaury de Sèze (independent member)

The Committee meets at least three times a year. Two meetings are scheduled before the presentation of the annual and half-year 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 2005, the Committee proceeded, amongst other things, to examine the restatement of the 2004 financial statements in accordance with IFRS standards, the methods of consolidation and the Group's balance sheet, the key events and principal options, summaries of the income statement and balance sheet, the cash flow statement and funding and the year-end accounts for 2005.

At each of its meetings, the Audit Committee analyzed 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 for the accomplishment of the mission.

1.2.2. Committee for Remuneration, Appointments and Corporate Governance

1.2.2.1. The Committee's remit

The Committee is involved in the following areas:
- proposals to the Supervisory Board for the appointment of its members and members of the Management Board,
- proposals for the remuneration of company representatives and for the allocation of directors' fees,
- review of the overall stock-option amounts,
- information on the appointment and remuneration of members of the Executive Committee and the Group's principal executives,
- verification of the quality of the circulation of information between the Management Board and the Supervisory Board.

1.2.2.2. Members of the Committee

The Committee is made up of three members appointed by the Supervisory Board from amongst its members, the majority of whom are independent members. The Chairman of the Committee is appointed by the Supervisory Board.

In 2005, the Committee was composed as follows:
Chairman: José Luis Leal Maldonado (independent member)
Members: Anne-Claire Taittinger (independent member)
Carlos March (independent member).

The Committee meets at least once a year. It may meet at the request of the Chairman of the Supervisory Committee or of two members of the Committee. For its decisions 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 2005, the Committee defined and proposed to the Supervisory Board the terms under which a share purchase option plan might be defined, as well as a "performance share" plan (free shares). It determined the amount of remuneration of company representatives, as well as the variable part of said remuneration, and established the basis for a remuneration policy that could apply across the Group in the years to come.

In a letter of January 30, 2006, Mr Carlos March submitted his resignation from the office of member of the Supervisory Board with effect on the same day.

The Supervisory Board, meeting on March 7, 2006 took note of this resignation and appointed Mr Amaury de Sèze as Vice-Chairman. The Board also decided to reorganize its Committees as follows:

Audit Committee:
Chairman: Robert Halley
Members: René Brillet (independent member)
Amaury de Sèze (independent member)

Committee for Remuneration, Appointments and Corporate Governance:
Chairman: José Luis Leal Maldonado (independent member)
Members: Anne-Claire Taittinger (independent member)
René Abate (independent member).

2. Internal control procedures

2.1. 2.1 DEFINITION OF INTERNAL CONTROL

The internal control procedures implemented in the Carrefour Group, formalized in the course of applying the French Financial Security Law, is based on the international COSO Report, which was published in France in 1994.

Internal control is defined as a process conducted by management under the control of the Management Board. It is implemented by executive management and company personnel and intended to provide reasonable assurance as to meeting the following objectives:
• the fulfillment and optimization of operations,
• the reliability of financial information,
• and compliance with laws and regulations in force.

One of the objectives of internal control procedures is to prevent and monitor the risks resulting from the company's activity and the risks of misstatements or fraud, especially in the accounting and financial fields: like any system of control, however, it cannot provide an absolute guarantee that these risks will be totally eliminated.

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

2.2. THE INTERNAL CONTROL ENVIRONMENT

2.2.1. The organization of the Group

The Group is organized geographically in order to take into account specific local characteristics. The countries are grouped into regions, which are represented at the Group Executive Committee (Comex) level by managing directors (Latin America, Asia and Europe excluding France). The Comex, which is the executive management body of the Group, also includes the Director of the French Hypermarkets and the Director of the French Supermarkets because of the predominance of these two activities within the Group.

The activity of the Hard Discount stores, whose vertical organization is better suited to its way of operating, is also represented within the Comex. Finally, the support departments taking part directly in the Comex include human resources, merchandise, organization and information systems and finance.

The Comex defines the strategy and provides guidance. It develops priorities with country objectives and the major service support projects. It develops worldwide synergies, goals and future expertise.

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 (for example hypermarkets, supermarkets, etc.) in a given country. Each business unit is run by a management team, which includes operational managers, in most cases regional managers, and the support service managers required by the activity.

The Group favours the operational hierarchical line, which is fully responsible for the profitable development of its business units. The operational line managers also define the extent of support service interventions.

The support services guarantee and promote progress. Their task consists of designing and implementing tools, and in making data available to operational staff in identifying synergies and proposing innovations. They have a role as guarantor and whistle blower with respect to methods and practices. If they identify risks, they suggest an action plan to the line manager with a view to monitoring them. They are organized in functional networks (or "lines"), i.e. within a given support department the countries appoint contacts to operate in a network with other countries or, at Group level, to work on projects, exchange best practices or promote activities in their field of expertise.

The management of activity and projects is ensured by monthly performance reviews that take place systematically for both the operational and support lines.

2.2.2. The system of 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 sustainable development of the Group. This framework, the foundation for individual and collective actions, includes values, a mission and guidelines.

The values are: freedom, responsibility, sharing, respect, integrity, solidarity and progress. The mission defines the objectives of the Group with the various stakeholders. The guidelines define the conditions for implementing strategy and the rules of behaviour and operational management. They serve as a point of reference for decentralized decisions.

The dissemination of this framework and its implementation is achieved in the first instance by training, but also by its becoming part of the organization and management of the company. For example, the values have been integrated into the system of evaluating top management performance. 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.

2.2.3. Human resources policy

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 performance and investment in training.

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

Training schemes outlined in the annual plan aim to ensure a progressive mastery of skills, combining specific know-how and management. When an employee takes up a post, basic training is offered. Subsequently, additional training is offered to improve mastery of the job or to provide individual development.

2.3. 2.3 RISK MANAGEMENT

The main financial and legal risks are to be found in Section IV of the present document. Policies on risk prevention, risk management and insurance are also described here. As far as internal control procedures are concerned, a specific approach was undertaken following the promulgation of the French Financial Security Law dated August 2, 2003.

2.3.1. Mapping risks

Risk mapping was implemented during 2003. It was intended to identify potential internal and external risks, to measure their relative importance and the probability of their occurrence. The evaluation of these risks by country directors and Group directors and their impact on the financial statements has made it possible to select major processes for a review of internal controls on the basis of a self-assessment questionnaire.

2.3.2. Allocation of ownership: delegations

Group managers, at all levels, exercise their responsibilities within the limits of defined functions. Each manager is the judge of what he or she should do to attain the agreed objectives and adapt to circumstances. The freedom of initiative, which this idea of responsibility presumes, requires the observation of rules of delegation of authority, particularly with respect to dealings with third parties. These delegations are in place today for the main operational and support managers. They will be developed through formalized sub-delegations in most of the Group's structures, with the entire area covered during the fiscal year 2006.

2.3.3. Monitoring risk exposure

In practice, the monitoring of exposure to decentralized risks assumes that those responsible are aware of the risks associated with the activities that they exercise or supervise. The remediation plan resulting from the self-assessment questionnaires and the documentation of internal control procedures is aimed at achieving this.

2.4. OTHER AREAS OF CONTROL

2.4.1. Quality

Within the scope of quality management and sustainable development, the Group has pursued the deployment of its organization with quality managers in the various business units, led by the Quality Department at Group headquarters. During the year 2005, the regrouping of Quality, Responsibility and Risk Management at Group level enabled to enhance previous actions undertaken.

- closer collaboration in these areas and the extension of the broader definition of Quality to include the concept of the company's responsibility towards stakeholders lead to the reinforcement of the policy of prevention as far as security and safety are concerned, at the level of products, assets and people;
- optimization of the teams, through a benchmark between the Quality departments of the five largest European countries in the Group, which optimized the teams in France and gave rise to the sharing of good practices between countries;
- a kit designed to develop monitored products, i.e. both products sold under our brands and entry-level priced products, enables improved compliance with the recommendations of Group policy. This kit has been made available to the business units, as was the case for the previously issued crisis management kits. The methods of development for Carrefour Quality Lines and the Hygiene kit for stores are now included;
- the deployment of a "minimum ticket" for Quality and crisis management in each country harmonizes practices and ensures good quality management of monitored products in all countries. A network of independent scientific experts was set up in each geographic region to help prevent and manage crises and a first world meeting of experts was organized in 2005;
- a "monitored product quality" performance indicator, which is currently being deployed internationally, collects standardized data for all the countries in the Group. This performance indicator enables us to anticipate crises and manage risks by monitoring products at all stages of their commercialization. The International Quality team have put in place a specific training course for all managers in the countries;
- a review of specifications has been launched to optimize the work of our suppliers and teams, with the setting up of an on-line IT system enabling collaborative management of technical specifications between suppliers and Carrefour. This must be extended to other countries in the future. In the event of a crisis, this system must ensure that monitored products can be withdrawn more quickly.

In order to establish principles that serve to guide employees on a daily basis and to combat corruption, the Group has issued a Code of Ethics and launched the deployment of Carrefour Attitude as a reminder of their obligations to customers, suppliers, partners and shareholders and to enable each business unit to conduct an assessment.

The commitments of the Group to sustainable development are tracked by indicators, whose reporting system allows the countries to carry out operational monitoring and which are subject to an annual audit performed by internal auditors in the main countries.

As far as labour relations are concerned, the Charter worked out on the basis of fundamental rights pronounced by the ILO, reinforced in 2000 by the creation of the Infans Association, in partnership with the FIDH, aims to ensure that the Group's suppliers apply these principles. In 2005, 474 audits were carried out with suppliers (106 of which had already been subject to a previous audit), more than double the number in 2004.

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

To carry out an inventory of Carrefour's practices in terms of social and environmental responsibility, the group is participating in surveys conducted by ratings agencies and ethical funds. In 2005, Carrefour was included in all the main ISR indexes.

2.4.2. Health and safety conditions

The procedures for controlling the health and safety conditions in which work is carried out by employees comply with the rules and regulations in force in the countries where the Group operates. Ad hoc committees contribute to the prevention of accidents at work and occupational illnesses, as well as to improving working conditions.

Spain, Italy and Poland have set up staff training modules on the management of difficult or conflictual situations in the workplace (especially between customers and personnel at the check-out) in line with the work carried out by the Hypermarkets in France.

2.5. 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 two levers.

2.5.1. The budgetary process

Objectives are set annually within the framework of the budgetary process. This process is organized around the definition of a budget at the appropriate level of responsibility: the department in hypermarkets and supermarkets and the shop level for Hard Discount stores. The information is consolidated through the various stages of approval, one of the main stages being at business unit level (see above 2.2.1). The business unit activity budget is part of the multi-year strategic plan. Making all managers (that is, all those responsible for an income statement for an activity or for leading teams) responsible for agreed budget objectives is an essential component of the effectiveness of management control.

The budget is updated to take into account the final results for the previous year and 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. Each month, actual performance is compared to the budgeted performance and that of the previous year.

A summary of the performance of the Group and of each country is presented to the Group Executive Committee. The Supervisory Board receives a summary of trends in sales and of performance indicators each month.

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

2.5.2. Self-assessment questionnaires

Self-assessment questionnaires on internal controls, derived from best practices in controlling risks, have been sent to those responsible for selected processes in the countries making up a significant proportion of the Group activities. These questionnaires make it possible to measure the existence and proper application of internal controls on a declaration basis. If controls have not been formalized or if they are judged ineffective, a remediation plan is provided containing recommendations to each manager involved and aimed at improving the internal control system. The internal control documentation resulting from these questionnaires, sent to all business unit managers, allows for the standardization of the level of internal control throughout the Group and enables each activity to benefit from best practices.

In 2005, questionnaires were sent to those responsible for supervising strategic, operational or support activities, selected by using priorities defined during the risk mapping process on the basis of a sample of 19 business units in 10 countries. A remediation plan was issued to formalize controls where they were inadequate and to supplement the internal control system. A follow-up to the first remediation plan issued at the start of 2005 was also performed in 2005.

2.6. MONITORING OF INTERNAL CONTROL

2.6.1. Internal audit

The internal audit department independently assesses the quality of the internal control systems put in place by management in the various processes throughout the Group, within the framework of the audit plan. This assessment is carried in accordance with a standardized control model and examines both the effectiveness of operational procedures and the accuracy of the various reports, as well as the integrity of the information systems. These assignments are carried out in accordance with the standards defined by professional practices of internal auditing. Alongside this primary task, the internal audit provides counsel and alert for the management on sensitive and strategic issues, aiming to improve the Group's efficiency.

2.6.1.1. Organization

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

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

The audit managers in each country report to the Group Audit Director, the latter reporting to the Chairman of the Management Board and to the Audit Committee. The audit managers at local level are placed under the functional responsibility of the Executive Director of the country.

This organization is intended to guarantee the independence of the auditors, whilst facilitating their access to information, and giving country management ability to react, which is the counterpart of the auditor's ability to detect malfunctions.

In effect, an organization structure of this kind means that the size of the audit teams, their hiring and their performance assessment are done by the Group Audit Manager after consultation with the local managers concerned. The definition of the assignments to be performed out is drawn up jointly in the audit plan. The Audit Department's budget as a whole is charged to the Group.

The department is also made up of a team of corporate auditors, whose task it is to carry out specific assignments at the request of general management, to intervene to help country audit teams, to perform assignments in countries where there is no auditor and, lastly, to develop standardized tools, such as the audit approach work programs or *ad hoc* databases.

2.6.1.2. Assignments

The assignments given to internal auditors encompass all Group activities and are of four types:

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

Recurring assignments are intended to promote internal audits in company processes, whether they be of an operational or financial nature, concerning stores, warehouses or head offices, distribution or services (financial services, insurance, etc.).

Closing assignments are those needed when issuing financial statements at year end or half-yearly closings.

Follow-up assignments are those during which the internal audit will ensure that previous recommendations have indeed been implemented. These follow-up assignments deal in priority with major risks areas.

2.6.1.3. The audit plan

The internal audit plan is a forecast of activity that involves budgeting resources with corresponding costs. Based on a risk assessment approach, the audit plans for countries are determined by the countries themselves, taking into account the requirements of general and regional managers and their own needs. Once the audit plan has been completed, it is approved by the Audit Committee.

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

2.6.1.4. Reports and summaries

At the end of each assignment, the auditor communicates his or her findings and recommendations to the managers of the areas being audited. The agreement or disagreement of the auditees with the recommendations proposed will be included in the final report, which, in the event of agreement, will define an action plan, specific responsibilities and the implementation deadlines.

The implementation of recommendations is the responsibility of the operational managers concerned. Ensuring that they have been implemented in practice is the responsibility of the auditors.

This is achieved through specific follow-up audits or during audits relating to the same subject as that on which the recommendation has been issued. A complete, customized follow-up is also carried out, using databases in which the auditees indicate the progress made in implementing the action plan.

Summaries, comprising an overview of completion of the audit plan, important observations for the quarter and follow-up of former recommendations, are issued quarterly and presented to the Executive Director in the country concerned. The same is done at Group level, where the Group Audit Director draws up a summary that is presented to the Management Board and to the Audit Committee on a quarterly basis.

At the end of December 2005, the Carrefour Group had 89 auditors who performed 16,308 audit days for the year, including 16% for recurring assignments in stores, 70% for recurring assignments on processes outside stores and 14% for other assignments.

2.6.2. Managerial control

The monitoring of internal controls by management is carried out daily in so far as the commercial activity requires attention at all times, in particular on the shop floor in stores. Employees and their managers each have job descriptions and a list of control points allowing them to ensure an internal control level compatible with each banner's commitments. These standards, drawn up for each position, are available on-line to any authorised person.

Moreover, specific trade experts contribute to the guidance of operational teams by recommendations on matters of merchandising, organization and compliance to assortments. These specialists act as a technical support to operational staff in stores, demonstrating best practices, deploying projects, checking control points and undertaking periodic audits with diagnoses and action plans.

3. Internal control procedures for accounting and financial purposes

3.1. ORGANIZATION OF THE ACCOUNTING AND MANAGEMENT REPORTING FUNCTION

The accounting function is provided by centralised teams in each country. One single accounting system worldwide for hypermarkets was implemented in the last few years. This accounting system is being extended to the supermarket activity. In particular it has led to changes in processes and organization by developing shared service centres (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 segregation of duties. The operating mode of this single accounting system is communicated using on-line assistance, allowing each user to guide himself.

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

3.1.1. Identical sources for consolidated and management accounting data

Management reporting data is sent to the Group monthly by each country. It includes commercial activity indicators (sales, customer flows, average buying amount, sales area, store openings, etc.) and financial indicators (income statement, balance sheet, cash flow statement, etc.).

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.

Similarly, the gross data drawn from the countries' statutory accounts are adjusted monthly to integrate the impact of any consolidation adjustments (for example, goodwill is recorded by the countries in their reporting).

In this way the Group uses the same management reporting information for decision making as that obtained from accounting. The same figures are used for financial communication at the time the half-yearly financial statements are produced.

A reconciliation is performed at each half-yearly closing and any discrepancies are reviewed, particularly with respect to classification.

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

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

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

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

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

In the second situation, the proposal is made by the Group finance department to Carrefour's auditors and to the Audit Committee, which will, if applicable, approve the approach and the amounts involved. The information is then relayed to the countries concerned and to the local auditors, whose task it is to control the correct application of the point in the countries' accounts. The financial impacts are then measured precisely. These points are systematically subject to individual reviews and a summary is presented to the Audit Committee, and, if applicable, to the Management Board and the Supervisory Board at closing.

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

3.1.3. Issuance of the consolidated financial statements under the new accounting standards

Further to the European ruling on international financial standards, Carrefour has adopted International Financial Reporting Standards (IAS/IFRS) as from the fiscal year ended at December 31, 2005, in accordance with the provisions of IFRS 1, the first adoption of IFRS, with a comparison with the fiscal year 2004, drawn up in accordance with the same standards (with the exception of IAS 32 and 39).

In order to publish this comparative information, Carrefour has prepared an opening balance sheet dated January 1, 2004, the date on which the financial effects of the changeover from French accounting standards to IFRS standards had been recorded in shareholders' equity. The impact of IAS 32 and IAS 39 standards were recorded in shareholders' equity as of January 1, 2005.

In December 2004, a presentation of the overall estimate of the impacts of the standards change, giving details of exceptions, was made to financial analysts. It was also presented to the French Financial Markets Authority and made available on the Group's web site.

In June 2005, the Group also issued a brochure presenting the impacts of the transition to IFRS standards on the 2004 financial statements (impacts on net worth as at January 1, 2004, June 30, 2004 and December 31, 2004) accompanied by a special audit report by the Auditors.

The half year accounts at June 30, 2005 were prepared in accordance with the new international accounting standards and also present a comparison with June 30, 2004 (with the exception of IAS 32 and IAS 39). The latter were reported on by the Auditors with regard to the half-yearly information for 2005.

3.1.4. Work performed by the external auditors

The task of the external audit is to control Carrefour's statutory and consolidated financial statements and certify that they provide a true and fair view of the financial situation in a report sent to the Group's shareholders.

Country audits are shared by the two statutory auditors, KPMG and Deloitte, in order to guarantee the highest possible quality.

The external audit comprises:

- identification of risks and appropriate testing to enable auditors to give an opinion on the proper nature of, and the true and fair view given by, the accounts according to the significance of amounts in view of the statutory and consolidated financial statements,
- validation of the main accounting options and treatments throughout the year, in conjunction with country and Group management,
- application of the accounting standards defined by Carrefour in all of its companies,
- preparation of an audit opinion on the financial statements prepared for consolidation by each of the companies audited and giving their observations on internal controls, then drawing up a general summary for the Group, presented to management and to the Audit Committee,
- preparation of reports for the Group's shareholders.

The Auditors rely on the internal control system as part of their audit of the financial statements but their involvement does not aim to express an opinion on the internal control system itself. They may highlight defects in the way the system operates when familiarizing themselves with internal control mechanisms or procedural tests. They have not, in their communications with those responsible for corporate governance, made the latter aware of any material weaknesses in internal controls that they may have identified.

3.2. CONTROL OVER FINANCIAL COMMUNICATION

3.2.1. Role and task of financial communication

The essential aim of financial communications is to promote the financial reputation of the company to all existing or potential shareholders to all players in the financial market and, more generally, to the public.

Its objective is to inform:

- continuously: 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 need to be properly informed in order to take 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.

3.2.2. Organization of financial communication

Financial communications are addressed to a diverse public that primarily comprises 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 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 (shareholders' meeting) and the regulations of the French Financial Markets Authority (periodic publications, press releases). Furthermore, beyond its legal obligations, Carrefour employs a large array of media for its financial communications. Carrefour chooses between the press, direct telephone contact, individual meetings or special meetings in response to events of an exceptional nature, depending on the importance of the event.

3.2.3. Procedure for controlling financial communication

The Finance Department is the exclusive purveyor of financial information.

Internal control over the financial communication process essentially rests on adhering to the principle of equality between shareholders. Any press release or important communication 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 Comex, the Departments concerned (for example the Mergers and Acquisitions Department) and the Financial Communications Department.

4. Action plan in terms of internal control over subsequent years

4.1. DEVELOPMENT OF A DOCUMENTATION OF CONTROLS FOR EACH PROCESS

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

For processes selected since 2003 by senior executives, a documentation for all employees working with the same manager indicates the key control points or the best practices for monitoring risks effectively. It also places the emphasis on malfunctions likely to occur should the controls be ineffective, thereby contributing to making the person concerned more aware of his or her responsibility. This documentation on internal controls for each process can also be used as a common reference document for all countries and functions within the Group.

4.2. SELF-ASSESSMENT QUESTIONNAIRES AND REMEDIATION PLAN FOR INTERNAL CONTROLS

Self-assessment questionnaires ensuring the formalization and effectiveness of internal controls have allowed the assessment of internal controls in a sample of countries since 2003 (see above 2.5.2). In parallel to setting up a remediation plan to supplement internal control wherever it is needed, tests on the reliability of answers given by those responsible for procedures have been performed by internal auditors, in particular on controls pertaining to the establishment and processing of accounting and financial information. This remediation plan takes the form of an action plan addressed to each recipient of the questionnaire and describes the actions to be taken to implement controls, document them and make them effective. It also gives him an indication of the time needed, usually brief, to implement corrective actions.

4.3. DEVELOPMENT OF THE APPROACH

This self-assessment procedure, leading to the formalization of internal control processes and their supervision by operational and functional managers in a coherent framework that covers all of the Group's activities, will be pursued in the future.

In 2006, identification of the process control points, the self-assessment of their application and their documentation will be extended to new processes that have not yet been covered. The remediation plan that is being implemented for the control points in the processes selected in 2005, which require corrective action to complete the internal control system, has been subject to tests allowing to assess the effectiveness of the action plans implemented. Finally, the internal control documentation prepared in this context will be issued to all the countries in order to enable each manager to implement the internal control mechanisms appropriate to his or her activity.

Paris, March 8, 2006
Luc Vandevelde
Chairman of the Supervisory Board

REPORT OF THE AUDITORS

pursuant to Article L225-235 of the French Commercial Code concerning the report by the Chairman of the Supervisory Board of Carrefour S.A. regarding the internal control procedures for issuing and processing accounting and financial information

Fiscal year ended December 31, 2005

Dear Shareholders,

In our capacity as auditors for the company Carrefour S.A. and pursuant to the provisions of Article L. 225-235 of the French Commercial Code, we would like to present to you our report on the report drawn up by drawn up by the Chairman of the Supervisory Board of your company, in accordance with the terms of Article L. 225-68 of the French Commercial Code for the fiscal year ended December 31, 2005.

It is the duty of the Chairman of the Supervisory Board to describe in his report the conditions of preparation and organization of the work of the Supervisory Board and the internal control procedures set up within the company.

It is our task to provide you with the observations that we deem necessary concerning the information given in the Chairman's report on the internal control procedures relating to the preparation and issuance of accounting and financial information.

We have performed our work according to the professional standards applicable in France. This requires the implementation of procedural steps aimed at assessing the truth of the information provided in the Chairman's report concerning the internal control procedures relating to the preparation and issuance of accounting and financial information. These steps consist mainly of:

- reviewing the objectives and general organization of internal control, as well as the internal control procedures relating to the preparation and issuance of accounting and financial information presented in the Chairman's report;
- Investigating the work underlying the information given in the report.

On the basis of our work, we have no observations to bring to your attention on the information given concerning the internal control procedures of the company pertaining to the preparation and issuance of the accounting and financial information contained in the report of the Chairman of the Supervisory Board, drawn up in accordance with the provisions of the last paragraph of Article L. 225-68 of the French Commercial Code.

Paris - La Défense and Neuilly-sur-Seine, April 7, 2006

Statutory Auditors

KPMG Audit, a Division of KPMG S.A.

Jean-Luc Decornoy
Partner

Deloitte & Associés

Jean-Paul Picard
Partner

Frédéric Moulin
Partner

TOTAL STORES

CONSOLIDATED STORE NETWORK

FRANCE	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Hypermarkets	117	117	117	179	179	175	178	178	179	179
Supermarkets			398	530	539	534	547	566	588	595
Hard Discount stores	356	367	384	418	424	459	487	578	630	782
Other formats	288	321	357	576	584	127	126	126	129	108
TOTAL	761	805	1,256	1,703	1,726	1,295	1,338	1,448	1,526	**1,664**

EUROPE (excluding France)	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Hypermarkets	62	68	73	142	187	253	268	281	288	321
Supermarkets				181	480	548	650	651	690	765
Hard Discount stores				1,965	2,099	2,210	2,325	2,464	2,606	2,789
Other formats				76	263	173	130	210	240	223
TOTAL	62	68	73	2,364	3,029	3,184	3,373	3,606	3,824	**4,098**
BELGIUM										
Hypermarkets						57	57	56	56	56
Supermarkets						72	73	73	77	79
Other formats						1	1	1	1	
TOTAL						130	131	130	134	**135**
SPAIN										
Hypermarkets	53	56	58	112	116	108	115	119	121	136
Supermarkets				175	187	167	174	200	190	143
Hard Discount stores				1,541	1,609	1,649	1,700	1,778	1,836	1,891
Other formats				30	27	28	31	32	32	
TOTAL	53	56	58	1,858	1,939	1,952	2,020	2,129	2,179	**2,170**
GREECE										
Hypermarkets				4	11	11	13	13	16	19
Supermarkets					85	82	142	101	120	148
Hard Discount stores				142	181	199	212	221	251	267
Other formats					46	46		47	60	52
TOTAL				146	323	338	367	382	447	**486**
ITALY										
Hypermarkets	6	6	6	6	31	34	34	39	38	50
Supermarkets					192	173	203	205	226	238
Other formats				46	190	98	98	130	147	171
TOTAL	6	6	6	52	413	305	335	374	411	**459**
POLAND										
Hypermarket		1	3	7	8	9	13	15	17	32
Supermarkets				6	15	51	55	67	70	71
TOTAL		1	3	13	23	60	68	82	87	**103**
PORTUGAL										
Hypermarket	2	3	4	5	5	5	6	7	7	7
Hard Discount stores				273	272	276	281	283	286	292
TOTAL	2	3	4	278	277	281	287	290	293	**299**

EUROPE (excluding France)	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
CZECH REPUBLIC										
Hypermarkets*				3	6	7	8	9	10	-
SLOVAKIA										
Hypermarkets*					2	4	4	4	4	-
SWITZERLAND										
Hypermarkets						8	8	8	8	9
TURKEY										
Hypermarkets	1	2	2	5	8	10	10	11	11	12
Supermarkets					1	3	3	5	7	86
Hard Discount stores				9	37	86	132	182	233	339
TOTAL	1	2	2	14	46	99	145	198	251	**437**

LATIN AMERICA	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Hypermarkets	72	84	101	112	120	124	135	147	157	148
Supermarkets				83	253	263	249	254	211	149
Hard Discount stores				106	201	263	313	413	488	520
TOTAL	72	84	101	301	574	650	697	814	856	**817**
ARGENTINA										
Hypermarkets	15	18	21	22	22	22	23	24	28	28
Supermarkets					138	132	141	141	114	114
Hard Discount stores				106	201	246	246	285	310	319
TOTAL	15	18	21	128	361	400	410	450	452	**461**
BRAZIL										
Hypermarkets	44	49	59	69	74	74	79	85	85	99
Supermarkets				83	115	131	108	113	97	35
Hard Discount stores						17	67	128	178	201
TOTAL	44	49	59	152	189	222	254	326	360	**335**
CHILE										
Hypermarkets			1	2	3	4	4			
COLOMBIA										
Hypermarkets			1	2	3	5	8	11	15	**21**
MEXICO										
Hypermarkets	13	17	19	17	18	19	21	27	29	**-**

(*) At December 31, the store network in the Czech Republic and Slovakia represented respectively 11 and 4 hypermarkets.

ASIA	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Hypermarkets	24	39	59	80	94	105	123	144	170	191
Supermarkets									6	8
Hard Discount stores								55	164	225
TOTAL	24	39	59	80	94	105	123	199	340	**424**
CHINA										
Hypermarkets	3	7	14	20	24	24	32	40	56	70
Supermarkets									6	8
Hard Discount stores								55	164	225
TOTAL	3	7	14	20	24	24	32	95	226	**303**
KOREA										
Hypermarkets	3	3	6	12	20	22	25	27	27	**31**
HONG-KONG										
Hypermarkets	1	2	4	4						
INDONESIA										
Hypermarkets			1	5	7	8	10	11	15	**20**
JAPAN										
Hypermarkets					1	3	4	7	8	**-**
MALAYSIA										
Hypermarkets	2	3	5	6	6	6	6	7	8	**8**
SINGAPORE										
Hypermarkets		1	1	1	1	1	1	2	2	**2**
TAIWAN										
Hypermarkets	13	17	21	23	24	26	28	31	34	**37**
THAILAND										
Hypermarkets	2	6	7	9	11	15	17	19	20	**23**

GROUP	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Hypermarkets	275	308	350	513	580	657	704	750	794	839
Supermarkets			398	794	1,272	1,345	1,446	1,471	1,495	1,517
Hard Discount stores	356	367	384	2,489	2,724	2,932	3,125	3,510	3,888	4,316
Other formats	288	321	357	652	847	300	256	336	369	331
TOTAL	919	996	1,489	4,448	5,423	5,234	5,531	6,067	6,546	**7,003**

SALES AREA PER FORMAT (CONSOLIDATED STORES)

(In thousands of m²)	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Hypermarkets	2,727	3,075	3,489	4,580	5,256	5,674	6,180	6,510	6,885	7,087
Supermarkets				1,195	1,968	2,117	2,132	2,277	2,321	2,319
Hard Discount stores			232	794	906	997	1,093	1,255	1,466	1,674

SALES AREA PER COUNTRY (CONSOLIDATED STORES)

(In thousands of m²)	Hypermarkets	Supermarkets	Hard Discount stores	Total *
France	**1,729**	**1,052**	**465**	**3,245**
Europe (excluding France)	**2,591**	**1,010**	**996**	**4,596**
Spain	1,268	205	740	2,213
Italy	350	287		637
Belgium	351	142		493
Greece	128	183	86	397
Poland	261	87		348
Turkey	114	106	81	300
Portugal	66		88	154
Czech republic	-			0
Switzerland	54			54
Slovakia	-			0
Latin America	**1,216**	**247**	**158**	**1,621**
Argentina	235	189	92	516
Brazil	822	58	66	946
Colombia	159			159
Mexico	-			0
Asia	**1,552**	**10**	**56**	**1,618**
China	569	10	56	636
Indonesia	136			136
Japan	-			0
Korea	280			280
Malaysia	77			77
Singapore	14			14
Thailand	204			204
Taiwan	271			271
Group	**7,087**	**2,319**	**1,674**	**11,081**

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

COMMERCIAL STATISTICS

CONSOLIDATED HYPERMARKET DATA

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Sales per m² (annual net sales in euros)	8,660	7,930	7,410	7,410	8,110	7,214	6,594	6,319	6,109	6,201
Sales per store (annual net sales in millions of euros)	86	79	74	66	67	65	58	55	53	52
Annual number of customers going through check-outs (in millions)	677	733	818	974	1,115	1,206	1,264	1,355	1,466	1,487

ANNUAL NUMBER OF CUSTOMERS GOING THROUGH CHECK-OUTS
IN CONSOLIDATED HYPERMARKETS BY ZONE AT DECEMBER 31, 2005

(in millions)	2005
France	360
Europe	449
Latin America	208
Asia	471
Group	**1,487**

GROSS SALES BY REGION AND FORMAT

(In millions of euros)	Hypermarkets	Supermarkets	Hard Discount stores	Other formats	TOTAL
France	21,124	8,347	2,412	8,019	39,901
Europe	17,463	5,556	4,068	4,183	31,271
Latin America	4,797	839	451	27	6,114
Asia	6,197	12	71		6,280
Group	**49,580**	**14,754**	**7,001**	**12,230**	**83,565**

INFORMATION ON BRANDED STORE NETWORK

	France	Europe	Latin America	Asia	Group
All formats					
Total commercial sales incl. tax (in millions of euros)	44,468	36,472	6,127	6,547	93,614
2004/2005 change (in %)	(0.6)	5.0	8.3	17.9	3.2
% of total commercial sales incl. tax	47.5	39.0	6.5	7.0	100.0
Number of stores	3,831	6,880	885	432	12,028
Surface area (in m²)	5,021,471	6,162,529	1 635,914	1,693,160	14,513,074
Hypermarkets					
Total commercial sales incl. tax (in millions of euros)	23,670	20,278	4,797	6,464	55,210
2004/2005 change (in %)	1.2	6.3	11.5	17.4	5.6
% of total commercial sales incl. tax	25.3	21.7	5.1	6.9	59.0
Number of stores	216	363	148	199	926
Surface area (in m²)	1,952,214	2,912,754	1,215,712	1,626,822	7,707,501
Total commercial sales incl. tax/m² (in euros)	12,125	6,962	3,946	3,974	7,163
Supermarkets					
Total commercial sales incl. tax (in millions of euros)	13,371	8,473	839	12	22,695
2004/2005 change (in %)	0.0	2.3	(19.0)		0.0
% of total commercial sales incl. tax	14.3	9.1	0.9	0.0	24.2
Number of stores	1 024	1 274	149	8	2 455
Surface area (in m²)	1,719,863	1,543,262	247,208	10,405	3,520,738
Total commercial sales incl. tax/m² (in euros)	7,774	5,490	3,394	1,142	6,446
Hard Discount stores					
Total commercial sales incl. tax (in millions of euros)	2,474	5,248	492	71	8,250
2004/2005 change (in %)	6.1	8.8	53.3	72.6	9.7
% of total commercial sales incl. tax	2.6	5.6	0.5	0.1	8.8
Number of stores	804	3,834	588	225	5,451
Surface area (in m²)	481,279	1,246,897	172,995	55,933	1,941,896
Total commercial sales incl. tax/m² (in euros)	5,140	4,209	2,841	1,263	4,248
Others					
Total commercial sales incl. tax (in millions of euros)	4,954	2,472			7,460
2004/2005 change (in %)	(12.1)	(3.1)			(8.9)
% of total commercial sales incl. tax	5.3	2.6			8.0
Number of stores	1,787	1,409			3,196

ADDRESSES OF PRINCIPAL SUBSIDIARIES

GROUP

CARREFOUR GROUP HEAD OFFICE

26, quai Michelet
TSA 20016
92695 Levallois-Perret CEDEX – France
Tel: 00 (33) 1 53 70 19 00
Fax: 00 (33) 1 53 70 86 16

EUROPE

CARREFOUR EUROPE

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

FRANCE

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

BELGIUM

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

SPAIN

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

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

ITALY

Carrefour Italia GS S.p.A.
Via Caldera, 21
20153 Milano
Tel: 00 (39) 02 48 251
Fax: 00 (39) 02 48 20 23 25

GREECE

Carrefour Hellas S.A.
63, Aghiou Dimitriou
17456 Alimos - Athènes
Tel: 00 (302 10) 98 93 400
Fax: 00 (302 10) 98 51 301

POLAND

Carrefour Polska
Dyrekcja Wykonawcza
Ul. Targowa 72
03-734 Varsovie
Tel: 00 (48) 22 517 21 10
Fax: 00 (48) 22 517 22 01

PORTUGAL

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

SWITZERLAND

Carrefour Suisse
Industriestrasse 28
Postfach 80
CH 8305 Dietlikon
Tel: 00 (411) 834 95 95
Fax: 00 (411) 834 97 97

TURKEY

Carrefoursa Turkiye Genel Mudurluk
Dudullu Asfalti n°1
Kucukbakkalkoy Mahallesi
Kadikoy/Istanbul 34750
Turkiye
Tel: (+90) 216 655 00 00
Fax: (+90) 216 655 00 50

LATIN AMERICA

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

ARGENTINA
Carrefour Argentina S.A.
Cuyo 3367 – 1640 Martinez
Provincia de Buenos Aires – Argentina
Tel: 00 (54 11) 40 03 70 00
Fax: 00 (54 11) 40 03 77 22

BRAZIL
Carrefour Commercio E Industria Ltda
Rua George Eastman, n° 213
CEP 05690-000 São Paulo
Tel: 00 (55 11) 37 79 60 00
Fax: 00 (55 11) 37 79 66 94

COLOMBIA
Grandes Superficies de Colombia
Avenida 9#125-30 Piso 8
Santafe De Bogota
Tel: 00 (571) 65 79 797
Fax: 00 (571) 52 30 344

ASIA

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

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

INDONESIA
PT Carrefour Indonesia
Carrefour Lebak Bulus 3rd floor
Jl. Lebak Bulus Raya No. 8
Jakarta 12310 – Indonesia
Tel: 00 (62 21) 27 58 58 00
Fax: 00 (62 21) 27 58 58 29

MALAYSIA
Magnificient Diagraph Sdn Bhd
No. 3 Jalan SS 16/1
47500 Subang Jaya
Selangor Darul Ehsan – Malaysia
Tel: 00 (603) 56 31 20 00
Fax: 00 (603) 56 31 33 73

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

THAILAND
Cencar Limited
15/F - Q-House Building
11 South Sathorn Road
Tungmahamek Sathorn
Bangkok 10120 – Thailand
Tel: 00 (662) 625 44 44

TAIWAN
Presicarre Corporation
2F-1 Back Building,
27, Min-chuan Road
Tamhsui – Taipei County 251
Taïwan R.O.C.
Tel: 00 (88 62) 88 09 49 65
Fax: 00 (88 62) 28 08 35 45

KOREA
Carrefour Korea Limited
7 Fl., 992-47,
Shiheung-dong, Geumcheon-gu
Seoul 153-864 – Korea
Tel: 00 (822) 30 16 15 00
Fax: 00 (822) 30 16 15 89

Other publication:
2005 Sustainability Report

Design, creation, copywriting and production TERRE DE SIENNE Paris

Source of photos: Carrefour Photo Library, Rapho, Nathalie Darbellay, Michel Labelle, Ludovic Marin / Réa and Lionel Barbe, all rights reserved.

groupecarrefour

Carrefour SA with capital of 1,762,256,790 euros
RCS Paris 652 014 051
www.carrefour.com