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This is a free translation into English of the First-Half Financial Report issued in French and is provided solely for the convenience of English-speaking users



### Certification by the persons responsible for the First-Half Financial Report

We hereby certify that, to the best of our knowledge, the condensed consolidated financial statements ended June 30, 2016 were prepared in accordance with applicable accounting standards and give a true and fair view of the assets and liabilities, financial situation and income of the Company and of all the consolidated companies, and that the attached half-yearly financial report gives a true and fair view of the significant events having occurred during the first six months of the financial year, of their impact on the financial statements, of the main related party transactions, as well as a description of the main risks and uncertainties for the remaining six months of the financial year.

Mr. Georges Plassat
Chairman and Chief Executive Officer

Mr. Pierre-Jean Sivignon
Chief Financial Officer

July 28, 2016





## COMMENTS ON THE SIX-MONTH PERIOD ENDED JUNE 30, 2016

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### 1. SALES AND EARNINGS PERFORMANCE

### 1.1 Main earnings indicators

(In € millions)	2016	2015	% change	% change at constant exchange rates
Net sales	36,289	37,739	(3.8)%	2.2%
Recurring operating income	706	726	(2.8)%	5.3%
Recurring operating income after net income from companies accounted for by the equity method	686	761	(9.9)%	(2.8)%
Non-recurring operating income and expenses, net	(114)	(16)	na	na
Finance costs and other financial income and expenses, net	(248)	(264)	(5.9)%	10.7%
Income tax expense	(101)	(165)	(38.8)%	(35.5)%
Net income from continuing operations - Group share	158	230	(31.5)%	(36.6)%
Net income from discontinued operations - Group share	(28)	(12)	, ,	` ,
Net income - Group share	129	218		
Free cash flow (including non-recurring items)	(2,259)	(2,044)		
Net debt at 30 June	7,367	6,654		

The rise in first-half recurring operating income at constant exchange rates attested to the Group's sustained growth dynamic:

- Sales were up 2.2% at constant exchange rates, led by Latin America;
- Recurring operating income totaled €706 million, up 5.3% at constant exchange rates with increases of 26.0% in Europe and 12.3% in Latin America;
- Non-recurring income and expenses represented a negative €114 million, attributable mainly to restructuring costs resulting from reorganization measures implemented in the Group's different host countries;
- Finance costs, net stood at €248 million, a decrease of €16 million;
- Income tax expense amounted to €101 million, representing an effective tax rate of 31.3%;
- The Group ended the period with net income from continuing operations (Group share) of €158 million, compared with €230 million in first-half 2015:
- A net loss from discontinued operations (Group share) of €28 million was recorded in first-half 2016, corresponding
  mainly to the classification under this line item of income before taxes from Dia stores sold during the period and
  held for sale. At June 30, 2015, the net loss from discontinued operations (Group share) stood at €12 million;
- Taking into account all of these items, the Group ended the period with net income (Group share) of €129 million, versus €218 million in first-half 2015;
- Free cash flow was a negative €2,259 million versus a negative €2,044 million in first-half 2015.

Second-half sales are traditionally higher than those for the first half, due to increased activity in December. In 2015, the Group's first-half sales amounted to €37,739 million, representing 49% of the annual total of €76,945 million. Operating expenses on the other hand – such as payroll costs, depreciation and amortization – are spread more or less evenly over the year. As a result, recurring operating income is generally lower in the first half than in the second. This trend is heightened by the recognition of the full amount of certain taxes (taxes whose obligating event triggering payment occurs as at January 1, and not progressively during the reporting period) in the first half of the year, in accordance with IFRIC 21 – Levies.

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



### 1.2 Analysis of the main income statement items

### Net sales by region

The operating segments consist of the countries in which the Group does business through its integrated store networks, combined by region, and "Global functions", corresponding to the holding companies and other administrative, financial and marketing support entities.

(In € millions)	2016	2015	% change	% change at constant exchange rates
France	17,179	17,587	(2.3)%	(2.3)%
Rest of Europe	9,428	9,356	0.8%	1.3%
Latin America	6,453	7,257	(11.1)%	17.5%
Asia	3,229	3,538	(8.7)%	(4.6)%
Total	36,289	37,739	(3.8)%	2.2%

Net sales for the year amounted to €36,289 million, up 2.2% at constant exchange rates.

Performance by region can be explained as follows:

- Sales in France contracted slightly after three consecutive years of growth;
- Sales in the rest of Europe grew by 1.3% at constant exchange rates, with an improvement reported in Spain;
- In Latin America, sales continued to grow rapidly, rising by 17.5% at constant exchange rates, and the Group cemented its position as Brazil's leading food retailer;
- Sales in Asia fell 4.6% at constant exchange rates.

### Net sales by region – contribution to the consolidated total

In %	<b>2016</b> <sup>(1)</sup>	2015
France	44.6%	46.6%
Rest of Europe	24.6%	24.8%
Latin America	22.1%	19.2%
Asia	8.8%	9.4%
Total	100.0%	100.0%

<sup>&</sup>lt;sup>(1)</sup> at constant exchange rate

At constant exchange rates, the contribution of emerging markets (Latin America and Asia) to consolidated net sales continued to rise, representing 30.9% in first-half 2016 versus 28.6% in first-half 2015.

### Recurring operating income by region

(In € millions)	2016	2015	% change	% change at constant exchange rates
France	312	321	(3.0)%	(3.0)%
Rest of Europe	155	122	26.6%	26.0%
Latin America	273	296	(7.8)%	12.3%
Asia	(7)	50	(114.5)%	(115.0)%
Global functions	(26)	(63)	(58.6)%	(58.6)%
Total	706	726	(2.8)%	5.3%



Recurring operating income increased by 5.3% at constant exchange rates, to €706 million, equivalent at June 30, 2016 (and June 30, 2015) to 1.9% of net sales.

In France, recurring operating income came to €312 million, while operating margin¹ remained at 1.8% of sales.

Recurring operating income in the rest of Europe increased significantly in first-half 2016 to €155 million versus €122 million in first-half 2015. Recurring operating income saw double-digit growth, while operating margin widened by 30 basis points, chiefly on the back of a strong performance in Spain and Italy.

In Latin America, recurring operating income came in at €273 million (up 12.3% at constant exchange rates). Profitability in Brazil continued to improve on the back of excellent sales growth.

In Asia, the Group reported a recurring operating loss of €7 million due to the repositioning of the business model in China against the backdrop of a general economic slowdown and fast-changing consumer preferences. In Taiwan, sales continued to grow and operating margin improved.

### Depreciation and amortization

Depreciation and amortization in first-half 2016 amounted to €720 million. This represented 2% of net sales, unchanged from the year-earlier period.

### Net income from companies accounted for by the equity method

Net income from companies accounted for by the equity method amounted to a negative  $\in$ 21 million versus a positive  $\in$ 34 million in first-half 2015. The decrease was mainly due to the deterioration in net income from the Group's investment in Turkey.

### Non-recurring income and expenses, net

Certain material items that are unusual in terms of their nature and frequency are reported under "Non-recurring income and expenses".

In first-half 2016, non-recurring items represented a net expense of €114 million, comprising €45 million in income and €158 million in expenses.

The detailed breakdown is as follows:

(in € millions)	2016	2015
Net gains on sales of assets	30	20
Restructuring costs	(89)	(62)
Other non-recurring items	(33)	46
Non-recurring income and expenses net before asset impairments and write-offs	(93)	3
Asset impairments and write-offs	(21)	(19)
Impairments and write-offs of goodwill Impairments and write-offs of property and equipment	(21)	(19)
Non-recurring income and expenses, net	(114)	(16)
Of which, non-recurring income Of which, non recurring expense	45 (158)	99 (115)

<sup>&</sup>lt;sup>1</sup> Ratio of recurring operating income to net sales



Restructuring costs were incurred as a result of the streamlining of stores underway in several countries, particularly the ongoing integration plan for Dia stores.

### Operating income

The Group ended the period with operating income of €572 million versus €745 million in first-half 2015, representing a decline of €173 million.

### Finance costs and other financial income and expenses, net

Finance costs and other financial income and expenses represented a net expense of €248 million, representing 0.7% of first-half 2016 sales.

(In € millions)	2016	2015
Finance costs, net	(181)	(185)
Other financial income and expenses, net	(68)	(80)
Finance costs and other financial income and expenses, net	(248)	(264)

Finance costs, net stood at €181 million, a decrease of €4 million.

Other financial income and expenses represented a net expense of €68 million, compared with a net expense of €80 million in the year-earlier period.

### Income tax expense

Income tax expense amounted to €101 million in first-half 2016 compared with €165 million in the year-earlier period. The effective tax rate was 31.3% (34.3% in first-half 2015).

### Net income attributable to non-controlling interests

Net income attributable to non-controlling interests came to €65 million in first-half 2016 versus €85 million in the year-earlier period.

### Net income from continuing operations – Group share

The Group reported net income from continuing operations of €158 million in first-half 2016, compared with €230 million in first-half 2015.

### Net income from discontinued operations - Group share

A net loss from discontinued operations, Group share of €28 million was recorded in first-half 2016. This corresponds mainly to the restatement of income from Dia stores sold or held for sale as discontinued operations under IFRS 5, "Non-current assets held for sale and discontinued operations".



### 2. FINANCIAL POSITION

### 2.1 Shareholders' equity

At June 30, 2016, shareholders' equity stood at €11,294 million, compared with €10,672 million at December 31, 2015.

The €622 million increase reflected:

- Changes in capital and premiums for €439 million corresponding mainly to the portion of Cargo Property Holding's share capital subscribed by third-party investors (including uncalled capital);
- Net income for the period of €194 million;
- Other comprehensive income for €187 million;
- Dividends paid in an amount of €181 million, of which €121 million paid to Carrefour shareholders and €60 million to minority shareholders of subsidiaries.

### 2.2 Net debt

Net debt increased by €2,822 million over the period to €7,367 million at June 30, 2016 from €4,546 million at December 31, 2015.

Year-end net debt is systematically lower due to the high volume of business generated in the month of December. At June 30, 2015, net debt stood at €6,654 million.

Net debt breaks down as follows:

(in €millions)	2016	2015
Bonds	7,627	6,884
Other borrowings	396	345
Commercial paper	610	0
Finance lease liabilities	327	351
Total borrowings before derivative instruments recorded in liabilities	8,960	7,580
Derivative instruments recorded in liabilities	313	49
Total long and short term borrowings (1)	9,273	7,629
Of which, long term borrowings	7,161	6,662
Of which, short term borrowings	2,112	966
Other current financial assets	218	358
Cash and cash equivalents	1,688	2,724
Total current financial assets (2)	1,905	3,083
Net debt = (1) - (2)	7,367	4,546

Long and short-term borrowings (excluding derivatives) mature at different dates, through 2025 for the longest tranche of bond debt, leading to balanced repayment obligations in the coming years as shown below:

(in €millions)	2016	2015
Due within one year	1,809	921
Due in 1 to 2 years	1,115	1,306
Due in 2 to 5 years	3,393	2,447
Due beyond 5 years	2,643	2,905
Total	8,960	7,580



At June 30, 2016, the Group had access to €3.9 billion in committed syndicated lines of credit with no drawing restrictions expiring in 2019 and 2021, underpinning its liquidity position.

### 2.3 Statement of cash flows

Cash and cash equivalents totaled €1,688 million at June 30, 2016, compared with €1,800 million at June 30, 2015, a decrease of €112 million.

Net debt increased by €2,822 million in first-half 2016, versus €1,700 million in the year-earlier period. The decrease is analyzed in the simplified statement of cash flows presented below:

(In € millions)	2016	2015
Cash flow from operations	1,088	1,180
Change in trade working capital requirement	(1,541)	(1,809)
Change in other receivables and payables	(544)	(295)
Change in consumer credit granted by the financial services companies	33	(127)
Investments	(1,057)	(804)
Change in amounts due to suppliers of fixed assets	(295)	(261)
Other	59	74
Free cash flow	(2,259)	(2,044)
Acquisitions of subsidiaries and investments in associates	(141)	(50)
Purchases and disposals without change in control	0	208
Cash dividends/reinvested dividends	(41)	(62)
Finance costs, net	(181)	(185)
Other	(201)	433
Decrease / (Increase) in net debt	(2,822)	(1,700)

Free cash flow² was a negative €2,259 million in first-half 2016 versus a negative €2,044 million in the year-earlier period, after taking into account a €268 million increase in the trade working capital requirement.

Cash flows used in operating activities primarily reflected the ongoing program to modernize and develop the store network. In first-half 2016, this figure included expenditures on rebranding Dia stores under the Carrefour banner and initial investments made by Cargo Property, the new real estate subsidiary dedicated to logistics.

In first-half 2015, acquisitions and disposals of assets without change in control represented a net inflow of €208 million and primarily reflected the remaining balance received on the sale of an interest in the Group's Brazilian subsidiary to Brazilian investment firm Peninsula at end-2014, as well as a call option exercised by the same investor to increase its stake by 2%.

### 2.4 Financing and liquid resources

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

- Promoting conservative financing strategies in order to ensure that the Group has a sufficiently strong credit rating and can raise funds on the bond and commercial paper markets;
- Maintaining a presence in the debt market through regular debt issuance programs, mainly in euros, in order to create
  a balanced maturity profile. The Group's issuance capacity under its Euro Medium Term Notes (EMTN) program
  totals €12 billion;
- Using the €5 billion commercial paper program listed on Euronext Paris;
- Maintaining undrawn medium-term bank facilities that can be drawn down at any time according to the Group's needs. At June 30, 2016, the Group had two undrawn syndicated lines of credit obtained from a pool of leading banks, for a total of €3.9 billion. Group policy consists of keeping these facilities on stand-by to support the commercial paper program. The loan agreements for the syndicated lines of credit include the usual commitments

<sup>&</sup>lt;sup>2</sup> Free cash flow is defined as the difference between funds generated by operations (before net interest costs), the variation of working capital requirements and capital expenditures.



and default clauses, including *pari passu*, negative pledge, change of control and cross-default clauses and a clause restricting substantial sales of assets. They do not, however, include any rating trigger, although the pricing grid may be adjusted up or down to reflect changes in the long-term credit rating. None of the agreements contains a material adverse change clause.

The Group considered that its liquidity position was strong at June 30, 2016 since, at that date, it had €3.9 billion in committed syndicated lines of credit with no drawing restrictions, expiring in 2019 and 2021. Moreover, it has sufficient cash reserves to meet its debt repayment obligations in the coming year.

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

At June 30, 2016, both Carrefour and Carrefour Banque were rated BBB+/A-2 outlook stable by S&P.

### 2.5 Restrictions on the use of capital resources

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

### 2.6 Expected sources of funding

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

### 3. OUTLOOK FOR THE SECOND HALF OF 2016

Carrefour is pressing ahead with the Group's transformation, placing special emphasis on its multi-format model to offer customers a shopping experience that suits their changing needs and habits.

As the global number one in multi-format retailing, Carrefour will pursue its expansion, opening new stores in every type of format during the year. In France, the planned conversion of the Dia store base is proceeding on schedule.

To ensure its long-term growth, the Group will continue to modernize its stores across all countries and boost the appeal of its locations, particularly through projects run by Carmila. Carrefour is making headway on its program to overhaul its supply chains and streamline IT systems.

The well-advanced initiative to reposition the business model in China is ongoing.

Carrefour will continue its transition to digital technology by leveraging its dense store network and rolling out an e-commerce offering across all Group countries.



### 4. OTHER INFORMATION

### 4.1 Accounting principles

The condensed consolidated financial statements for the six-month period ended June 30, 2016 have been prepared in accordance with IAS 34 – *Interim Financial Reporting*.

The accounting and calculation methods used to prepare the condensed consolidated financial statements for the six-month period ended June 30, 2016 are the same as those used for the 2015 consolidated financial statements, except for the specific requirements of IAS 34 and standards, amendments and interpretations which were applicable as of January 1, 2016 (not applicable to the Group or having no material impact on the Group's consolidated financial statements).

Details of the new and amended standards and interpretations, including those not yet adopted for use in the European Union, are provided in the condensed consolidated financial statements (paragraph 1.2, "IFRSs and interpretations applied by the Group").

### 4.2 Significant events of the period

### 2015 dividend reinvestment option

At the Annual General Meeting held on May 17, 2016, the shareholders decided to set the 2015 dividend at €0.70 per share with a dividend reinvestment option.

The issue price of the shares to be issued in exchange for reinvested dividends was set at €21.86 per share, representing 90% of the average of the opening prices quoted on Euronext Paris during the 20 trading days preceding the date of the Annual General Meeting, less the net amount of the dividend of €0.70 per share and rounded up to the nearest euro cent.

The option period was open from May 23 to June 10, 2016. At the end of this period, shareholders owning 76.34% of Carrefour's shares had elected to reinvest their 2015 dividends.

June 21, 2016 was set as the date for:

- Settlement/delivery of the 17,764,360 new shares corresponding to reinvested dividends, representing a total capital increase of €388 million (the aggregate par value of the new shares for €44 million and premiums for €344 million);
- Payment of the cash dividend to shareholders who chose not to reinvest their dividends, representing a total payout of
  €121 million.

### Securing the Group's long-term financing

On April 19, 2016, the Group carried out a new €750 million 8-year 0.75% bond issue due June 2024. The issue's settlement date was April 26, 2016.

The issue consolidated the Group's long-term financing, extended the average maturity of its bond debt (from 4.06 years to 4.25 years at April 19, 2016) and further reduced its borrowing costs.

### Acquisition of Rue du Commerce

On August 24, 2015, Carrefour announced that it was in exclusive negotiations with Altarea Cogedim for the acquisition of 100% of the shares of Rue du Commerce, a major player in the nonfood e-commerce market in France.

The acquisition was completed in January 2016 after employee representatives at Rue du Commerce had been consulted and the necessary anti-trust approvals had been obtained. In accordance with IFRS 3 – *Business Combinations*, an immaterial amount of provisional negative goodwill was recognized in the consolidated financial statements for the six-month period ended June 30, 2016. The revenue and profit attributable to Rue du Commerce recorded in the consolidated statement of comprehensive income for the period is immaterial.

The Rue du Commerce acquisition represents another step in the roll-out of Carrefour's omnichannel strategy in France for the benefit of its customers both in stores and on-line.



### 3.4 Acquisition of Billa Romania

On December 22, 2015, Carrefour announced that an agreement had been signed with the Rewe Group for the acquisition of Billa Romania, which operates a network of 85 supermarkets spread across the whole of Romania, representing a total sales area of 83,000 square meters.

The acquisition was completed on June 30, 2016, following approval from the antitrust authorities. In accordance with IFRS 3, an immaterial amount of provisional goodwill was recognized in the consolidated financial statements for the six-month period ended June 30, 2016. No revenue or profit attributable to Billa Romania has been recorded in the consolidated statement of comprehensive income for the period as the acquisition date coincides with the period-end date.

Through this acquisition, Carrefour will become the leading supermarket operator in Romania, strengthening its multi-format offer to better serve its customers.

### 4.3 Subsequent events

No events have occurred since the period-end that would have a material impact on the interim consolidated financial statements.

### 4.4 Main related party transactions

During the first half of 2016, there were no major changes in the main related party transactions.

### 4.5 Risk factors

The risk factors at June 30, 2016 are the same as those identified in Section 3.5.1 of the 2015 Registration Document.



# CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2016

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Note 7: Income tax

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Note 9: Equity and earnings per share

Note 10: Financial assets and liabilities, finance costs and other financial income and expenses

Note 11: Other information



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

### CONSOLIDATED INCOME STATEMENT

(in € millions)	Notes	First-half 2016	First-half 2015	% change
Net sales	5.1	36,289	37,739	(3.8%)
Loyalty program costs		(271)	(269)	0.7%
Net sales net of loyalty program costs		36,017	37,470	(3.9%)
Other revenue		1,275	1,247	2.2%
Total revenue		37,292	38,718	(3.7%)
Cost of sales		(28,860)	(30,024)	(3.9%)
Gross margin from recurring operations		8,432	8,694	(3.0%)
Sales, general and administrative expenses, depreciation and amortization	5.2	(7,726)	(7,967)	(3.0%)
Recurring operating income		706	726	(2.8%)
Net income from companies accounted for by the equity method		(21)	34	(160.3%)
Recurring operating income after net income from companies accounted for by the equity method		686	761	(9.9%)
Non-recurring income and expenses, net	5.3	(114)	(16)	
Operating income		572	745	(23.2%)
Finance costs and other financial income and expenses, net	10.4	(248)	(264)	(5.9%)
Finance costs, net		(181)	(185)	(2.0%)
Other financial income and expenses, net		(68)	(80)	(15.0%)
Income before taxes		324	481	(32.7%)
Income tax expense	7	(101)	(165)	(38.8%)
Net income from continuing operations		222	316	(29.5%)
Net income from discontinued operations	11.1	(28)	(12)	
Net income for the period		194	304	(36.1%)
Group share		129	218	(40.8%)
of which net income from continuing operations		158	230	(31.5%)
of which net income from discontinued operations		(28)	(12)	135.6%
Attributable to non-controlling interests		65	85	(24.3%)
Basic earnings/(loss) per share, in €		First-half 2016	First-half 2015	% change
Earnings/(loss) from continuing operations per share		0.22	0.32	(32.4)%
Earnings from discontinued operations per share		(0.04)	(0.02)	132.5%
Basic earnings per share – Group share		0.18	0.30	(41.6)%
Diluted earnings/(loss) per share, in €		First-half 2016	First-half 2015	% change
Diluted earnings/(loss) from continuing operations per share		0.22	0.32	(32.4)%
Diluted earnings from discontinued operations per share		(0.04)	(0.02)	132.5%
Diluted earnings per share – Group share		0.18	0.30	(41.5)%

Details of earnings per share calculations are provided in Note 9.2.



### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in € millions)	First-half 2016	First-half 2015
Net income for the year	194	304
Effective portion of changes in the fair value of cash flow hedges (1)	(8)	(5)
Changes in the fair value of available-for-sale financial assets (1)	(5)	1
Exchange differences on translating foreign operations (2)	279	(78)
Items that may be reclassified subsequently to profit or loss	267	(83)
Remeasurements of defined benefit plans obligation (1)	(80)	1
Items that will not be reclassified to profit or loss	(80)	1
Other comprehensive income after tax	187	(82)
Total comprehensive income	381	222
Group share	235	140
Attributable to non-controlling interests	146	82

<sup>(1)</sup> Presented net of the tax effect (see Note 9.1 for details).

<sup>(2)</sup> Exchange differences on translating foreign operations recognized in first-half 2016 mainly reflect the rise of the Brazilian real, offset to a certain extent by the decline of the Argentine peso and Polish zloty. In first-half 2015, the depreciation of the Brazilian real was partially offset by the strengthening of the Chinese yuan, Taiwanese dollar and Polish zloty.



### CONSOLIDATED STATEMENT OF FINANCIAL POSITION

### **ASSETS**

(in € millions)	Notes	June 30, 2016	December 31, 2015
Goodwill	6.1	8,600	8,495
Other intangible assets		1,119	1,014
Property and equipment	6.2	12,676	12,071
Investment property	6.3	357	383
Investments in companies accounted for by the equity method		1,426	1,433
Other non-current financial assets		1,591	1,291
Consumer credit granted by the financial services companies – long term	5.5	2,261	2,351
Deferred tax assets		880	744
Non-current assets		28,911	27,784
Inventories		6,553	6,362
Trade receivables		2,159	2,269
Consumer credit granted by the financial services companies – short-term	5.5	3,789	3,658
Other current financial assets		218	358
Tax receivables		1,287	1,168
Other assets		1,052	705
Cash and cash equivalents	10.2	1,688	2,724
Assets held for sale (1)		43	66
Current assets		16,789	17,311
TOTAL ASSETS	·	45,700	45,095

### SHAREHOLDERS' EQUITY AND LIABILITIES

(in € millions)	Notes	June 30, 2016	December 31, 2015
Share capital		1,891	1,846
Consolidated reserves and income for the year		7,854	7,787
Shareholders' equity – Group share		9,745	9,633
Shareholders' equity attributable to non-controlling interests		1,549	1,039
Total shareholders' equity		11,294	10,672
Long-term borrowings	10.2	7,161	6,662
Provisions	8	3,188	3,014
Consumer credit financing – long-term	5.5	2,091	1,921
Deferred tax liabilities		533	508
Non-current liabilities		12,974	12,106
Short-term borrowings	10.2	2,112	966
Suppliers and other creditors		12,198	13,648
Consumer credit financing – short-term	5.5	3,179	3,328
Tax payables		1,188	1,097
Other payables		2,732	3,244
Liabilities related to assets held for sale (1)		23	34
Current liabilities		21,431	22,317
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		45,700	45,095

<sup>(1)</sup> Assets held for sale and liabilities related to assets held for sale correspond mainly to the Dia stores that were in the process of being sold as at June 30, 2016 (Note 11.1).



### CONSOLIDATED STATEMENT OF CASH FLOWS

(in € millions)	First-half 2016	First-half 2015
INCOME BEFORE TAXES	324	481
CASH FLOWS FROM OPERATING ACTIVITIES		
Taxes	(140)	(168)
Depreciation and amortization expense	757	795
Capital (gains)/losses on sales of assets	(33)	(22)
Change in provisions and impairment	(1)	(64)
Finance costs, net	181	185
Net income and dividends received from companies accounted for by the equity method	26	(15)
Impact of discontinued operations	(25)	(12)
Cash flow from operations	1,088	1,180
Change in working capital requirement (1)	(2,085)	(2,104)
Impact of discontinued operations	(11)	21
Net cash from operating activities (excluding financial services companies)	(1,008)	(904)
Change in consumer credit granted by the financial services companies	33	(127)
Net cash from operating activities	(975)	(1,031)
CASH FLOWS FROM INVESTING ACTIVITIES		, , ,
Acquisitions of property and equipment and intangible assets (2)	(1,057)	(804)
Acquisitions of non-current financial assets	11	(7)
Acquisitions of subsidiaries and investments in associates (3)	(147)	(50)
Proceeds from the disposal of subsidiaries and investments in associates	6	0
Proceeds from the disposal of property and equipment and intangible assets	92	49
Proceeds from the disposal of non-current financial assets	1	1
Change in amounts receivable from and due to suppliers of fixed assets (2)	(284)	(239)
Investments net of disposals	(1,378)	(1,050)
Other cash flows from investing activities	(16)	(18)
Impact of discontinued operations	5	(0)
Net cash from/(used in) investing activities	(1,388)	(1,067)
CASH FLOWS FROM FINANCING ACTIVITIES		, , ,
Proceeds from share issues to non-controlling interests (4)	140	8
Acquisitions and disposals of investments without any change of control (5)	0	208
Dividends paid by Carrefour (parent company) (6)	(121)	(0)
Dividends paid by consolidated companies to non-controlling interests	(60)	(70)
Change in treasury stock and other equity instruments (7)	(4)	369
Change in current financial assets	107	98
Issuance of bonds (8)	750	750
Repayments of bonds <sup>(8)</sup>	0	(644)
Net interests paid	(202)	(214)
Other changes in borrowings (8)	662	267
Net cash from/(used in) financing activities	1,272	772
Net change in cash and cash equivalents before the effect of changes in exchange rates	(1,091)	(1,327)
Effect of changes in exchange rates	54	14
Net change in cash and cash equivalents	(1,037)	(1,313)
Cash and cash equivalents at beginning of period	2,724	3,113
Cash and cash equivalents at end of the period	1,688	1,800

- (1) The change in working capital is analyzed in Note 5.4.
- Acquisitions of property and equipment and intangible assets primarily reflected the ongoing program to modernize and develop the store network. In first-half 2016, this figure includes expenditure on rebranding Dia stores under the Carrefour banner and initial investments made by Cargo Property, the new real estate subsidiary dedicated to logistics.
- (3) In 2016, the bulk of this line item related to the acquisition of Billa in Romania (Note 3.4).
- (4) This item mainly corresponds to the share capital of Cargo Property Holding subscribed and paid up in first-half 2016 by third-party investors (non-controlling interests).
- (5) In first-half 2015, this item primarily reflected the remaining balance received on the sale of an interest in the Group's Brazilian subsidiary to Brazilian investment firm Peninsula at end-2014, as well as a call option exercised by the same investor to increase its stake by 2%.
- (6) At June 30, 2016, this line item corresponds to the cash dividend paid to shareholders who chose not to reinvest their dividends (Note 3.1). The dividend approved by shareholders at the Annual General Meeting of June 11, 2015 was paid on July 17, 2015.
- (7) In first-half 2015, the change corresponded for the most part to the sale of treasury stock on March 23, 2015.
- (8) See Note 10.2.



### CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

		Shareholders	' equity – Group sha	are			
$(in \in millions)$	Share capital	Translation reserve	Fair value reserve	Other consolidated reserves and net income	Total Shareholders' equity – Group share	Non-controlling interests	Total shareholders' equity
Shareholders' equity at December 31, 2014	1,837	(324)	(5)	7,682	9,191	1,037	10,228
Net income for the first-half 2015 Other comprehensive income after tax Total comprehensive income for the first-half 2015		(76) <b>(76)</b>	(3) <b>(3)</b>	218 1 <b>219</b>	218 (78) <b>140</b>	85 (4) <b>82</b>	304 (82) <b>222</b>
Share-based payments Treasury stock (net of tax) (2) 2014 dividend payment (3) Change in capital and additional paid-in capital Effect of changes in scope of consolidation and other movements (4)				14 335 (492)	14 335 (492)	(70) 8 38	14 335 (562) 8 99
Shareholders' equity at June 30, 2015	1,837	(401)	(8)	7,819	9,249	1,095	10,344
Net income for the second-half 2015 Other comprehensive income after tax Total comprehensive income for the second-half 2015		(435) (435)		762 (17) <b>745</b>	762 (451) <b>311</b>	57 (90) <b>(32)</b>	820 (541) <b>279</b>
Share-based payments Treasury stock (net of tax) 2014 dividend payment (5) Change in capital and additional paid-in capital Effect of changes in scope of consolidation and other	9	1		5 9 94 1	5 9 102 1	(28)	5 9 74 5
movements Shareholders' equity at December 31, 2015	1.846		(7)	(46) <b>8.628</b>	9.633	1.039	10.672
Snareholders' equity at December 31, 2015	1,846	(835)	(7)	8,628	9,633	1,039	10,672
Net income for the first-half 2016 Other comprehensive income after tax Total comprehensive income for the first-half 2016		198 <b>198</b>	(14) <b>(14)</b>	129 (79) <b>50</b>	129 106 <b>235</b>	65 81 <b>146</b>	194 187 <b>381</b>
Treasury stock (net of tax) 2015 dividend payment <sup>(3)</sup> Change in capital and additional paid-in capital <sup>(5)</sup>	44			(1) (165)	(1) (121)	(60) 439	(1) (181) 439
Effect of changes in scope of consolidation and other movements				(1)	(1)	(15)	(16)
Shareholders' equity at June 30, 2016	1,891	(636)	(20)	8,510	9,745	1,549	11,294

### (1) This item comprises:

- the effective portion of changes in the fair value of cash flow hedges;
- cumulative changes in the fair value of available-for-sale financial assets.
- (2) Changes in this item mainly correspond to the disposal of treasury shares carried out on March 23, 2015.
- (3) The 2014 dividend, totaling €492 million, was paid on July 17, 2015:
  - in cash for €390 million; and
  - in new shares for €102 million (corresponding to the aggregate par value of the new shares for €9 million and premiums for €93 million).

The 2015 dividend (see Note 3.1), totaling €509 million, was paid on June 21, 2016:

- in cash for €121 million; and
- in new shares for €388 million (corresponding to the aggregate par value of the new shares for €44 million and premiums for €344 million).
- (4) Changes in scope of consolidation and other movements in first-half 2015 corresponded mainly to a call option exercised by Brazilian investment firm Peninsula to increase its stake by 2%, which was granted following the sale to the firm of an interest in the Group's Brazilian subsidiary at end-2014.
- (5) The increase in non-controlling interests in first-half 2016 chiefly corresponds to the portion of Cargo Property Holding's share capital subscribed by third-party investors (including uncalled capital).



### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

### 1.1 Statement of compliance

The condensed consolidated financial statements for the six-month period ended June 30, 2016 were reviewed by the Board of Directors on July 27, 2016.

Carrefour (the "Company") is domiciled in France. The condensed consolidated financial statements for the six-month period ended June 30, 2016 comprise the financial statements of the Company and its subsidiaries (together the "Group") and the Group's share of the profits and losses and net assets of associates and joint ventures accounted for by the equity method. The presentation currency of the condensed consolidated financial statements is the euro, which is the Company's functional currency.

In accordance with European Regulation (EC) 1606/2002 dated July 19, 2002, the condensed consolidated financial statements for the six-month period ended June 30, 2016 have been prepared in compliance with the international accounting standards adopted for use in the European Union as of June 30, 2016 and applicable at that date, with comparative information for the same period of 2015 and at December 31, 2015 prepared using the same standards.

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

All of the standards and interpretations adopted for use in the European Union are available on the European Commission's website, <a href="http://ec.europa.eu/finance/accounting/ias/index\_en.htm">http://ec.europa.eu/finance/accounting/ias/index\_en.htm</a>

### 1.2 IFRSs and interpretations applied by the Group

The accounting and calculation methods used to prepare the condensed consolidated financial statements for the six-month period ended June 30, 2016 are the same as those used for the 2015 consolidated financial statements, except for the specific requirements of IAS 34 — *Interim Financial Reporting* (see Note 1.3) and the changes resulting from the following amendments, which were applicable as of January 1, 2016:

- IFRS Annual Improvements 2010-2012 Cycle;
- Amendments to IAS 19 Defined Benefit Plans: Employee Contributions;
- Amendments to IAS 1 Disclosure Initiative;
- Amendments to IFRS 11 Acquisition of an Interest in a Joint Operation;
- Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation;
- IFRS Annual Improvements 2012-2014 Cycle.

Application of these amendments had no material impact on the Group's consolidated financial statements.

The Group decided not to early adopt the following standards, amendments and interpretations that were not applicable as of January 1, 2016.

Not yet adopted for use in the European Union:

- IFRS 9 Financial Instruments and amendments to IFRS 9, IFRS 7 and IAS 39 Hedge Accounting (applicable according to the IASB in annual periods beginning on or after January 1, 2018);
- IFRS 15 Revenues from Contracts with Customers and the Clarifications to IFRS 15 published in April 2016 (applicable according to the IASB in accounting periods beginning on or after January 1, 2018);
- IFRS 16 Leases (applicable according to the IASB in annual periods beginning on or after January 1, 2019);
- Amendments to IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses (applicable according to the IASB in accounting periods beginning on or after January 1, 2017);
- Amendments to IAS 7 Disclosure Initiative (applicable according to the IASB in annual periods beginning on or after January 1, 2017);
- Amendments to IFRS 2 Classification and Measurement of Share-based Payment Transactions (applicable
  according to the IASB in accounting periods beginning on or after January 1, 2018).



The possible impact on the consolidated financial statements of applying these new and amended standards is currently being assessed.

### 1.3 Specific reporting treatments in the preparation of interim financial statements

### 1.3.1 Reporting principles

The condensed consolidated financial statements for the six-month period ended June 30, 2016 have been prepared in accordance with IAS 34 — *Interim Financial Reporting*. Condensed interim consolidated financial statements do not contain all of the disclosures that would be required in a complete set of annual financial statements. Consequently, these interim financial statements should be read jointly with the Group's consolidated financial statements for the year ended December 31, 2015, as included in the Registration Document filed with the AMF and available on request from the Company's head office at 33 avenue Emile Zola, 92100 Boulogne-Billancourt, France, or on the Company's website, www. carrefour.com).

### 1.3.2 Estimation of income tax expense

In accordance with IAS 34, income tax expense for first-half 2016 is calculated based on the estimated weighted average annual income tax rate for full-year 2016 (the effective tax rate), for each entity or tax sub-group (see Note 7).

### 1.3.3 Post-employment benefits and other long-term benefits

The provision for pensions and other post-employment benefits is calculated using actuarial projections based on data from the previous period-end. The discount rate for the main contributing countries (eurozone) is reviewed at June 30 (see Note 8). The actuarial projections are updated to take into account any material changes to assumptions or one-off impacts (discount rates, applicable legislation, the population concerned, etc.) during the six-month period.

### 1.4 Use of estimates and judgment

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

The main estimates and judgments applied for the preparation of the condensed consolidated financial statements for the six-month period ended June 30, 2016 are the same as those described in the consolidated financial statements for the year ended December 31, 2015.

### 1.5 Measurement methods

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

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

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



### NOTE 2: SEASONAL FLUCTUATIONS IN BUSINESS

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

Second-half sales are traditionally higher than those for the first half, due to increased activity in December. In 2015, the Group's first-half sales amounted to  $\in$ 37,739 million, representing 49% of the annual total of  $\in$ 76,945 million. Operating expenses on the other hand — such as payroll costs, depreciation and amortization — are spread more or less evenly over the year. As a result, recurring operating income is generally lower in the first half than in the second. This trend is heightened by the recognition of the full amount of certain taxes (taxes whose obligating event triggering payment occurs as at January 1, and not progressively during the reporting period) in the first half of the year, in accordance with IFRIC 21 — *Levies*.

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

### NOTE 3: SIGNIFICANT EVENTS OF THE PERIOD

### 3.1 2015 dividend reinvestment option

At the Annual General Meeting held on May 17, 2016, the shareholders decided to set the 2015 dividend at €0.70 per share with a dividend reinvestment option.

The issue price of the shares to be issued in exchange for reinvested dividends was set at €21.86 per share, representing 90% of the average of the opening prices quoted on Euronext Paris during the 20 trading days preceding the date of the Annual General Meeting, less the net amount of the dividend of €0.70 per share and rounded up to the nearest euro cent.

The option period was open from May 23 to June 10, 2016. At the end of this period, shareholders owning 76.34% of Carrefour's shares had elected to reinvest their 2015 dividends.

June 21, 2016 was set as the date for:

- settlement/delivery of the 17,764,360 new shares corresponding to reinvested dividends, representing a total capital increase of €388 million (the aggregate par value of the new shares for €44 million and premiums for €344 million);
- payment of the cash dividend to shareholders who chose not to reinvest their dividends, representing a total payout
  of €121 million.

### 3.2 Securing the Group's long-term financing

On April 19, 2016, the Group carried out a new €750 million 8-year 0.75% bond issue due June 2024. The issue's settlement date was April 26, 2016.

The issue consolidated the Group's long-term financing, extended the average maturity of its bond debt (from 4.06 years to 4.25 years at April 19, 2016) and further reduced its borrowing costs.



### 3.3 Acquisition of Rue du Commerce

On August 24, 2015, Carrefour announced that it was in exclusive negotiations with Altarea Cogedim for the acquisition of 100% of the shares of Rue du Commerce, a major player in the non-food e-commerce market in France.

The acquisition was completed in January 2016 after employee representatives at Rue du Commerce had been consulted and the necessary antitrust approvals had been obtained. In accordance with IFRS 3 – *Business Combinations*, an immaterial amount of provisional negative goodwill was recognized in the consolidated financial statements for the sixmonth period ended June 30, 2016. The revenue and profit attributable to Rue du Commerce recorded in the consolidated statement of comprehensive income for the period is immaterial.

The Rue du Commerce acquisition represents another step in the roll-out of Carrefour's omnichannel strategy in France for the benefit of its customers both in stores and on-line.

### 3.4 Acquisition of Billa Romania

On December 22, 2015, Carrefour announced that an agreement had been signed with the Rewe Group for the acquisition of Billa Romania, which operates a network of 85 supermarkets spread across the whole of Romania, representing a total sales area of 83,000 square meters.

The acquisition was completed on June 30, 2016, following approval from the antitrust authorities. In accordance with IFRS 3, an immaterial amount of provisional goodwill was recognized in the consolidated financial statements for the sixmonth period ended June 30, 2016. No revenue or profit attributable to Billa Romania has been recorded in the interim consolidated statement of comprehensive income as the acquisition date coincides with the half-year period-end.

Through this acquisition, Carrefour will become the leading supermarket operator in Romania, strengthening its multiformat offer to better serve its customers.

### **NOTE 4: SEGMENT INFORMATION**

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

### 4.1 Segment results

First-half 2016 (in € millions)	Total	France	Europe	Latin America	Asia	Global Functions
Net sales	36,289	17,179	9,428	6,453	3,229	-
Other revenue	1,275	456	305	339	150	26
Recurring operating income	706	312	155	273	(7)	(26)
Operating income	572					
Finance costs and other financial income and expenses, net	(248)					
Income before taxes	324					
Net income for the period	194					
Capital expenditure  Depreciation and amortization expense	1,057 (720)	548 (298)	183 (200)	197 (83)	62 (100)	68 (39)



First-half 2015 (in € millions)	Total	France	Europe	Latin America	Asia	Global Functions
Net sales	37,739	17,587	9,356	7,257	3,538	-
Other revenue	1,247	416	288	359	157	27
Recurring operating income	726	321	122	296	50	(63)
Operating income	745					
Finance costs and other financial income and expenses, net	(264)					
Income before taxes	481					
Net income for the period	304					
Capital expenditure	804	338	145	190	76	55
Depreciation and amortization expense	(761)	(319)	(195)	(98)	(106)	(43)

### 4.2 Segment assets and liabilities

June 30, 2016 (in € millions)	Total	France	Europe	Latin America	Asia	Global Functions
ASSETS						
Goodwill	8,600	4,746	3,133	611	108	1
Other intangible assets	1,119	277	346	125	21	351
Property and equipment	12,676	5,356	3,636	2,563	1,090	32
Investment property	357	4	175	45	133	-
Other segment assets	17,101	9,227	3,091	3,511	813	459
Total segment assets	39,853	19,610	10,381	6,854	2,165	843
Unallocated assets	5,846					
Total Assets	45,700					
LIABILITIES (excluding equity)						
Segment liabilities	21,388	11,053	4,449	3,448	2,124	314
Unallocated liabilities	13,018					
Total Liabilities	34,406					

December 31, 2015 (in € millions)	Total	France	Europe	Latin America	Asia	Global Functions
ASSETS						
Goodwill	8,495	4,718	3,138	528	110	1
Other intangible assets	1,014	255	340	101	21	298
Property and equipment	12,071	5,173	3,604	2,102	1,160	32
Investment property	383	31	165	48	139	-
Other segment assets	16,514	8,954	3,024	3,066	912	558
Total segment assets	38,477	19,131	10,272	5,844	2,341	889
Unallocated assets	6,618					
Total Assets	45,095					
LIABILITIES (excluding equity)						
Segment liabilities	23,238	11,842	5,268	3,428	2,304	395
Unallocated liabilities	11,185					
Total Liabilities	34,423					



### **NOTE 5: OPERATING ITEMS**

### 5.1. Net sales

Consolidated net sales for first-half 2016 totaled €36,289 million, down 3.8% on first-half 2015 (€37,739 million). At constant exchange rates, first-half 2016 net sales amounted to €38,559 million, up 2.2%.

Changes in exchange rates reduced net sales by €2,270 million in first-half 2016, with negative currency effects of €2,075 million in Latin America and €146 million in the Asia segment.

### 5.2 Sales, general and administrative expenses, and depreciation and amortization

This line breaks down as follows:

(in € millions)	First-half 2016	First-half 2015	% change
Sales, general and administrative expenses (1)  Depreciation and amortization (2)	(7,006) (720)	(7,227) (740)	(3.1%) (2.8%)
Total SG&A and depreciation and amortization	(7,726)	(7,967)	(3.0%)

### (1) Sales, general and administrative expenses break down as follows:

(in € millions)	First-half 2016	First-half 2015	% change
Employee benefits expense	(4,014)	(4,137)	(3.0%)
Property rentals	(506)	(525)	(3.7%)
Advertising expense	(434)	(422)	2.8%
Fees	(426)	(460)	(7.2%)
Taxes other than on income	(425)	(444)	(4.3%)
Maintenance and repair costs	(387)	(402)	(3.7%)
Energy and electricity	(324)	(335)	(3.3%)
Other SG&A expenses	(489)	(502)	(2.4%)
Fotal SG&A expenses	(7,006)	(7,227)	(3.1%)

The law concerning tax on retail sales areas (TaSCom) was modified by France's Amended Finance Act for 2015, no. 2015-1786 dated December 29, 2015, which introduced an additional obligating event for the payment of tax on retail sales areas, according to which an operator that ceases to operate a taxable establishment during the year is liable for tax in respect of that year calculated on a *pro rata* basis.

Based on its initial interpretation of the law, the Group considers that the principal obligating event is the same (the existence of the establishment on January 1 of the year for which the tax is due); the discontinuation of the activity constitutes a new separate obligation. As a result, the accounting treatment of TaSCom under IFRIC 21 — *Levies* is unchanged: the tax due as at January 1, 2016 is still chargeable to the 2016 reporting period and has been fully recognized in first-half 2016 (identical to 2015 treatment).

(2) Taking into account the depreciation and amortization relating to logistics included in the cost of sales, a total of €742 million was recognized in the consolidated income statement at June 30, 2016, compared with €761 million at June 30, 2015.



### 5.3 Non-recurring income and expenses

Certain material items that are unusual in terms of their nature and frequency are reported under "Non-recurring income" or "Non-recurring expenses", as follows:

(in € millions)	First-half 2016	First-half 2015
Net gains on sales of assets	30	20
Restructuring costs	(89)	(62)
Other non-recurring income and expenses	(33)	46
Non-recurring income and expenses, net before asset impairments and write-offs	(93)	3
Asset impairments and write-offs	(21)	(19)
Non-recurring income and expenses, net	(114)	(16)
of which:		
Non-recurring income	45	99
Non-recurring expense	(158)	(1 15)

Restructuring costs were incurred as a result of the streamlining of stores underway in several countries, particularly the ongoing integration plan for Dia stores.

### 5.4 Change in working capital

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

(in€ millions)	First-half 2016	First-half 2015	Variation
Change in inventories	8	(324)	332
Change in trade receivables	(40)	(89)	50
Change in trade payables	(1,485)	(1,340)	(146)
Change in loyalty program liabilities and other	(25)	(56)	32
Change in trade working capital requirement	(1,541)	(1,809)	268
Change in other receivables and payables	(544)	(295)	(249)
Change in working capital requirement	(2,085)	(2,104)	19

### 5.5 Banking activities

### 5.5.1 Consumer credit granted by financial services companies

At June 30, 2016, consumer credit granted by financial services companies amounted to €6,050 million, as follows:

(in € millions)	June 30, 2016	December 31, 2015
Payment card receivables	4,208	4,080
Loans	2,380	2,358
Consumer credit (on purchases made in Carrefour stores)	56	68
Other financing	313	349
Impairment	(908)	(846)
Other	1	2
Total Consumer credit granted by the financial services companies	6,050	6,010
Short-term financing	3,789	3,658
Long-term financing	2,261	2,351



### 5.5.2 Consumer credit financing

The related consumer credit financing amounted to €5,270 million at June 30, 2016, as follows:

(in € millions)	June 30, 2016	December 31, 2015
Debt securities (retail certificates of deposit, medium-term notes)	1,432	1,645
Bank borrowings	212	214
Bonds and notes (1)	1,852	1,625
Customer passbook savings deposits	517	580
Securitizations	510	510
Other refinancing debt to financial institutions	711	649
Other	35	26
Total Consumer credit financing	5,270	5,249
Short-term borrowings	3,179	3,328
Long-term borrowings	2,091	1,921

<sup>(1)</sup> Includes the new €500 million five-year variable-rate bond issued by Carrefour Banque, due on April 20, 2021 with a coupon of 3-month Euribor +0.68%, and the redemption of the €300 million variable-rate bond by Carrefour Banque.

### NOTE 6: INTANGIBLE ASSETS, PROPERTY AND EQUIPMENT, INVESTMENT PROPERTY

### 6.1 Goodwill

The recoverable amount of goodwill is generally monitored at the level of the operating segments represented by the countries in which the Group conducts its business through its integrated store networks.

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

(in € millions)	June 30, 2016	December 31, 2015
France	4,746	4,718
Italy	964	
Belgium	956	957
Spain	862	862
Brazil	558	465
Poland	237	246
Argentina	53	63
Other countries	223	220
Total Goodwill	8,600	8,495

The increase reported for the period corresponds primarily to the change in the EUR/BRL exchange rate.

### Impairment tests at June 30, 2016

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

At June 30, 2016, the tests performed by the Group did not lead to the recognition of any impairment losses.



### 6.2 Property and equipment

(in € millions)	June 30, 2016	December 31, 2015
Land	2,511	2,373
Buildings	9,811	9,232
Equipment, fixtures and fittings	15,011	14,602
Other	441	407
Assets under construction	805	759
Finance leases – land	455	463
Finance leases – buildings	1,180	1,196
Finance leases – equipment, fixtures and fittings	84	83
Property and equipment at cost	30,297	29,116
Depreciation	(16,135)	(15,535)
Depreciation of assets under finance leases	(961)	(958)
Impairment	(524)	(552)
Property and equipment, net	12,676	12,071

### 6.3 Investment property

Investment property consists mainly of shopping malls located adjacent to the Group's stores. The properties' carrying amount at June 30, 2016 was  $\in$ 357 million and their estimated fair value at that date (determined by capitalizing future rentals or based on independent valuations) was  $\in$ 598 million. At December 31, 2015, these values were  $\in$ 383 million and  $\in$ 696 million respectively.

### **NOTE 7: INCOME TAX**

The income tax expense for first-half 2016 amounted to €101 million, representing an effective tax rate of 31.3%, a decrease on the €165 million recorded in first-half 2015, which corresponded to an effective tax rate of 34.3%. First-half income tax expense is estimated by multiplying pre-tax income for the period by the estimated effective tax rate for full-year 2016. The tax impact of specific transactions is reflected in income tax expense for the period in which the transaction occurs.

### **NOTE 8: PROVISIONS AND EMPLOYEE BENEFITS**

(in € millions)	December 31, 2015	Translation adjustment	Increases	Discounting adjustment	Reversals of surplus provisions	Utilizations	Other	June 30, 2016
Post-employment benefit obligations	1,258	0	51	116	0	(15)	0	1,410
Claims and litigation	1,222	132	169	_	(142)	(72)	(33)	1,274
Tax reassessments	737	80	60	-	(66)	(10)	(1)	801
Disputes with current and form	261	33	53	-	(27)	(38)	1	281
Legal disputes	224	19	56	-	(49)	(24)	(34)	192
Restructuring	169	(0)	20	-	(7)	(25)	1	158
Other (1)	364	0	37	-	(14)	(36)	(7)	347
Total Provisions	3,014	132	276	116	(162)	(149)	(39)	3,188

<sup>(1)</sup> Other provisions primarily concern technical risks associated mainly with the insurance business, store closure costs and onerous contracts.



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

(in € millions)	France	Belgium	Italy	Other countries	Group total
Provision at December 31, 2015	845	250	136	27	1,258
Current service cost	29	4	0	0	34
Net interest cost (discount effect) on the net defined benefit liability	9	3	1	0	13
Net expense for first-half 2016	39	7	1	1	48
Benefits paid directly by the employer	(3)	(7)	(3)	(0)	(12)
Effect of changes in scope of consolidation	Ô	Ô	Ô	O O	) O
Change in actuarial gains and losses	79	25	10	1	116
Other	1	1	(1)	(1)	0
Provision at June 30, 2016	961	277	144	28	1,410

In first-half 2016, the net expense of €48 million corresponds to €34 million recognized under employee benefits expense and €13 million recorded under financial expense.

At June 30, 2016, a discount rate of 1.15% was used for France, Belgium and Italy, compared with 1.9% at December 31, 2015. These rates are based on indices of AA-rated corporate bonds with maturities similar to the estimated duration of the defined benefit obligation.

### Sensitivity tests show that:

- A 25-bps increase in the discount rate would reduce the defined benefit obligation under the French, Belgian and Italian plans by around €34 million;
- A 25-bps increase in the inflation rate would increase the defined benefit obligation under the French, Belgian and Italian plans by around €6 million.

### **NOTE 9: EQUITY AND EARNINGS PER SHARE**

### 9.1 Other comprehensive income

(i- C iii )	
(in€ millions)	

Group share	First-half 2016			First-half 2015		
	Pre-tax	Tax	Net	Pre-tax	Tax	Net
Effective portion of changes in the fair value of cash flow hedges Changes in the fair value of available-for-sale financial assets Exchange differences on translating foreign operations	(10) (6) 198	3 (1) 0	(7) (7) 198	(10) 2 (76)	4 1 0	(6) 3 (76)
Items that may be reclassified subsequently to profit or loss	182	2	185	(84)	5	(79)
Remeasurements of defined benefit plans obligation	(115)	36	(79)	(2)	2	1
Items that will not be reclassified to profit or loss	(115)	36	(79)	(2)	2	1
Total Other comprehensive income - Group share	68	38	106	(86)	8	(78)



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Non-controlling interests	First	-half 2016		First	-half 2015	
	Pre-tax	Tax	Net	Pre-tax	Tax	Net
Effective portion of changes in the fair value of cash flow hedges	(2)	1	(1)	1	(0)	0
Changes in the fair value of available-for-sale financial assets	3	(1)	2	(4)	`1 <sup>′</sup>	(3)
Exchange differences on translating foreign operations	81	0	81	(1)	0	(1)
Items that may be reclassified subsequently to profit or loss	83	(1)	82	(5)	1	(4)
Remeasurements of defined benefit plans obligation	(1)	0	(1)	0	0	0
Items that will not be reclassified to profit or loss	(1)	0	(1)	0	0	0
Total Other comprehensive income - Non-controlling interests	81	(0)	81	(5)	1	(4)

### 9.2 Earnings per share (Group share)

Basic earnings per share	First-half 2016	First-half 2015
Net income from continuing operations	158	230
Net income from discontinued operations	(28)	(12)
Net income for the period	129	218
Weighted average number of shares outstanding (1)	730,881,310	722,203,929
Basic earnings from continuing operations per share (in €)  Basic earnings from discontinued operations per share (in €)  Basic earnings per share (in €)	0.22 (0.04)	0.32 (0.02)
Basic earnings per share (in €)	0.18	0.30

(1) Treasury stock is not considered to be outstanding and is therefore deducted from the number of shares used for the calculation. In accordance with IAS 33, the weighted average number of shares used to calculate earnings per share for the first six months of 2016 and 2015 was adjusted to take into account the effect of the dividends paid in shares in June 2016 (retrospective adjustment of the effect of the 10% discount on shares issued in payment of dividends, determined by the treasury stock method).

Diluted earnings per share	First-half 2016	First-half 2015
Net income from continuing operations	158	230
Net income from discontinued operations	(28)	(12)
Net income for the period	129	218
Weighted average number of shares outstanding, before dilution	730,881,310	722,203,929
Potential dilutive shares (1)	0	42,792
Diluted weighted average number of shares outstanding	730,881,310	722,246,720
Diluted earnings from continuing operations per share (in $\in$ )	0.22	0.32
Diluted earnings from discontinued operations per share (in €)	(0.04)	(0.02)
Diluted earnings per share (in €)	0.18	0.30

(1) No stock options were taken into account for the calculation of diluted earnings per share for first-half 2016 as they were out of the money (i.e., their exercise price was greater than the average share price for the period).



### NOTE 10: FINANCIAL ASSETS AND LIABILITIES, FINANCE COSTS AND OTHER FINANCIAL INCOME **AND EXPENSES**

### 10.1 Financial instruments by category

				Breakdow	n by category			
At June 30, 2016	Carrying amount	Financial assets at fair value through profit or loss	Available-for- sale financial assets	Loans and receivables	Financial liabilities at amortized cost	Debt hedged by fair value hedges	Derivative instruments	Fair value
(in € millions)								
Investments in non-consolidated companies	105		105					105
Other long-term investments	1,486		463	1,023				1,486
Other non-current financial assets	1,591		569	1,023				1,591
Consumer credit granted by the financial services companies	6,050			6,050				6,050
Trade receivables	2,159			2,159				2,159
Other current financial assets	218			180			38	218
Other assets (1)	661			661				661
Cash and cash equivalents	1,688	1,688						1,688
ASSETS	12,366	1,688	569	10,072			38	12,366
Total long- and short-term borrowings	9,273				8,450	510	313	9,910
Total consumer credit financing	5,270				5,270			5,270
Suppliers and other creditors	12,198				12,198			12,198
Other payables (2)	2,594				2,594			2,594
LIABILITIES	29,335				28,513	510	313	29,973

				Breakdow	n by category			
At December 31, 2015	Carrying amount	Financial assets at fair value through profit or loss	Available-for- sale financial assets	Loans and receivables	Financial liabilities at amortized cost	Debt hedged by fair value hedges	Derivative instruments	Fair value
(in € millions)								
Investments in non-consolidated companies	78		78					78
Other long-term investments	1,213		443	770				1,213
Other non-current fin ancial assets	1,291		521	770				1,291
Consumer credit granted by the financial services companies	6,010			6,010				6,010
Trade receivables	2,269			2,269				2,269
Other current financial assets	358			207			151	358
Other assets (1)	418			418				418
Cash and cash equivalents	2,724	2,724						2,724
ASSETS	13,071	2,724	521	9,674			151	13,071
Total long- and short-term borrowings	7,629				7,064	516	49	8,135
Total consumer credit financing	5,249				5,249			5,249
Suppliers and other creditors	13,648				13,648			13,648
Other payables (2)	3,123				3,123			3,123
LIABILITIES	29,649				29,085	516	49	30,156

<sup>(1)</sup> Excluding prepaid expenses (2) Excluding deferred revenue

### Fair value measurements of financial assets and liabilities

Assets and liabilities measured at fair value based on the hierarchy provided for in IFRS 13 - Fair Value Measurement (see Note 1.5) break down as follows:

June 30, 2016	Level 1	Level 2	Level 3	Total
(in€ millions)				
Investments in non-consolidated companies			105	105
Other long-term investments	463			463
Derivative instruments recorded in current financial assets		38		38
Cash and cash equivalents	1,688			1,688
Derivative instruments recorded in liabilities		(311)	(1)	(313)

No assets or liabilities were reclassified between the various levels between December 31, 2015 and June 30, 2016.



### 10.2 Net debt

### 10.2.1 Net debt calculation

Net debt at June 30, 2016 amounted to €7,367 million, breaking down as follows:

(in€ millions)		June 30, 2016	December 31, 2015
Bonds and notes		7,627	6,884
Other borrowings		396	345
Commercial paper		610	-
Finance lease liabilities		327	351
Total borrowings before derivative instruments recorded in liabilities		8,960	7,580
Derivative instruments recorded in liabilities		313	49
TOTAL LONG AND SHORT-TERM BORROWINGS	[1]	9,273	7,629
Of which, long-term borrowings		7,161	6,662
Of which, short-term borrowings		2,112	966
Other current financial assets		218	358
Cash and cash equivalents		1,688	2,724
TOTAL CURRENT FINANCIAL ASSETS	[2]	1,905	3,083
NET DEBT	[1] - [2]	7,367	4,546

The increase in net debt between December 31, 2015 and June 30, 2016 is due to seasonal effects, with the year-end figure being traditionally lower due to the significant volume of business recorded during December.

### 10.2.2 Bonds and notes

(in€ millions)			Fa	ice Value		Book value of the debt
		December 31, 2015	Issues	Repayments	June 30, 2016	June 30, 2016
Public placements	Maturity					
Euro Bond Fixed rate, EUR, 10 years, 4.375%	2016	167			167	166
EMTNs, EUR, 4 years, 4.375%	2016	500			500	502
EMTNs, EUR, 8 years, 4.678%	2017	250			250	259
EMTN, EUR, 5 years, 1.875%	2017	1,000			1,000	998
Euro Bond Fixed rate, EUR, 7 years, 5.25%	2018	279			279	278
EMTNs, EUR, 6 years, 1.75%	2019	1,000			1,000	998
EMTNs, EUR, 10 years, 4.00%	2020	1,000			1,000	998
EMTNs, EUR, 11 years, 3.875%	2021	1,000			1,000	990
EMTNs, EUR, 8 years, 1.75%	2022	1,000			1,000	952
EMTNs, EUR, 10 years, 1.25%	2025	750			750	744
EMTNs, EUR, 8 years, 0.75%	2024		750		750	742
Total Bonds and notes		6,946	750	•	7,696	7,62

### 10.2.3 Other borrowings

(in € millions)	June 30, 2016	December 31, 2015
Equity swap liability	0	77
Latin America borrowings	117	107
Other borrowings	156	52
Accrued interest (1)	78	99
Other financial liabilities	46	10
Total Other borrowings	396	345

<sup>(1)</sup> Accrued interest on total borrowings, including bonds and notes.



### 10.2.4 Cash and cash equivalents

(in € millions)	June 30, 2016	December 31, 2015
Cash	1,106	1,286
Cash equivalents	581	1,439
Total Cash and cash equivalents	1,688	2,724

### 10.3 Analysis of borrowings (excluding derivative instruments recorded in liabilities)

### 10.3.1 Analysis by interest rate

	June 30	, 2016	December	31, 2015
(in€ millions)	before hedging	after hedging	before hedging	after hedging
Fixed rate borrowings	8,037	7,537	7,277	6,777
Variable rate borrowings	913	1,423	287	803
Total borrowings (before derivative instruments recorded in liabilities)	8,950	8,960	7,564	7,580

### 10.3.2 Analysis by maturity

(in € millions)	June 30, 2016	December 31, 2015
Due within one year	1,809	921
Due in 1 to 2 years	1,115	1,306
Due in 2 to 5 years	3,393	2,447
Due beyond 5 years	2,643	2,905
Total borrowings (before derivative instruments recorded in liabilities)	8,960	7,580

### 10.3.3 Analysis by currency

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

in∈ millions)	June 30, 2016	December 31, 2015
Euro	8,613	7,314
Brazilian real	78	80
Chinese yuan	40	14
Taiwan dollar	73	74
Argentine peso	39	28
Polish zloty	113	65
Romanian leu	5	5
otal borrowings (before derivative instruments recorded in liabilities)	8,960	7,580

Euro-denominated borrowings represented 96% of total borrowings (excluding derivative instruments recorded in liabilities) at June 30, 2016 and December 31, 2015.



### 10.4 Finance costs and other financial income and expenses

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

(in € millions)	First-half 2016	First-half 2015
Interest income from loans and cash equivalents	16	15
Finance costs Interest expense on bonds and bank borrowings Interest expense on financial lease liabilities	(197) (185) (12)	(200) (186) (14)
Finance costs, net	(181)	(185)
Other financial income and expenses, net	(68)	(80)
Of which, interest cost on pension and other post-employment benefit obligations Of which, interest on liabilities other than borrowings Of which, financial transaction tax Of which, variation valuation of interest rate derivatives	(12) (7) (18) (14)	(13) (31) (24) 8
Finance costs and other financial income and expenses, net	(248)	(264)

### **NOTE 11: OTHER INFORMATION**

### 11.1 Net income (loss) from discontinued operations

This item represents a net loss of €28 million in first-half 2016 (compared with a net loss of €12 million in first-half 2015) and mainly corresponds to the application of IFRS 5 – *Non-current Assets Held for Sale and Discontinued Operations* in the accounting treatment of Dia stores sold during the period or held for sale.

### 11.2 Related parties

Group transactions with related parties mainly concern:

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

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

During first-half 2016, there were no significant changes in the nature of related-party transactions carried out by the Group.

### 11.3 Off-balance sheet commitments

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

No events arose during first-half 2016 that had a material impact on the Group's off-balance sheet commitments.



### 11.4 Subsequent events

No events have occurred since the period-end that would have a material impact on the interim consolidated financial statements.

### 11.5 Scope of consolidation

### 11.5.1 Main changes in the scope of consolidation in first-half 2016

In first-half 2016, the main changes in the scope of consolidation were as follows:

- the acquisition of Rue du Commerce and Billa Romania (see Note 3), which were wholly owned at June 30, 2016;
- the creation of Cargo Property and its subsidiaries, logistics-focused real estate companies controlled by the Group (32.2% stake).
- the loss of control of Carrefour Property Development (renamed Cardety), which was 43.1% owned at June 30, 2016 (and accounted for as an associate by the equity method from April 2016).

With the exception of these transactions, there were no other material changes in the scope of consolidation in first-half 2016.

### 11.5.2 Transactions in progress at June 30, 2016

The planned acquisition from the Eroski Group of 36 compact hypermarkets with a total sales area of 235,000 square meters, as well as 8 shopping malls and 22 gas stations adjacent to the stores, announced on February 29, 2016, was not completed as of June 30, 2016 as the acquisition is subject to conditions.



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### Statutory auditors' review report on the half-yearly financial information

For the period from January 1 to June 30, 2016

This is a free translation into English of the statutory auditors' review report on the half-yearly financial information issued in French and is provided solely for the convenience of English-speaking users. This report includes information relating to the specific verification of information given in the Group's half-yearly management report. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

### To the Shareholders,

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

- the review of the accompanying condensed half-yearly consolidated financial statements of Carrefour, for the period from January 1, 2016 to June 30, 2016, and
- the verification of information presented in the half-yearly management report.

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

### I - Conclusion on the financial statements

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

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed half-yearly consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 – standard of the IFRSs as adopted by the European Union applicable to interim financial information.



### II - Specific verification

We have also verified the information presented in the half-yearly management report on the condensed half-yearly consolidated financial statements subject to our review. We have no matters to report as to its fair presentation and consistency with the condensed half-yearly consolidated financial statements.

French original signed at Neuilly-sur-Seine, Paris-La-Défense and Courbevoie, on July 27, 2016, by

The Statutory Auditors

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	STEPHANE RIMBEUF
KPMG S.A.	
	PATRICK-HUBERT PETIT
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