Strength in diversity

The world's second largest retailer and number one in Europe, the Carrefour Group has, for over forty years now, established itself as the everyday partner of millions of customers in Europe, Asia and Latin America.

With 420,000 employees, it implements an innovative strategy that combines hypermarkets, supermarkets, convenience stores and hard discount stores to offer its customers the lowest possible prices for a wide range of products and services.

The group has made a commitment to a dynamic strategy of growth and profitability and has linked its action to a responsible trade approach that respects diversity and endeavors to bring economic and social progress to all the countries in which it operates.

The seven values of Carrefour are: Freedom, Responsibility, Sharing, Respect, Integrity, Solidarity and Progress.

Message from the Chairman

On-target performance

In late 2003, the Group suffered the loss of Paul-Louis Halley and his wife Annick, who were killed in a plane crash.

Paul-Louis Halley created the Promodès Group, with his father Paul-Auguste Halley and his brother Robert, and made it a retail leader in Europe. He was an essential player in the merger of our two Groups and was a Director of Carrefour from 1999 until his death.

Outside our Group, he played an important role in the economy of France and left his mark on the business throughout Europe. Everyone who worked with him appreciated his wisdom, simplicity and great humanity.

The Board of Directors, the Executive Committee and all of Carrefour's employees want to pay tribute to the man he was and the results he achieved.

In 2003, the Carrefour Group met its performance targets. We met, and even exceeded, all our objectives. In fact, we made significant progress in the three priorities we had identified: sales, costs, and cash flows.

THE INCREASE IN OUR SALES IS THE RESULT OF COMMERCIAL VITALITY DRIVEN BY A GLOBAL VISION

As we projected, our Group responded well to a difficult economy marked by international tensions, and increased its sales by 6% at constant exchange rates. This was the result of a global action plan adapted to each of our three major formats in order strengthen our retail force in every country.

Thus, we launched in all the hypermarkets and supermarkets in Europe, Latin America, and gradually in Asia the low-priced line known as "No. 1", featuring price leaders that beat even hard discount prices. This proved to be a successful move with these products increasing volumes, sometimes with spectacular results.

We also developed a new line of international branded products, featured in all our hypermarkets and supermarkets, under their name, at hard discount prices with quality on a par with that of national brands. The results were impressive. In the product families in which these international products were introduced, sales volumes were up 10 to 30%.

We were able to develop innovations in order to transform limitations into opportunities. In particular, we developed "clustering", a geographic segmentation that adapts store offers and organization to the expectations and resources of local customers. After testing in Argentina, this system, which meets a broad variety of needs, is being deployed in Brazil and Mexico.

THIS GROWTH IS PROFITABLE GROWTH, BASED ON CUTTING OUR COSTS AND CONTROLLING OUR PURCHASING

Cutting costs was our second priority and we met this commitment, lowering our distribution costs from 19% to 18.6% of sales. More generally, our sales strategy is based on the progressive aggregation of our purchases on a European, and even global, scale for our principal formats. This leverage of scale policy will be expanded to all "N° 1" price leaders in 2004. Our sales policy is also based on supply chain improvements and increased synergies between formats and countries. All these mechanisms reduce our costs and ensure profitable growth.

THE GROUP IS IN A SOUND FINANCIAL POSITION ENABLING IT TO INVEST IN GROWTH WHILE REDUCING DEBT

With an increase in sales by volume and expenditures under control, we have demonstrated the validity of our global margin principle, which consists of maximizing the margin earned per linear meter and not as a percentage of sales revenues. Thus, our operating margin reached an historic high (4.6%) and our net income after goodwill climbed 16.6%.

The Group returned to its 1999 ROCE levels at 17.7%, and we are reducing our debt by 1.1 billion euros. Thus, we are meeting our commitment to our third priority by generating strong cash flows. In 2003, we opened 1,000 banner stores with a total sales area of 1 million m2, in all countries and all formats. Focusing on organic growth, we will continue to open and expand stores at a similar rate.

FRANCE WILL BE OUR TOP PRIORITY FOR 2004

This growth momentum did not fully benefit France because of restrictive limitations on the growth of sales areas related to the merger. Those limitations have now been eliminated and we are committed to a turnaround strategy that is our priority for 2004. In the coming year, we expect to create an additional 40,000 m2 in hypermarkets and nearly 100,000 m^2 in additional supermarket space.

Our goal is to open 900 stores under our banners to strengthen our presence in all our formats and all our countries. Our strength, our Group vitality, and the entrepreneurial spirit of our employees give us every confidence in our ability to continue to meet our goals.

Daniel Bernard
Chairman and Chief Executive Officer

Board of Directors

The Carrefour Board of Directors defines the Group's policies for our business units, risk management and global objectives. It also approves all acquisitions and disposals of assets that could have a major impact on the financial statements and on all major acquisitions or sales of non-operating assets. The Board is guided solely by the interest of the company as it affects our shareholders, customers and employees.

The Board of Directors is composed of eleven members, four* of whom are residents of countries other than France (Belgium, Great Britain and Spain). The Board has five independent directors, who have no direct or indirect interests with the company or the companies of the Group, and who can, as a result, be considered to participate in the work of the Board with complete objectivity**. During his term of office, each director must hold a minimum of 600 shares. A term of office is four years*.
The Board of Directors met six times in 2003 (including one meeting in the form of a three-day seminar) with an attendance rate for all directors of 87%.

DANIEL BERNARD

Chairman and Chief Executive Officer

58 years old.
Date of first appointment: 1998.

Daniel BERNARD brings to Carrefour twenty-five years of experience in retail, first as the Director of the Mammouth and Delta hypermarket chains from 1975 to 1981, then with the Métro Group where he was President of Métro France. In 1989, he was appointed to the Executive Board of Métro International in Switzerland. In 1992, he joined Carrefour as Chairman of the Executive Board. Since 1998, he has served as Chairman and Chief Executive Officer of the Group.

Other positions within Carrefour
President of GS, Vice-President of Diasa, Director of Erteco, Grandes Superficies De Colombia, Presicarre, Centros Comerciales Carrefour, Finiper, Carrefour Argentina, Manager of SISP
and Director of Vicour.

Other positions
Director of Alcatel and Saint-Gobain.

JOËL SAVEUSE

Chief Operating Officer for Europe

51 years old.
Date of first appointment: 2000.

Joël SAVEUSE began his career in 1973 as Hypermarket Manager for the company Ruche Picarde. In 1985, he joined the Metro Group as Chairman of the Executive Board of the French subsidiary, then as Chairman of the Executive Board of Metro Cash and Carry Germany as of 1994. In 1996, he was named Chairman and Chief Executive Officer of La Redoute, a subsidiary of the Pinault-Printemps-La Redoute Group. He joined Carrefour in 1997 as Executive Vice President for France. In the new Group, he was named Chief Operating Officer for Europe in 1999.

Other positions within Carrefour
Chairman of Carrefour Europe, Chairman and director of Cariges, Vice-Chairman of Centros Comerciales Carrefour, Director of Carrefour Argentina, Carrefour Belgium, Carrefour Comercio
e Industria, Distributis, GS and Carrefour Sabanci Ticaret Merkezi AS Carrefour.

JACQUES BADIN

Representative of the Badin family, one of the founding families and core shareholder
Member of the Audit Committee

55 years old.
Date of first appointment: 1998.

Jacques BADIN has spent his entire career in retail, starting in 1972 as head of general merchandise with Carrefour de Mérignac. After a period of residence in the United States, he then served in several capacities, including Chairman of Badin-Defforey from 1975 to 1984. In the Carrefour Group, he as served as Executive Director in Argentina, Executive Vice President for Finance & Management, and a member of the Executive Board.

Other positions
Member of the Supervisory Board of HSBC Private Bank France.

ROBERT HALLEY

Representative of the Halley family Group, the founding family of Promodès and a core shareholder of Carrefour
Member of the Audit Committee

68 years old.
Date of first appointment: 1999.

Robert HALLEY joined the Promodès company in 1961, and was appointed Managing Director of the Executive Board in 1972 and Vice Chairman and Chief Executive Officer in 1987. He has also served as General Adviser for Calvados (Livarot) since 1991 and as Vice Chairman of the Budget, Finance and Personnel Committee of the Calvados Board.

Other positions
Chairman of the Board of Directors and Chief Executive Officer of Paroma, Chairman of Ivaldes, Chairman of Evaldes.

LUC VANDEVELDE*

Representative of the Halley family Group, Member of the Compensation, Nominating and Corporate Governance Committee

53 years old.

Luc VANDEVELDE began his professional career in 1971 with the Kraft Group in Brussels. After serving as Chief Financial Officer for Kraft in Madrid, Vice-President for Development and Planning for Kraft Europe in Lausanne, and Chief Financial and Management Officer for Kraft GmbH in Germany, he was named Vice-President for Finance and Administration for Kraft International in 1988 in the United States, then as Vice-President for Administration and Development by Kraft General International in 1989. He returned to Europe in 1990 as Chairman-Chief Executive Officer for France, then for France and Italy for Kraft Jacob Suchard. In 1995, he joined Promodès as Chief Executive Officer. Following the merger with Carrefour in 1999, he was named Vice-Chairman and Chief Executive Officer of Carrefour. Since 2000, he has served as Chairman of Marks & Spencer.

Other positions
Non-Executive Director of Vodafone Plc, Chairman of Marks & Spencer, Executive Chairman of the investment fund Change Capital Partners.

CARLOS MARCH DELGADO

Chairman of the March Group and core shareholder
Chairman of the Compensation, Nominating and Corporate Governance Committee

58 years old.
Date of first appointment: 1998.

Vice-Chairman of Juan March Studies and Research Institute. Founder and Chairman of the Spanish section and Member of the Board of Directors of the Association for Monetary Union of Europe. International Council Columbia University, New York, USA (since 1996).

Other positions
Chairman of Banca March (since 1974), Co-Chairman of Corporación Financiera Alba SA (since 1998). Vice-Chairman of the Juan March Foundation.

PIERRE RODOCANACHI

Independent Director
Chairman of the Audit Committee

65 years old.
Date of first appointment: 2003.

Pierre RODOCANACHI is Chairman of the Advisory Board of the international strategy and management consulting firm Booz Allen Hamilton. After joining the Group in 1973, he assumed the position of Chief Executive Officer of the French subsidiary in 1979. In 1987, he was named Senior Vice-Président and member of the Strategic Committee and the Operations Committee of Booz Allen Hamilton Inc., and Vice-President for Southern Europe for all the operations of this Group.

Other positions
Managing Editor of the magazine Commentaires, Advisor for DMC (Dollfus Mieg & Cie).

FRANÇOIS HENROT

Independent Director
Member of the Audit Committee

54 years old.
Date of first appointment: 1998.

A graduate of the École nationale d'administration, he served as auditor and Director of Petitions within the French Council of state, before becoming Director of Commercial and Telematic Affairs in the Department of Telecommunications from 1979 to 1985.
He has also held various positions with Compagnie Bancaire, and was named Chairman of the Executive Board in 1995. He will also [sic] be Chairman-Chief Executive Officer of the Supervisory Board of Crédit du Nord, a member of the Executive Board of the finance company Paribas before becoming Managing Partner with Rotschild & Cie Banque in 1997.

Other positions
Member of the Supervisory Board of Cogedim, Pinault-Printemps-La Redoute and of Vallourec. Director of Eramet.

SYLVIA JAY

Independent Director

56 years old.
Date of first appointment: 2003.

Sylvia JAY has served as Managing Director of the British Food and Drink Federation since January 2001. Prior to that date, she held various official positions within the Overseas Development Administration – DFID, and was seconded to the French Ministry of Cooperation, the French Treasury, and the European Bank for Reconstruction and Development (Political Director).

Other positions
Director of Saint-Gobain.

CHRISTIAN BLANC

Independent Director
Member of the Compensation, Nominating and Corporate Governance Committee

61 years old.
Date of first appointment: 1998.

After serving in a number of positions within the French government, Christian Blanc led RATP and the Air France Group before joining the investment bank Merrill Lynch as Vice-Chairman of Merrill Lynch Europe and Chairman of Merrill Lynch France SA. Elected as a deputy for the third district of Yvelines on December 15, 2002, he is a member of the economic affairs committee of the French National Assembly and a member of the France-China friendship group.

Other positions
Director of Cap Gemini, JC Decaux, Thomson, and Coface.

JOSÉ LUIS LEAL-MALDONADO*

Independent Director
Member of the Compensation, Nominating and Corporate Governance Committee

65 years old.

In September 1977, he was named Director General of Economic Policy, a position he held until February 1978, when he became Secretary of state for economic coordination and planning. In April 1979, he was named Minister of the Economy, a position he filled until September 1980.
From 1981 to 1990, he served as economic advisor for the Banco de Vizcaya and deputy to the Chairman of Banco Bilbao Vizcaya. Currently he is Chairman of the Spanish Association of Banks.

Other positions
He is a director of Saint Gobain, Saint Gobain Cristalería Española, CEPSA, Renault (Spain) and Alcatel (Spain). He is also Chairman of "Diálogo", the Spanish-French Friendship Association, and of Acción Contra el Hambre, Vice Chairman of the Abril Martorell Foundation, and a member of the Real Patronato del Museo del Prado and the Duques de Soria Foundation.

* *Subject to the approval of the resolutions by the Shareholders' Meeting.*
** *These directors are not employees, or Chairman or Chief Executive Officer of the company or any company of its group, nor have they held these positions; they are not core shareholders of the company or of any company of its group, or related in any manner to such a shareholder; finally, they are not related in any manner to any significant or normal commercial or financial partner of the company or the companies of its group.*

Secretary to the Board of Directors: Etienne van Dyck, Carrefour Secretary General

Three special committees were established in 1998 by the Board of Directors. The members were selected from among the Board members. The purpose of these Committees is to study certain specific questions and make recommendations to the Board of Directors.

Committees of the Board of Directors

AUDIT COMMITTEE

Missions of the Committee

The responsibilities of the Audit Committee include:

- The annual and interim financial statements for which:
  - it reviews the parent company and consolidated statements before they are presented to the Board of Directors;
  - it ensures the relevance and permanence of the accounting methods adopted to prepare the consolidated and corporate financial statements;
  - it analyzes preliminary and interim results, as well as related comments, before any public announcement;
  - it verifies that the internal procedures for collecting and managing data guarantee the application of the foregoing accounting methods;
  - it studies changes and adaptations to the accounting principles and rules used to prepare the financial statements.
- Market regulations for which:
  - it ensures the quality of the procedures and information pertaining to market regulations (reference document).
- Internal and external audit of the company and its principal subsidiaries for which:
  - it evaluates recommendations for the appointment and renewal of the auditors of the company and their compensation;
  - it evaluates the Group's internal auditing systems with those responsible for internal control.
- Financial, strategic or operational risks, which it reviews regularly with the Board of Directors.

The Committee may receive available information from the Group's Chief Financial and Management Officer. Once a year, it may meet with the Auditors under conditions defined by it.

Members of the Committee

The Committee has four members named by the Board of Directors from among its members, including two independent directors. The Chairman of the Committee is appointed by the Chairman of the Board. The Compensation Committee, meeting on January 30, 2004, recommended that the Board appoint a new member, Pierre Rodocanachi, who will also fill the position of Chairman, which is now expiring.

From now on, the members of the Committee are as follows:

Chairman: Pierre Rodocanachi (Independent Director)

Members: Jacques Badin
François Henrot (Independent Director)
Robert Halley.

The Committee meets at least three times a year. Two meetings are scheduled before the presentation of the annual and half-year financial statements. The Committee requires a quorum of at least half the members. A member may not be represented at the meetings.

Work of the Committee

In fiscal 2003, the primary work of the Committee was to review the management of interest rate and currency risks, consolidation methods, and the accounting of the backward margin. The Committee analyzed the distinction between income from recurring operations and non-recurring income, the Group's balance sheet, compliance with IAS standards governing real estate disposals and carefully reviewed off-balance sheet commitments.

At each of its meetings, the Audit Committee analyzes the summary of the work of the Internal Audit Department presented to the Committee. The Committee monitors the independence of the Internal Audit and ensures that the resources allocated to the department are adequate for its mission.

In addition, the Committee presented to the Board of Directors, after a bid tender procedure, its recommendations on the choice of Auditors when the current terms expire.

Finally, the Committee studied changes in the standards governing the company (IFRS standards and promulgation of the financial security law) and defined the calendar for the Company to implement these new standards, while assessing the impact for the Group.

COMPENSATION, NOMINATING AND CORPORATE GOVERNANCE COMMITTEE

Missions of the Committee

The Committee focuses on the following issues:

- recommendations to the Board for the appointment of Board members;
- recommendations for executive compensation and the distribution of directors' fees;
- evaluation of the total stock-option package;
- information on the appointment and compensation of members of the Executive Committee and the principal executives of the Group;
- evaluation of the quality of the work performed by the Board of Directors.

The Committee, which met on January 30, 2004, recommended that the Board adopt the name "Compensation, Nominating and Corporate Governance Committee" as a more accurate reflection of the scope of its responsabilities.

Members of the Committee

The Committee consists of four members named by the Board of Directors from among the Board members, including two independent directors. The Chairman of the Committee is appointed by the Board of Directors.

Subject to adoption by the Shareholders' Meeting of the resolutions submitted for its approval concerning the election and ratification of Board members, **the members of the Committee would be as follows:**

Chairman: Carlos March
Members : Christian Blanc (Independent Director)
Luc Vandevelde
José-Luis Leal-Maldonado (Independent Director).

The Committee meets at least once a year. It may meet at the request of the Chairman of the Board or of two members of the Committee. The Committee requires a quorum of at least half the members. A member of the Committee may not be represented.

Work of the Committee

In fiscal 2003, the Committee defined and recommended to the Board of Directors the conditions under which a stock option plan could be adopted, defined the amount of executive compensation and the variable percentage of this compensation, and identified persons who, because of their independence, expertise, motivation and availability, might hold the position of Board member.

In addition, in order to improve practices likely to promote transparency and the smooth operation of the Board and its Committees, the Chairman of the Committee proposed that an assessment of Carrefour's corporate governance be conducted in fiscal 2004.

This analysis will include individual interviews with the Board members. It will result in specific recommendations concerning the membership and operations of the Board and its Committees.

STRATEGIC ORIENTATION COMMITTEE

The Compensation Committee, which met on January 30, 2004, recommended that the Board of Directors dissolve the Strategic Orientation Committee. In fact, this Committee was created as part of the merger with Promodès. It was able to meet with greater flexibility and regularity than the Board. It was set up to guarantee the large-scale balances and make decisions essential to the Carrefour/Promodès merger (capital investments, synergies, etc.). Therefore, there is no longer any reason for this committee.

Executive Committee

(from left to right)

- **BERNARD DUNAND** FRANCE
- **JAVIER CAMPO** HARD DISCOUNT
- **RENÉ BRILLET** ASIA
- **PHILIPPE JARRY** AMERICAS
- **JOËL SAVEUSE** EUROPE
- **DANIEL BERNARD** CHAIRMAN AND CHIEF EXECUTIVE OFFICER
- **PHILIPPE PAUZE** SUPERMARKETS
- **JEAN-FRANÇOIS DOMONT** MERCHANDISE
- **JOSÉ LUIS DURAN** FINANCE AND MANAGEMENT ORGANIZATION AND SYSTEMS
- **GUY YRAETA** OTHER EUROPEAN COUNTRIES
- **JACQUES BEAUCHET** HUMAN RESOURCES

René BRILLET, Executive Vice-President for Asia, retired in the first quarter of 2004.
Philippe JARRY, Executive Vice-President for the Americas, replaces him and has been named Executive Vice-President for Asia.
Éric Uzan, formerly Executive Vice-President for Brazil, has been named Executive Vice-President for the Americas.

World managers' Convention

To highlight its 40th anniversary, Carrefour organized an exceptional conference that revealed the scope, diversity and potential of the Group.
From March 9-12, 2003, in an exhibit space of more than 25,000 m2 at Le Bourget, the 2500 Group managers participated in the World Convention.
The goals of the Convention were to "inform the Group as a whole about the Group as a whole", present its strategy, and enlist the support of managers in meeting the Group's objectives and the challenges that lie ahead.
For the managers, the Convention provided an opportunity to return the customer to the center of their concerns, and solidify their pride in their country, their business, their brand and the Group.
The convention, which encouraged communication, recognized performance, and promoted a culture of innovation, gave managers an opportunity to bond together around common values.

Three key moments highlighted the World Convention

The International Show at Le Bourget with more than 100 booths, staffed by 400 employees, presented all aspects of the Group through exhibit and conversation areas organized in villages, town squares and streets. Grouped by country and region, all the companies of the Group introduced themselves and described their competitive positions, their strategy and their achievements. This was a real-life experience in terms of the themes presented and the spectacular and often interactive presentation of those themes.

The Exchange and Business Workshop Forum provided a platform for the expression of Carrefour's "Global Vision" through three break-out session on "Global consumer trends", "Environment and sustainable development", and "Major economic and strategic balances".
This Forum provided a valuable opportunity for exchange, enriched by the presence of prestigious guests: Georges Semprun, Mikhaïl Gorbatchev, Franck Riboud, Claude Martin, Managing Director of the WWF, Pascal Lamy, European Commissioner, and Jean-François Richard, Vice-Chairman of the World Bank.
In the Workshops, which dealt directly with professional issues, the Group's employees were able to discuss their experiences and thoughts, and exchange and share good practices and innovative approaches.

The Group meeting at the Zenith given the threefold topic of "benchmark, discipline and growth" by Daniel Bernard, concluded this exceptional convention by mobilizing the managers to focus on the strategy and values of the Group. It was an opportunity to recall Carrefour's assets: the fact that it is a balanced, international Group, operating in 29 countries, and the leader in 12 major countries in Europe, Asia and Latin America, present in 16 metropolitan areas worldwide in its four major formats.

The World Convention also welcomed special conventions. Thus, a small and medium-sized business convention brought together more than 700 corporate leaders representing the manufacturers of name brands with Renaud Dutreil, Secretary of State for Small Business, Commerce, Craftsmen, Professionals and Consumers.

The "Global Village of Product Lines" provided spaces for dialogue, information and tasting, in a living demonstration of the vitality of these lines and their value for tomorrow's agriculture, with 35,000 partners complying with precise specifications. It was an opportunity to launch the Carrefour Quality Lines Club, which brings together all the agricultural partners of the Group, in the presence of Hervé Gaymard, French Minister of Agriculture, Food Processing ` and Fisheries.

The Carrefour Solidarity team presented its concrete commitment in support of more than 2,000 projects worldwide every year on behalf of children, employment, social integration and solidarity. Several partnerships have been signed with NGOs, notably with Greencross, led by Mikhaïl Gorbatchev, which works to protect our waters and environment.

Our commitments

To be the benchmark of modern retailing in each of our markets is the ambition that leads us in every region of the world and in all our stores toward new products and growth. It is reflected in concrete commitments to all those who play a role in our performance.

OUR CUSTOMERS

To meet their expectations and those of all consumers in terms of price, product offers, services, innovations, convenience and quality.

"No.1" products, Ticket Cash, and the benefits of loyalty cards. Our price offensive has benefited consumers in all countries where the Group operates.

OUR EMPLOYEES

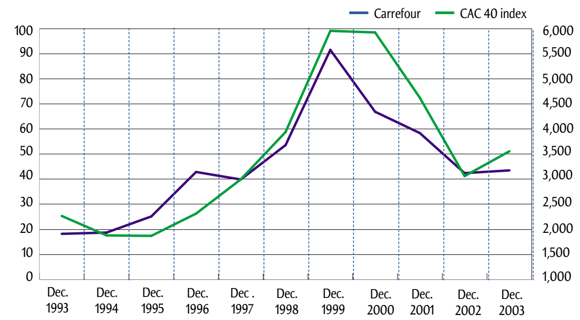
To hire local workers systematically and give our employees the resources for professional development in an atmosphere of confidence informed by the Group's values by encouraging internal advancement.

Our management is attentive to the satisfaction and approval of all our employees. An internal survey with questions about the Group's values as reflected in France, Belgium, Spain and Italy reached more than 12,000 employees.

OUR SHAREHOLDERS

To provide a return on their investment over time and the growth prospects of an international and multi-format Group.

TREND IN THE SHARE PRICE COMPARED WITH THE CAC 40 INDEX
(in euros) 1993-2003



OUR SUPPLIERS

To develop lasting and balanced relationships, based on shared efforts to improve the products and search for new markets.

In 2003, Carrefour organized a two-week program in Japan and Poland to promote French products manufactured by small and medium businesses. 171 companies benefited from the program in Japan.

The prospecting program in Poland gave 140 business owners the chance to learn about this market.

OUR ASSOCIATES, FRANCHISES OR AFFILIATED PARTNERS

To support them with powerful banners and brands, sales know-how, purchasing power, a supply chain network and techniques that are continually improving.

In France, 220 new franchise store operators under Group brands received paid training in school stores.

LOCAL AND NATIONAL PUBLIC AUTHORITIES

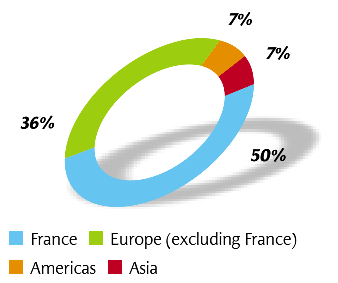
To assume our responsibilities as an economic player by playing an active role in the life of the city.

The Carrefour International Foundation provides support to SAMU Social International, which assists in the creation of emergency response systems for the most disadvantaged citizens. Created by Dr. Xavier Emmanuelli, SAMU Social serves more than 25,000 people each year.

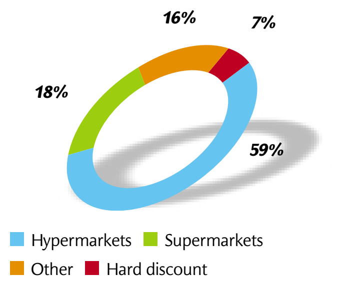
Financial Overview
of objectives achieved

In 2003, Carrefour set three priorities: organic growth in sales, reducing operating costs as a percentage of sales, improving net debt and an ROCE (return on capital employed) above 16%. All these objectives were reached or surpassed. Sales revenues excluding tax grew 5.5% at constant exchange rates, operating costs were cut by 0.4% of sales, and the average net debt declined by 1.6 billion euros. Finally, ROCE returned to the 1999 level of 17.7%, compared with 14.8% in 2002. Thus, 2003 was an excellent year in terms of performance with record sales and operating margin.

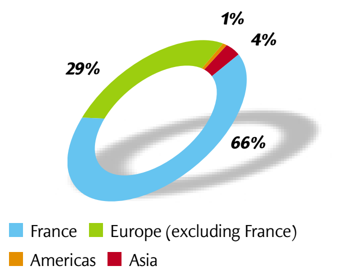
Breakdown of consolidated net sales by geographic region
TOTAL = 70,486 M€



Breakdown of consolidated net sales by format
TOTAL = 70,486 M€



Breakdown of operating income by geographic region
TOTAL = 3,251 M€



+5.5% at constant exchange rates

2003 Consolidated net sales

Organic sales growth accelerated in 2003, rising 5.5% excluding taxes and at constant exchange rates, compared with 4.6% in 2002. The currency impact was again very significant this year, particularly in Latin America and Asia. Thus, at constant currency rates, Carrefour's sales revenues were up 2.6%.
Sales revenues including tax for the Group, for all sales under our banners, totaled 88.7 billion euros in 2003.

+7.5%

Operating income

Carrefour posted a record operating margin (EBIT) at 4.6%, versus 4.4% in 2002. This performance is even more remarkable because the Group invested heavily in its sales. With a relatively stable consolidated gross margin of 22.5%, Carrefour was able to post a record operating margin by controlling costs and developing synergies in Europe.

10.5 X = Ebitda/interest income

Debt

The Group's net debt fell sharply by 1.1 billion euros. Thus, net debt declined from 9 billion euros to 7.9 billion. This reduction is due primarily to the improvement in the Group's cash flow and its solid management of working capital requirements.
The ratio of EBITDA to interest was 10.5 in 2003, compared with 8.9 in 2002, a result that highlights the financial strength of the Carrefour Group.

+16.6%

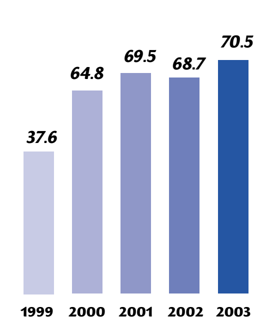
Net income per share from recurring operations

Carrefour announced double-digit growth in net income from recurring operations per share before and after goodwill. The Group's very strong performance in terms of operating income and the new decline of 12% in interest costs allowed the Group to exceed its initial objective significantly. Net income per share after goodwill increased by 15.7% to €2.23, while earnings per share before goodwill rose by 13.7% to €2.67.

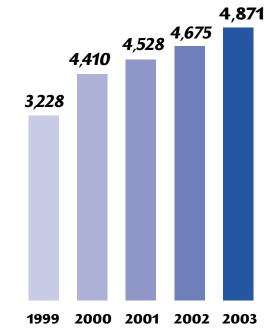
Return on capital employed

In 2003, the Group continued to improve its return on capital employed from 14.8% to 17.7%, surpassing its target of 16% by a substantial margin. ROCE is now just below the 1998 level, an improvement due both to the very strong result in terms of operating income and more efficient capital allocation.

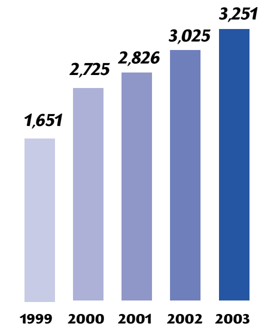
Consolidated net sales
(in billions of euros)



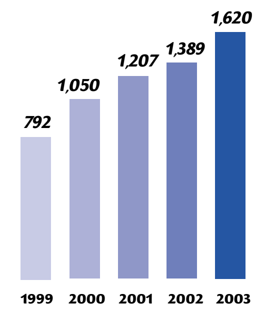
EBITDA
(in millions of euros)



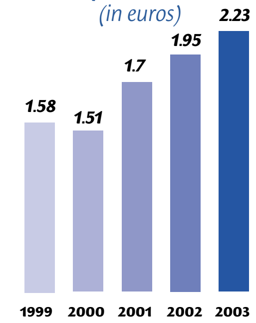
Operating income
(in millions of euros)



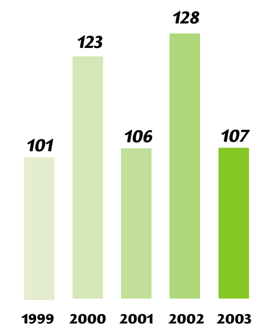
Net income from recurring operations, Group share, after goodwill
(in millions of euros)



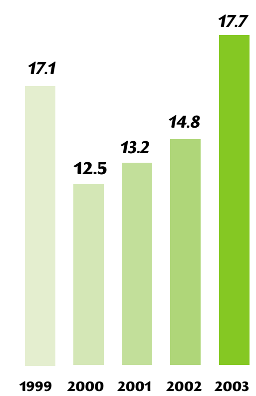
Net income from recurring operations, Group share, per share
(in euros)



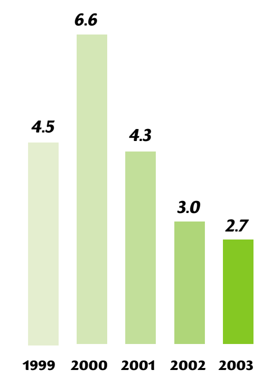
Debt ratio
(as % of equity)



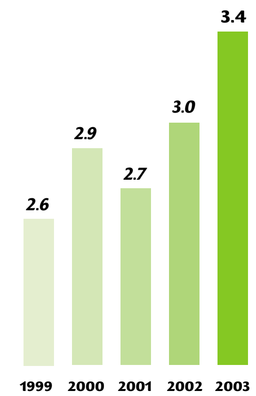
ROCE
(as a %)



Investments and acquisitions
(in billions of euros)



Cash flow
(in billions of euros)



Market Overview

Capital

At December 31, 2003, Carrefour's capital stock was 1,790,355,957.50 euros, represented by 716,142,383 shares with a par value of 2.5 euros, compared with 716,141,771 shares one year earlier. The creation of 612 shares in 2003 is the result of the exercise of 51 equity warrants.

DISTRIBUTION OF CAPITAL

There were no major changes in the shareholding structure in 2003. The distribution of shares at December 31 was as follows:

SHAREHOLDERS	Number of shares	As a %	Number of Annual Meeting votes	As a %	Number of Special Meeting votes	As a %
Halley Family Group	81,836,545	11.43	162,381,917	18.54	162,962,837	18.61
Badin-Defforey-Fournier families	34,883,766	4.87	45,775,971	5.23	46,863,959	5.35
March Group	23,976,640	3.35	47,373,280	5.41	47,373,280	5.41
Shareholders' agreement	**140,696,951**	**19.65**	**255,531,168**	**29.18**	**257,200,076**	**29.37**
Employees	20,582,419	2.87	26,370,847	3.01	26,370,847	3.01
Treasury stock	7,303,390	1.02				
Shares held by subsidiaries *	22,833	0.00				
Public	547,536,790	76.46	593,822,736	67.81	592,153,828	67.62
Total	**716,142,383**	**100.00**	**875,724,751**	**100.00**	**875,724,751**	**100.00**

Number of shares held by members of the Executive Committee: 1,551,531
To the Company's knowledge, there are no other shares that hold directly or indirectly or together 5% or more of the capital and/or voting rights.
*Shares held by Carrefour Nederland BV.

A shareholders' agreement was signed on August 29, 1999 by the Halley Family Group, the Badin-Defforey-Fournier families, and the March Group. This agreement provided for a preemptive right to all or part of the Carrefour shares as well as a commitment to act together before Shareholders' Meetings or in the event of a tender offer launched on the Company's shares.

The number of voting rights at December 31, 2003 was 875,724,751. No voting rights are attached to the treasury shares or shares held by subsidiaries. A double voting right is granted to shares which have been registered for more than two years (Shareholders' Meeting of October 30, 1989). The number of shareholders is estimated at approximately 461,000.

The Carrefour share

The Carrefour share is listed for trading on the Premier Marché of Euronext Paris (Deferred Settlement, ISIN code FR 0000120172). It is included in the CAC 40, DJ Euro Stoxx 50 and DJ Stoxx 50 indices. As of December 31, 2003, the Carrefour share ranked 6th in market capitalization in the CAC 40 index with a weight of 4.38%.

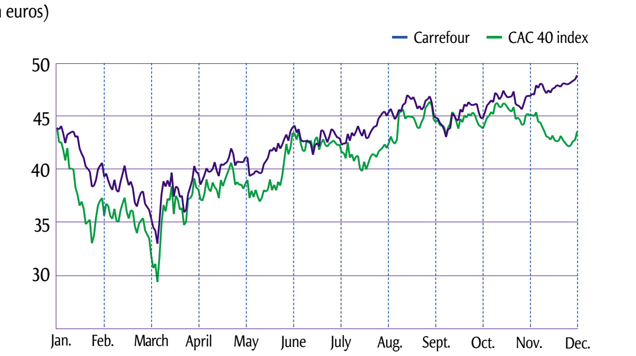
MARKET DATA

(in euros)	1999*	2000*	2001*	2002	2003
Price: high	96.6	91.8	69.4	58.15	46.34
low	46.2	62.5	46.3	38.07	29.35
at December 31	91.6	66.9	58.4	42.43	43.52
Number of shares at December 31	685,004,700	711,143,440	711,155,854	716,141,771	716,142,383
Market capitalization at December 31 (in billions of euros)	62.7	47.6	41.5	30.4	31.16
Average daily volumes	1,414,368	1,704,163	1,934,055	2,567,064	2,513,291
Net income per share from recurring operations	1.58	1.51	1.70	1.95	2.23
Net dividend	0.45	0.50	0.56	0.64	0.74
Return	0.49%	0.74%	0.95%	1.50%	1.70%

*The historical data have been adjusted to take into account the operations performed on the Carrefour share: six-for-one split in 1999 and bonus allotment in 2000.

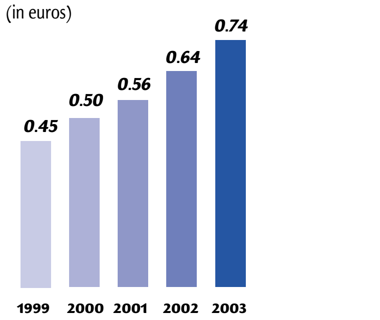
CHANGE IN SHARE PRICE IN 2003 COMPARED WITH THE CAC 40 INDEX

(in euros)



NET DIVIDEND PER SHARE *

(in euros)



* Dividends are returned to the State if not claimed in five years.

SHAREHOLDER INFORMATION

Carrefour shareholders receive rigorous, transparent and regular information. Communications were restructured in 2003 and new tools were added: the shareholder toll-free number (0 805 902 902) is now available 24 hours a day, 7 days a week. Shareholders can check the price of the share, changes in price, and the CAC 40 index in real time; the agenda for meetings and financial publications is available and updated regularly; a voice mail system allows shareholders to leave their names and addresses to receive letters, the shareholder's guide and the annual report.

In 2003, the Group also launched the "Shareholders" email alert to notify shareholders of the publication of press releases.

To sign up, go to the "Shareholders" page on the website at http://www.carrefour.com

Shareholder Communications

Letter to Shareholders

This letter, designed for all registered shareholders and bearer shareholders who request it, is published twice a year following the publication of the half-year and annual earnings reports in March and September.

The Shareholder's Guide

This guide explains book entry shares registered with the company and administered shares.

Meetings

The Shareholders' Meeting is a unique opportunity for shareholders to meet management and learn about the life of the Group, its achievements and prospects.

For three years, Carrefour has participated in the Paris Actionaria Trade Show.

Our employees are present for both days to answer visitors' questions about the Group's strategy.

In 2003, Carrefour traveled to four cities in the French provinces to present the Group at shareholder meetings in Lyons, Paris, Rouen and Toulouse.

Carrefour also met with shareholders abroad for the first time in Brussels, Belgium.

Financial publication schedule

2003 Annual earnings report	March 4, 2004
Shareholders' Meeting (2nd notice of meeting)	April 27, 2004
Dividend payment	April 30, 2004
First quarter sales revenues	April 7, 2004
Second quarter sales revenues	July 8, 2004
2004 Half-year earnings	September 1, 2004
Third quarter sales revenues	October 12, 2004
Fourth quarter sales revenues	January 11, 2005

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Sales growth, cost reductions and improved cash management: with these three priorities, the Group posted significantly higher results and offered consumers the best prices and widest selection.

By implementing a vigorous price offensive in 2003, the Group enhanced its customers' freedom of choice. Customers were able to benefit from diversified store formats, shelves with better and more readable signage, low-priced products, and international brand-name products. At the same time, the Group's competitiveness was driven by its size and increased internal synergies.

This strategy relies on a human resources policy that is designed to diffuse procedures and tools and to bring to life the Group's value system among its 420,000 employees so that they share a common culture and enhance the organization's ability to react.

It is part of a sustainable development strategy designed to make the Group a benchmark for responsible commerce that improves the well being of consumers in a respected environment.

Strategy

Carrefour International products: aggregation of purchasing, packaging printed in several languages branded with the Carrefour and Champion names for products at hard discount prices.

1,000 "No. 1" product items at prices below hard discount.

"No. 1" house-brand products and national brand: "Offering customers both price and choice".

Carrefour's 40th birthday was celebrated throughout the world, generating strong marketing campaigns.

A massive offensive on prices and products

AN AGGRESSIVE PRICING POLICY

One of the major events in 2003 was the launch in all our countries of a line of price leader "No. 1" products, priced below hard discount, and the development of global brand products at very competitive prices.

This strategy is based on a new consumer order in which customers expect both basic and sophisticated products, and regional and top international products that combine the best prices and consistently high quality.

The "No. 1" line, with easily identified packaging and labeling, includes both food and non-food products, with a total of 1,000 product items in 2004 available in supermarkets and hypermarkets in 2004. At the same time, an international line of products has been launched. Over 300 products, identical, presented in the same packaging printed in several languages and bearing the name Carrefour or Champion, are already on sale in the majority of the Group's supermarkets and hypermarkets at very competitive prices in relation to hard discount prices.

AN OFFER BASED ON OPTIMIZING COSTS AND SUPPLIES

This discount positioning is based on a policy of ongoing cuts in distribution costs, through local as well as global initiatives. Locally, the systematic use of methods to optimize costs, and the search for profitability within each department by every store are bearing fruit. Globally, the aggregation of purchasing, international negotiations, logistics synergies and an increase in the proportion of controlled products within product lines offer customers the best prices and choice.

DISCOUNT: A WIN-WIN STRATEGY

This strategy has rapidly proved its relevance. In Belgium, the first campaign at the end of March, with price reductions on 142 Carrefour products, quadrupled sales by volume and tripled sales revenues, with a positive impact on the total margin. In Greece, Champion supermarkets launched a price reduction campaign on their house-brand products. The loyalty card has met with steady success since its launch in 2002, with over 740,000 cardholders representing around 45% of sales.

In Spain, 300 new "No. 1" products were launched in the hypermarkets in February, at prices on average 7% lower than those of the hard discounters. The result was that the proportion of sales of these low-price products in hypermarkets increased from approximately 3% to 6%. The supermarkets are following hard on their heels.

In France, the "No. 1" line, launched in hypermarkets with 200 food products at the end of June, was rapidly expanded to 1,000 items by the end of 2003. Here too, the supermarkets have followed suit. This pricing policy was supplemented by the introduction of the "Ticket Cash Carrefour" which rewards customer loyalty through a system of deferred discounts.

THE ADAPTABILITY ASSET

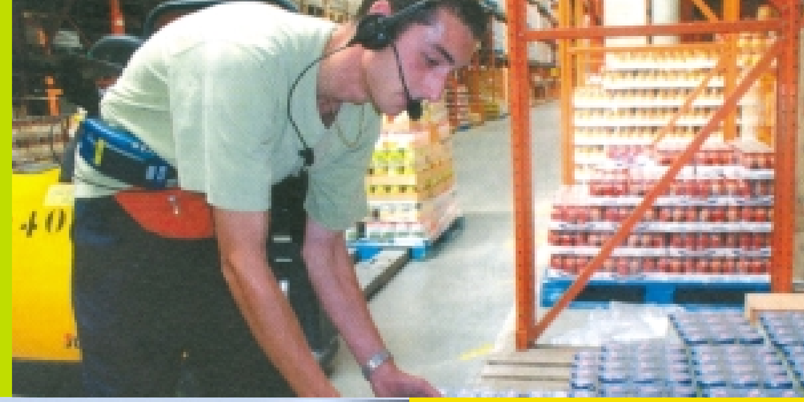
Aggregation and globalization do not prevent Carrefour from continually adapting its stores and offering to their national and regional environment in order to satisfy local customers.

In Argentina, the Group renovated its offer and presentation of products to meet the growing inequalities caused by the country's economic crisis. It defined three categories of stores in which the product lines have been adapted to the purchasing power of their customer market. In 2003, all the hypermarkets were also revamped. The same approach has been adopted for the supermarkets. This strategy resulted in a significant turnaround in activity.

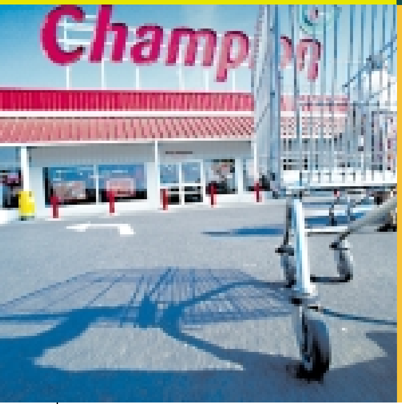
COMMUNICATION IS ON TARGET

The product offensive was backed by a huge communications effort. Packaging and signage helped guide customers more readily to the "No. 1" products and store brands. New launches were supported by major promotional campaigns using all possible media.

Carrefour's 40th birthday was celebrated throughout the world, generating strong marketing campaigns.



Voice-picking systems contribute to improved logistics productivity.



Establishment of Dia in China
Hard discount comes to China with 55 new stores in 2003, which have benefited from the momentum generated with the hypermarkets.

Levers for profitable growth

A TERRITORIAL NETWORK WITH MULTIPLE FORMATS

Organic growth continued with 969 retail outlets opened under our banners in 2003. The Group thus crossed the threshold of 10,000 stores. This expansion was largely due to synergies between formats. Organized around the hypermarket within a region, its logistics chain and shared negotiation and purchasing resources, the Group can establish smaller format stores, supermarkets, convenience stores, and hard-discount stores, all operated on a regional scale. This is how Dia opened its first 40 stores in Shanghai, then 15 in Beijing, and how Champion will establish its first supermarket in the city in 2004.

OPTIMIZATION OF THE LOGISTICS CHAINS

Optimization of the supply chains is an important factor in profitability.

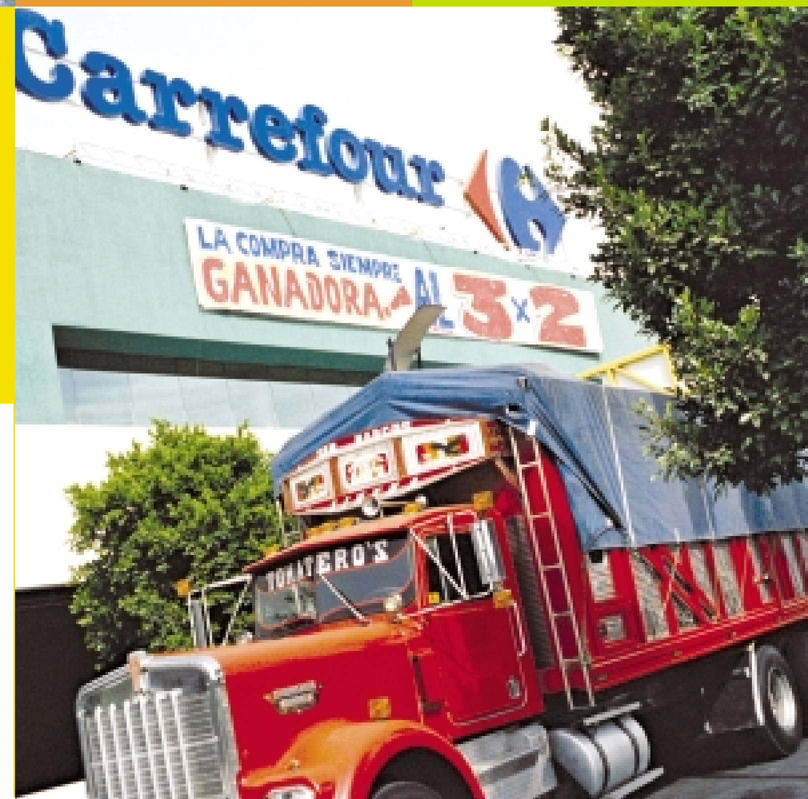
For example, early in 2003, Carrefour Italy created the largest logistics platform for consumer products in Europe, designed for its 37 hypermarkets which, until then, had each received deliveries direct from suppliers. This warehouse joins the multi-format logistics structure established for the other types of stores: super GS, Proxi Di per Di, cash & carry Docks Market and Grossiper.

In France, logistics continued to be streamlined in 2003. The warehouses became specialized. The hypermarkets each have their own warehouses, except for the fresh meat products and products with slower turnover which remain multi-format. The supermarkets and convenience stores share common warehouses. Logistics are also optimized by using common management methods and tools. Thus, we have developed benchmarks between countries that form the basis of exchanges of good practices and the international warehouse system Infolog-ge continues to be deployed, along with the restocking tool Apro + and the performance measurement program SPM (Supplier Performance Management). Voice-picking systems improve the productivity of the logistics chain. The application of Group standards to restocking methods and the calculation of logistical markdowns guarantees equal rigor in all countries.

COMPETITIVENESS THROUGH SYNERGIES BETWEEN COUNTRIES

The Group has benefited substantially from growing exchanges of good practices and synergies among its entities.

Carrefour Italy helped introduce the convenience store format in Greece, the establishment of pizza sections in the four Carrefour stores in Osaka, Japan, and, on the basis of research carried out by the Group's own research department SET (Service d'Etudes du Groupe), the Italian team participated in the preparations for the new supermarkets in China. In the same way, Carrefour Portugal, which relied on Carrefour Span for its supplies, markedly increased its volumes of fresh products.



THE MARGIN AGGREGATION APPROACH

The Margin aggregation project started out as a corporate project in 2003. The concept, developed at the initiative of Champion France, consists of giving priority to the margin volume, and evaluating it as an aggregate rather than as a percentage of sales, which means, in physical terms, a calculation of margin per linear meter in each store. This project, which involves the entire value chain, upstream to downstream, from supplier to end customer, is being deployed across the whole Group and has become a major international project, managed firmly and tracked monthly in every country. It marks a profound change in the way Carrefour works. The shift from a margin percentage logic to a margin volume logic reinforces the coherence between the act of purchase and the act of sale and promotes great transparency. The business plans shared with suppliers contain common objectives: priority on sales, adaptation of product selections, faster roll-outs of innovations and new products, and an optimized supply chain.

In Mexico, Carrefour trained 2,200 scholarship holders under an agreement with the State authorities. 70% of these trainees were hired.

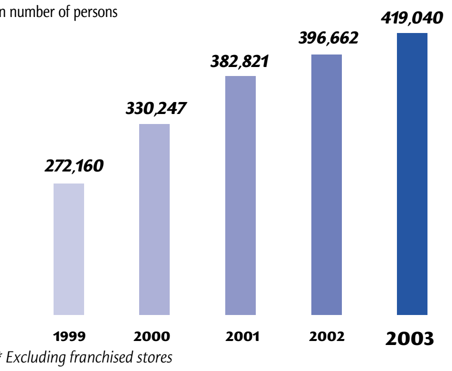
A prestigious international award

In November, in New York, Carrefour received the "Innovative Partnership Award", which has been awarded each year for the past seventeen years by the organization SAI. Carrefour is the first French company to have received this distinction. The prize rewards the quality of its relations with the UNI, the international federation of trade unions for retail and service businesses, with which the Group has worked to ensure that the ILO's recommendations are observed in all the countries in which it operates.

In Singapore, when a second store was opened, all the area managers and product line managers, except for 5 product line managers who had been hired from outside, were appointed through internal promotions.

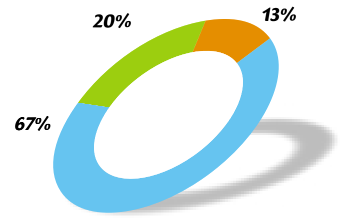
CHANGE IN THE GROUP'S WORKFORCE*

In number of persons

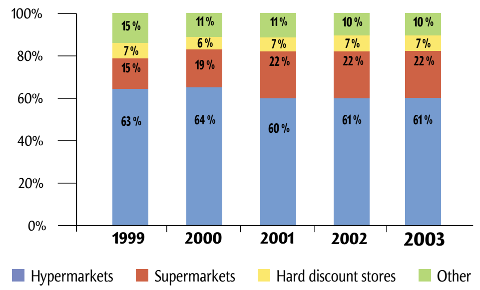


* Excluding franchised stores

BREAKDOWN OF WORKFORCE BY REGION



BREAKDOWN OF WORKFORCE BY STORE FORMAT



a model employer

Carrefour's ambition is to be the reference employer of the modern retailing industry. After three years of organizing and standardizing the management of all its store formats and for all countries, 2003 ushered in a new phase in the development of Carrefour's human resource management. Our priorities are now to organize management to spread methods and tools, make our system of values a reality for the 420,000 Group employees so they adopt a common culture and promote the emergence of a responsive organization.

A POLICY FOCUSED ON VALUES

Each year Carrefour recruits and trains 100,000 people worldwide. The Group has based a significant part of its competitiveness and dynamism on the quality of this recruitment and training, as well as its ability to retain and mobilize the best talents.

To accomplish these four missions: attract, train, manage and develop the loyalty of our teams, the Carrefour Group has made its values the core of its human resources policy. They reinforce its attractiveness, facilitate mobility and exchanges, boost employee motivation and create a collective ethic. Thus, they are integrated into management objectives and implementation is measured in each unit. In 2004, Carrefour will launch the "Carrefour Attitude" project, which will measure, group by group, how each of the Group's values is actually lived.

ATTRACTING THE BEST

In all countries in which it operates, Carrefour develops relations with the best management schools in order to create a new breed of international executives who will create cross-flows within a true Group dynamic. It strongly encourages internal promotion and the creation of pools of high-potential executives in each country.

TRAINING TO INCREASING THE POTENTIAL OF EVERY EMPLOYEE

At the same time it continues to develop its training tools, the Group has launched new programs, such as the Finance Management University with the ESCP-EAP business school, which has already turned out two classes in its first year, along with training modules to prepare future expatriates and their families for their new life.

MANAGEMENT THAT MAKES PEOPLE THE KEY TO COMPETITIVENESS

In 2003, the Group inaugurated a new model for assessing senior executives that integrated the Carrefour values, to ensure that these values are integrated in day-to-day managerial practices. Furthermore, as part of a process for management planning, the "Succession Plan" approach, developed in 2001 for senior executives, has been extended to the other organizational levels: directors, business units, in particular in Poland, Greece or Spain. Each country has developed a specific management control for human resources based on indicators (turnover, absenteeism, profitability, etc.), and on comparative surveys. Thus, management of human resources has improved the contribution to cost reduction.

DEVELOP LOYALTY THROUGH MOTIVATION AND RESPONSE

The variable compensation system of senior executives was renewed with some simplifications and modifications to adapt it better to the Group's objectives and performance. It is planned to extend it to other personnel categories. Carrefour is always ready to listen to its employees. The in-house survey that measures their satisfaction and support for Group policies is now systematic: it is now conducted in Belgium, Spain and Italy and provides 10,000 employees with the opportunity to express their opinions. In 2004, it will be extended to the Czech Republic, Slovakia, Poland, Colombia and Greece. The initial survey has been expanded: it accepts qualitative comments and now includes questions about the way the Group's values are lived out and perceived. The results of these surveys are analyzed on regional, national and international levels.

MAINTAIN AN EXEMPLARY SOCIAL DIALOGUE

The Carrefour Group intends to be a corporate model by developing dialogue and relations between labor and management. These relations have been internationalized with the creation in June 2003 of a department responsible for international labor relations. Its mission is to ensure an ongoing relationship between the Group and international trade union organizations. It also provides international intelligence and takes part in the studies and projects that are part of the development of a social Europe. Finally, it is responsible for organizing the meetings of the European Committee of Information and Consultation.

Carrefour and the UN's Global Pact

In April 2001, Carrefour joined the Global Pact initiated by the UN Secretary General Kofi Annan. This initiative is intended to develop the social responsibility of businesses and their role in sustainable development with intergovernmental organizations, governments and NGOs.
Carrefour participates actively in this approach and endeavors to ensure compliance with the 9 principles of the Pact. Carrefour has also undertaken to make the Global Pact known, in particular among its small and medium-business suppliers.
Daniel Bernard is a member of the Steering Committee of Friends of the French Forum of the Global Pact.

Act responsibly with solidarity

Present in 29 countries in Europe, Latin America and Asia, the Carrefour Group has adopted a sustainable development approach intended to reconcile the needs of society, compliance with economic rules and environmental protection. This choice is reflected in its signature of the "Global Compact", the international initiative launched by the United Nations. Since 2001, the Group has organized its policy around three commitment priorities: quality and safety, respect for the environment, and economic and social responsibility.

QUALITY AND SAFETY

The Group intends to guarantee the safety and quality of its products, the safety of its customers, and that of its employees on its sites. It collaborates with its suppliers to ensure the traceability and safety of its food products.

In Asia, Group stores were heavily involved in the fight against the SARS epidemic, in particular, by ensuring the medical monitoring of employees. The Carrefour International Foundation also donated 100,000 N95 masks to the city of Beijing to fight SARS.

PROTECTING THE ENVIRONMENT

The Group takes the environment into account in designing its products and packages and reduces the impact of its logistics activities and its stores. To fight against pollution and limit greenhouse gas emissions, Carrefour works closely with truckers and governments. In France, it ships its textiles imported from Asia by barge, avoiding the traffic of 3,000 trucks between Le Havre and Paris. It is also testing the use of vehicles that run on natural gas in the Paris region and trucks that run on "white diesel" in Italy.

In many countries, Carrefour units are raising the awareness of their employees and customers about water management. This was the case in Mexico, as part of World Environment Day, in cooperation with the UN, and especially in Malaysia, threatened by a shortage of drinking water, where the stores sold water savers.

The Group is strengthening its cooperation with farmers worldwide. In Indonesia, an agronomist was hired to teach farmers how to obtain good quality harvests under better environmental conditions. In China, it implemented programs to obtain products grown using integrated farming methods.

ECONOMIC AND SOCIAL RESPONSIBILITY

Carrefour is a business enterprise that promotes access to consumer goods for as many people as possible in all the countries where it operates because of the prices and choices if offers. Its ethical commitments mean that it respects human rights inside its stores as well as throughout the supply chain, and shows its solidarity with the populations of the countries where it operates.

In the field, its teams meet calls for social assistance: assistance to the fishermen of the Spanish coast after the shipwreck of the Prestige, participation in actions to help people in difficulty in Mexico. Carrefour Colombia participates in opening schools in underprivileged areas and has conducted a campaign to donate 65,000 school bags to the needy children of Medellin.

In Colombia, the Group, along with the UN, is also pursuing an important program to assist in the replacement of illegal crops with handicrafts, textiles, food crops.

THE QUALITY LINE: CONCENTRATED SUSTAINABLE DEVELOPMENT

Since 1991, Carrefour has been developing a variety of Quality Line products that involves suppliers in a partnership for food products that combine authenticity, taste and health quality, and price.

These product lines, which were globalized in 2002, expanded substantially in 2003, covering all continents, either through imports or through the development of local lines.

Carrefour's farming partners undertake not to use any animal meal, growth antibiotics, urban manure, chemical treatments after harvesting, or GMOs, and agree to audits and inspections that guarantee the traceability of their production.

At Carrefour, quality, food safety and respect for nature go hand in hand with economic development through the employment of tens of thousands of farmers, fishermen and professionals, most often in the countries where Carrefour has set up business.

Carrefour's stock is included:
- in the following ethical indices: Dow Jones Sustainability Index (DJSI) World, Dow Jones Sustainability Index Europe, Aspi Eurozone, ECP Ethical Index Europe and ECP Ethical Index Global;
- in the portfolio of Storebrand, the leading Scandinavian manager of ethical funds. It has been partially selected by the bank Sarasin et Cie SA and selected as eligible by Morley FM.

A DVD player
for the price of a family night at the movies

Offering an abundant selection and a broad variety of products, freshness guaranteed by high turnover, and profitability, the hypermarkets confirmed their leadership. They successfully met their targets and Carrefour again accelerated the rate of store openings by creating 52 new stores worldwide in 2003. In all countries, Carrefour's hypermarkets adapt the range of their product selections and service offers. Their power, which makes them leaders in their regions in almost all retail sectors, allows an aggressive pricing policy, coupled with a strong capacity to adapt to local consumer habits and customer life styles. With increasingly innovative cards, the customer loyalty policy is growing.

Hypermarkets

823 stores

29 countries

255,000 employees

- France
- Spain
- Italy
- Belgium
- Greece
- Portugal
- Poland
- Switzerland
- Turkey
- Czech Republic
- Slovakia
- Brazil
- Argentina
- Mexico
- Colombia
- China
- Korea
- Taiwan
- Thailand
- Indonesia
- Malaysia
- Japan
- Singapore

- United Arab Emirates
- Qatar
- Egypt
- Tunisia
- Romania
- Dominican Republic

Hypermarket breakthroughs

51.205 billion euros in gross sales (including tax) under banners

57.7% of gross sales under Group banners

EXTENSIONS OF NATIONAL AND INTERNATIONAL SYNERGIES

Success of the international lines

In the food segment: low-priced "N° 1" products introduced in Europe.

In the non-food segment—Bluesky and First line: sales records in Portugal; successful launch in Indonesia, where Bluesky products contributed 20% of sales revenues for some product categories.

Purchasing synergies among Latin American countries for Asian imports and apparel purchases, and in Southeast Asia for a large number of "N° 1" products aggregated through "Global Sourcing Asia".

LE MOINS CHER 1

POWER IN THE SERVICE OF PRICE AND SELECTION

Because of their size, the hypermarkets are the only stores, of all our formats, that can offer their customers all types of merchandise, from low-priced items through guaranteed quality product lines. By capitalizing on the purchasing power generated by these advantages, the Group solidified the price positioning of its hypermarkets. All its stores worldwide restructured their product inventories to offer highly visible "No. 1" low-priced products at prices below those of hard discounters and Carrefour international brand products at an equivalent price.
This policy was backed by a general effort to cut operating costs and develop synergies among formats and countries.

BUILDING LASTING TIES WITH OUR CUSTOMERS

A major effort to develop customer loyalty was initiated with original approaches varying by country and including customer loyalty cards. The stores expanded the scope of their product inventories by offering a growing number of services to their customers: the introduction of gasoline sales in Greece, expansion of this service in Italy, tire services in five Athens hypermarkets, real estate sales in Spain, the roll-out of the Visa Pass card by the Carrefour financial departments in France and Spain, and payment facilities in Brazil.

QUALITY IS ALSO THE ABILITY TO OFFER REGIONAL PRODUCTS

The policy of the Group is to work with local suppliers and to develop product lines made in the country. In this way, it meets the special needs of each market in which it operates. At the same time, the stores develop a taste for products from other locations. Carrefour organized a study tour in Poland for French small and medium-sized businesses so they could learn about the market and expand the French product offers in our stores.

PLUS ADAPTABILITY

In addition to power, the Carrefour hypermarkets adapt to the habits and living conditions of their customers. In Latin America, the Group organized its hypermarkets into three categories based on life style, with the variations affecting the number of store employees, the number of product items in the consumer product lines, and the type of non-food offer. In Asia, depending on the country, the hypermarkets meet local expectations: luxury and French products in Japan, downtown locations, particularly in Korea and Malaysia, and quality of the atmosphere and service in countries where shopping is the leading popular entertainment.

FILIERE QUALITE CARREFOUR

CARREFOUR QUALITY LINES: MEETING CONSUMER DEMANDS

Carrefour makes a commitment with all its partners—livestock producers, farmers and manufacturers, who participate in a quality process, to comply with stringent specifications designed to produce healthy products, with authentic flavors, in a protected environment. A strong knowledge of the source and origin of what the customer eats is a guiding principle of the Carrefour Quality Lines.

In Portugal, the first "National Meeting of Carrefour Quality Line Producers" was held, and two new lines were established, bringing the number of lines in that country to 10. In Greece, 16 specifications were signed for 9 products and 26 items. In Italy, 7 new agreements covering 31 lines (154 product items, 72 suppliers) were signed. In Slovakia, Carrefour created a new Organic Flour line. In Colombia, the launch of the beef quality line increased sales of this product from 1.5% to 4.7%. of meat department sales.
As of December 31, 2003, the Group had 449 Carrefour Quality Lines and 35,497 Carrefour partner farmers or livestock producers in France.

Europe: price, growth, image

41.848 billion euros in gross sales (including tax) under banners

47.1% of gross sales (including tax) under Group banners

Throughout Europe, Carrefour focused on prices to meet the competition from the hard discount sector, with which the Group shares a significant percentage of its customers. In Belgium, Carrefour cut its prices by 10 to 50% and made its "No. 1" products the least expensive in the country. The Group opened 14 new hypermarkets in Europe and acquired two more in Poland. This acquisition was a remarkable success: in three weeks, the two stores were transformed with Carrefour signage and ambiance, the employees were integrated to their great satisfaction.

To increase its appeal, the banner also invested in its image, posting significantly improved results, particularly in France and Spain. In Italy, the brand recognition efforts include promotional campaigns on television and drove the development of the website. In that country, as in Greece, the price image was substantially improved. In Portugal, Carrefour took the leadership spot in 10 out 14 image criteria and became the "preferred banner of Portuguese shoppers for their shopping needs".

A year marked by ***Carrefour's 40th anniversary***

Leaders
In France, the Carrefour hypermarkets earned 20% of total sales of computer products in the country and ranked among the top three retailers for bicycles, toys, books and CDs.

FRANCE: PRICE–A PRIORITY

In France, price repositioning was an absolute priority. This price strategy included a strong customer loyalty drive. Thus, Carrefour launched the "Ticket Cash Carrefour". The ticket can be used for whole families of products and offers discounts to be used on future purchases in the store. The Pass card, which gives the customer the right to use special checkout stations and earn discounts on certain days, added a new feature with Visa Pass, which offers services similar to those of a bank card, for half the cost. This year, the customer loyalty campaign will advance to the next stage with personalized offers.

In 2004, Carrefour has substantial plans for France, assisted by its price repositioning and by the end of the regulatory freeze on expansion and new stores related to the merger. The Group will again invest in its growth. This trend began in July 2003 with the opening of the "Torcy Collégien" store in the Paris region, and the expansion of 16 hypermarkets for a total sales area of 40,000 m2. Despite the growth of the hard discount segment, the hypermarket remains the leading format for retail food sales in France. To meet the growth of this competition, which has been stimulated by legal restrictions, Carrefour now has all the tools to attract new customers. With a clearer offer, new price repositioning, innovative customer loyalty programs, and modernized, expanded stores, the Group will be able to intensify its leading position in the hypermarket sector.

SPAIN: GROWTH IN SALES

In a fiercely competitive environment, the Carrefour hypermarkets have focused their efforts on price image and expanding their offer to include services and non-food products.

The growth in sales volumes was excellent in 2003. The fourth quarter was the sixth consecutive quarter of growth greater than 5% with comparable sales space. The introduction of the "No. 1" products in February 2003, and the reduction in the prices of retail brand products in March 2003 resulted, in the first phase, in increased sale volumes and, in the second phase, in an increase in revenues resulting from higher traffic in the stores. The Carrefour commercial model in Spain has become a benchmark for the Group in the management of both fresh products and in non-food products. Carrefour is continuing to expand in Spain, with 4 stores opened in 2003 and another four scheduled to open in 2004.

FRANCE
216 hypermarkets

SPAIN
124 hypermarkets
4 new stores in 2003

ITALY: "PRICE CHALLENGES"

Carrefour's focus on prices was reflected in Italy in strong promotional pressure, primarily through the development of "price challenges", an operation in which Carrefour reimburses ten times the difference if a customer can find a product at a lower price elsewhere. Prices were the core of the "Hyper 2003-2005" project launched in June 2003, which mobilized our employees through 14 efficiency projects. This major effort also included work to improve profitability. This effort will continue in 2004, when Carrefour also plans to open 2 hypermarkets in Rome and Naples and expand and reorganize three stores.

BELGIUM: ACCENT ON PERFORMANCE

The hypermarkets generally contributed to the recovery and return to profitability of Carrefour Belgium.
The very aggressive pricing policy vastly improved the price image of the banner. Quality and ethics also improved with the introduction of new Carrefour Quality Lines (chicken, beef, carrots, chicory and apples) and 30 fair trade products. Carrefour Belgium returned to growth with the opening of its latest hypermarket in Mons, which has become a benchmark for the other stores.

GREECE: GROWTH OF MORE THAN 10% IN SALES REVENUES AT CONSTANT SALES SPACE

In a healthier economy, the Carrefour hypermarkets targeted a market share of 30% by developing new services and investing in promotional campaigns and weekly TV spots. In November and December, the Dynamic Visa card reimbursed members 5% of their purchases. The Group opened 5 new Carrefour Travel spaces, converted one supermarket into a Carrefour hypermarket in Pireaus, and reorganized 2 stores in Athens. It also began work on City Gate, the largest shopping mall in Greece, scheduled to open in 2004.
In 2004, the year of the Olympic Games, Carrefour wants to be the reference point of the Greek market with three themes: "Best place to work", "Best place to shop" and "Everywhere near you".

ITALY
40 hypermarkets
3 new stores in 2003

BELGIUM
56 hypermarkets
1 new store in 2003

GREECE
13 hypermarkets

PORTUGAL: GAINS IN MARKET SHARE

In order to become the lowest-priced banner in their marketing regions, all the stores launched the "every day low price" operation, and "No. 1" products were backed by the strong "Carrefour in May" promotional campaign. A new "Cartão Família" loyalty card offers discounts of 10% to 30%, valid in all Carrefour stores in Portugal, on 500 to 700 products. Management projects dealt with distribution costs and cash optimization by reducing inventories.
In 2004, the new legislative framework will mean that the Group can introduce three to four store projects over the period from 2005 to 2007.

POLAND: AN EXPANDED OFFER

Carrefour's top priority in Poland was to control distribution costs, overhead and inventories, facilitated by optimized management tools and the development of a purchasing hub for fresh products. With a loyalty card, the introduction of new Carrefour Quality Lines (onions and potatoes), the opening of two service stations, the Carrefour offer expanded in both scope and quality.

SWITZERLAND: STRONG PROMOTIONAL CAMPAIGNS

To support the changes in banners made in 2002, Carrefour launched major promotional campaigns to establish brand recognition. In 2003, the banner focused on low prices every day and on improving its management systems.

PORTUGAL
7 hypermarkets
1 new store in 2003

POLAND
15 hypermarkets
2 new stores in 2003

SWITZERLAND
11 hypermarkets

TURKEY
11 hypermarkets
1 new store in 2003

CZECH REPUBLIC AND SLOVAKIA
13 hypermarkets
1 new store in 2003

TURKEY: DYNAMIC GROWTH

In a difficult economic context, the Carrefour hypermarkets continued their dynamic growth.
The Group opened a hypermarket with a 62-store shopping mall, launched 300 "No. 1" products and developed Carrefour products in complete synergy with Dia.

CZECH REPUBLIC AND SLOVAKIA: IMPROVED MANAGEMENT

Carrefour continued its expansion with the opening of a second 9300 m2 store in Prague, in a shopping mall with 63 shops and 2 medium-sized department stores. The focus was to improve results.

Latin America:
adapt and compete

4,205.5 billion euros in gross sales (including tax) under banners

4.7% of gross sales (including tax) under Group banners

All stores in the region work to meet the expectations of economically disadvantaged customers, who love celebrations, by offering both **low prices and a lively and exciting atmosphere.**

The year 2003 saw a change in concept in Argentina, to adapt the hypermarket to the economic and social situation. At the end of an extensive project carried out with customers, employees and partners, the Group created three types of differentiated stores:

- the first type meets the needs of less economically advantaged customers, with a simplified presentation, low prices and a smaller product assortment;
- the second is geared to the middle class;
- the third type proposes classic stores with a more extensive range of products, especially in fragrances and electronics. This restructuring was on the mark, generating a sharp increase in sales.

At the same time, the Group deployed its low-price "Uno products" line and house brand international products. To meet the needs of a poorer population, there was a heavy focus on price cuts backed by a real reengineering of methods and procedures throughout the supply chain to reduce costs.

At the end of the year, in an effort to improve its return on investment, the Group sold its seven stores in Chile to the local group "Distribución y Servicios". The Carrefour Group will continue its multi-format development in the other four countries of Latin America where it is established.

BRAZIL: UNUSUAL FINANCING SOLUTIONS

The aggressive pricing policy is backed by a vast program to reduce distribution costs. With a credit card held by 3.8 million consumers, Carrefour offered its customers unusual financing solutions, sharply increasing non-food sales in the second half of the year. The Group launched stores for the affluent population. In 2004, credit facilities will be expanded to less economically affluent customer segments for all products.

ARGENTINA: "CLUSTERING"

Argentina has been a pioneer in "clustering" with 17 store remodelings to reflect the life style of the population. The range of the offers was expanded with, for example, an increase in high-end products on the one hand and an aggressive meat pricing position on the other (-15%/formal market). The job of coordinating imports with Carrefour Brazil to cut costs (20%) was initiated and will continue in 2004. Exports of meat and fruits and vegetables to Europe are growing.

BRAZIL
85 hypermarkets
6 new stores in 2003

ARGENTINA
24 hypermarkets
1 new store in 2003

MEXICO
27 hypermarkets
6 new stores in 2003

COLOMBIA
11 hypermarkets
3 new stores in 2003

MEXICO: SALES MOMENTUM AND RIGOROUS MANAGEMENT

In partnership with General Electric, a payment card that offers both traditional credit and revolving credit, was introduced. For the first time in its history, the banner used television for promotions. This dynamic campaign, backed by programs to cut costs and monitor operating income, resulted in an improved economic performance. Six new stores were opened in 2003.

COLOMBIA: EXPANSION – A TOP PRIORITY

The Group purchased from its partners their entire stake in Carrefour Colombia, which is now wholly owned. The year was market by strong sales vitality: the introduction of 194 "No. 1" products under the "UNO" brand, the introduction of a line of prepared meals, a line of catered fresh organic products, the Carrefour Quality line for beef, and the introduction of the Cherokee clothing brand. The Group is expanding outside the capital and will continue in 2004, with an emphasis on the discount policy.

Asia: growth and quality

5,152.2 billion euros in gross sales (including tax) under banners

5.8% of gross sales under Group banners

20 new stores opened in 2003 in Asia

In 2004, Asia will be the focus of half the new Carrefour stores opened worldwide, with approximately 25 store openings scheduled over the year

A STRATEGY ADAPTED TO THE BROAD VARIETY OF SITUATIONS

In this huge region, the context varies significantly by country: economic rebound in Thailand and Malaysia, tenser situation in Taiwan, a difficult economy in Korea, deflation in Japan, dynamic growth in China and Indonesia. The Group is concentrating its expansion in these two countries and plans to consolidate its leadership position in Taiwan by opening three to four stores each year.

QUALITY – A TOP PRIORITY

The pricing efforts in this region also include a very qualitative approach focused on the habits and expectations of customers attentive to the quality of fresh products and who use hypermarkets both as a source of food supplies and as centers for relaxation on the weekends. Thus, in Japan, the new Osaka stores offer the refinement expected from a French chain. In Korea, Carrefour is modernizing its stores to make them friendly locations and provide high-quality fresh products, with new resources for supplies and personnel training.
All the managers in the region are recruited and trained on site, which facilitates the integration of the stores and their ability to meet local expectations.

Carrefour also stands out because of the Group's reputation for listening to its employees and its desire to contribute to the well-being of each and every employee.

CHINA: A FOUNDATION FOR EXPANSION

In a rapidly changing environment as China nears its entrance into the WTO, the Group is growing its market share, training local employees for its expansion, developing organic products and Chinese "Carrefour Quality Line" products, and has established four merchandise hubs.
175 millions customers over the year: store traffic was up 35.5% over 2002.

KOREA: SHOPPING MALL, CENTER OF CITY LIFE

To increase its ability to satisfy its customers, the Group established a Quality Line for fresh products, opened three stores and remodeled six, all with large shopping galleries, children's play areas, fitness centers and other amenities. The new Carrefour in the Worldcup Mall includes a shopping center with 131 shops and posted the highest sales revenues of all our stores in Asia.

TAIWAN: SERVICES FROM A TO Z

Despite the SARS crisis, which modified consumer behavior for three months, fresh products gained in market share thanks to remodeling. Services expanded to include payment of phone, electricity, water and gas bills, fines and theater reservations. The Pass card posted a use rate of 14%: 450,000 cards in circulation, offering payment at dedicated check-out counters, consumer credit (revolving and traditional), personal loans.

THAILAND: PROGRESS ON ALL FRONTS

In this country, Carrefour improved its profitability and increased sales revenues, particularly sales of fresh products. The remodeling of existing stores, the introduction of new concepts (telephone, jewelry, pharmacy and other departments) and the opening of two new stores contributed to this growth. This momentum will continue in 2004.

INDONESIA: GROWTH AND PROFITABILITY

Indonesia has become one of the most profitable countries for the Group. Sales revenues at constant sales space were up 12.3%. 2004 will be a year of expansion, with new stores opening in the provinces.

MALAYSIA: MODERNIZATION ON THE AGENDA

The modernization of three stores, an aggressive pricing policy, a reworking of product selection and concepts were the priorities in 2003. The introduction of the "No. 1" brand included 600 product items, including fresh products.

JAPAN: PROFESSIONALISM À LA FRANÇAISE

New stores drove gains in market share, particularly in Osaka with three new stores.
The Group capitalized on its image through its products from France and its professional standards in fresh products. The focus was on reducing costs to intensify price competitiveness.

SINGAPORE: A HIGH-QUALITY OFFER

The second store (6,000 m2), which opened in 2003, offers a refrigerated wine cellar, new fresh product labs, a presentation wall for new technologies (home cinema, LCD, plasma screen TV), CD and DVD departments with listening and viewing points. The first store in Suntec City will be reorganized along the same lines to provide an upscale offer (wines, food, cosmetics, etc.). Its shopping gallery every month presents a new exhibit on different themes: a French market, a wine market, a Japanese market place.

CHINA
41 hypermarkets
6 new stores in 2003

KOREA
27 hypermarkets
3 new stores in 2003

TAIWAN
31 hypermarkets
3 new stores in 2003

THAILAND
19 hypermarkets
2 new stores in 2003

INDONESIA
11 hypermarkets
1 new store in 2003

MALAYSIA
7 hypermarkets
1 new store in 2003

JAPAN
7 hypermarkets
3 new stores in 2003

SINGAPORE
2 hypermarkets
1 new store in 2003

A shopping bag for life

With more than 100 new consolidated sales outlets in Europe, a large number of store expansions, profitability vectors, spectacular price cuts, customer loyalty programs, image campaigns, adaptation of concepts to local features, the Group intensified its offensive campaign in the supermarket sector. These medium-sized stores benefit from the Group's purchasing power and the multiplication of synergies among the formats.

Supermarkets

2,380 stores

9 countries

- France
- Spain
- Italy
- Belgium
- Greece
- Poland
- Turkey
- Brazil
- Argentina

92,000 employees

The customer loyalty advantage

22592 billion euros in gross sales (including tax) under banners

25.4 % of gross sales under Group banners

38% of franchise stores

"Our policy is to link supermarket locations to hypermarket sites to strengthen purchasing power. In addition, we design these locations by regional clusters of about thirty stores in order to develop a high-performance supply chain and distribute strong communications to improve the image of the banner."

Philippe Pauze
PRESIDENT
OF GROUP SUPERMARKETS

ADAPTATION TO THE MARKET

Serving local customers, with sales per store of over €9 million on the average, the supermarkets of the Carrefour Group base their success on the loyalty of their customers. To satisfy customer needs, each store acts freely in its area of influence, regularly measures customer satisfaction through check-out surveys, analyzes consumer attitudes to adapt or modify promotional campaigns. All stores base their appeal on the on the quality and the price of the products in their "market zone" where their customers buy their food.

The Group couples the tremendous flexibility of the local approach with its full economic power and the efficiency of its supply chains. It is this power that appeals to partners and attract franchisees, selected on the basis of their management talents and business relationship.

STRONG RESISTANCE
TO ECONOMIC CONDITIONS

Fiscal year 2003 brought satisfactory results, that varied by region. In all countries, facing increased competition from the hard discount segment, the Group's supermarkets relied on international aggregation of low-priced items in coordination with the Carrefour hypermarkets and on the development of international retail brands.

While working to increase the return from the stores, the Group strengthened its presence with new stores and the purchase of existing stores. In France, new growth, which was temporarily blocked by regulations after the merger, is now possible, and the stores are initiating the expansions that represent the most profitable investment.

2004:
INNOVATIONS AND ADVANCES

The Group's first international products were on the shelves in January 2004. In the first phase, 350 products will carry the same label translated into several languages and displaying the Champion, GB or GS brand, depending on the country. This advance is a vital asset for our image and competitiveness.

The supermarkets will continue to intensify their brand recognition and image campaigns. Growth will be achieved with new store openings, the acquisition of sales areas and local chains, particularly in Italy. The Group will also rely on franchises, including in countries where it has not entered this segment until now, and on a policy of partnership to improve the earnings to investment ratio.

In Argentina, Brazil and Poland, the remarkable "clustering" work already achieved will continue. As a symbol of the growth of the supermarket sector within the Group, Champion will open the first store in Beijing in the first half of 2004.

> **Effect of purchasing aggregation:** the Group's supermarkets, like its hypermarkets, were able to offer a DVD player for less than €50.

> Customer loyalty: the **IRIS card** in France and the **SPESAMICA card** in Italy represent nearly 80% of sales. The **GB card** is the most widely distributed: nearly 70% of Belgian households have a **"Happyday" card.**

Europe:
satisfactory results and intensified growth

21.453 billion euros in gross sales (including taxes) under banners

24.2% of gross sales under Group banners

In Europe, where the Group opened about one hundred supermarkets, its stores recorded satisfactory revenue gains, particularly in Spain, where they benefited from a solid economic context, while economic conditions in the last quarter became more difficult in other countries.

The Group also signed a major partnership agreement with Norway with NorgesGruppen. In this wealthy and promising country, 137 stores will carry the Champion banner by 2005, contributing new sales volumes to the Group. The new Champion stores will include the low-priced products and retail brand products in their product lines. The agreement also includes a supply contract for the Norwegian stores of the NorgesGruppen Group.

FRANCE:
THE SUPERMARKETS CONTINUE THE PRICE-CUTTING POLICY

The Iris loyalty card, "Ticket +" operations giving customers purchase coupons at the check-out, immediate discounts: the customer loyalty program was strengthened in France, highlighting prices.

The Champion brand was backed by the institutional "A customer is sacred" campaign and successfully launched the 100% reimbursement offer, the largest to date in France, with 90 products 100% reimbursed over the period of the promotional offer.

The banner continued to grow by expanding and opening some stores and by purchasing sales space. In 2004, the banner will intensify its plans to expand the non-food segment.

SPAIN:
200 CHAMPION STORES

The Group pursues an image strategy based on price, made possible by the development of synergies with the hypermarkets in the logistics chain. It opened 30 stores in 2003, and plans to open 25 more in 2004. In two years, the total number of stores will have expanded by nearly 25%.

ITALY CONFIRMS ITS POSITION AS THE SUPERMARKET COUNTRY

In this country that favors supermarkets and convenience stores, the GS stores are in a strong position to challenge for leadership. Significant efforts were made to improve the image of the brand by investing in TV ads, capitalizing on the recognized quality of its fresh products, improving the price image and the quality of service. Brand recognition has improved from 5th to 3rd place. To increase customer loyalty, GS converted the points awarded to customers into discounts on purchases. The reduction offered on 500 GS brand products reached 30% (-15% on the average).

FRANCE
1,005 supermarkets
13 new stores in 2003

SPAIN
200 supermarkets
30 new stores in 2003

ITALY
379 supermarkets
71 new stores in 2003

In 2004, the GS stores will continue to cut prices, introducing 230 low-priced "No. 1" items, and expanding the range of retail brand products. They will work to improve the price image of their fruits and vegetables section. This policy will be backed by ongoing efforts to control costs, with the goal of reducing inventory by three days and an increase in margin aggregation for eleven categories. The Group plans to open nine supermarkets and intends to continue its policy to purchase franchise stores.

BELGIUM
271 GB supermarkets
5 new stores in 2003
60 Champion supermarkets

GREECE
101 supermarkets
4 new stores in 2003

POLAND
67 supermarkets
13 new stores in 2003

TURKEY
5 supermarkets
2 new stores in 2003

FRENCH OVERSEAS DEPARTMENTS AND TERRITORIES
98 supermarkets

BELGIUM:
AN AGGRESSIVE PRICING POLICY

The launch of "No. 1" products, the price reduction on retail brand and national brand products, and customer loyalty campaigns improved the price image of the Belgian supermarkets. GB consolidated its franchise stores with the acquisition of 5 supermarkets in 2003.

GREECE:
THE CHAMPION BRAND IN OLYMPIC SHAPE

The Group opened four new Champion supermarkets and remodeled another three. The pricing work resulted in the introduction of the "No. 1" products in November. The banner celebrated its anniversary with the "Championissimo" operation in September and October with displays, games, TV and radio spots. Sixteen stores are scheduled to open in 2004.

POLAND:
A WINNING TRIPTYCH

The Group acquired two supermarkets and opened eleven, opened its first service stations, launched the "No. 1" products and the Champion brand products. Its stores developed a "self-service" offer adapted to demand and expanded their non-food product selection. The communications campaign based on the triptych "Price, Choice, Friendship" is becoming more forceful and more focused over certain periods and certain products.

TURKEY:
A BROAD PRODUCT SELECTION

In 2003, the Group opened two new supermarkets in Turkey. The Champion stores generate a number of synergies with the hypermarkets and Dia. They are attentive to their local roots: the "No. 1" offer was launched with Turkish products, and all the stores present traditional products made locally.

1.139 billion euros in gross sales (including taxes) under banners

1.2% of gross sales under Group banners

Latin America:
a winning response to recession

BRAZIL:
SUPERMARKETS THAT MEET CUSTOMER EXPECTATIONS

In 2003, the Group's supermarkets posted increases in the number of customers. Gross sales (including tax) at comparable areas increased by 7.6%. This result was achieved by expanding the "No. 1" product lines and the important "clustering" program. The Group launched a highly innovative high-end concept in location, décor, atmosphere and production selection, with two new stores in Sao Paulo and the remodeling of existing stores. The result was growth in sales revenues greater than growth for direct competitors and a substantial increase in the gross profit. At the same time, the commercial concept was revised for the other stores by reducing the product selection and introducing timely regional supplies to improve loyalty in a customer base with less buying power. The result for the pilot stores in Brasilia were proof of the relevance of this segmentation with a sharp increase in sales in one year.

ARGENTINA: FLEXIBLE ADAPTATION

In Argentina, the Norte supermarkets were faced with the population's loss of purchasing power. To deal with this situation, the Group initiated major efforts to make both quantitative and qualitative changes: pressure on prices, improved costs, more flexible approach in the formats offered, to adapt them to the characteristics and the purchasing power of the residents of the marketing areas. The top priority was to improve the management of these stores and increase their margins.

BRAZIL
113 supermarkets
6 news stores in 2003

ARGENTINA
141 supermarkets

1,800 popular products
at low prices

Dia % | Ed | minipreço

For all categories of customers, from the cost-conscious to the most affluent, prices are the driving force behind consumption and the success of the Group's hard discount stores is growing in all regions. Backed both by integrated purchasing, centralized by Dia, and their synergies with other Group formats, these stores are strong competitors as demonstrated by the growth in their sales revenues and the vitality of their expansion.

Hard Discount Stores

4,456
stores

8
countries

France
Spain
Greece
Portugal
Turkey
Brazil
Argentina
China

30,000
employees

Strong expansion of high-performance sales initiatives

6.692 billion euros in gross sales (including tax) under banners

7.5% of gross sales under Group banners

Ed is established in eastern France, a new region for the banner, after the purchase from German group EDEKA of 44 TREFF MARCHÉ stores that adopted the Ed banner at the end of 2003.

STEADY GROWTH

The Group has invested heavily in the development of the hard discount segment. In 2003, it opened a total of 553 stores, including 38 stores purchased in Spain and 44 in France. The top event for Dia's expansion was the opening of 55 stores in China, first in Shanghai and then in Beijing. With 250 low-priced products, Dia is now venturing into a high-potential market.

PRICE AND INNOVATION

The stores are being modernized and enlarged and they are expanding their product offer to satisfy increasingly demanding customers. It is still true that hard discount stores exist to offer customers the lowest prices. This performance is achieved because of rigorous management of all costs in the logistics chain, with leading edge warehouses equipped everywhere in the world with radio frequency label readers. In addition, the Group's hard discount stores benefit, like the other banners, from the international products developed in 2003 which already include nearly 200 Dia products. In each country or each region, the synergies generated with the other formats and the volumes sold of product items also enable the Group to obtain favorable purchasing terms from national suppliers. This was indeed the basis for locating this type of store in China.

THE WINNING STRATEGY WILL CONTINUE IN 2004

In addition to the importance of a good price image, the store expansions, enlargements, and remodeling, the development of new concepts, and the introduction of fruits and vegetables remain on the agenda for all the stores worldwide.

FRANCE: GROWTH IS THE PRIORITY

In France also, all the stores are being reorganized to expand their product offer, develop fresh products as in a number of other countries, and offer a growing number of retail brand products—more than 900 in France. Ed's challenge is to accelerate its growth. This was the reason for the purchase of the TREFF MARCHÉ stores and the acceleration of franchising. This strategy will be continued in 2004.

SPAIN: A MORE COMPLETE PRODUCT SELECTION

A number of stores have been remodeled and enlarged in order to integrate the new concepts, by expanding their product selection to 2500 items and offering a full line of fresh products and fruits and vegetables, hot dishes, and a poultry and meat department. More than 400 department stores in the Spanish market are offering these facilities. Dia's success in Spain has been confirmed. The Group's hard discount stores hold a 12% market share in food products.

GREECE: DIA ADDS TO ITS APPEAL

In Greece, in order to increase its sales per m2, Dia boosted the appeal of its stores with a more complete product selection, with as many as 2,000 different items, including fruits and vegetables and a meat and poultry department. In the same spirit, all the stores have been remodeled. In addition, customers now have a "Club Dia" loyalty card. All the products sold are either Dia brand products, developed for the international market, or national brand products negotiated jointly with Carrefour Greece. The results have been impressive, with a substantial increase in sales revenues.

In 2004, this policy will be expanded. Dia plans to open 36 stores, primarily in the islands. The chain will include new house brand products and launch personalized discount coupons. Its low-price policy will be supported by a cost-cutting plan focused on rents, energy prices, and inventories.

PORTUGAL: 4TH YEAR OF STRONG GROWTH IN SALES AT COMPARABLE AREA

The “Clube Minipreço” loyalty program has been a clear success, as 28% of the customers hold the loyalty card. This means that 1.2 million people have earned 10 million discount coupons. In this country, as around the world, the banner expanded its product selection, increasing the number of items by 11% over one year, with growth primarily in frozen, refrigerated and fresh products. To intensify this momentum, the chain opened 20 new stores.

TURKEY: RECORD GROWTH

In 2003, Dia significantly reinforced its pricing position, according to which prices are 4 to 10% lower on the average than those charged by its direct competitors. This competitive capacity is backed by the significant synergies developed with the other formats for house brand products, purchasing, human resource management and training. The chain supported its price image through strong promotional campaigns, including a televised advertising campaign. By opening 50 new stores over the year, it increased its total sales area by 36%, and increased the number of stores to 182.
2004 will be a new year of strong expansion.

PORTUGAL
355 Minipreço stores
20 new stores in 2003

TURKEY
182 stores
50 new stores in 2003

BRAZIL: DOUBLE THE NUMBER OF LOCATIONS

In a difficult economy, Dia continued to expand in São Paulo with the 325 m2 format. The chain more than doubled its locations by opening 69 stores, and increased sales at comparable area by 37%. It is again planning another strong expansion phase in 2004, scheduling the opening of 90 new sales outlets.

ARGENTINA: AN AGGRESSIVE SALES APPROACH

As consumption began to recover in Argentina, Dia continued its aggressive sales policy with promotions, added 144 items to the selection of house brands, and intensified its expansion with the opening of 49 stores. The chain boosted its market share in high-turnover products from 7.7% to 8.6% in 2003, and grew sales revenues by more than 12% at comparable sales areas. This policy of growth included an intensified management effort: “cost-killing”, training and quality.

CHINA: THE FIRST PROMISING STEPS

Backed by the expertise acquired by its hypermarkets, the Group began to establish its hard discount format in China 2003. After receiving the necessary licenses from the Ministry of Commerce, it opened 40 stores in Shanghai, in partnership with LIANHUA, and another 15 stores in Beijing with SHOULIAN. This expansion will accelerate in 2004 with the scheduled opening of over 100 stores in the country.

BRAZIL
133 stores
69 new stores in 2003

ARGENTINA
299 stores
49 new stores in 2003

CHINA
55 stores
55 new stores in 2003

Convenient service for the price of a smile

The Group's convenience stores, franchised under local banners, make a dynamic contribution to its performance. Responding to strong demand resulting from the changes in contemporary life styles, these stores performed well and exceeded their targets for sales per square meter.

Convenience stores & other businesses

2,719
stores

5
countries

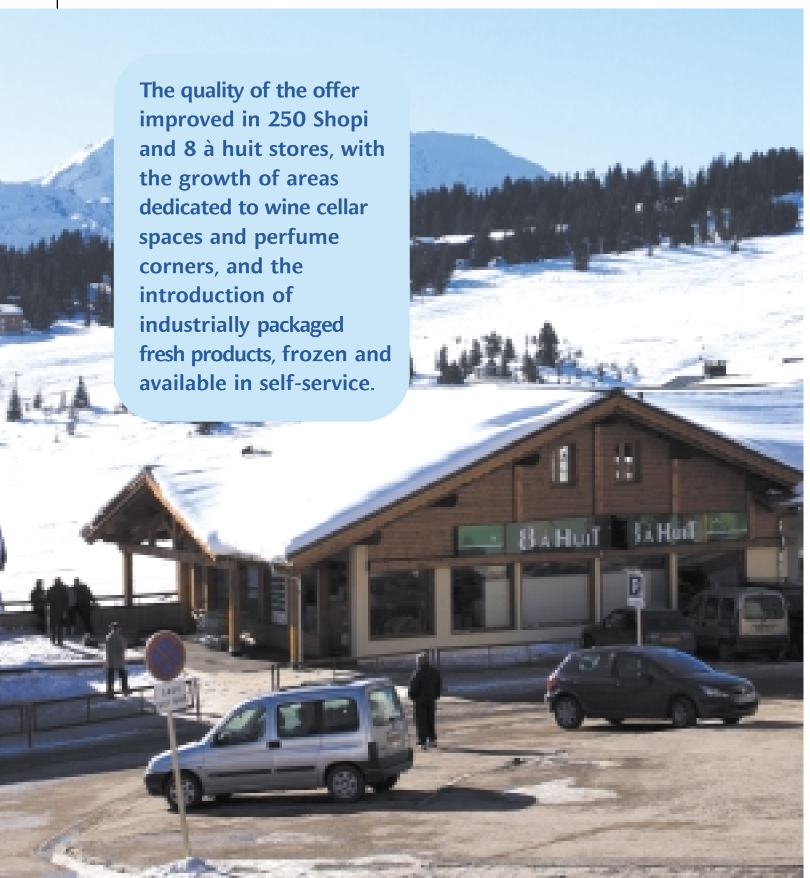
France
Spain
Italy
Belgium
Greece

42,000
employees

Convenience: an appropriate response to market demands

5.261 billion euros in gross sales (including tax) under banners

5.9% of the Group's gross sales



The quality of the offer improved in 250 Shopi and 8 à huit stores, with the growth of areas dedicated to wine cellar spaces and perfume corners, and the introduction of industrially packaged fresh products, frozen and available in self-service.

93.4% of franchised stores

A POSITIVE TREND

The success of these stores is driven by lasting changes in society: the increase in the number of small households, a trend toward personal time management favoring speed and accessibility of food shopping. The strong performance of these stores relies on the combination of adaptation to local purchasing habits and the power of the Group. The stores benefit from Carrefour's purchasing groups and supply chains. Thus, these store openings, even though they rely on small numbers of specialized local employees, are linked to the location of the Group's hypermarkets and supermarkets.

The positive growth trend for these stores is also due to qualitative progress in the concepts and the offer developed by the Group and to the growing professionalism of the operators. In France, the Group recruited 180 operators, offering them free training with pay in school stores. Their professionalism is enhanced through exchanges of good practices among the managers of the four countries and through a strategic watch to anticipate consumer behavior.

FRANCE: DIFFERENTIATED FORMATS

Thanks to renewed interest in convenience, sales revenues were up 3.8% with comparable area and 6.4% overall. The formats confirmed their ability to adapt to diversified expectations: the partnership with Sherpa for mountain stores was renewed and will be expanded to the Pyrénées; 28 Shopi stores were moved or expanded; in downtown areas, six Marché Plus stores were created in Bordeaux and eight in Lille in two years; in rural areas, the Group with its 1300 Proxi rural stores is expanding its partnership with local authorities. In 2003, 25,000 m2 were created under the different Convenience banners in France.

ITALY: TRADITION AND MODERNITY

Sales revenues at constant sales area for the Italian stores increased and the network expanded with 32 new directly owned stores (thanks to the acquisition of ALDIS) and 31 new franchises. The layout was modernized by expanding the space devoted to fruits and vegetables and installing refrigerators for fresh meat and packaged poultry. These stores rely on the Group's Quality Lines, with the "Terre d'Italia" product line and the new ScelgoBio line (organic products). The segmentation of consumer product selections was expanded to the franchise stores through joint business planning (masse de marge) with suppliers and category management projects.

A major project to centralize the logistics flows of fresh products started up with the creation of new platforms for poultry and unwrapped meat. It will continue in 2004, which will be a new year of growth.

BELGIUM: GB CONTACT AND GB EXPRESS

The "savings" campaigns conducted in 2003 in the GB convenience stores were immediately successful and solidified customer loyalty. 122 partners today trust the Carrefour Group and work under the GB banner. The GB express stores offer both extended store hours (7 a.m. to 8 p.m.) and primarily products for active shoppers, such as prepared meals, individual portions and other items. They are located in downtown areas, railway stations, some hospitals and even in service stations. In 2004, 10 new GB express will join the 35 existing stores in Belgium.

GREECE: 5' MARINOPOULOS

Launched in 2002, there are now fifty stores located throughout Greece. This store offers, in a small sales area under 500 m2, a diversified assortment of products perfectly adapted to the expectations of convenience customers.

FRANCE
1611 convenience stores
87 new stores in 2003
155 cash & carry

SPAIN
32 cash & carry
1 new store in 2003

ITALY
645 convenience stores
57 new stores in 2003
13 cash & carry
1 new store in 2003

BELGIUM
156 convenience stores
33 new stores in 2003

GREECE
51 convenience stores
6 new stores in 2003

Other stores

The Group is developing cash & carry in France, Spain and Italy under the banners of Promocash, Puntocash, Docks Market and Grossiper. In France, Promocash offers a dynamic network of 130 stores for caterers and food professionals. The chain met all its targets and is preparing to expand by opening new stores in the Paris region; applications for permits have been filed. At the same time, it is developing solutions to respond to the drop in demand for alcoholic drinks in restaurants. In Italy, the Group opened its thirteenth cash & carry under the Docks Market banner in Novara. Prodirest confirmed its position as the leading French supplier for catering outside the home, with 25 establishments and 400 delivery trucks.

The Ooshop e-commerce shop continues to serve a large number of satisfied customers by offering products at hypermarket prices including home delivery.

Franchising:
a partnership approach

19 countries

4,311 franchise stores

41.5% of the Group's stores

For the Carrefour group, franchising represents an extremely promising vector of growth. Almost systematic in the convenience sector, naturally rooted in local life and culture, it includes all formats–supermarkets, hard discount and hypermarkets. Its success is founded on a win/win relationship, in which each player assumes his responsibilities and pursues joint projects to expand sales and grow profits.

Convenience:	2,354 out of 2,519 stores, in 4 countries 8 Banners: Shopi; 8 à Huit; Marché Plus in France – Di per Di il Supermercado; Di per Di Express in Italy– GB Contact; GB Express in Belgium– 5'Marinopoulos in Greece
Supermarkets:	909 out of 2,380 stores, in 3 countries 3 banners: Champion in France – GB Partner in Belgium– GS Insieme in Italy
Hard discount:	946 out of 4,459 stores, in 6 countries 3 banners: Dia – Ed – Minipreço
Hypermarkets:	73 out of 823 stores, in 12 countries 1 banner: Carrefour

A GROWTH DRIVER FOR THE GROUP

Because it requires a small amount of capital, the franchise store is an ideal driver for gaining market share and increasing banner presence. It increases sales volumes significantly and thus increases the Group's ability to aggregate its purchases. Thus, it represents an effective means of profitable growth. Franchisees are also entrepreneurs deeply involved in the success of their store and are a significant source of new ideas.

ASSETS BEHIND THE SUCCESS OF THE FRANCHISES

Whatever the format, the entrepreneurs who open a store under one of the banners of the Carrefour Group know they can count on solid and proven sales concepts. They are assured of having products for sale that have already been marketed, they benefit from the national promotions, adapted logistics, and irreproachable quality on which the Group builds its reputation. They can base their competitiveness on the Group's buying power. They have the support of a dedicated staff that provide the franchisees with all the expertise of a large global Group.

A LASTING RELATIONSHIP

Each banner, while maintaining the values of the Group, has its own culture and network of franchises.
The banners work to adapt their franchisees to the culture of their banner, to participate in its policies in which the franchises are, in fact, key players. The approach of the banners–listening, learning and strength of conviction–is designed to develop participation without constraint, to unite, to generate synergies and initiatives from their franchisees in order to engage in a constructive and permanent partnership. Capitalizing on the banner and, in return, contributing to its image and reputation, achieving individual and collective results - such is the framework for the relationship. In this spirit, each network of franchises has a system for consultation and interaction and each franchisee is the intermediary between the Group and its franchises.

BROADLY DIVERSIFIED PARTNERS

Franchisees may be groups operating one or more store formats, like Coop Atlantique,
Guyenne and Gascogne, Mestagdh. They may also be business owners who join a banner under a legal framework that can vary from a simple commercial contract without any capital interest in the Group to a relationship that also includes an interest, either in the form of a blocking minority or a 50% share. On the other hand, the Group may own the business and lease it to a partner, as is frequently the case for the convenience format.

A WIN-WIN RELATIONSHIP

The Carrefour Group brings to its partners its entire sales expertise, its methods and logistics, the strength of its banners, the advice of its experts, and its capacity for continuing innovation. In return, it ensures the professionalism of the entrepreneurs that it franchises by relying on a highly selective recruitment policy.
The Group expects, in fact, that these entrepreneurs will combine a real business owner's spirit with an ability to apply the Group's sales strategy and sufficient loyalty to the banner to meet the standards of the concept and follow changes. This is why the Group invests heavily in training its franchisees.

Established on these clear and professional bases, the franchise is a true win-win relationship, in which the franchisee successfully runs his or her own business and achieves the best return on investment, and in which the Group finds an economical means to expand its commercial network, gain market share, create value for its banners and generate customer loyalty.

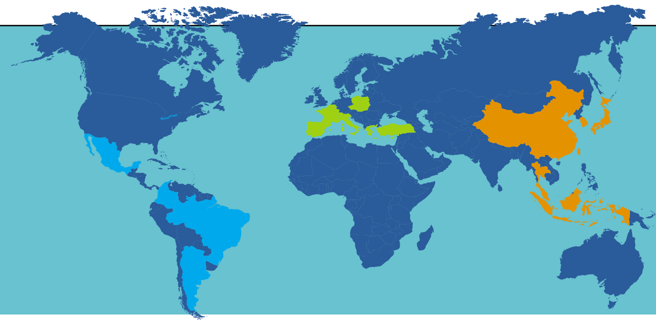
A NEW PARTNER IN NORWAY

In 2003, the Group signed a franchise agreement with the Norges Gruppen Group, the retail leader in Norway. The 137 "Ultra" and "Meny" supermarkets of the NorgesGruppen Group will progressively adopt the Champion banner and its other stores will be supplied with international products by the Carrefour Group. Thus, the Group has ventured into the Norwegian market, where the retail sector represents over €14 billion in sales.

A CLEAR AND SIMPLE LEGAL FRAMEWORK

Each franchise is organized around a dual contractual relationship
- 1 supply contract
- 1 franchise contract

Our franchise partners	Location
CAILLE	Réunion
COOP ATLANTIQUE	France
DESPOINTES	Guadeloupe
	Martinique
	Tahiti
GUYENNE ET GASCOGNE	France
HAYOT	Martinique
	Guadeloupe
	Dominican Republic
	Réunion
HYPARLO	France
	Romania
LANCRY	Martinique
MAJID AL FUTTAIM	United Arab Emirates
	Oman
	Qatar
	Egypt
MESTDAGH	Belgium
PENTECOST	New Caledonia
ULYSSE HYPER DISTRIBUTION	Tunisia
WANE	Tahiti



Group locations in 2003

	Date established	Sales including tax under banners in millions of euros	Growth in sales including tax under banners at constant exchange rates	Hypermarkets		Supermarkets		Hard discount		Convenience		Other		Total
				Consolidated	Franchise	Consolidated	Franchise	Consolidated	Franchise	Consolidated	Franchise	Consolidated	Franchise	
EUROPE														
France	1963	44,912	2.3	178	38	566	439	578	10		1,611	126	29	3,575
Spain	1973	12,416	8.6	119	5	200		1,778	788			32		2,922
Italy	1993	7,176	8.2	39	1	205	174			117	528	13		1,077
Belgium	2000	5,116	3.8	56		73	198			1	155			483
Greece	1991	1,813	12.3	13		101		221	57	47	4			443
Portugal	1992	1,120	14.8	7				283	72					362
Poland	1997	808	11.9	15		67								82
Turkey	1993	661	14.9	11		5		182						198
Switzerland	2001	644	-0.4	8	3									11
Czech Republic/Slovakia	1998	432	6.1	13										13
LATIN AMERICA														
Brazil	1975	3,177	12.1	85		113		128	5					331
Argentina	1982	1,338	4.2	24		141		285	14					464
Mexico	1995	606	10.8	27										27
Colombia	1998	326	29.7	11										11
ASIA														
China	1995	1,445	26.1	40	1			55						96
Korea	1996	1,219	12.2	27										27
Taiwan	1989	1,184	2.0	31										31
Thailand	1996	406	12.9	19										19
Indonesia	1998	379	33.6	11										11
Japan	2000	236	65.4	7										7
Malaysia	1994	202	7.3	7										7
Singapore	1997	86	17.5	2										2
FRANCHISE PARTNERS														
Belgium	2000						60							60
United Arab Emirates	1995				9									9
Qatar	2000				1									1
Egypt	2002				2									2
Tunisia	2001				1									1
Romania	2001				2									2
Norway	2004													0
French Overseas Departments and Territories	1988				9		38				56			103
Dominican Republic	2000				1									1
TOTAL PARTNERS		**2,877**	**16.4**		**25**		**98**				**56**			**179**
TOTAL GROUP		**88,759**		**750**	**73**	**1,471**	**909**	**3,510**	**946**	**165**	**2,354**	**171**	**29**	**10,378**

Financial Report

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Consolidated financial statements

The pages of the Carrefour Financial Report that follow present the Group's results over the three fiscal years 2001, 2002 and 2003. It is divided into the following sections:

- **the Group management report** presents the 2003 business and principal results for the entire Group and for each of its major operating regions: France, Europe (excluding France), Latin America and Asia. It ends with a brief report on recent developments and the Group's objectives for 2004, as presented during the publication of the consolidated earnings on March 4, 2004;

- **the consolidated accounts and notes to the consolidated accounts** present all the summary statements and comments about the financial position of the Group, including both the parent company and its subsidiaries;

- **the corporate financial statements and notes to the corporate financial statements** show all the summary statements and comments on the financial situation of the Carrefour parent company.

- **the management report** prepared by the Board of Directors of March 3, 2004;

- the text of the **draft resolutions** to be submitted for shareholder approval at the General Shareholders' Meeting scheduled for April 19, 2004 and which—failing the attendance of a quorum on the first occasion— will be rescheduled for April 27, 2004;

- **general information** providing legal information about the company and Shareholders Meetings as well as a complete report on its capital and changes. One chapter is devoted to the Chairman's Report on the conditions for preparing and organizing the work of the Board of Directors and internal control procedures;

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

In accordance with the recommendations of the market regulator, *Autorité des Marchés Financiers* —particularly its Monthly Bulletin of January 2003— and probable changes in accounting standards, the Group has expanded its information on certain items in its financial presentation:
- details of changes in tangible and intangible fixed assets;
- compensation of the Statutory Auditors;
- management of debt-related risk;
- off-balance sheet commitments.

Management report

ACTIVITY – RESULTS

Carrefour had the following objectives in 2003:
- to increase sales including taxes, at comparable exchange rates, by at least 6%;
- and double-digit growth in the Group share of net income from recurring operations per share, before and after amortization of goodwill.

In 2003 the Group met or exceeded all its objectives:
- sales including taxes increased by 6% at comparable exchange rates (including Chile, which was sold in 2003);
- and Group share of net income from recurring operations per share, before and after amortization of goodwill, increased by 13.7% and 15.7%, respectively.

Also:
- 969 stores under banners, representing over a million new square meters, were opened;
- distribution costs (including depreciation) declined as a percentage of revenue by 0.4 points;
- and year-end net debt declined by € 1.1 billion.

SALES, NET OF TAX

Net sales totaled € 70,486 million, up 2.6% over 2002 revenue. At constant exchange rates compared to 2002, the Group net sales were up 5.5% (excluding Chile) over the previous year. The main exchange rate variances derived from the euro/ dollar parity and the weakening of most of the Asian currencies.

Breakdown of net sales by business

	2003	2002	2001
Hypermarkets	59%	59%	59%
Supermarkets	18%	18%	20%
Hard discount	7%	8%	7%
Other stores	16%	15%	14%
Total	**100%**	**100%**	**100%**

Breakdown of net sales by geographic region

	2003	2002	2001
France	51%	51%	49%
Europe (excluding France)	36%	34%	32%
Latin America	7%	8%	12%
Asia	6%	7%	7%
Total	**100%**	**100%**	**100%**

EBITDA

EBITDA totaled € 4,871 million and represented 6.9% of our sales, compared to 6.8% in 2002. It increased 4.2% over 2002.

DEPRECIATION AND PROVISIONS

Depreciation and provisions totaled € 1,620 million, or 2.3% of sales in 2003.

EBIT BEFORE AMORTIZATION OF GOODWILL

EBIT before amortization of goodwill totaled € 3,251 million, up 7.5% over 2002. Operating margin (EBIT / sales) thus totaled 4.6%, compared to 4.4% in 2002 and 4.1% in 2001.

Distribution of EBIT by geographic region

	2003	2002	2001
France	66%	68%	67%
Europe (excluding France)	29%	26%	26%
Latin America	1%	1%	2%
Asia	4%	5%	5%
Total	**100%**	**100%**	**100%**

Operating margin by geographic region

	2003	2002	2001
France	6,0%	5,9%	5,5%
Europe (excluding France)	3,7%	3,4%	3,3%
Latin America	0,3%	0,4%	0,6%
Asia	3,1%	3,0%	2,9%
Total	**4,6 %**	**4,4 %**	**4,1 %**

INTEREST INCOME (LOSS)

The interest consisted of a charge of € 464 million, down 12% from 2002 and representing 0.7% of sales in 2003. This decline was primarily explained by the decline in average net debt of € 1,587 million, leading to an improvement in financial ratios.

Principal financial ratios

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

INCOME TAX

The effective income tax expense was € 846 million in 2003. This represented 30.4% of earnings before taxes, compared to 29.6% in 2002. This increase was due primarily to increases in effective rates in Spain and Italy.

EQUITY ACCOUNTED AFFILIATES

Income from equity affiliates was stable at € 107 million. This stability reflected an increase in the income of financial companies and a decrease in the income of companies not managed by Carrefour.

NET INCOME FROM RECURRING OPERATIONS

This totaled € 2,049 million, up 9.6% over 2002 net income from recurring operations.

MINORITY INTERESTS

The shares of minority interests in income declined from 9.1% in 2002 to 5.4% in 2003. This drop may be primarily explained by the purchase of Spanish minority interests in late 2002 on the occasion of the public exchange offering for Centros Comerciales Carrefour.

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

Group share of net income from recurring operations totaled € 1,938 million, up 14.1% compared to the previous year's net income from recurring operations.

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

Group share of net income from recurring operations after amortization of goodwill totaled € 1,620 million, up 16.6% compared to the previous year's net income from recurring operations.

NON-RECURRING INCOME (LOSS)

Non-recurring income totaled € 7 million. It included:
- Capital gains from sales of securities (Optique in France and Spain, Costco UK and Chile) for € 83 million;
- extraordinary depreciation on operating assets in Latin America and intangible assets, for € 145 million;
- a reversal of provisions for regulatory risk written off during the year, totaling € 69 million.

CASH FLOW AND INVESTMENTS

Cash flow totaled € 3,432 million, an increase of 13.4% over 2002. It represented 43.5% of 2003 net debt. Net capital expenditure for the year totaled € 1,881 million.
Carrefour's tangible and intangible investments totaled € 2,717 million.
2003 financial investments represented € 350 million.
Sales with an impact on our treasury in 2003 totaled € 1,186 million.

SHAREHOLDERS' EQUITY AFTER APPROPRIATION OF EARNINGS

Shareholders' equity totaled € 7,380 million at December 31 2003, compared to € 7,046 million the previous year, and is primarily affected by a reduction in the foreign currency translation adjustment of € 659 million.
This shareholders' equity, after appropriation, includes the distribution of a dividend of € 0.74 per share, up 15.6% over 2002.

NET DEBT

The Group's net debt decreased from € 9,021 million at year-end 2002 to € 7,892 million at year-end 2003. Net debt represents 107% of shareholders' equity after appropriation at year-end 2003, compared to 128% at year-end 2002.

ANALYSIS BY GEOGRAFIC REGION

(in € million)	France		Europe (excl. France)		Latin America		Asia		Total	
	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002
Net sales	35,704	35,101	25,527	23,608	4,619	5,382	4,637	4,639	70,486	68,729
EBITDA	2,766	2,689	1,629	1,462	164	207	313	317	4,871	4,675
EBIT	2,144	2,065	952	796	13	23	143	141	3,251	3,025

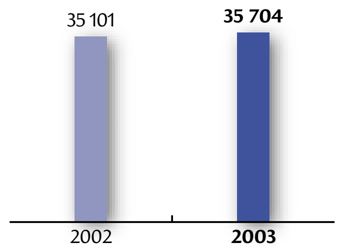
FRANCE

The consolidated store network in France at December 31, 2003 was as follows:

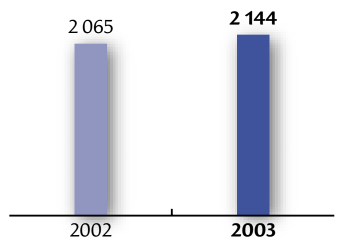
Hypermarkets	178
Supermarkets	566
Hard discount	578
Other stores	126
Total	**1 448**

In 2003, the store network increased by 19 supermarkets and 91 hard discount stores.

Net sales (in € million)



EBIT (in € million)



Despite a difficult economic environment at the end of the year, sales in France increased by 1.7%. This performance demonstrates the benefits of our multi-format strategy. EBIT rose from 5.9% of sales in 2002 to 6.0% of sales in 2003, and totaled € 2,144 million.

Operational investments in France totaled € 818 million. They represent 30% of Group investments.

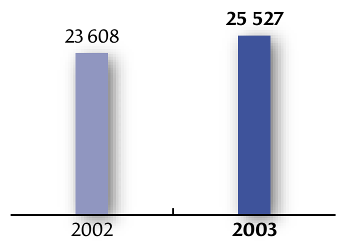
EUROPE (EXCLUDING FRANCE)

The consolidated store network in Europe at December 31, 2003 was as follows

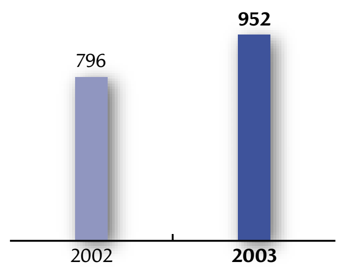
Hypermarkets	281
Supermarkets	651
Hard discount	2 464
Other stores	210
Total	**3 606**

The store network this year grew by 13 hypermarkets, 1 supermarket and 139 hard discount stores.

Net sales (in € million)



EBIT (in € million)



Sales in Europe increased by 8.1% thanks to very good performance posted in the major European countries. At constant exchange rates, the increase in sales was 8.3%. EBIT totaled 3.7% of sales at December 31, 2003, compared to 3.4% in 2002.

Operational investments in Europe totaled € 1,169 million. They represented 43% of Group investments.

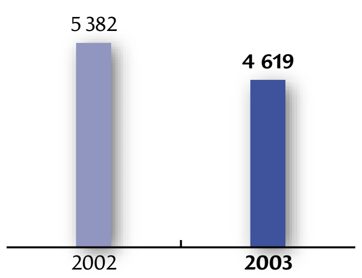
LATIN AMERICA

The consolidated store network in Latin America at December 31, 2003 was as follows:

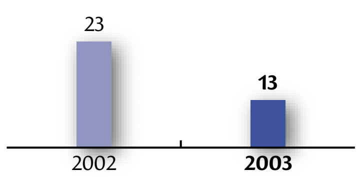
Hypermarkets	147
Supermarkets	254
Hard discount	413
Other stores	-
Total	**814**

In 2003, the store network increased by 12 hypermarkets, 5 supermarkets and 100 hard discount stores.

Net sales (in € million)



EBIT (in € million)



Sales declined by 14.2% between 2002 and 2003, strongly impacted by exchange rate effects. At constant exchange rates, sales increased by 8.0%, a sign of the success of the strategy of developing formats adapted to the purchasing power of each catchment area. EBIT declined from 0.4% of sales in 2002 to 0.3% of sales in 2003, at € 13 million.

Operational investments totaled € 295 million, representing 11% of Group investments.

In December 2003, with the objective of permanent improvement in the profitability of its investments, Carrefour sold its entire share in Carrefour Chile to the Chilean distribution group "Distribución y Servicios" (D&S). Until then, Carrefour had been operating 7 hypermarkets in Chile.

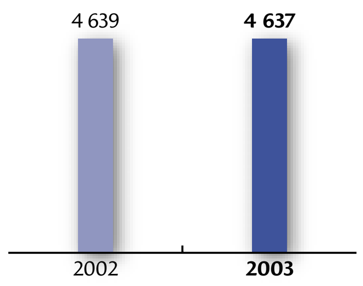
ASIA

The consolidated store network in Asia at December 31, 2003 was as follows:

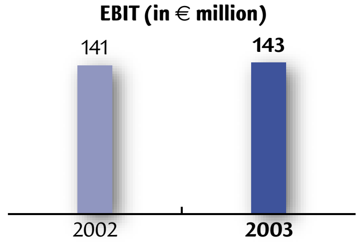
Hypermarkets	144
Supermarkets	-
Hard discount	55
Other stores	-
Total	**199**

The store network this year grew by 21 hypermarkets and 55 hard discount stores.

Net sales (in € million)



EBIT (in € million)



Sales in Asia remained stable because of an unfavorable exchange rate effect. At constant exchange rates, the increase in sales was 16.7%. EBIT rose from 3.0% of sales in 2002 to 3.1% of sales in 2003, at € 143 million.

Operational investments in Asia totaled € 436 million. They represented 16% of Group investments.

RECENT CHANGES

There has been no change in group structure since the beginning of 2004.

In accordance with its strategy, the Group has intensified its commercial activities and is pursuing its multi-format expansion: since the beginning of January 2004, it has opened 5 hypermarkets, 6 supermarkets and 52 hard discount stores, 16 of which are in China.

2004 OBJECTIVES

In order to continue to improve its return on capital employed*, the Group is concentrating both on improving its operational performance and optimizing the allocation of its investments.

Improvement in operational performance will include: increasing sales by investing in prices and maintaining organic growth; reducing costs through synergies, gains on purchases and optimizing back offices; and reducing debt by improving our stock of merchandise.

At the same time, the Group will continue to optimize the allocation of its assets to obtain the best possible ROCE.

The Group again envisions opening some 900 stores under banners in 2004, i.e., the equivalent of approximately 1 million additional square meters of sales surface, including:
- 50 hypermarkets;
- 115 supermarkets;
- 560 hard discount;
- 170 convenience stores;
- and 5 cash and carry.

As in 2003, Carrefour's objectives in 2004 are the following:
- a 6% increase in sales at constant exchange rates;
- and double-digit growth in net income per share, before and after goodwill.

In addition, we expect:
- a reduction in our net debt in the region of € 500 million;
- and a return on capital employed* of 19%.

*Return on capital employed is defined as the ratio of EBIT to capital employed.
Capital employed corresponds to the sum of average net debt and average shareholders' equity.

CHANGEOVER TO IFRS STANDARDS

In accordance with the European regulation on international standards, Carrefour will adopt international standards (IFRS) for fiscal year 2005, according to the provisions of IFRS standard 1, the first-time application of the IFRS, with a comparison under fiscal year 2004 prepared in accordance with the same standards.

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

Within this context, Carrefour has created a Steering Committee responsible for overseeing the IFRS project. This Committee, which reports to the finance director, is responsible for the following:
- organizing the collection of information;
- adapting internal reporting;
- adapting the consolidation tools;
- reconfiguring the consolidation process;
- actively monitoring new standards / interpretations in the process of preparation at the IASB / IFRIC.

The Group carried out training activities and programs to raise awareness about IFRS standards in 2002 and 2003 for the teams responsible for the changeover project and the finance departments of the its various subsidiaries. Members of both the Audit Committee and the Board of Directors are all fully aware of the stakes involved in the changeover to IFRS standards.

At this stage of the project, the Group has identified the major differences between the principles and methods of accounting, evaluation and presentation defined by the international standards, on the one hand, and the accounting principles currently being followed by the Group, on the other.

However, the Group is calling readers' attention to the fact that this information is published to the best of the Group's knowledge, as a function of, on the one hand, its state of progress on the project, and on the other hand, the standards that will actually apply in 2005. Indeed, certain standards of major importance, which are to apply in 2005, have not yet been published in their final version by the IASB (the standard relating to business consolidations), or have not yet been ratified by the European bodies (the standard corresponding to financial instruments).

SHARE-BASED PAYMENTS

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

PRESENTATION OF FINANCIAL STATEMENTS

IAS 14 standard provides for the reporting of financial information by segments, in accordance with two levels of analysis:
- an initial level of analysis where the following must be presented by "segment:" total revenue, EBIT, assets, liabilities, investments, non-cash charges, and the share of income of companies recorded under the equity method;
- a second level of "segment-based" information, which must show sales, total assets and investments.

The Carrefour Group will apply:
- its geographic regions (France, Europe excluding France, Latin America, Asia) as the first level;
- its activities (hypermarkets, supermarkets, hard discount, other) as the second level.

The disappearance, in the IFRS standards, of the notion of non-recurring income will result in a reclassification under EBIT and/or financial income of a certain amount of income and expenses posted to date as non-recurring income.
The adoption of IFRS standards will also result in the conversion of the consolidation of our financial service companies using the equity method, to full consolidation.

GOODWILL

The Group does not envisage restating business consolidation operations prior to January 1, 2004, in accordance with the option allowed under IFRS 1 standard.
With regard to goodwill posted at December 31, 2003, the implementation of an impairment test under the conditions described in standard IAS 36 should not result in the posting of extraordinary significant depreciation in the opening balance. In effect, as indicated in note 1 of the appendix to the consolidated financial statements, the Group is now proceeding on a frequency at least annual and under conditions close to those described in the exposure draft ED 3 published in 2003. Since the plans for revising IAS 36 standard as contained in the the exposure draft are in the process of evaluation, it is not possible to issue an opinion, at this stage, on their possible impact on the financial statements before publication of the final standard.

PROPERTY AND EQUIPMENT

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

FINANCIAL LEASE

Since the criteria selected by the IAS 17 standard to allow classifying a finance leases agreement are broader than those applied before 2002 by the Group, certain agreements, which to date have been treated as operating leases, will be reclassified as finance leases. Since 2002, any new leasing agreement has been analyzed with regard to IFRS criteria.

EMPLOYEE BENEFITS

The IAS 19 standard concerns all defined benefits obligations, and requires the compilation and "fair value" appraisal of all employee benefits, regardless of type or expiration date.

FINANCIAL INSTRUMENTS

IAS 32 and 39 standards, corresponding to financial instruments, have not yet been approved by the European Commission, and therefore the Group does not know with sufficient certainty which provisions will truly apply to it. An analysis based on current texts has nevertheless been undertaken.

OTHER STANDARDS

Other IAS/IFRS standards do not require any particular comments, and at this stage, the Group does not anticipate any significant impact on the IFRS opening balance as a result of their application.

RISK MANAGEMENT

FINANCIAL RISK

Exchange rate risk

The Group's activities throughout the world are carried out by subsidiaries essentially operating in their own country (purchases and sales in local currencies). As a result, the Group's exposure to foreign exchange risk in its commercial activities is naturally limited, and involves mainly imports. The risk on firm imports is hedged by forward purchases of currencies.
Finally, planned investments in foreign countries are sometimes hedged by exchange rate options.
Local financing is generally provided in the local currency.
The maturity of foreign exchange transactions is less than 1 year.
The value of current positions at the close is shown in note 25 to the financial statements.

Rate risk

The Group's net exposure to the risk of interest rate fluctuations is low because of the use of financial instruments consisting of rate and foreign currencies swaps, as well as interest rate options.
The types of hedges at December 31, 2003 and the amount of capital hedged are shown in note 25 to the financial statements.

Liquidity risk

The risk of our liabilities' becoming payable early is related to compliance with financial covenants.
As of December 31, 2003, all covenants were in compliance.
The conditions for the covenants as well as their compliance by the Group are shown in note 24 to the financial statements.
The distribution of debt by due date and currency is shown in note 24, and commitments received from financial entities in note 26.

Share risk

At December 31, 2003, the Group held 7,303,390 treasury shares, posted under marketable securities at € 271.4 million.
These treasury shares are intended to cover stock options awarded to employees.
The sale price of the shares is adjusted during the course of the plan allocations, when necessary.
Marketable securities and financial investments also consist essentially of investments of cash in instruments involving low exposure to the Group.

LEGAL RISKS

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

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

INSURANCE

The Carrefour Group's risk prevention and management policy has an international scope because of the Group's global presence. Its policies are certainly adapted to the local context, but it also has a cross-border perspective, to take into account local peculiarities and the Group's activities (ranging from convenience stores to hypermarkets).

The Carrefour Group pays particular attention to hedging its risks in pursuing three main objectives.

- Offering insurance coverage suitable for its clients, employees, partners and shareholders.

- Optimizing the financing of its risks.

- Implementing an insurance policy based on appropriate knowledge of its risks, and maintaining a strategic perspective.

In order to provide an optimal response to the question of insurance, the Carrefour group relies upon the assistance of world-renowned professionals, in choosing brokerage networks and insurance companies appropriate for its risks and classified among the leading firms in the global insurance market.

The Carrefour Group has addressed its risks in all the various branches of insurance, including Civil Liability, Construction, Property and Business Interruption, Transport, Automobile, and Life.

A global insurance program has been undertaken for major risks covering damage, construction and civil liability.

1. Offer insurance coverage suitable for its clients, employees, partners and shareholders.

The Carrefour Group has carefully reflected on the various major catastrophic accident scenarios that might have a significant impact on its clients, employees, shareholders and the Group itself. As a result, it has taken protective measures that are appropriate for the risks identified and listed. Measures have also been taken to limit and control the circumstances caused by these events.

> Civil Liability insurance

This insurance is intended to indemnify third parties for bodily or material damage or for pain and suffering.
Since a majority of the Carrefour Group's sites are classified as ERP (Publicly Accessible Establishments), exposure to this type of risk must be taken into consideration in order to provide it with the best possible solution.

The Carrefour Group has implemented so-called underlying programs or even local lines and so-called excess lines, thereby offering global coverage to all its subsidiaries around the world. This guarantee offers a guarantee limit suitable for the Group's rated accident risk.

This insurance may be divided into the following sub-groups:
Product Civil Liability Insurance
Post-Delivery Civil Liability Insurance
Professional Civil Liability Insurance
Civil Liability Insurance for Corporate Representatives

The Carrefour Group has signed all these insurance policies, in accordance with conditions offered and available on the global insurance market.

>Property damage and business interruption insurance

The purpose of this insurance is to protect the assets shown on the company's balance sheet.

This risk category falls under Civil Liability for risks identified as major for the Group (employees, clients, partners) and its shareholders.

Property damage Business Interruption insurance has been implemented at the Group and local levels, to cover the specific local characteristics of the insurance market, and at the global level, to ensure maximum protection of its assets. This program offers coverage consistent with the guarantees available on the global insurance market. Nevertheless, the Carrefour Group is seeking alternate solutions to correct the absence of certain policies that are no longer available on the insurance market.
Business Interruption insurance is suitable for the Carrefour Group's specific needs.

2. Optimize the financing of its risks

Optimizing the financing of insurance costs requires good management and control of the insurance costs the Group incurs, specifically by means of detailed knowledge of its local policies.
It also involves providing for deductibles (i.e., payments that remain the insured party's responsibility), thereby making sure that the insurer has a hand in programs with a low likelihood of occurrence. It also involves the implementation of captive schemes.

The Carrefour Group seeks a balance between the level of premiums paid and the total capital insured, as well as the related policies. In this way, it protects its Balance Sheet and Statement of Income to the greatest extent possible.

3. Implement an insurance strategy based on detailed knowledge of its risks, with a strategic perspective.

The Carrefour Group's insurance structure consists of a centralized service with authority to underwrite and manage insurance policies, as well as monitor accidents.

The geographic extent of the Carrefour Group's companies gives an international scope to its risks. This also involves the implementation of local insurance programs, adapted to the specific nature of each country, as well as the implementation of cross-border programs.
As a result, the Group has developed cross-border programs to benefit from additional guarantees in the event of major incidents, and thereby avoid to the greatest possible extent any guarantee default (except for exclusions common to the insurance market or specific to the local market, and minimum levels required by the market).

Within this same view, the Carrefour Group is making an effort to implement a prevention policy at its sites, through prevention audits carried out by its insurers specializing in this area of activity. These studies have resulted in the preparation of reports prepared by the three main participants, the Insurer, the Insured Party and the Broker.

CONSOLIDATED INCOME STATEMENT

In € millions	Notes	2003	Change %	2002	Change %	2001
Net sales	**3**	**70,486.2**	**2.6**	**68,728.8**	**-1.1**	**69,486.1**
Cost of sales	4	(54,630.4)	2.7	(53,182.1)	-1.3	(53,875.0)
Gross margin		15,855.8	2.0	15,546.7	-0.4	15,611.1
Sales, general and administrative expenses	5	(11,478.4)	0.5	(11,419.2)	-2.6	(11,728.7)
Other income (expenses)	6	493.6	-9.8	547.5	-15.1	645.2
EBITDA	**7**	**4,871.0**	**4.2**	**4,675.0**	**3.3**	**4,527.6**
Depreciation amortization and provisions	8	(1,619.6)	-1.8	(1,649.6)	-3.1	(1,702.0)
EBIT	**9**	**3,251.4**	**7.5**	**3,025.4**	**7.1**	**2,825.6**
Interest income (expense)	10	(463.7)	-12.0	(526.9)	-18.5	(646.2)
Income before taxes		2,787.7	11.6	2,498.5	14.6	2,179.4
Income tax	11	(846.2)	14.9	(736.4)	25.7	(585.7)
Net income from recurring operations of consolidated companies		1,941.5	10.2	1,762.1	10.6	1,593.7
Net income from companies accounted for by the equity method	12	107.2	-0.1	107.4	-15.4	127.0
Net income from recurring operations		2,048.7	9.6	1,869.5	8.6	1,720.7
Minority interests		(110.7)	-35.2	(170.8)	17.3	(145.6)
Net income from recurring operations Group share		**1,938.0**	**14.1**	**1,698.7**	**7.8**	**1,575.1**
Amortization of goodwill	13	(318.0)	2.7	(309.7)	-15.9	(368.5)
Net income from recurring operations Group share after goodwill		**1,620.0**	**16.6**	**1,389.0**	**15.1**	**1,206.6**
Non-recurring income, Group share	14	9.1	NS	(14.9)	NS	59.2
Non-recurring income, minority share		(2.2)	NS	(5.5)	NS	27.1
Total net income		1,737.6	12.9	1,539.4	7.0	1,438.5
Net income, Group share		**1,629.1**	**18.6**	**1,374.1**	**8.6**	**1,265.8**

In euros	Notes	2003	Change%	2002	Change%	2001
Net income from recurring operations, Group share before amortization of goodwill per share after dilution (1)		2.67	13.7	2.35	7.9	2.17
Net income from recurring operations, Group share after amortization of goodwill per share after dilution (1)		2.23	15.7	1.92	15.1	1.67
Number of shares used for the calculation	15	728,070,083		734,303,474		734,295,666

(1) The number of shares applied to the calculation in 2001 and 2002 was changed to take into account the potential dilution resulting from options awarded to executives. As a result, total net income per share in 2001 and 2002 changed in value without affecting its percentage change between 2001 and 2002.

Net income from recurring operations per share is computed based on the average number of shares making up the capital stock during the year, and includes the potential dilution resulting from options awarded to management (2001, 2002 and 2003) as well as convertible bond issues and redeemable share warrants (2001 and 2002).

The average number of shares before dilution was 716,142,383 (Note 15).

CONSOLIDATED BALANCE SHEET AT DECEMBER 31, 2003

ASSETS

In € millions	Notes	2003	2002	2001
Intangible fixed assets	16	10,197.8	10,300.5	10,801.6
Property and equipment	17	12,255.0	12,384.5	13,630.7
Long-term investments	18	2,089.1	2,073.2	2,128.3
Fixed assets		**24,541.9**	**24,758.2**	**26,560.6**
Inventories		5,690.7	5,722.8	5,909.4
Trade and suppliers receivables	19	3,182.2	3,154.6	2,945.6
Other receivables	20	2,228.1	2,260.2	3,257.9
Marketable securities and short-term investments	21	2,588.5	1,096.7	2,007.1
Cash and cash equivalents		831.9	1,931.8	2,789.8
Current assets		**14,521.4**	**14,166.1**	**16,909.8**
Total assets		**39,063.3**	**38,924.3**	**43,470.4**

LIABILITIES

In € millions	Notes	2003	2002	2001	2003	2002	2001
		Before appropriation			**After appropriation**		
Shareholders' equity, Group share	22	7,089.3	6,623.3	7,377.4	6,559.3	6,163.3	6,986.4
Minority interests in consolidated companies		891.0	922.7	1,294.0	821.0	882.7	1,205.2
Shareholders' equity		**7,980.3**	**7,546.0**	**8,671.4**	**7,380.3**	**7,046.0**	**8,191.6**
Provisions for contingencies and other long-term liabilities	**23**	**1,648.9**	**1,674.3**	**2,026.5**	**1,648.9**	**1,674.3**	**2,026.5**
Borrowings	24	11,312.3	12,049.2	13,471.3	11,312.3	12,049.2	13,471.3
Trade payables		13,660.4	13,278.2	12,996.7	13,660.4	13,278.2	12,996.7
Other debt		4,461.4	4,376.6	6,304.5	5,061.4	4,876.6	6,784.3
Total debts		**29,434.1**	**29,704.0**	**32,772.5**	**30,034.1**	**30,204.0**	**33,252.3**
Total liabilities and shareholder's quity		**39,063.3**	**38,924.3**	**43,470.4**	**39,063.3**	**38,924.3**	**43,470.4**

CONSOLIDATED STATEMENT OF CASH FLOW

In € millions	2003	2002	2001
Operations			
Net income	**1,737.6**	**1,539.4**	**1,438.5**
Depreciation and amortization	2,066.0	1,950.0	2,537.8
Gains and losses from disposals of assets	(190.5)	(266.1)	(1,106.5)
Change in provisions and other operating resources	(118.4)	(119.0)	(82.2)
Share in income from equity-method companies, net of dividends received	(63.2)	(78.5)	(87.4)
Cash flow provided by operations	**3,431.6**	**3,025.8**	**2,700.3**
Change in other short-term assets and liabilities	323.0	(149.0)	837.9
Net cash provided by operating activities	**3,754.5**	**2,876.8**	**3,538.2**
Investment activities			
Additions to intangible assets and property lands and equipment	(2,717.3)	(2,423.0)	(3,397.8)
Additions to investments	(349.9)	(582.0)	(951.3)
Disposals of intangible assets and property lands and equipment	883.2	704.7	1,952.4
Disposals of investments	302.7	245.5	1,705.6
Subtotal of investments net of disposals	**(1,881.2)**	**(2,054.8)**	**(691.1)**
Other movements (1)	(84.9)	(1,108.9)	(314.5)
Net cash provided by investing activities	**(1,966.1)**	**(3,163.7)**	**(1,005.6)**
Financing activities			
Capital increase in cash (2)	17.3	300.4	183.7
Dividends paid by Carrefour (parent company) and by consolidated companies to minority interests	(522.5)	(475.5)	(424.6)
Changes in borrowings	(737.0)	(1,422.1)	(477.2)
Net cash provided by financing activities	**(1,242.2)**	**(1,597.3)**	**(718.0)**
Impact of exchange rate fluctuations	(154.5)	115.7	41.3
Net increase (decrease) in cash and cash equivalents	**391.8**	**(1,768.4)**	**1,855.9**
Cash and cash equivalents at the beginning of the year	**3,028.6**	**4,797.0**	**2,941.1**
Cash and cash equivalents at the end of the year	**3,420.5**	**3,028.6**	**4,797.0**

(1) In 2002, the item "other movements" included € 949 million corresponding to the payment of Centros Comerciales Carrefour securities tendered under a Share Exchange Offer [OPE].
(2) The 2002 amount mainly consists of the €211 million capital increase carried out by Carrefour under the share exchange offer to pay for the acquisition of Centros Comerciales Carrefour securities.

STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

In € millions	Share	Additional paid in capital	Retained earnings	Shareholders' equity, Group share	Minority interests
At December 31, 2000	**1,777.9**	**261.4**	**5,570.3**	**7,609.5**	**1,322.8**
2001 net income			1,265.8	1,265.8	172.7
2001 dividends			(391.1)	(391.1)	(88.8)
Cancellation of dividends on treasury stock					
Issuance of shares		0.5		0.5	11.1
Foreign currency translation adjustment (note 22)			(983.9)	(983.9)	(46.4)
Impact of changes in consolidation scope and other movements			(514.4)	(514.4)	(166.2)
At December 31, 2001	**1,777.9**	**261.9**	**4,946.7**	**6,986.4**	**1,205.2**
2002 net income			1,374.1	1,374.1	165.3
2002 dividends			(460.0)	(460.0)	(40.0)
Cancellation of dividends on treasury stock					
Issuance of shares	12.4	224.8		237.2	47.6
Foreign currency translation adjustment (note 22)			(1,856.2)	(1,856.2)	(36.4)
Impact of changes in consolidation scope and other movements			(118.2)	(118.2)	(458.9)
At December 31, 2002	**1,790.3**	**486.7**	**3,886.4**	**6,163.3**	**882.7**
2003 net income			1,629.1	1,629.1	108.5
2003 dividends			(530.0)	(530.0)	(70.0)
Cancellation of dividends on treasury stock					
Issuance of shares				0.0	13.9
Foreign currency translation adjustment (note 22)			(661)	(661)	4.9
Impact of changes in consolidation scope and other movements			(42.1)	(42.1)	(119.0)
At December 31, 2003	**1,790.3**	**486.7**	**4,282.3**	**6,559.3**	**821.0**

KEY FIGURES BY GEOGRAPHIC REGION

In € millions	France		Europe (excl. France)		Latin America		Asia		Total	
	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002
Sales net of tax	35,704	35,101	25,527	23,608	4,619	5,382	4,637	4,639	70,486	68,729
EBITDA	2,766	2,689	1,629	1,462	164	207	313	317	4,871	4,675
EBIT	2,144	2,065	952	796	13	23	143	141	3,251	3,025
INVESTMENTS	818	697	1,169	1,099	295	276	436	350	2,717	2,423
- Investments for expansion	311	221	566	577	193	154	321	274	1,391	1,226
- Investments for maintenance	400	362	359	360	78	86	63	69	900	877
- Other investments	107	114	244	162	24	36	52	8	427	320
Net intangible assets	3,428	3,488	5,995	5,942	609	696	166	175	10,198	10,301
Net property and equipment	3,404	3,299	5,680	5,826	1,439	1,479	1,732	1,781	12,255	12,385
Net fixed assets	**6,832**	**6,788**	**11,675**	**11,767**	**2,048**	**2,174**	**1,898**	**1,956**	**22,453**	**22,685**

TOTAL STORES CONSOLIDATED BY GEOGRAPHICAL REGION

In number of stores	France		Europe (excl. France)		Latin America		Asia		Total	
	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002
Hypermarkets	178	178	281	268	147	135	144	123	750	704
Supermarkets	566	547	651	650	254	249	-	-	1,471	1,446
Hard discount stores	578	487	2,464	2,325	413	313	55	-	3,510	3,125
Other formats	126	126	210	130	0	-	-	-	336	256
TOTAL	**1,448**	**1,338**	**3,606**	**3,373**	**814**	**697**	**199**	**123**	**6,067**	**5,531**

NET SALES BY COUNTRY

In € millions	2003	2002
France	**35,704**	**35,101**
Europe (excl. France)	**25,526**	**23,608**
Spain	10,932	10,083
Italy	5,733	5,249
Belgium	4,129	3,967
Greece	1,618	1,439
Portugal	979	857
Poland	713	733
Switzerland	465	482
Turkey	581	436
Czech Republic and Slovakia	376	362

In € millions	2003	2002
Latin America	**4,619**	**5,832**
Brazil	2,701	3,136
Argentina	1,081	1,224
Mexico	543	642
Colombia	294	267
Chile	0	113
Asia	**4,637**	**4,639**
Taiwan	1,132	1,322
Korea	1,129	1,149
China	1,138	1,031
Thailand	383	392
Malaisia	202	226
Indonesia	345	286
Japan	225	149
Singapore	83	83

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1 : Accounting Principles

The consolidated financial statements were prepared in accordance with French accounting principles. The provisions of regulation No. 99-02 of the Comité de Réglementation Comptable [French accounting regulations committee] relating to the consolidated accounts, approved June 22, 1999, have also been implemented since the beginning of fiscal year 1999. These provisions primarily concern the pooling of interests method used to consolidate the Promodès Group.

The Group did not anticipate the application of the new 2002-10 regulation of the Comité de Réglementation Comptable relating to the amortization and depreciation of assets.

The following companies are fully consolidated: on the one hand, companies controlled exclusively, either directly or indirectly, by Carrefour, and on the other hand, those it manages in connection with a majority or equal interest. Companies for which consolidation would not accurately reflect the Group's business activities, and over which the group carry on a significant influence, are accounted for by the equity method, which also applies to service companies. Full consolidation, including of service companies, is presented in note 27. Any companies consolidated in the last three months of the fiscal year that were unable to provide the necessary information in time for full consolidation are accounted for by the equity method.

When Carrefour does not have a significant influence on the operating or financial decisions of companies in which it holds stock, then such stock is recorded at historical cost as long-term investments. The same applies to immaterial companies. A provision for depreciation is funded for such stock, if necessary. The depreciation method is explained in the subsection entitled "long-term investments".

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

Converting financial statements of international subsidiaries
For companies set up in highly inflationary countries, namely Colombia and Turkey:

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

For the other companies:

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

Fixed assets
Tangible and intangible assets, principally goodwill, for which prospects for future profitability preclude a return on their net book value, are subject to exceptional extraordinary depreciation. This depreciation is calculated by comparing the net book value of the asset with its useful value and market value.
The useful value is estimated by adjusting future cash flows:
- Cash flows over a period of 10 years plus a residual value, for tangible fixed investments;
- Cash flows over 4 years with determination of a terminal value calculated based on an update of the data for the fourth year at the perpetual rate of growth to infinity, for goodwill;
- the adjustment rate used is specific to each country.
The market value is evaluated with regard to recent transactions or professional practices.
Valuation tests are carried out when there are tangible signs of loss of value (negative EBIT).

Note 1 : Accounting Principles (continued)

Intangible fixed assets
Intangible assets acquired by companies in the Group are posted under assets at acquisition price.
Goodwill recorded when equity investments are made is posted as an asset on the balance sheet at the first consolidation after allocation to the various identifiable assets and liabilities.

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

Intangible assets are depreciated using the straight-line method over the same life as buildings (20 years). Other goodwill is amortized using the straight-line method over a period not more than 40 years. In the event of an irreversible loss of value based on estimates of future income, an extraordinary depreciation is then recorded.

Other intangible assets correspond primarily to software depreciated over periods of one to five years.

Property and equipment
Land, buildings and improvements, and equipment are valued at original cost price. Depreciation is calculated according to the straight-line method based on average life, i.e.:

Buildings and improvements:	
-Buildings	20 years
-Floors	10 years
-Parking lots	6 and 2/3 years
Equipment, fittings and fixtures	6 and 2/3 to 8 years
Other property, plant and equipment	4 to 10 years

Acquisitions of fixed assets made through a credit lease agreement are recorded as assets at the cost price at the time of acquisition and depreciated over the period cited above. Debt resulting from the acquisition is recorded under liabilities. On the statement of income, leasing fees are replaced by interest on loans and depreciation of the asset.

Since fiscal year 2002, new agreements of a financial leasing nature as defined by IAS 17 standard have also been included.

Long-term investments
Investments in fully consolidated companies, as well as dividends received from such companies, are eliminated for consolidation purpose. These investments are replaced by the assets, liabilities and shareholders' equity of the companies concerned.

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

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

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

Inventories
Inventories of merchandise are valued at the last purchase price plus any related costs, a method suitable for rapid inventory turnover. This price includes all the conditions obtained at purchase. They are adjusted to market value at year end if necessary.

Marketable securities
Marketable securities are valued at purchase price or market price, if market price is lower.

Any unexercised Carrefour shares acquired by the parent company, either under a stock option plan or a specific policy to adjust the market price, are shown on the balance sheet at cost price and depreciated if necessary.

Provisions for risks and charges
Pursuant to regulation 2000-06 of the Comité de Réglementation Comptable relating to liabilities, any Group obligation vis-à-vis a third party likely to be estimated with sufficient reliability and likely to give rise to resources without counterparty is subject to accounting on a provisional basis.
Carrefour pays retirement benefits to all persons who work for the Group up to retirement in France and other countries. All employee benefits are taken into account. This commitment is calculated on an actuarial basis, taking into account factors such as employee turnover, mortality and salary increases.
Commitments are met through contributions paid to outside agencies or in the form of provisions.

Income tax
Deferred taxes are based on the differences between the book value and tax value of assets or liabilities.

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

The rate used to value deferred taxes in France takes into account the impact of potential increase in exacted tax rate.

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

Sales and profit margin
Sales include only those made in stores and warehouses.
In addition to purchases and inventory fluctuations, the cost of sales also includes logistics costs and joint marketing activities.

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

Financial instruments
Instruments used by the Group to hedge interest and currency risks are intended to limit the effects of interest rate fluctuations on the Group's variable-rate debt, and the effects of foreign exchange fluctuations on the Group's currency needs. Income from these instruments are accounted for symmetrically with the income generated by the hedge items. Positions tht donot meet hedge accounting criteria are accounted for at market value. Losses, if any, are reserved.

Note 2 : Highlights of the year

Buyout of minority interests in Carrefour Colombia
In June 2003, Carrefour signed an agreement with Valores Bavaria and Sigla for the buyout of the 35% and 10%, respectively, that they held in Carrefour Colombia.
Carrefour owned 55% of the capital of Carrefour Colombia and now owns all the stocks.

Sale of the Optical activity in France and Spain
On June 30, 2003, the Group's Optical activity in France and Spain was sold to Alain Afflelou SA, Apax Partners SA and F2L SAS.
The net gain, presented under non-recurring income, totaled € 47 million.

Sale of Costco UK
On October 3, 2003, Carrefour sold the 20% it held in the capital of Costco Wholesale UK Ltd., to Costco Holdings Ltd.
The net gain, recorded as non-recurring income, totaled € 23 million.

Sale of Carrefour Chile
In December 2003 Carrefour sold its Chilean subsidiary for € 100 million to the local retail group "Distribución y Servicios" (D&S).
Up to then, Carrefour had been operating 7 hypermarkets in Chile.
The net gain recorded as non-recurring income, totaled € 12 million.
In accordance with regulation 99-02 (paragraph 23100) and the previous treatment used by the Group during similar activities, expenses and revenue for 2003 activities were presented on a single line of the statement of income under non-recurring income.

Activities prior to 2003 with an impact on the fiscal year
Buyout of minority interests in Centros Comerciales Carrefour (CCC)
In November 2002, Carrefour and 4 of its subsidiaries tendered a share exchange offer in Spain on the shares of Centros Comerciales Carrefour. The deal concerned a 20.3% equity stake, or 68.5 million shares of stock.
The exchange parity offered was 3 Carrefour shares for 10 CCC shares.
The number of shares tendered was 58,895,703.
The exchange price was € 42.35 (which equals the average stock price during the tender period).
Payment for the shares tendered was made by exchanging 17,688,711 Carrefour shares, of which 12,691,866 were shares of treasury stock and 4,976,845 were new shares issued through a capital increase of € 210.8 million. CCC shares not tendered under the offering are still listed on the Madrid Stock Exchange.
The Group's equity interest in CCC, both direct and indirect, rose from 76% to 93,2%.

Note 3 : Breakdown of net sales by geographic region

In € millions	2003	2002	2001
France	35,703.9	35,100.5	34,334.6
Europe (excl. France)	25,526.6	23,607.6	22,144.4
Latin America	4,618.8	5,382.1	8,440.5
Asia	4,636.9	4,638.6	4,566.6
Total	**70,486.2**	**68,728.8**	**69,486.1**

At comparable exchange rates, net sales would be € 72,503 million.

The impact of the change in exchange rates represented € 2,017 million at December 31, 2003, of which € 1,196 million are in the Latin America region and € 774 million in the Asia region.

Note 4 : Cost of sales

In addition to purchases and changes in inventory, the cost of sales includes logistics costs and joint marketing benefits.

In € millions	2003	2002	2001
Change in inventory	(68.2)	(88.6)	(898.2)
Purchases, net of rebates	54,698.6	53,270.7	54,773.3
Total	**54,630.4**	**53,182.1**	**53,875.1**

The profit margin remains steady at 22.6% in 2002 and 22.5% in 2003.

Note 5 : Selling, general and administrative expenses

In € millions	2003	2002	2001
Personel costs	6,519.9	6,308.8	6,447.7
Employee profit sharing	191.0	195.7	187.7
Rents	541.0	508.5	523.6
Other expenses	4,226.5	4,406.2	4,569.7
Total	**11,478.4**	**11,419.2**	**11,728.7**

As in 2002, payroll expenses accounts for 9.2% of sales excluding tax.

Other general expenses included duties and taxes related to operations, fee expenses, advertising, energy, maintenance and other outside services. The portion of other expenses in sales excluding taxes totals 6.0% in 2003, compared to 6.4% in 2002.

The Group's cost cutting program implemented in 2002 therefore resulted in a considerable reduction in total, general and administrative expenses, which declined from 16.9% of sales excluding tax in 2001, to 16.6% in 2002 and 16.2% in 2003.

Note 6 : Other income and expenses

In € millions	2003	2002	2001
Income from real estate	233.0	204.7	226.1
Other	260.6	342.8	419.1
Total	**493.6**	**547.5**	**645.2**

Other items consist of income and expenses relating to the business, pre-opening income and expenses, as well as recurring capital gains and losses on disposals in managing the Group's real estate holdings.

Note 7 : Breakdown of EBITDA by geographic region

In € millions	2003	2002	2001
France	2,766.0	2,688.8	2,553.2
Europe (excl. France)	1,628.6	1,461.8	1,293.8
Latin America	163.7	207.1	366.1
Asia	312.7	317.3	314.5
Total	**4,871.0**	**4,675.0**	**4,527.6**

Changes in exchange rates and the Argentine and Brazilian economic crises explain the sharp decline in the contribution from the Latin America region.

Note 8 : Depreciation, amortization and provisions

In € millions	2003	2002	2001
Depreciation of property and equipment	1,367.4	1,409.0	1,512.6
Amortization of intangible assets (excluding goodwill)	189.2	173.3	149.2
Provisions	63.0	67.3	40.2
Total	**1,619.6**	**1,649.6**	**1,702.0**

Note 9 : Breakdown of EBIT by geographic region

In € millions	2003	2002	2001
France	2,143.9	2,064.9	1,905.1
Europe (excl. France)	951.9	795.7	733.1
Latin America	12.6	23.4	53.2
Asia	143.0	141.4	134.2
Total	**3,251.4**	**3,025.4**	**2,825.6**

Note 10 : Interest income (expense)

In € millions	2003	2002	2001
Other investment income	78.6	135.4	106.5
Dividends received	6.0	7.2	25.9
Net cost of debt and other interest	(548.3)	(669.5)	(778.6)
Total	**(463.7)**	**(526.9)**	**(646.2)**

A detailed breakdown of the Group's debt is presented in note 24 on Borrowings.

Note 11 : Income tax

In € millions	2003	2002	2001
Current income tax	917.1	627.9	648.5
Deferred taxes	(70.9)	108.5	(62.8)
Total taxes	**846.2**	**736.4**	**585.7**
Real tax rate (basis: income before taxes and goodwill)	30.4%	29.6%	26.9%
Standard tax rate	**33.3%**	**33.3%**	**33.3%**
Incremental tax	2.1%	2.1%	3.1%
Difference in tax rate of foreign companies	-3.0%	-3.7%	-4.2%
Losses without tax credits and impact of losses carried fund	-0.5%	-0.4%	-2.6%
Difference in tax treatment	-0.6%	-1.3%	-1.9%
Other	-1.0%	-0.4%	-0.8%
Effective tax rate	**30.4%**	**29.6%**	**26.9%**

The change in the effective tax rate stems mainly from the increase in effective rates in Spain and Italy.

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

In € millions	2003	2002	2001
Gross income of companies accounted for by the equity method	107.2	107.4	127.0
Amortization of goodwill of companies accounted for by the equity method	(8.0)	(7.5)	(15.6)
Net income of companies accounted for by the equity method	**99.2**	**99.9**	**111.4**

The steady income from companies accounted for by the equity method reflects an increase in the income of our finance companies and a decline in income from companies in which Carrefour holds a minority stake.
The list of companies accounted for by the equity method appears on page 94.

Note 13 : Breakdown of amortization of goodwill by region

In € millions	2003	2002	2001
France	(131.4)	(130.5)	(144.9)
Europe (excl. France)	(165.4)	(153.4)	(150.3)
Latin America	(20.7)	(25.3)	(72.8)
Asia	(0.5)	(0.5)	(0.4)
Total	**(318.0)**	**(309.7)**	**(368.5)**

The increase derives essentially from the amortization of goodwill occurring during the acquisition of minority interests from Centros Comerciales Carrefour at the end of 2002.

Note 14 : Non-recurring income (expense)

Résultat exceptionnel

In € millions	2003	2002	2001
Non-recurring income (expense), Group share	9.1	(14.9)	59.2
Non-recurring income (expense), minority share	(2.2)	(5.5)	27.1
Total	6.9	(20.4)	86.3

Non-recurring income (expense) in 2003 consisted of the following:
- gains from the sale of investments (Optique activity in France and Spain, Costco UK, Chile) for € 83 million;
- impairment of stores for € 26 million;
- impairment of goodwill on supermarkets in Brazil and Argentina for € 119 million;

- reversal of a provision for regulatory risk eliminated during the year, for € 69 million.

Non-recurring income (expense) in 2002 was due to:
- gains from the sale of investments (Petsmart and Dick's Clothing mainly) for € 42.9 million;
- capital gains on the sale of shopping malls for € 114 million;
- cost of changeover to the euro of € 31.5 million;
- risks on property, equipment and intangible assets for € 46.1 million (of which € 43 million are on plots of land in Poland);
- restructuring and store closing costs of € 46 million (closing of 16 supermarkets in Brazil, 1 hypermarket in Mexico, and 1 hypermarket in Turkey);
- losses on the sale of treasury stock used in the share exchange offer on Centros Comerciales Carrefour (see note 2) for € 27.5 million;
- other items for a net expense of € 26.2 million.

Non-recurring income (expense) in 2001 was due to:
- gains from the sale of equity interests (Picard, Metro and Cora, mainly) for € 802.4 million;
- gains from the sale of stores required under the merger with Promodès and shopping malls, for € 149.2 million;
- cost of changeover to the euro of € 120.6 million;
- exceptional depreciation of intangible assets of € 393.1 million;
- exceptional depreciation of tangible assets of € 125.3 million;
- restructuring and store closing costs of € 161.7 million (suspension of Internet activities, closing of stores in Brazil and Argentina);
- other items for a net expense of € 64.6 million.

Note 15 : Net income per share

Net income from recurring operations before dilution

	2003		2002		2001
Net income from recurring operations, group share before goodwill (In € millions)	1,938.0	14.1%	1,698.7	7.8%	1,575.1
Net income from recurring operations, Group share after goodwill (In € millions)	1,620.0	16.6%	1,389.0	15.1%	1,206.6
Average weighted number of shares	716,142,383		711,164,008		711,147,110
EPS before goodwill in euros	**2.71**	**13.5%**	**2.39**	**7.8%**	**2.21**
EPS after goodwill in euros	**2.26**	**15.8%**	**1.95**	**15.1%**	**1.70**

Net income from recurring operations after dilution

	2003		2002		2001
Net income from recurring operations, group share before goodwill (In € millions)	1,938.0	14.1%	1,698.7	7.8%	1,575.1
Net income from recurring operations, Group share after goodwill (In € millions)	1,620.0	16.6%	1,389.0	15.1%	1,206.6
Savings in interest expense net of taxes on:					
10/1999 convertible bond issue (In € millions)			7.6		7.3
1998 redeemable share warrant issue (In € millions)			14.7		14.3
Restated net income from recurring operations, group share before goodwill (In € millions)	1,938.0		1,722.1		1,596.7
Restated net income from recurring operations, Group share after goodwill (In € millions)	1,620.0		1,412.4		1,228.2
Average weighted number of shares	716,142,383		711,164,008		711,147,110
Shares to be issued from:					
10/1999 convertible bond issue			5,903,810		5,599,788
1998 redeemable share warrant issue			6,871,456		6,733,401
Stock options	11,927,700		10,364,200		10,373,200
Other					442,167
Number of shares restated *	728,070,083		734,303,474		734,295,666
Fully diluted EPS before goodwill (In € millions)	**2.67**	**13.7%**	**2.35**	**7.9%**	**2.17**
Fully diluted EPS after goodwill (In € millions)	**2.23**	**15.7%**	**1.92**	**15.1%**	**1.67**

* The number of shares used for the calculation in 2001 and 2002 was changed to take into account the potential dilution resulting from stock options granted to executives. Consequently, net income per share in 2001 and 2002 changed but had no impact on its percentage growth between 2001 and 2002.

Note 16 : Intangible assets

In € millions	2003	2002	2001
Gross goodwill	11,375.5	11,148.0	11,456.4
Amortization of goodwill	(2,244.0)	(1,846.0)	(1,642.5)
Net goodwill	**9,131.5**	**9,302.0**	**9,813.9**
Other gross intangible assets	2,286.3	2,067.2	1,995.6
Depreciation of other intangible assets	(1,220.0)	(1,068.7)	(1,007.9)
Other net intangible assets	**1,066.3**	**998.5**	**987.7**
Net intangible assets	**10,197.8**	**10,300.5**	**10,801.6**

Goodwill

In € millions	Beginning of year	Gross goodwill end-2002	Accumulated amortization end-2002	New goodwill 2003	Amortization in 2003 [(1)]	Foreign currency translation adjustment	Gross goodwill for 2003	Accumulated goodwill end-2003	Net goodwill for 2003
Euromarché	1991	523	(298)		(26)		523	(324)	199
Comptoirs Modernes	1998, 1,999	2,356	(374)		(50)		2,356	(424)	1,932
Norte (Argentina)	2000, 2001	277	(42)		(42)	(8)	262	(77)	185
RDC (Brazil)	2000	198	(12)		(65)	6	204	(77)	127
GS (Italy)	2000, 2001	3,126	(285)	61	(79)		3,187	(364)	2,823
GB (Belgium)	2000	1,113	(175)		(26)		1,113	(201)	912
Others		3,555	(660)	189	(116)	(14)	3,730	(776)	2,954
Total		**11,148**	**(1,846)**	**250**	**(404)**	**(16)**	**11,375**	**(2,243)**	**9,132**

(1) Amortization of goodwill for the period includes exceptional depreciation occurring in 2003 on the goodwill of Norte (Argentina) and RDC (Brazil)

Breakdown of net intangible assets by geographic region

In € millions	2003	2002	2001
France	3,427.6	3,488.2	3,537.9
Europe (excl. France)	5,994.6	5,941.8	5,634.8
Latin America	609.4	695.8	1,397.9
Asia	166.2	174.7	231,0
Total	**10,197.8**	**10,300.5**	**10,801.6**

Change in intangible assets

In € millions	Gross	Depr. and provisions	Net
At January 1, 2003	**13,215.2**	**(2,914.6)**	**10,300.5**
Increases	273.4	(503.3)	(229.9)
Decreases	(33.8)	15.2	(18.6)
Exchange rate change	(59.1)	9.3	(49.8)
Changes in consolidation scope and transfers	266.1	(70.6)	195.5
At December 31, 2003	**13,661.8**	**(3,464.0)**	**10,197.8**

Note 17 : Property and equipment

In € millions	2003	2002	2001
Land	3,363.8	3,479.5	3,949.3
Buildings	7,969.2	8,300.7	9,127.9
Equipment, fixtures and fittings	9,978.0	8,490.8	7,972.0
Other property and equipment	1,125.5	1,480.2	1,798.0
Fixed assets in progress	686.5	839.7	1,008.0
Gross property and equipment	**23,123.0**	**22,590.9**	**23,855.2**
Depreciation and amortization	(10,868.0)	(10,206.4)	(10,224.5)
Net property and equipment	**12,255.0**	**12,384.5**	**13,630.7**

The net value of land, buildings and equipment acquired under financial leases was € 387.3 million at December 31, 2003 and € 429.7 at December 31, 2002.

Breakdown of property and equipment by geographic region

In € millions	2003	2002	2001
France	3,404.0	3,299.3	3,403.8
Europe (excl. France)	5,680.8	5,825.5	5,861.0
Latin America	1,438.9	1,478.6	2,524.3
Asia	1,731.2	1,781.2	1,841.6
Total	**12,255.0**	**12,384.5**	**13,630.7**

Change in property and equipment

In € millions	Gross	Depr. and provisions	Net
At January 1, 2003	**22,590.9**	**(10,206.4)**	**12,384.5**
Increases	2,453.6	(1,343.0)	1,110.6
Decreases	(1,198.8)	508.5	(690.3)
Exchange rate change	(534.3)	130.3	(404.0)
Changes in consolidation scope and transfers	(188.4)	42.6	(145.8)
At December 31, 2003	**23,123.0**	**(10,868.0)**	**12,255.0**

Note 18 : Investments

In € millions	2003	2002	2001
Investments in companies accounted for by the equity method [(1)]	630.5	607.0	542.7
Investments [(2)]	501.7	507.3	508.3
Long-term loans and advances	11.1	18.8	46.8
Deferred taxes	633.4	576.3	589.1
Other	312.4	363.8	441.4
Total	**2,089.1**	**2,073.2**	**2,128.3**

(1) As of December 31, 2003 this item included stock in financial service companies totaling € 266.5 million, and stock in retail companies totaling € 364 million.
(2) This item mainly comprises the interests held in Finiper (Italy).

Note 19 : Trade and suppliers receivables

In € millions	2003	2002	2001
Trade receivables	1,136.8	1,281.1	1,283.8
Receivables from suppliers	2,045.4	1,873.5	1,661.8
Total	**3,182.2**	**3,154.6**	**2,945.6**

Trade receivables are mainly those due from the Group's franchisees.
Receivables from suppliers are rebates owed by the Group's suppliers.

Note 20 : Other receivables

In € millions	2003	2002	2001
Loans and advances due within one year	6.0	10.5	6.1
State, taxes and duties	764.4	607.5	542.9
Deferred taxes (assets)	277.7	237.0	300.8
Other operating receivables	1,180.0	1,405.2	2,408.1
Total	**2,228.1**	**2,260.2**	**3,257.9**

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

Note 21 : Marketable securities and short-term investments

In € millions	2003	2002	2001
Marketable securities [(1)]	522.7	454.5	955.0
Short-term investments	2,065.8	642.2	1,052.1
Total	**2,588.5**	**1,096.7**	**2,007.1**

(1) The € 522.7 million in marketable securities on the Group's balance sheet had a market value of € 528.9 million at December 31, 2003 (of which € 271 million was treasury stock).

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

Note 22 : Foreign currency translation group share

The "foreign currency translation account," which is included in the "Shareholders' equity"—Group share item, breaks down as follows:

In € millions	
At January 1, 2001	370
Change in 2001	(984)
At December 31, 2001	(614)
Change in 2002	(1,856)
At December 31, 2002	(2,470)
Change in 2003	(661)
At December 31, 2003	(3,131)

Geographical breakdown of the change in foreign currency translation Group share

In € millions	2003	2002	2001
France			
Europe (excl. France)	(203)	(179)	(105)
Latin America	(2,496)	(2,118)	(496)
Asia	(432)	(172)	(13)
Total	**(3,131)**	**(2,469)**	**(614)**

Note 23 : Provisions for contingencies and long-term liabilities

In € millions	2003	2002	2001
Deferred tax liabilities	483.8	516.8	716.4
Retirement benefits	189.6	208.8	198.8
Other	975.5	948.7	1,111.3
Total	**1,648.9**	**1,674.3**	**2,026.5**

The cost of retirement benefits is determined at the end of each year by taking into account employee seniority and the probability of employment in the company on the retirement date. The calculation is based on an actuarial method that includes hypotheses for salary changes and retirement age. The Group's total commitment as of December 31, 2003 was estimated at € 355.1 million. It is fully covered by the provision and by payments to outside agencies.

The provisions consist of items pertaining to customer service together with the fiscal, labor and legal costs, and risks pertaining to the company's business.

Note 24 : Borrowings

Breakdown of borrowings

In € millions	2003	2002	2001
Bonds	8,292.3	7,349.4	6,955.3
Other borrowings	1,787.9	2,927.9	3,822.5
Other long-term debts	180.3	109.7	293.5
Commercial paper	810.0	1,402.4	2,154.2
CB borrowings	241.8	259.8	245.8
Total borrowings	**11,312.3**	**12,049.2**	**13,471.3**
Marketable securities	2,588.5	1,096.7	2,007.1
Cash	831.9	1,931.8	2,789.8
Total investments	**3,420.4**	**3,028.6**	**4,796.9**
Net debt	**7,891.9**	**9,020.7**	**8,674.4**

In 2003, bonds accounted for 73% of total borrowings, against 61% in 2002.

Change in net debt

In € millions	2003	2002	2001
Bonds	(942.9)	(394.1)	(541.4)
Other borrowings	1,140.0	894.5	1,335.5
Other long-term debts	(70.6)	183.8	(97.8)
Commercial paper	592.4	751.8	(229.2)
Leases	18.0	(13.9)	10.5
Change in debt	**736.9**	**1 422.1**	**477.6**
Marketable securities	(1,491.8)	910.4	(267.2)
Cash	1,099.9	858.0	(1,588.7)
Change net of cash	**(391.8)**	**1 768.4**	**(1,855.9)**
Change in net debt	**(1,128.7)**	**346.3**	**(2,333.5)**

Breakdown of borrowings by interest rate type

In € millions	2003	2002	2001
Fixed-rate debt	1,018.0	703.0	
Floating-rate debt	10,294.3	11,346.1	13,471.3
Total	**11,312.3**	**12,049.2**	**13,471.3**

The floating-rate debt is either issued as such or is fixed-rate debt swapped into floating-rate debt at the time of issuance.

Breakdown of borrowings by currency

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

In € millions	2003	2002	2001
Euro	9,648.0	10,369.9	12,296.7
Japanese yen	206.4	318.4	342.1
US dollar	17.8	22.5	110.0
Norwegian krone	61.1	61.1	61.1
Brazilian real	5.5	41.2	35.3
Chinese yuan	6.3	26.1	39.4
Turkish lira	7.3	7.2	48.5
Korean won	75.5	16.9	14.6
Taiwanese new dollar	7.8	23.8	24.6
Malaysian ringgit	10.9	13.1	29.0
Argentinian peso	96.7	109.2	238.3
Pound sterling	795.5	795.5	
Swiss franc	363.2	192.0	190.7
Colombian peso		30.2	26.0
Others	10.3	22.1	15.0
Total	**11,312.3**	**12,049.2**	**13,471.3**

The debt in euros represented 85% of the total in 2003, against 86% in 2002.

After swap, the euro-denominated debt represents 96% of total debt in 2003, versus 98% in 2002.

Note 24 : Borrowings (continued)

Breakdown of bonds

In € millions	Maturity	Effective rate 2003 in%	2003	2002	2001
Bonds			**8,292**	**7,349**	**6,955**
Public Issues:			**7,590**	**6,842**	**6,397**
Euro MTN bond, GBP, 10 years, 5.375%	2012	3.65	796	796	-
Euro MTN bond, EUR, 8 years, 4.375%	2011	2.70	1,100	-	-
Euro MTN bond, EUR, 10 years, 6.125%	2010	4.84	1,000	1,000	1,000
Bond, FRF, 10 years, 4.50%	2009	2.97	1,000	1,000	1,000
Domestic bond, FRF, 10 years, 5.30%	2008	4.14	305	305	305
Euro MTN bond, CHF, 8 years, 3.50%	2007	2.19	162	162	162
Euro MTN bond, EUR, 5 years, 5.125%	2006	3.68	500	500	500
Bond, EUR, 7 years, 4.50%	2006	4.77	400	400	400
Bond, CHF, 5 years, 4.25%	2005	4.32	161	161	161
Euro MTN bond, EUR, 3 years, Euribor 3M + 0.14%	2005	2.72	100	100	-
Euro MTN bond, EUR, 2 years, Euribor 3M + 0.13%	2005	2.40	300	-	-
Euro MTN bond, EUR, 5 years, 4.375%	2004	2.86	1,000	1,000	1,000
OCA-OCCI bond, FRF, 3 years, 2.50%	2004	3.19	467	467	467
Euro MTN bond, EUR, 2 years, Euribor 3M + 0.08%	2004	2.98	300	300	-
Euro MTN bond, JPY, 2 years, JPY Libor 3M	2003	3.08	-	189	189
OBSAR-OBSCIR bond, FRF, 5 years, 3.50%	2003	2.55	-	1	1
OBSAR-OBSCIR bond, FRF, 5 years, 3.50%	2003	2.55	-	462	462
Euro MTN bond, EUR, 2 years, 5.50%	2002	-	-	-	300
Euro MTN bond, EUR, 2 years, Eonia	2002	-	-	-	200
Euro MTN bond, EUR, 1 year, Euribor 3M	2002	-	-	-	250
Private Issues:			**702**	**507**	**558**
Euro MTN bond, EUR, 10 years, Euribor 3M + 0.35%	2011	2.85	20	20	20
Private investment, EUR, 7 years	2010	6.15	108	0	0
Private investment, EUR, 7 years	2010	4.40	71	0	0
Private investment, ARS, 10 years	2010	E6M+5.5	70	99	238
Euro MTN bond, JPY, 5 years, 0.80%	2008	2.46	50	-	-
Private investment, EUR, 5 years	2007	7.56	21	26	0
Private investment, EUR, 5 years	2007	7.00	100	100	0
Indexed zero-coupon bond, 7 years	2005	2.79	61	61	61
Indexed zero-coupon bond, FRF, 7 years	2005	3.52	91	91	91
OCA-OCCI bond, FRF, 3 years, 2.50%	2004	3.19	25	25	25
Euro MTN bond, NOK, 4 years, 7.50%	2004	3.39	61	61	61
Euro MTN zero-coupon bond, EUR, 5 years	2004	3.35	23	23	23
Indexed zero-coupon bond, FRF, 6 years	2002	-	-	-	39

Breakdown by maturity date

Maturities In € millions	2003	2002	2001
1 year	4,080.9	3,718.6	3,167.2
2 years	969.0	2,669.1	2,829.4
3 years	1,059.8	612.6	2,244.6
4 years	410.3	1,071.9	469.7
5 to 10 years	4,545.5	2,893.2	4,135.9
Over 10 years	59.5	943.1	296.3
Undetermined	187.3	140.7	328.1
Total	**11,312.3**	**12,049.2**	**13,471.3**

The average maturity for bond issues is three and a half years.

Bank covenants

The bank covenants stipulate:

- that the Group's total shareholders' equity after distribution and excluding foreign currency translation must exceed € 7,470 million;
- that the ratio of net debt / EBITDA must be under 3.0.

The Group is in compliance with these conditions as shown in the table below:

In € millions	2003	2002	2001
Shareholders' equity after distribution and excluding foreign currency translation	**10,619.9**	**9,626.1**	**8,882.8**
Net debt (a)	7,891.9	9,020.7	8,674.5
EBITDA (b)	4,871.0	4,675.0	4,527.6
Ratio of net debt / EBITDA (a)/(b)	**1.6**	**1.9**	**1.9**

Note 25 : Financial instruments and currency risk

Financial instruments

Financial instruments are used by the Group to hedge currency and rate risks in connection with its operations. Each instrument used is matched to the operations thus hedged. Hedging instruments are contracted with world-class banking counterparties. They are managed primarily on a centralized basis.

Currency risk

The Group's currency risk management policy is presented in the Group management report.

The market value of hedging positions at year-end totaled:

In € millions			2003	2002	2001
On commercial operations:	**Forward purchases**		**291.0**	**137.7**	**509.1**
	USD		291.0	137.7	499.7
	GBP				0.2
	HKD				9.2
	Forward sales		**3.6**	**10.1**	**0.5**
	JPY		0.2	4.3	0.5
	HKD		3.2	5.6	
	SGD		0.2	0.2	
On financial transactions:	**Forward purchases**		**292.2**	**211.7**	**12.5**
	USD		209.4	156.3	12.5
	CHF		1.0		
	CZK		7.7	3.2	
	HKD		73.0	52.2	
	SGD		1.1		
	Forward sales		**370.5**	**244.4**	**598.1**
	USD		181.0	123.7	543.6
	CZK		100.9	75.0	54.6
	HKD			6.1	
	JPY		81.6	32.2	
	SKK		4.9	7.4	
	SGD		2.1		
Currency options:	**- Purchases**	**USD**		**7.8**	**39.4**
	- Sales	**USD**			**39.4**
Total			**957.3**	**611.7**	**1,199.0**

Interest rate risk

The Group's net exposure to the risk of interest rate fluctuations is reduced by the use of financial instruments such as swaps, FRA and rate options. As of December 31, 2003, the hedge types and corresponding amounts hedged were as follows:

Average outstandings of hedging instruments at 12/31/2003:

In € millions	2004	2005	2006	2007	2008	> 5 years
Carrefour pays fixed (interest rate swaps)						
Euribor/ fixed rate quarterly (E/360)	5,347	5,398	2,910	691	4	4
Weighted averaged rate	4.13%	3.71%	3.67%	3.86%	0.62%	0.62%
Libor JPY/ fixed rate yearly (E/360)	12					
Weighted averaged rate	0.29%					
Carrefour pays fixed (forward rate agreements)						
Euribor/ fixed rate quarterly (E/360)	3,430					
Weighted averaged rate	2.32%					
Carrefour pays floating (issue swaps) (1)						
Eurobor/ fixed rate	5,977	4,917	4,388	3,727	3,644	1,723
Libor USD/ fixed rate	58	58	58			
Floating/ floating (issue swaps) (1)						
Euribor/ Euribor	231	20	20	20	20	20
Cross currency swaps (issue swaps) (1)						
Carrefour pays Euribor/ CHF fixed rate	323	269	162	40		
Carrefour pays Euribor/ GBP fixed rate	796	796	796	796	796	796
Carrefour pays Euribor/ NOK fixed rate	61	41				
Carrefour pays Euribor/ JPY fixed rate	50	50	50	50	49	
Purchased caps						
Average outstanding	5,349	3,027				
Strike	4.29%	3.35%				
Weighted averaged premium	0.25%	0.29%				

Notional outstandings of hedging instruments at year-end split by maturity:

In € millions	31/12/03	< 1 year	1 to 5 years	> 5 years	31/12/02	< 1 year	1 to 5 years	> 5 years
Carrefour fixed payment (interest rate swaps)								
Euribor/ fixed rate quarterly (E/360)	12,180	1,812	10,364	4	6,256	2,239	4,013	4
Libor JPY fixed rate yearly (E/360)	11	11			24	13	11	
Carrefour pays fixed (forward rate agreements)								
Euribor/ fixed rate quarterly (E/360)	14,974	14,974			16,503	16,503		
Carrefour pays floating (issue swaps) (1)								
Eurobor/ fixed rate	6,775		3,181	3,594	5,921	762	2,771	2,388
Libor USD/ fixed rate	58		58		70		70	
Floating/ floating (issue swaps) (1)								
Euribor/Euribor	442	422		20	442		422	20
Cross currency swaps (issue swaps) (1)								
Carrefour pays Euribor/ CHF fixed rate	323		323		323		323	
Carrefour pays Euribor/ GBP fixed rate	796			796	796			796
Carrefour pays Euribor/ NOK fixed rate	61		61		61		61	
Carrefour pays Euribor/ JPY fixed rate	50		50		189	189		
Purchased caps								
Outstanding	9,773	5,371	4,402		11,050	4,679	6,371	

(1) Those derivatives are swaps dealt at borrowings issuance dates. They cover underlying and their objective is to transform the fixed rate of the borrowings into a floating rate. The other interest rate derivatives (swaps and options) are dealt and cover underlying in order to cap interest expenses.

We also note that the Group has purchased and sold floors. This position was not open in fiscal 2003. Consequently, these transactions are not listed.

Effective interest rate on average gross debt

	2003	2002	2001
Debt rate before impact of rate products	3.09%	3.98%	5.10%
Debt rate after impact of rate products	3.58%	4.39%	5.42%

Note 26 : Off-balance sheet commitments

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

1. Off-balance sheet commitments relating to cash consist of:
- lines of credit representing confirmed lines of credit extended to the Group and not drawn down at fiscal year end;
- collateral and mortgages given or received mainly as the result of the Group's real estate activities;
- financial instruments to hedge exposure to currency and interest rate risks. These instruments are all discussed in note 25;
- loan commitments given by the Group's financial services companies to their clients as part of their operations, plus bank commitments received.

2. Off-balance sheet commitments pertaining to operations consist of:
- commitments to buy plots of land under the Group's expansion program;
- various outbuildings resulting from commercial contracts;
- commitments given to complete construction work under the Group's expansion programs;
- rental guarantees and guarantees on shopping mall operators;
- secured receivables;
- plus other commitments given or received.

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

4. Commitments related to leasing agreement
At year-end 2003, the Group wholly owned 548 hypermarkets out of 750 that are consolidated in its financial statements, 845 supermarkets out of 1,471 consolidated ones, and 332 hard discount stores out of 3,510 integrated ones. Stores that are not wholly owned are rented under lease agreements at a cost of € 541 million for fiscal year 2003 (see note 5). 30% of these agreements expire in less than 5 years, 38% expire in 5 to 10 years, and 32% expire in over 10 years. The gross amount of future rental payments, which is computed based on the maximum future commitment taken by the Group, both in terms of duration and the amount for each of the building rental lease agreements existing to date, comes to € 6,867 million. When this future rental flow is discounted, it comes to a commitment of € 4,031 million.

The Group also owns shopping malls, mainly anchored by its hypermarkets and supermarkets, which are rented out and which represented income of € 233 million in 2003 (see note 6). The gross amount of future rental payments, which is computed based on the future commitment taken by the lessees, both in terms of duration and the amount for each building rental lease agreement existing to date, comes to € 661 million. When this future rental flow is discounted, it comes to a commitment received of € 245 million.

Commitments given

In € millions	2003	Breakdown by maturity < 1 year	1 to 5 years	> 5 years	2002
Relating to cash	**5,186**	**760**	**229**	**4,198**	**5,263**
relating to financial services companies	4,025	0	0	4,025	4,375
relating to other companies	1,161	760	229	173	888
Relating to operations/ real estate/ expansion, etc.	**1,202**	**901**	**101**	**200**	**1,073**
Relating to lease agreements	**161**	**0**	**0**	**161**	**192**
Liés aux locations (1)	**6,867**	**582**	**1,525**	**4,760**	**6,882** (1)
Total	**13,416**	**2,243**	**1,854**	**9,319**	**13,409**

(1) Within the context of the conversion to IFRS standards, building lease agreements were reviewed exhaustively and the valuation of minimum leases payable at December 31, 2002 was adjusted.

Commitments received

In € millions	2003	Breakdown by maturity < 1 year	1 to 5 years	> 5 years	2002
Relating to cash	**6,907**	**2,094**	**3,161**	**1,652**	**6,680**
relating to financial services companies	1,524	178	0	1,346	1,901
relating to other companies	5,383	1,916	3,161	306	4,778
Relating to operations/ real estate/ expansion, etc.	**278**	**226**	**10**	**42**	**217**
Relating to acquisitions of securities	**151**	**0**	**0**	**151**	**156**
Relating to lease agreements	**661**	**94**	**221**	**346**	**556**
Total	**7,997**	**2,414**	**3,392**	**2,191**	**7,609**

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

Services businesses accounted for by the equity method are the financial companies S2P in France, Servicios Financieros Carrefour (formerly Financiera Pryca) and Finandia in Spain, Fimaser in Belgium, Banco de Servicios Financieros in Argentina, and Carrefour Administradora de Cartões de Crédito in Brazil. The data below includes these companies fully consolidated within the accounts of the Carrefour group. Asset and liability postings were affected depending upon their type on the balance sheet, with the posting of loans to clients under assets, and their refinancing under liabilities.
Interest and commissions from financing activities are included in profits, and the other items on the statement of income are classified by type.

Consolidated balance sheet before appropriation

In € millions	2003	2002
Fixed assets	24 275,2	24 503,2
Loans to clients	2 914,2	2 682,4
Other current assets	14 914,0	14 414,4
Total assets	**42 103,4**	**41 600,0**
Net shareholders' equity Group	7 089,3	6 623,3
Minority interests in consolidated companies	1 090,0	1 107,2
Borrowings	11 322,5	12 069,6
Financing of loans to clients	2 699,5	2 347,0
Other debts	19 902,1	19 452,9
Total liabilities	**42 103,4**	**41 600,0**

Consolidated income statement

In € millions	2003	2002
Sales exclusive of tax	70,486,2	68,728,2
Sales margin in %	22.9%	23.0
Operating income	3,385.3	3,134.1
Net income from recurring operations – Group share	1,620.0	1,389.0

Note 28 : Employees

	2003	2002	2001
Average number of Group employees	402,256	386,762	358,501
Number of Group employees at year-end	419,040	396,662	382,821

FULLY CONSOLIDATED COMPANIES AT DECEMBER 31, 2003

	Interest percentage used in consolidation	Commercial business Registry number
FRANCE		
@ CARREFOUR B2C MANAGEMENT	100.0	430,472,092
ACTIS	100.0	345,274,310
ALODIS	100.0	345,130,306
AMANDIS	100.0	394,540,348
ANDELYSIENNE DE DISTRIBUTION	100.0	384,418,331
ANDRENA	100.0	339,363,095
ANNONAY DISTRIBUTION	100.0	310,380,621
ARBADIS	100.0	395,346,406
ARDAN	100.0	408,857,142
AUCEMA	99.9	398,656,660
AULDIS	100.0	333,867,901
BEAURAINS DISTRIBUTION	100.0	400,416,251
BOEDIM	100.0	379,874,571
CARAUTOROUTE	100.0	433,970,944
CARCOOP	50.0	317,599,231
CARCOOP France	50.0	333,955,912
CARFUEL	100.0	306,094,194
CARREFOUR	100.0	652,014,051
CARREFOUR ADMINISTRATIF FRANCE	100.0	428,240,352
CARREFOUR EUROPE	100.0	420,265,845
CARREFOUR FORMATION HYPER FRANCE	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 SERVICES CLIENTS	100.0	423,697,523
CARREFOUR SYSTEME INFORMATION,FRANCE	100.0	433,929,114
CARREFOUR TRESO (Ex-PROMODES 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
CENTRALE INTERNATIONALE DE MARCHANDISES – CIM	100.0	784,380,586
CHAINDIS SA	100.0	341,583,201
CHAMNORD	63.6	303,543,128
CHAMPION DOMINIQUE	100.0	327,202,677
CHAMPION SUPERMARCHÉS FRANCE (C.S.F)	100.0	440,283,752
CHESHUNT FRANCE	100.0	391,027,448
CHRISTING	100.0	330,305,558
CLAB	100.0	399,847,003
CLAMARDIS	100.0	349,970,939
CM LOGISTIQUE SUD EST	100.0	546,820,143
CM SUPERMARCHÉ OUEST – CMSO	100.0	421,063,348
CM SUPERMARCHÉS CENTRE – CMSC	100.0	421,063,439
CM SUPERMARCHÉS NORD OUEST CMSNO	100.0	421,063,306
CM SUPERMARCHÉS SUD EST CMSSE	100.0	421,063,256
CMEN	100.0	780,130,126
CMER	100.0	383,836,525
CMMU	100.0	310,226,071
CMUC	100.0	383,774,684
COFADIS	100.0	353,795,552
COMMUNAUTÉ BOULONNAISE DE DISTRIBUTION	100.0	775,632,169
COMPAGNIE D'ACTIVITÉ ET DE COMMERCE INTERNATIONAL – CACI	100.0	352,860,084
COMPTOIRS MODERNES (CMSA)	100.0	575,450,317
CONTINENT 2001	100.0	430,209,650
CONTINENT FRANCE	100.0	430,209,288
COVIAM 3	100.0	433,928,363
CRFP1	100.0	434,210,985
CRFP12	100.0	444,531,750
CRFP4	75.0	440,160,570
CROIX DAMPIERRE	91.6	780,680,781
CSD	74.0	326,220,654
CSD TRANSPORTS	74.0	433,859,154
CV LOGISTIQUE	100.0	379,956,915
DALCINE	100.0	384,776,902
DARTAGNAN	99.9	339,211,450
DAUPHINOISE DE PARTICIPATIONS	100.0	337,748,552
DAVECHRIS	100.0	384,804,134
DELSODIS	100.0	392,360,988
DIROB	100.0	324,815,273
DISTRIBUTION AUX COLLECTIVITÉS – DISCOL	100.0	788,261,659
DOP 4	100.0	345,130,520
DUO CONTI	100.0	433,805,124
ED FONCIÈRE REGION NORD	100.0	444,525,992
ED FRANCHISE SAS	100.0	434,193,454
EPAGAM	100.0	420,225,104
ERTECO	100.0	303,477,038
ERTECO DEUTSCHLAND GMBH	100.0	HRB 649
ETS CATTEAU	100.0	576,280,101
EUROMARCHÉ	100.0	780,060,414
FORGES LES EAUX	100.0	419,532,916
FORUM DÉVELOPPEMENT	100.0	381,485,176
FRADIS	100.0	414,115,733
GEDEL	100.0	395,104,243
GENEDIS	100.0	345,130,512
GML – GRANDS MAGASINS LABRUYERE	50.0	314,832,387

FULLY CONSOLIDATED COMPANIES AT DECEMBER 31, 2003

	Interest percentage used in consolidation	Commercial business Registry number
FRANCE (continued)		
GML FRANCE	50.0	397,894,296
GONINET	100.0	315,770,123
GOUDY	100.0	353,898,125
GRIDIANE	100.0	383,331,055
GUIROVI	100.0	381,618,461
HAUTS DE ROYA	100.0	428,470,900
HERVAU	100.0	353,869,662
IMMOBILIÈRE CARREFOUR	100.0	323,439,786
IMMOBILIÈRE ERTECO SNC	100.0	389,526,617
INTERDIS	100.0	421,437,591
JAFI	100.0	329,058,614
JAPIERRE	100.0	325,774,338
JULIEME	100.0	392,746,194
LALAUDIS	99.0	339,176,885
LAPALUS & FILS (ETABS)	100.0	795,920,172
LEBERT	100.0	342,269,719
LEDAYE	99.9	333,585,354
LOGIDIS	100.0	303,010,789
LOGIMA	100.0	418,048,567
LORIC	100.0	409,780,491
MAISON JOHANÈS 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
MONTESUD	100.0	334,299,336
MONTVERT	100.0	379,843,139
OOSHOP	95.0	420,153,538
ORMEAUX	100.0	391,136,769
P.R.M.	100.0	352,442,826
PAG (ex-Promodès France)	100.0	348,593,575
PHILEVE	100.0	347,970,592
PLOUHADIS	100.0	385,254,370
PRIMO	100.0	320,708,050
PRODIM	100.0	345,130,488
PRODIREST	100.0	342,418,530
PROFIDIS	100.0	323,514,406
PROFIDIS & Cie	99.0	327,753,372
PROPO	100.0	410,690,101
PROVIDANGE	100.0	352,367,239
ROCHEDIS	100.0	352,057,046
S 2M I	100.0	440,272,789
S.T.D.	100.0	417,597,549
S.T.J	100.0	378,122,519
SADIM	100.0	303,083,034
SARCA	100.0	321,484,131
SARL DE SAINT-HERMENTAIRE	100.0	384,235,602
SARL ERTECO EST	100.0	401,636,550
SAS BELL R	100.0	327,866,828
SCI POUR LE COMMERCE	100.0	378,384,002
SCI SOGARA MÉRIGNAC	50.0	307,048,975
SEDIS	100.0	424,120,095
SELIMA	100.0	411,495,369
SEPG	100.0	997,848,312
SERDIS	100.0	339,954,315
SET	100.0	433,964,202
SISP	100.0	349,146,878
SNC ED	100.0	381,548,791
SNC ED EST	100.0	402,682,283
SNE & CIE – SOCIÉTÉ NOUVELLE D'EXPLOITATION	100.0	388,182,388
SNEC – SOCIÉTÉ NIORTAISE D'EXPLOITATION COMMERCIALE	50.0	393,600,028
SNM – STÉ NOUVELLE MONTESSON	100.0	404,703,522
SOCIÉTÉ DE DISTRIBUTION PLOEUCOISE –SODIP	100.0	325,517,464
SOCIÉTÉ DES ÉTABLISSEMENTS J. CONSTANS	100.0	784,144,354
SOCIÉTÉ DES HYPERMARCHÉS DE LA VEZERE	50.0	382,824,761
SOCIÉTÉ D'EXPLOITATION AMIDIS & Cie	100.0	319,730,339
SOCIÉTÉ FECAMPOISE DE SUPERMARCHÉS	100.0	305,490,039
SOCIÉTÉ NOUVELLE SOGARA	50.0	441,037,405
SOCODIS	100.0	405,005,307
SODIGIR	100.0	389,504,291
SODIPAR 92	100.0	344,161,435
SODISOR	100.0	788,358,588
SODISPO	100.0	403,198,062
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
SOPLODIS	100.0	379,978,034
SOCIÉTÉ D'EXPLOITATION CARCOOP	50.0	408,505,824
STOC SUD EST – STOC S.E.	100.0	398,155,606
SUCA	99.9	607,280,039
SUESCUN	100.0	340,023,936
SUPERMARCHÉ ARMAGNACAIS (SASMA)	100.0	304,900,640
TERRADIS	100.0	331,015,958
TILLY DISTRIBUTION	100.0	350,553,517
TOURANGELLE DE PARTICIPATIONS	100.0	339,487,787
VLS DISTRIBUTION (SUPERMARCHÉ SCHALLER)	100.0	340,468,321

FULLY CONSOLIDATED COMPANIES AT DECEMBER 31, 2003

	Interest percentage used in consolidation
GERMANY	
PROMOHYPERMARKT AG & CO. KG	100.0
PROMOHYPERMARKT INTERNATIONAL	100.0
ARGENTINA	
CARREFOUR ARGENTINA SA	100.0
DIA ARGENTINA SA	100.0
SUPERMERCADOS NORTE	100.0
CARREFOUR AMERICAS	100.0
BELGIUM	
BIGG'S CONTINENT NOORD SA	100.0
BIGG'S SA	100.0
CARGOVIL (ex OUTEX)	100.0
CARREFOUR BELGIUM	100.0
CENTRE DE COORDINATION CARREFOUR	100.0
COTRADIS	100.0
CUSTOMER LOYALTY PROGRAM BELGIUM - CLPB	97.1
ÉCLAIR	100.0
EXTENSION BEL-TEX	100.0
FILMAR	100.0
FILUNIC	100.0
FOURCAR BELGIUM SA	100.0
FRESHFOOD	100.0
GB RETAIL ASSOCIATES SA	100.0
GIB MANAGEMENT SERVICES	100.0
GMR	100.0
KEY SYSTEM	100.0
MABE	100.0
R&D FOOD	100.0
ROB	100.0
SOCIETÉ RELAIS	100.0
SOUTH MED INVESTMENTS	100.0
STIGAM	100.0
SUPERTRANSPORT	100.0
TECHNICAL MAINTENANCE SERVICE - TMS	100.0
SERCAR	100.0

	Interest percentage used in consolidation
BRAZIL	
BREPA COMERCIO PARTICIPACAO LTDA	99.8
CARREFOUR AMERICAS	100.0
CARREFOUR COMMERCIO E INDUSTRIA LTDA	99.8
CARREFOUR GALERIAS COMERCIAIS LTDA	99.8
CARREFOUR PARTICIPACOES E ADMINISTRACAO SA	99.8
CARREFOUR PARTICIPACOES SA	99.8
CARREFOUR REVENDEDORA DE COMBUSTIVEL LTDA	99.8
CARREFOUR VIAGENS E TURISMO LTDA	99.8
CFR PARTICIPACOES LTDA	99.9
CHAMP PARTICIPACOES LTDA	99.8
CONTPAR PARTICIPACOES LTDA	99.8
DIA BRASIL	100.0
ELDORADO	99.8
FARO TRADING SA	99.8
IMOPAR PARTICIPCOES E ADMINISTRACAO IMOBILIARIA LTDA	99.8
JUNPAR PARTICIPACOES LTDA	99.8
LOJIPART PARTICIPACOES SA	99.8
LOPAR PARTICIPACOES LTDA	99.8
MAPAR PARTICIPACOES LTDA	99.8
MAUA PARTICIPACOES	99.8
NOVA FOCCAR FACTORING FOMENTO COMERCIAL LTDA	99.8
NOVA GAULE COMERCIO E PARTICIPACOES SA	99.8
NTC TRADING SA	99.8
RDC FACTORING LTDA	99.8
CHINA	
BEIJING DIA-SHOULIAN COMMERCIAL RETAIL CO. LTD	65.0
BEIJING JIACHUANG COMMERCIAL MNGT ADV SVCE CRP	60.0
BEIJING LEYI COMMERCIAL AMD TRADE DEV CORP LTD	83.6
CARREFOUR (CHINA) MANAGEMENT & CONSULTING SERVICES CO.	100.0
CHANGSHA CARREFOUR HYPERMARKET	65.0
CHENGDU CARREFOUR HYPERMARKET CHAINSTORE COMPANY	65.0

	Interest percentage used in consolidation
CHINA (continued)	
CHENGDU YUSHENG INDUSTRIAL DEVELOPMENT CO. LTD	93.0
CHONGQING CARREFOUR HYPERMARKET CHAIN STORE	55.0
DALIAN JIA FU SHOPPING MALL CO. LTD	100.0
DALIAN JIA FU SUPERMARKET CO. LTD	100.0
DIA TIANTIAN (SHANGHAI) MANAGEMENT CONSULTING SERVICE CO. LTD	100.0
DONGGUAN DONESHENG SUPERMARKET CO.	83.7
GUANGZHOU PRESIDENT SUPERMARKET CO.	55.0
HARBIN CARREFOUR HYPERMARKET CO. LTD	65.0
HANGZHOU CARREFOUR HYPERMARKET CO. LTD	65.0
JIAFU TIANJIN INTERNATIONAL TRADING CO. LTD	55.0
KUNMING CARREFOUR HYPERMARKET CO. LTD	65.0
NANJING YUEJIA SUPERMARKET CO. LTD	75.0
NINGBO LEFU INDUSTRIAL MANAGEMENT CO. LTD	92.5
NINGBO LEHAI ENTERPRISE MANAGEMENT & CONSULTANT CO. LTD	100.0
NINGBO NINGJIA SUPERMARKET CO. LTD	94.4
PROMODES FOODSTUFF (BEIJING) CO. LTD	100.0
PROMODES PROPERTY MANAGEMENT CO.	95.0
QINGDAO CONTINENT REAL ESTATE DEVELOPMENT CO.	100.0
QINGDAO JIAKANG ENTERPRISE MANAGEMENT & CONSULTANT CO. LTD	100.0
QINGDAO MINGDA SUPERMARKET CO. LTD	95.0
SHANGAÏ CARHUA SUPERMARKET LTD	55.0
SHANGHAI DIA-LIAN HUA RETAIL CO. LTD	55.0
SHENYANG CARREFOUR HYPERMARKET CO. LTD	100.0
SHENZHEN LERONG SUPERMARKET CO. LTD	75.0
SUZHOU YUEJIA HYPERMARKET CO. LTD	65.0
TIANJIN QUANYE CARREFOUR HYPERMARKETL CO. LTD	65.0
VICOUR LIMITED	100.0
WUHAN HANFU CHAIN SUPERMARKET CO. LTD	100.0
WUXI YUEFU SUPERMARKET CO.	70.8
ZUHAI LETIN HYPERMARKET CO. LTD	100.0

	Interest percentage used in consolidation
COLOMBIA	
GSC SA - GRANDES SUPERFICIES DE COLOMBIA	100.0
KOREA	
CARREFOUR KOREA LTD	100.0
SPAIN	
CARREFOUR CANARIAS SA	93.2
CARREFOUR NAVARRA SL	93.2
CARREFOUR NORTE SL	93.2
CARREFOURONLINE SL (SUBMARINO HISPANIA)	93.2
CENTROS COMERCIALES CARREFOUR SA	93.2
DISTRIBUIDORA INTERNACIONAL DE ALIMENTACION (DIASA)	100.0
E-Carrefour SA	93.2
GROUP SUPECO MAXOR	93.2
INMOBILARIA CARREFOUR	65.2
INVERSIONES PRYCA SA	100.0
NORFIN HOLDER SL	100.0
PUNTOCASH SA	100.0
SIDAMSA CONTINENTE HIPERMERCADOS SA	100.0
SOCIEDAD DE COMPRAS MODERNAS SA (SOCOMO)	93.2
SUPERMERCADOS CHAMPION SA	93.2
VIAJES CARREFOUR S.L.UNIPERSONAL	93.2
GREECE	
CARREFOUR MARINOPOULOS	50.0
CITYGATE	50.0
DIA HELLAS	80.0
HONG KONG	
CARREFOUR ASIA LTD	100.0
CARREFOUR GLOBAL SOURCING ASIA	100.0
CARREFOUR TRADING ASIA LTD	100.0
INDONESIA	
PT CARREFOUR INDONESIA (Ex-Contimas)	100.0

FULLY CONSOLIDATED COMPANIES AT DECEMBER 31, 2003

	Interest percentage used in consolidation
ITALY	
BETA 2003 SRL	98.2
CARREFOUR ITALIA	100.0
CARREFOUR ITALIA COMMERCIALE	100.0
CARREFOUR ITALIA FINANZIARIA	100.0
CARREFOUR ITALIA IMMOBILIARE	100.0
CONSORZIO CARREFOUR	100.0
DI x DI SRL	98.2
FINCOMER SRL	100.0
FINMAR SPA	98.2
GCA SRL (Galleria Commerciale Assago)	80.0
GS (ex-ATENA)	98.2
HYPERMARKET HOLDING	100.0
IMMOBILIARE STELLARE	98.2
MIRTO 92	98.2
SEROMA	98.2
SOCIETA COMERCIO MERIDONIALE	100.0
SOCIETA SVILUPPO COMMERCIALE	100.0
SUMAR SPA	100.0
JAPAN	
CARREFOUR JAPAN	100.0
LUXEMBOURG	
CARIGES SA	100.0
MALAYSIA	
CARREFOUR MALAYSIA SDN BHD	100.0
MAGNIFICIENT DIAGRAPH SDN BHD	100.0
MEXICO	
CARREFOUR DE MEXICO	100.0
GRANDES SUPERFICIES DE MEXICO SA de CV	100.0
GRUPO CARREFOUR	100.0
HIPERMERCADOS CARREFOUR SA de CV	100.0
HIPERSERVICIOS CARREFOUR SA de CV	100.0
OPERADORA DE SERVICIOS CARREFOUR SA de CV	100.0

	Interest percentage used in consolidation
NETHERLANDS	
ALCYON BV	93.2
CARREFOUR CHINA HOLDINGS BV	100.0
CARREFOUR NEDERLAND BV	100.0
FOURCAR BV	100.0
FRANCOFIN BV	100.0
HYPER GERMANY BV	100.0
CARREFOUR INTERNATIONAL SERVICES BV (ex HYPER GERMANY HOLDING BV)	100.0
HYPER INVEST BV	100.0
INTERCROSS ROADS BV	100.0
MILDEW BV	100.0
ONESIA BV	100.0
SOCA BV	100.0
POLAND	
CARREFOUR POLSKA	100.0
PORTUGAL	
CARREFOUR (PORTUGAL)	99.8
DIA PORTUGAL SUPERMERCADOS	100.0
LISPETROLEOS	99.8
CZECH REPUBLIC	
ALFA SHOPPING CENTER	100.0
CARREFOUR CESKA REPUBLIKA	100.0
EDEN DEVELOPMENT	100.0
L'OPTIQUE CARREFOUR	100.0
USTI NAD LABEM SHOPPING CENTER	100.0
UNITED KINGDOM	
DEMOT UK	100.0

	Interest percentage used in consolidation
SINGAPORE	
CARREFOUR SINGAPOUR PTE LTD	100.0
CARREFOUR SOUTH EAST ASIA	100.0
SLOVAKIA	
ATERAITA	100.0
CARREFOUR SLOVENSKO	100.0
SWITZERLAND	
DISTRIBUTIS SA	40.0
CARREFOUR SUISSE	100.0
CARREFOUR WORLD TRADE	100.0
HYPERDEMA	100.0
PROMOHYPERMARKT AG	100.0

	Interest percentage used in consolidation
TAIWAN	
PRESICARRE	60.0
THAILAND	
CENCAR LTD	100.0
NAVA NAKARINTR LTD	100.0
SSCP THAÏLAND LTD	100.0
TURKEY	
CARREFOUR SABANCI TICARET MERKEZI AS CARREFOURSA	60.0
INTEM TICARET MERKEZLERI AS	59.6
DIA SABANCI SUPERMARKETLERI TICARET ANONIM SIRKETI	60.0

COMPANIES CONSOLIDATED BY THE EQUITY METHOD

France	Interest percentage used in consolidation	Commercial business registry number
FRANCE		
ALTIS	50.0	310,710,223
BEARBULL	50.0	423,143,718
CARMA	50.0	330,598,616
CARMA VIE	50.0	428,798,136
DÉEFENSE ORLÉANAISE	50.0	085,580,728
DISTRIMAG	50.0	301,970,471
HAMON INVEST	50.0	431,586,502
HYPARLO	20.0	779,636,174
HYPERMARCHÉS DES 2 MERS - H2M	50.0	393,248,554
PROVENCIA SA	50.0	326,521,002
S2P - SOCIÉTÉ DES PAIEMENTS PASS	60.0	313,811,515
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

	Interest percentage used in consolidation
ARGENTINA	
BANCO CETELEM ARGENTINA SA	40.0
BANCO DE SERVICIOS FINANCIEROS SA	60.0
HIPERBROKER	65.0
BELGIUM	
FIMASER	60.0
BRAZIL	
AGROPECUARIA LABRUNIER LTDA	99.8
AGROPECUARIA ORGANICA DO VALE	76.7
AGROPECUARIA VALE DAS UVAS SARL	99.8
CARREFOUR ADMINISTRADORA DE CARTOES DE CREDITO. COMERCIO E PARTICIPACOES LTDA	59.9
FAZENDA SAO MARCELO SA	99.8
SPAIN	
CENTROS SHOPPING GESTION SL	46.6
COSTASOL DE HIPERMERCADOS SL	31.7
DIAGONAL PARKING SC	53.6
FEU VERT IBÉRICA SA	46.6
FINANDIA E.F.C.	100.0
GLORIAS PARKING SA	46.6

	Interest percentage used in consolidation
SPAIN (continued)	
ILITURGITANA DE HIPERMERCADOS SL	31.7
INTERING SA	46.6
SEGUROS CARREFOUR SA	69.9
SICIONE SA	32.2
SERVICIOS FINANCIEROS CARREFOUR EF.C. (Financiera Pryca)	56.2
ITALY	
IPER ORIO SPA	50.0
IPER PESCARA SPA	50.0
PORTUGAL	
MODELO CONTINENTE HIPERMERCADOS SA	22.4
ROMANIA	
HIPROMA	50.0
SWITZERLAND	
DISTRIBUTIS MONCOR SA	20.0
TAIWAN	
CARREFOUR FINANCIAL CONSULTING	50.4

STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2003

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

In compliance with the assignment entrusted to us by Annual General Shareholders' Meeting, we have audited the accompanying consolidated financial statements of Carrefour S.A. for the year ended December 31, 2003.

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

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 disclosed in these financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement 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, liabilities, financial position and results of the consolidated group of companies in accordance with the accounting rules and principles applicable in France.

JUSTIFICATION OF OUR ASSESSMENTS

Pursuant to article L 225-235 of the "Code de Commerce" (French Commercial Code) relating to the justification of our assessments, introduced by the Financial Security Act of 1st August 2003 and which came into effect for the first time this year, we would like to draw your attention to the followings:
As indicated in note 1 to the consolidated financial statements, tangible and intangible assets, mainly goodwill, for which expected future profitability do not substantiate the net book value of these assets, are exceptionally depreciated.
This depreciation is computed based on the comparison between the net book value of the asset with its value in use and market value. The value in use is estimated based on present value of future cash flows. Impairment tests are performed when there are indications that the asset may be impaired.
We have verified the appropriateness of the accounting methods defined above and the information provided in the notes to the financial statements.
Also, based on the information available at the date of this report, we have assessed the data and assumptions on which these valuation tests were computed, particularly the cash flow projections made by the Group; examined the documentation provided; and reviewed the calculations made by the Group and the procedure for approving these estimates by Management.
We have undertaken an assessment of the reasonableness of these estimates.
The assessments we have made of this information fall within the context of our audit of the consolidated financial statements prepared as a whole and contribute to the formation of the unqualified opinion expressed in the first part of this report.

SPECIFIC PROCEDURES AND DISCLOSURES

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

Paris La Défense and Neuilly-sur-Seine, March 12, 2004

KPMG Audit
A division of KPMG S.A.

Jean-Luc Decornoy
Partner

Deloitte Touche Tohmatsu

Jean-Paul Picard
Partner

Frédéric Moulin
Partner

General information

Legal information

The parent company's sole activity is to act as a holding company. It provides technical assistance to its subsidiaries, and performs no direct operations. The subsidiaries pay a royalty to the parent company both for this technical assistance and for the use of brands.

CORPORATE NAME AND HEAD OFFICE
Carrefour - 6, avenue Raymond Poincaré – 75016 Paris

LEGAL FORM
It is a French société anonyme governed by the provisions of the French Commercial Code.
The Company was converted into a société anonyme with a Board of Directors pursuant to a resolution by the Shareholders' Meeting of April 23, 1998.

LEGISLATION
French law.

INCORPORATION AND TERM
The term of the Company, which began on July 11, 1959, will expire on July 10, 2058, except in the event of early dissolution or extension.

CORPORATE PURPOSE (ARTICLE 2 OF CORPORATE BYLAWS)
The purpose of the Company is:
- to create, acquire and operate, in France and abroad, stores for the sale of all articles, products, foodstuffs, merchandise and, secondarily, to provide, within these stores, all services that may be of interest to the customers;
- to purchase, manufacture, sell, represent, package and pack said products, foodstuffs and merchandise;
- and, generally, to perform all industrial, commercial, financial, movable and immovable property operations related directly or indirectly to this purpose, or which could facilitate said purpose or ensure its development.

The Company may act, directly or indirectly, and conduct all these operations in all countries, on its own behalf or on behalf of third parties, either alone, or within partnerships, alliances, groups or a company, with any and all other persons or companies, and perform and execute such operations in any form whatsoever.
The Company may also acquire all interests and stakes in any French or foreign companies or businesses, whatever their purpose.

REGISTER OF COMMERCE–APE CODE
- RCS : 652 014 051 RCS Paris
- APE : 741 J

LOCATION WHERE THE DOCUMENTS CONCERNING THE COMPANY MAY BE CONSULTED
The documents concerning the Company and, in particular, its bylaws, financial statements, and reports presented to its Shareholders' Meetings by the Board of Directors and the Auditors may be consulted at the corporate offices at the address indicated above.

FINANCIAL YEAR
The financial year begins on January 1 and ends on December 31.

SHAREHOLDERS' MEETINGS (ARTICLES 21 TO 27 OF CORPORATE BY-LAWS)
The Meeting is composed of all shareholders, irrespective of the number of shares held, subject to the forfeiture incurred for failure to make the payments due within the required period. The Shareholders' Meeting, when properly called and convened, represents all shareholders and its decisions are binding on all shareholders.

Any shareholder may vote by mail, in accordance with legal and regulatory provisions, or be represented by his or her spouse or by another shareholder through a proxy, the form of which is determined by the Board of Directors as required by applicable regulations. Minors and incapacitated persons shall be represented by their guardians or administrators who do not have to be shareholders themselves. A legal entity shall be validly represented by a person with the capacity to do so or duly authorized for this purpose.

The right to participate in Shareholders' Meetings may be subject to the following requirements: for shareholders of registered shares, they must be recorded in the accounts of the owners kept by the Company or by an agent designated by the Company; for holders of bearer shares, certificates verifying account registration and the non-transferability of the shares by any approved financial intermediary must be filed with the corporate offices or at any other location designated in the notice of meeting. These formalities must be completed before a date set in the notice of meeting, and said date may not be more than five days before the date of the Meeting.

The Extraordinary Shareholders' Meeting shall have sole authority to amend any and all provisions of the bylaws subject to the powers assigned by law to the Board of Directors, particularly in the case of a capital increase that occurs as the result of the payment of the dividend in shares, the exercise of subscription options, or the conversion of marketable securities into shares.

All decisions other than those cited in the previous paragraph shall be made by the Ordinary Shareholders' Meeting.

Except where otherwise stipulated by law, the Shareholders' Meeting shall be convened by the Board of Directors. The notice of meeting shall be issued through a notice inserted in a legal announcement newspaper in the département in which the corporate offices are located, at least fifteen days in advance for the first notice of meeting, and at least six days in advance for the following notices. Moreover, shareholders who have held registered shares for at least one month on the date of said notice shall be convened for Meetings by ordinary mail. However, if there are no bearer shares outstanding, the notice may be made by registered letter sent to the last known domicile of each shareholder. The Meetings are held in the city in which the corporate offices are located or in any other city or locality in France, based on the decision made in this respect by the person or persons convening the Meeting, and at the location indicated in the notices of meeting.

The agenda of each Shareholder's Meeting is determined by the person or persons convening the Meeting. Except where otherwise allowed by law, the agenda shall indicate only the proposals from the Board of Directors, or from the Auditors if they are the ones who have convened the Meeting, or from one or more shareholders under the conditions and deadlines set by law. The Shareholders' Meeting is chaired by the Chairman of the Board of Directors. In the absence of the Chairman, the Meeting is chaired by a member of the Board of Directors named by the Board, or by a person chosen by the Meeting. In the event the Meeting is convened by the Auditors or by a court-appointed agent, the Meeting is chaired by the person, or one of the persons who convened the Meeting. The duties of tellers are performed by the two members present who have the largest number of votes and, if they refuse, by those with the next largest number of votes and so on until a shareholder agrees to act as teller. The officers so formed name the secretary, who does not have to be a shareholder.

An attendance sheet is kept as required by law and is duly initialed by the shareholders present and the agents of the shareholders represented, mentioning the names of shareholders voting by mail. This sheet is certified as correct by the officers of the Meeting. Each shareholder has a number of votes equal to the number of shares which he owns or represents, without any limitation with the exception of the cases stipulated by law. However, a double voting right is conferred as stipulated by law to shares that have been registered for at least two years in the name of the same shareholder. This right is also granted, upon issue, to registered shares allotted as bonus shares to a shareholder on the basis of existing shares that entitle the shareholder to this right.

For any proxy from a shareholder that does not indicate an agent, the Chairman of the Shareholders' Meeting issues a "yes" vote for the adoption of proposed resolutions presented or approved by the Board of Directors, and a "no" vote on the adoption of all other proposed resolutions. To vote any other way, the shareholder must choose an agent who agrees to vote as indicated by the principal. Votes are cast by raised hands, unless a secret vote is requested by one or more shareholders who together represent one-tenth of the capital represented at the Meeting. As required by law, the forms returned by shareholders who wish to vote by mail are counted.

The Ordinary Shareholders' Meeting is legally constituted and may validly deliberate when there is a quorum of at least one-fourth of the voting shares. If this quorum is not reached, a new meeting is convened, which may validly deliberate with any fraction of the capital represented, but which may only consider the agenda from the first meeting.
Resolutions of the Ordinary Shareholders' Meeting are adopted by a majority vote of the shareholders present, represented or voting by mail.
The Extraordinary Shareholders' Meeting is duly constituted and may validly deliberate if the shareholders present or represented hold at least one-third of the voting shares on the first notice of meeting and one-fourth of the voting shares on the second notice of meeting. If this second quorum is not reached, the Meeting convened on a second notice of meeting may be postponed to a date no more than two months later.
The Extraordinary Shareholders' Meeting shall rule with a two-thirds majority of the votes held by the shareholders present, represented or voting by mail.
Deliberations are recorded in minutes which are, along with the copies or excerpts to be produced in courts or elsewhere, prepared and signed as required by law.

EXCEPTIONAL EVENTS AND DISPUTES
To the Company's knowledge, there is no dispute or arbitration that might have a material impact on the financial position of the issuer, its business, earnings, or assets or on its group that is not taken into consideration in the financial statements of the Company.

Information on the capital

CAPITAL

The capital stock at December 31, 2003 was €1,790,355,957.50 divided into 716,142,383 shares with a par value of €2.50, fully paid up and all of the same class. The shares are in registered or bearer form at the shareholder's discretion. The Company is authorized to identify bearer shares.

CAPITAL AUTHORIZED BUT NOT ISSUED

Capital increase in cash

(with preemptive subscription right)	
Date of authorization:	March 30, 2000
Expiration date:	March 29, 2005
Amount of the authorization (par value):	€1,000,000,000
Amount used:	**None**

Capital increase by capitalization of reserves

Date of authorization:	March 30, 2000
Expiration date:	March 29, 2005
Amount of the authorization (par value):	€1,000,000,000
Amount used:	**None**

Bonds convertible into shares

(with preemptive subscription right)	
Date of authorization:	March 30, 2000
Expiration date:	March 29, 2005
Amount of the authorization (par value):	€6,000,000,000
Capital increase that could result (par value):	€1,000,000,000
Amount used:	**None**

Equity warrants

(with preemptive subscription right)	
Date of authorization:	March 30, 2000
Expiration date:	March 29, 2005
Amount of the authorization (par value):	€1,000,000,000
Amount used:	**None**

Compound securities

(with preemptive subscription right)	
Date of authorization:	March 30, 2000
Expiration date:	March 29, 2005
Amount of the authorization (par value):	€6,000,000,000
Capital increase that could result (par value):	€1,000,000,000
Amount used:	**None**

Changes in equity capital over the past five years

Event	Change in number of shares	Equity capital in euros
Position at June 30, 1999	**233,069,544**	**582,673,860.00**
Capital increase for the exchange of shares with Promodès	109,427,940	
Capital increase following the exercise of stock subscription options	4,866	
Position at December 31, 1999	**34,502,350**	**856,255,875.00**
Capital increase for the merger with and integration of Promodès	6,387,126	
Cancellation of 15,000 voting rights certificates received under the aforesaid merger	-15,000	
Granting of free equity shares at the rate of one new share for one old share	348,874,476	
Capital increase resulting from the exercise of stock subscription options	6,600	
Capital increase resulting from the exercise of equity warrants	8,412	
Capital increase resulting from the conversion of bonds	1,062,032	
Employee rights issue	12,317,444	
Position at December 31, 2000	**711,143,440**	**1,777,858,600.00**
Capital increase resulting from the exercise of stock subscription options	12,300	
Capital increase resulting from the exercise of equity warrants	84	
Capital increase resulting from the conversion of bonds	30	
Position at December 31, 2001	**711,155,854**	**1,777,889,635.00**
Capital increase resulting from the exercise of stock subscription options	9,000	
Capital increase resulting from the conversion of bonds	72	
Capital increase for the merger with and integration of Bontemps	4,535,604	
Cancellation of the shares received under the aforesaid merger	-4,535,604	
Capital increase for the exchange of shares with Centros Comerciales Carrefour (Spain)	4,976,845	
Position at December 31, 2002	**716,141,771**	**1,790,354,427.50**
Capital increase resulting from the exercise of stock options	612	
Position at December 31, 2003	**716,142,383**	**1,790,355,957.50**

At the time of the last TPI (identifiable bearer securities) statement in December 2003, there were nearly 461,000 shareholders, of which 2,707 hold registered shares and nearly 459,000 have bearer shares.

DOUBLE VOTING RIGHTS (ARTICLE 25 OF CORPORATE BYLAWS)

A double voting right is granted, subject to legal requirements, to shares that prove registered ownership for two years in the name of the same shareholder.
(Shareholders' Meeting of October 30, 1969).

STATUTORY THRESHOLDS

In addition to compliance with the legal obligation to inform the Company when certain fractions of the capital stock and attached voting rights are held, any natural person or legal entity, acting alone or indirectly, as defined by Article 233-7 of the French Commercial Code, or acting together with other individuals or legal entities as defined by Article 233-10 of said Code, who comes to hold or ceases holding, in any manner whatsoever, a fraction equal to one percent (1%) of voting rights, or any multiple of this percentage, must inform the Company, by registered letter with acknowledgement of receipt sent to the corporate offices within fifteen days after one of these thresholds is crossed, of the total number of shares or voting rights that said person or entity holds, alone or indirectly or with others, the number of securities shares held by said person or entity which give future rights to the capital, and the number of voting rights attached thereto. In support of this declaration, the shareholder must provide the company with all useful documentation showing the crossing of each 1% threshold. In the event of failure to comply with this obligation and at the request, as recorded in the Meeting minutes, of one or more shareholders holding at least 5% of the capital, the voting rights over the fraction that should have been declared may not be exercised in said Meeting or at any Meeting held until the end of a two-year period following the date on which the declaration was formalized.
(Shareholders' Meeting of November 9, 1998)

EXISTENCE OF SHAREHOLDERS' AGREEMENTS

The Halley family group, the Badin-Defforey-Fournier families and the March group have signed an agreement providing for a preemptive right to all or part of the Carrefour shares held, as well as a commitment to consult before Shareholders' Meetings or in the event of a public tender offer for the shares of the Company.

The agreement published on March 9, 1999 was revoked because of the signature of this agreement.

Options exercised during the year
Options exercised by each corporate officer
None

Options exercised by the ten beneficiaries holding the largest number of options subscribed or exercised
Total number of options subscribed or exercised:
215,550 options, at the weighted average price of 24.68 euros.

OTHER SECURITIES GIVING ACCESS TO CORPORATE RIGHTS

None.

POTENTIAL CAPITAL

The number of options that could be subscribed under current option plans at December 31, 2003 is 11,927,700 options corresponding to an equal number of shares.

The acquisition or subscription prices equal the average of the opening prices for the twenty trading sessions prior to the decision of the Board of Directors. These prices may or may not be discounted.

Option plans in effect at December 31, 2003

Plan originator	Plan date	Type of plan	Adjusted price in €	Plan duration	Possible exercice date	Last exercice date	Nomber of beneficiaries	Movements 2003	Options to exercice at 31/12/2003
Promodès	6/03/97	Purchase	21.09	6 years	3/6/02	3/6/03	12	-63,600	
Promodès	5/21/97	Purchase	23.76	7 years	5/21/02	5/21/04	148	-307,750	258,250
Carrefour	04/21/97	Purchase	41.76	7 years	4/21/02	4/20/04	127	-30,000	1 337,080
Carrefour	11/4/97	Purchase	41.76	6 years 5.5 mos.	11/4/02	4/20/04	7		217,200
Carrefour	3/26/98	Purchase	43.84	7 years	3/26/03	3/26/05	1		360,000
Carrefour	7/2/98	Subscription	46.81	7 years	7/2/03	7/1/05	676		2,426,700
Promodès	11/24/98	Purchase	43.86	7 years	11/24/03	11/24/05	1		12,000
Carrefour	4/16/99	Subscription	57.90	7 years	4/16/04	4/15/06	1		120,000
Promodès	5/19/99	Purchase	50.00	6 years	5/20/04	5/19/05	262		1,124,460
Carrefour	10/1/99	Subscription	71.86	7 years	10/1/04	9/30/06	251		2,326,300
Promodès	10/12/99	Purchase	69.25	6 years	10/12/04	10/12/05	9		600,000
Carrefour	12/2/99	Subscription	85.28	7 years	2/12/04	12/1/06	43		142,340
Carrefour	4/26/01	Subscription	62.00	7 years	4/26/05	4/25/08	1,851		5,348,860
Carrefour	3/21/03	Purchase	37.55	7 years	3/21/07	3/20/10	2,144		7,114,700
Carrefour	3/21/03	Subscription	37.55	7 years	3/21/07	3/20/10	51		1,563,500

					% of capital
15	Plans in effect	-	- 401,350	22,951,390	3.20%
9	Stock option purchase plans	-	- 401,350	11,023,690	1.54%
6	Stock option subscription plans			11,927,700	1.67%

Stock price information

2003	+High (in €) *	+Low (in €) *	Transaction amount (in €)	Number of securities traded for the month
January	43.9	32.99	3,088,944,796	80,933,694
February	37.29	33.94	1,809,717,731	50,598,122
March	38.36	29.35	2,453,932,398	70,705,899
April	39.1	35.01	3,206,047,437	84,615,723
May	40.59	36.93	2,488,041,845	64,818,478
June	43.6	37.98	2,929,029,042	71,240,326
July	43.01	40.74	2,509,237,837	59,766,650
August	45.4	39.8	2,154,903,055	51,456,568
September	46.34	43.2	2,223,328,286	49,676,754
October	45.37	43.79	2,291,910,682	51,292,627
November	46.23	44.15	1,812,142,912	39,972,712
December	45.35	42.1	2,518,775,622	58,421,551

Source: Euronext.

2002	+High (in €) *	+Low (in €) *	Transaction amount (in €)	Number of securities traded for the month
January	58.15	54.8	2,917,620,917	51,290,631
February	57.55	50.9	2,305,128,899	43,165,187
March	55.25	50.8	3,021,482,177	57,456,281
April	54.65	48.45	2,406,448,797	46,923,707
May	53.95	46.82	2,933,786,476	58,541,616
June	55.9	51.65	3,240,420,491	60,225,267
July	55.25	39.9	3,524,299,875	75,449,948
August	46	38.07	2,295,308,566	53,684,008
September	48.2	39.98	2,658,046,279	60,081,127
October	46.88	38.69	2,347,918,012	54,245,504
November	47.25	42.77	2,177,456,302	48,010,943
December	43.32	40.56	1,893,901,227	45,527,019

Source: Bloomberg.

(*) Closing price.
Note: Transaction amount calculated using the average closing price multiplied by the number of securities traded in the month.

Chairman's report on the conditions for preparing and organizing the board of directors' work and on internal control procedures

Pursuant to Article L225-37 of the French Commercial Code, this report discloses the conditions for preparing and organizing the Board of Directors' work and the internal control procedures in place at the Carrefour Group.

1 CORPORATE GOVERNANCE

The membership of the Board of Directors and the Board Committees is provided on pages 6 to 9 of the magazine portion of this document.

1.1 BOARD OF DIRECTORS

The primary role of the Board of Directors is to:
- define the policies of the Group with respect to businesses, risk management and global objectives;
- approve the strategy and consider the major implications;
- approve all asset acquisitions and disposals that could have a material impact on the financial statements.

The Board of Directors adopted its own set of bylaws and a Director's Charter in 1998. Modifications and adaptations thereto were approved by the Board of Directors at its meeting of August 27, 2002.

Each Director must consider himself a representative of all shareholders, while ensuring in all circumstances the convergence of shareholder interests with corporate interests, and must work to protect and develop the company's assets.

Each Director undertakes to ensure that the decisions made by the Board do not favor one group or category of shareholders to the detriment of another. The Director keeps in mind that the decisions of the Board are made in a collegial spirit in the interest of all shareholders.

A Director must be attentive to the definition and the exercise of the respective powers and responsibilities of the Company's administrative bodies.

In particular, a Director must ensure:
- the proper operation of the Committees created by the Board;
- the effectiveness of the internal control structures and the Independent Auditors;
- and that no one exercises within the Company a discretionary power without control.

The Board of Directors met six times in 2003 with an average attendance rate of 87%:
- The first meeting was devoted to drawing up the individual and consolidated financial statements for fiscal year 2002 and to preparing for the annual Shareholders' Meeting.
- The purpose of the second meeting, held at the adjournment of Carrefour's Global Managers' Conference, was to draw up the terms of a stock option plan in accordance with recommendations made by the Compensation Committee.
- The next two meetings, one of which was held as a three-day seminar, were devoted to analyzing the company's business and hearing a presentation by the Strategic Committee about the completion of its work.
- The fifth meeting involved a review of interim financial statements for the six-months ended June 30. The conclusions of the Executive Committee's seminar were also presented.
- Lastly, the deliberations of the final meeting centered on the Audit Committee's summary analysis report.

The Chairman of the Board of Directors organizes and directs its functions. In order to help him with these duties, the Board may call upon any person, either within or outside of the company, whose expertise and competence may be useful to it. The Executive Committee members may be called to participate in meetings in which topics concerning them are discussed. They may also, at the Chairman's invitation, attend sessions where the Group's strategy is discussed.

1.2 COMMITTEES OF THE BOARD OF DIRECTORS

1.2.1 The Strategic Committee

1.2.1.1 The mission of this Committee is to assist the Board of Directors to determine and define the strategy of the Group, but it does not replace the Board in this area.
Its purpose is to prepare the most important decisions for the future of the Group and to guide the preparatory work for the annual seminar of the Board of Directors.

It is a small think tank that may be assisted by non-Board members selected for their experience and expertise.

The Committee Chairman reports periodically to the Board of Directors on the Committee's work (analyses, studies, reflections, conclusions).

1.2.1.2 During the 2003 fiscal year, the Committee made proposals to the Board concerning the sales growth target, how strategic acquisition opportunities are assessed, assets disposals and the understanding of financial balances.

1.2.1.3 The Compensation Committee at its January 30, 2004 meeting made a motion to the Board of Directors that it dissolve the Strategic Committee. Indeed, this Committee had been formed in conjunction with the Promodès merger and could convene meetings more flexibly and more regularly than the Board. It was intended to oversee the big picture of the Carrefour-Promodès merger and carry out the needed changes in terms of capital expenditures, synergies etc. Consequently, it no longer has any need to exist. Additionally, it is not called for under the corporate governance provisions unlike the Audit Committee and the Compensation Committee.

1.2.2 Audit Committee

1.2.2.1 The Audit Committee's duties involve:
The annual and interim financial statements for which it:
- reviews the individual and consolidated statements before they are presented to the Board of Directors;
- ensures the suitability and consistency of the accounting methods adopted for the preparation of the individual and consolidated statements;
- analyzes the interim and preliminary income statements, as well as any related comments before publication;
- verifies that the internal procedures for collecting and controlling data guarantee the accounting methods described above;
- studies changes and adaptations of accounting principles and practices used to prepare the financial statements.

Securities legislation and regulations for which it:
- ensures the effectiveness of the procedures and reports pertaining to securities law and regulations (preliminary prospectus).

The internal and external control of the company and its principal subsidiaries for which it:
- evaluates the proposals to appoint and reappoint the Statutory Auditors and their compensation;
- evaluates the Group's internal control systems with the internal audit managers.

Risks for which it:
- regularly reviews the company's principal financial strategic and operational risks with the Board of Directors.

The Committee may share the available information with the Group's Chief Financial Officer, its Chief Operating Officer and its internal audit manager. It may meet with the Statutory Auditors under conditions that it determines. The Committee adopted a charter that was approved by the Board of Directors in 2003.

1.2.2.2 The Committee has four members named by the Board from among its members, including one independent director. The Committee Chairman is appointed by the Board of Directors after being nominated by the Compensation Committee. The Compensation Committee at its January 30, 2004 meeting moved that the Board appoint a new member, Mr. Pierre Rodocanachi, as Chairman. The current Chairman's term of office is about to expire.

1.2.2.3 The Committee meets at least three times a year. Two meetings are scheduled before the presentation of the annual and interim financial statements. At least half of its members must be present to form a quorum. A Committee member may not be represented at a meeting.

1.2.2.4 During fiscal year 2003, one of the Committee's tasks was the review of the management of interest rate risks and the Group's consolidation methods and balance sheet, as well as its adherence to IFRS standards for fixed asset disposals with particular attention paid to off-balance sheet commitments.

At each of its meetings, the Audit Committee reviews the summary reports submitted by the internal auditors concerning their work. The Committee makes sure that the internal auditors' independence is being guarded and ensures that they receive sufficient resources for carrying out their mission.

In addition, the Committee presented its recommendations to the Board of Directors relating to the selection of Statutory Auditors when their present terms of office expire.

Lastly, the Committee reviewed changes in the company's regulatory environment including new IFRS standards and the promulgation of the new financial security act. It laid out the schedule for the company's implementation of these new standards, while taking into account their impact on the Group.

1.2.3 The Compensation Committee

1.2.3.1 The Committee works in the following areas:
- recommendations to the Board of Directors for new directors;
- recommendations on the compensation of corporate officers and the distribution of directors' fees;
- evaluation of the total stock-option package;
- information on the appointment and compensation of the members of the Executive Committee and the principal executives of the Group;
- evaluation of the quality of the work performed by the Board of Directors.

1.2.3.2 At its meeting of January 30, 2004, the Committee recommended to the Board of Directors that it henceforth be called the "Compensation, Nominations and Corporate Governance Committee" to better reflect the scope of its missions.

The Committee is composed of four members appointed by the Board of Directors from among its members, and includes two independent directors. The Chairman of the Board of Directors does not sit on the Committee when he is personally concerned by its work. The Committee Chairman is named by the Board of Directors. Daniel Bernard, whose term as a Committee member is about to expire, indicated to the Board that he would not seek re-election.

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

1.2.3.3 During the 2003 fiscal year, the Committee drew up and recommended to the Board of Directors the terms by which a stock option plan could be offered. It set the compensation level for corporate officers and the variable portion of the aforesaid compensation. It also identified those persons, who owing to their independence, skills, motivation and availability, could be eligible for serving on the Board.

1.3 ORGANIZATION OF POWERS AND DELEGATIONS OF AUTHORITY

The Chairman of the Board of Directors serves as the company's Chief Executive Officer. Although he has the full powers conferred by law to represent the company, internal rules stipulate that both the Chairman and CEO and the Executive Vice President must obtain previous authorization from the Board of Directors for:
- any acquisitions or disposals of assets that could have a material impact on the financial statements;
- significant operations that could modify the Group's scope of activity, its strategy and its financial structure.

The Chairman and CEO may only undertake a commitment on behalf of the company once he has obtained prior authorization from the Board of Directors. If appropriate, he may authorize the executive officer of the subsidiary or business unit (see section 3.2.1) in question to undertake this commitment.

The Chairman and CEO has delegated powers to each of the Group's Executive Committee members according to their respective responsibilities and up to a maximum of _50 million. Each Executive Committee member must give a management report at each of the Committee's monthly meetings.

In order to carry out day-to-day business, i.e. those transactions covered in the budget approved by the Executive Committee for each subsidiary or business unit, each subsidiary or business unit executive acts within the scope of the powers and responsibilities conferred on him by the Executive Committee member concerned up to a ceiling of _15 million.

Each subsidiary or business unit executive in turn sets up and implements a system of delegation of powers and responsibilities within his organization based on the guidelines provided by the Group.

In 2004, there are plans to supplement the existing delegations of powers and responsibilities with a chain of formalized sub-delegations, both vis-à-vis the Group and third parties, all the while preserving the necessary speed in decision making.

2. INTERNAL CONTROL PROCEDURES

2.1 DEFINITION OF INTERNAL CONTROL

The international COSO report serves as the framework of reference for the Carrefour Group's internal control procedures, first implemented when the French financial security act entered into force. The COSO report was first published in France in 1994.

Internal control can be described as a process led by the company management under the supervision of the Board of Directors. It is implemented by company executives and personnel and aims to provide a reasonable assurance that the following objectives are achieved:
- optimal achievement of operations;
- reliability of financial information;
- compliance with current laws and regulations.

One of the objectives of the internal control system is to predict and control the risks inherent in the company's business and the risk of errors or fraud, particularly in the financial and accounting areas. As with any control system, however, it cannot provide a 100% guarantee that these risks will be entirely eliminated.
The following portion of the report describes the internal process control, notably with respect to drawing up and processing accounting and financial information.

2.2 INTERNAL CONTROL ENVIRONMENT

2.2.1 Organization of the Group

The Group is organized along geographical boundaries first and foremost in order to take local requirements into account. The countries are then grouped together in regions and are represented on the Executive Committee (Comex) by regional executives from Latin America, Asia and Europe. There are two exceptions to this. The first is France, which owing to its size has its own representative on the Executive Committee. The second concerns the hard discount business, whose vertical organization is more suited to its activity. The specific expertise needed for the hard discount market is provided by a supermarkets executive who also sits on the Executive Committee. The functional offices include human resources, merchandising, finance and management, which grew to include the organization and IT systems departments in late 2003.

The Executive Committee defines and guides the Group's strategy. It sets the priorities with objectives by country and draws up the major functional plans. It develops global synergies and future visions and expertise. It recommends acquisitions and disposals to the Board of Directors.

The Chairman and CEO is aided by an executive secretary and a chief internal audit executive.

The Group is decentralized inasmuch as each country office directly manages the operational aspects relating to its business. The operation is broken down into business units that encompass all of the stores of a given format, e.g. hypermarkets, supermarkets, etc., in a given country. Each business unit is directed by an executive team that includes the line managers, most often regional managers, and the staff managers needed to operate the business.

The Group favors the line hierarchy, which is fully responsible for the profitable expansion of the business units. In addition, the line hierarchy oversees the work of the functional lines. The functional lines steer the company forward. Their task is to produce tools and reports that are ready for use by the line, to identify synergies and recommend innovations. They play a role of watchdog and guarantor of methods and practices. If they identify risks, they propose an action plan to the line hierarchy to control those risks. They are organized into functional systems, or "leads." This means that within the same functional office, countries appoint contact persons to operate in a network with other countries or at the Group level to work on projects, trade ideas on good practices or propose actions in their field of expertise. For example, country finance and management executives meet together several times a year, either with all of the finance and management executives to discuss projects or topics they share in common, or with the finance and management executives of those countries in their region to take stock of their progress.

The business and projects are monitored through monthly performance reviews that are regularly held both for the operational and functional lines.

2.2.2 The values system

To develop a common corporate culture, Carrefour has laid out a framework that allows each employee to carry out his mission and contribute to the Group's ongoing growth. This framework, built upon both individual and collective action, comprises a unified goal and set of values and policies.

The values are freedom, responsibility, sharing, respect, integrity, cohesiveness and progress. The goal sets out the objectives vis-à-vis the company's various stakeholders. Policies lay out the terms for implementing the strategy and provide rules of behavior and operations management. They serve as a benchmark for decentralized decision making.

The circulation and implementation of this framework is first achieved through training programs as well as through its integration into the nuts and bolts of the Company's operations. For example, the values were integrated into the system for evaluating company executives. It defines a work environment that also serves as a benchmark for internal control. For example, the purpose for a two-level decision rule is to ensure that exceptional actions are approved up the line.

2.2.3 Human resources policy

The human resources policy helps to enhance the internal control environment through job descriptions, a system for evaluating employee performance and investment in training programs.

The principal business units have job descriptions, for both employees and managers, line and staff personnel. These descriptions refer to the controls required for the oversight of the business and to serve as a framework for individual performance reviews.

The training programs, which are part of the annual plans, are geared towards a gradual mastery of various jobs through combining specific skills and management. They are offered after an employee fills a particular job to improve mastery of the job or for career development purposes.

2.3 RISK MANAGEMENT

2.3.1 Drawing up a risk map

A risk map was drawn up in 2003. It aims to identify potential risks, both internal and external as well as to measure their relative significance and probability of occurrence. The assessment of these risks by Group and country executives, as well as an understanding of their impact on the financial statements, resulted in setting priorities for conducting an internal control review based on self-assessment questionnaires.

2.3.2 Allocating ownership – delegation

The Group's managers, at all levels, perform their duties within the limits of defined functions. Each manager determines what he must do to achieve the objectives agreed to by adapting himself to circumstances. The freedom of initiative that this concept of responsibility assumes requires following the rules of delegation of powers, especially for commitments made to third parties. These delegations are now in place for the principal line and staff managers. They will be supplemented with sub-delegations to be formalized with their employees in 2004 as mentioned above (see section 1.3).

2.3.3 Controlling exposure to risk

In practice, controlling the exposure to decentralized risks assumes that managers are aware of the risks inherent in the activities they operate or supervise. The remediation plan resulting from the self-assessment questionnaires and documentation of internal control procedures are oriented in this direction.
Executives will periodically update their risk assessments.

2.4 OTHER CONTROL AREAS

2.4.1 Quality

As part of its management of quality and sustainable development, the Group set up an organization among the quality managers of the various countries' "business units" led by the quality department of the chief executive's office. They developed:

- a crisis management kit that was embraced in all the countries through training programs at all levels from stores to headquarters;
- a fine-tuned "quality controlled products" operating report, i.e. on our store brand products and low-priced product range, which is the same for all countries where the Group does business. It helps to preempt crises and to manage risk by monitoring the products at all stages of their marketing. It is now being deployed abroad.
- a product safety observatory for standardizing and optimizing the specifications drawn up for the purchasing program. A supplier relations observatory was also set up to formulate and implement good practices in posting bid tenders online, introducing new products and changing selections.

Furthermore, the Group's commitments in the sustainable development area are monitored by indicators, which have been set out in detail. They are audited once a year in all countries where the Group operates.

In respect to employee welfare, the charter drawn up based on the fundamental rights set out by the ILO was strengthened in 2000 with the creation of the "Infans" association in partnership with the FIDH. The charter's purpose is to ensure that the Group's suppliers apply these principles. In 2003, 154 audits were performed with our suppliers.

Lastly, ten environmental audits were performed in Europe in order to certify the suppliers' production plants. An "environmental protection" clause was inserted into the supply contracts of controlled products in France in order to ensure that the supplier is complying with current regulations.

These audit policies, both with respect to employee welfare and the environment, will be continued in coming years.

2.4.2 Health and safety conditions

The procedures for inspecting the health and safety conditions under which our employees are working comply with applicable laws and regulations in the countries where the Group operates. Ad hoc committees help to prevent work accidents and occupational illnesses while improving working conditions. A proactive approach is encouraged. For example, in France during 2003, a document that identifies and quantifies the dangerousness of risks was drawn up through joint committees composed of representatives from Carrefour, labor unions, regional health insurance professionals, work inspectors, company doctors and employees. This tool may be used at any site, whether it is a store, warehouse or headquarters, and has been approved by France's regional health insurance fund, which has promoted it outside of the Group.

2.5 REPORTING AND CORPORATE COMMUNICATIONS

The Group has a two-pronged approach to allow each employee to take stock of his financial contribution and the importance of his responsibility with respect to internal control.

2.5.1 The budgetary process

Objectives are set annually as part of the budgetary process. This process is organized around gathering budgetary data from the appropriate levels of responsibility. This means the aisle in a supermarket or hypermarket and the store for hard discount. The information is compiled with different steps for checking its accuracy. One of the main checks takes place at the business unit level. The business unit is defined as a given store format for a given country. The business unit's budget activity is part of the multiyear strategic planning process. An essential component for management's success in steering this process is to make managers (managers of a business's income statement or team leaders) accountable down to the lowest possible level for budgetary goals discussed and approved beforehand.

The budget is updated to factor in the final results of the previous year, with each line broken down by month so that at each level everyone can monitor their performance throughout the year. It includes commercial and financial components together with specific performance indicators. During the year, updated profitability studies are carried out on budgeted expenditures and authorizations are organized. Every month, the actual performance is compared with the budget forecast and with the previous year's performance.

The management control department assists managers in preparing and monitoring budgets, takes part in the validation phases, recommends action plans made necessary by the variances observed in its execution, and generally, ensures that the entire process and the resultant financial data are reliable.

2.5.2 Self-assessment questionnairesi

Self-assessment questionnaires under the internal audit program are sent to those managing selected processes. The program covers a geographic area that represents the bulk of the Group's business. The questionnaires measure how well the internal audit is being conducted based on statements. In the event controls are not formalized or are ineffective, a remediation plan is put into place by sending an action plan to each manager concerned to enable him to supplement the internal control system. The internal audit documentation that comes from these questionnaires is sent out to all of the business unit managers. It creates a uniform level of internal control throughout the Group and disseminates best practices to all of the businesses.

In 2003, the questionnaires were sent to those responsible for supervising strategic, operational or support activities selected from the mapping based on a sample of 15 business units in 9 countries. A remediation plan has been launched to formalize the controls where they are inadequate and to bolster the internal control system.

2.6 STEERING INTERNAL CONTROL

2.6.1 The internal audit

The internal audit department makes an independent assessment of the internal control systems already put into place by management in various areas throughout the Group. This evaluation is performed using a standardized audit model and examines both the effectiveness of operating processes and the accuracy of the various reporting channels as well as the integrity of information systems. This work is carried out in accordance with the professional norms for carrying out an internal audit. In addition to this primary mission, the audit also serves as an advisory body that alerts the executive management to sensitive and strategic problems aimed at improving the Group's operations.

Organization

The audit function is performed full time in the countries or at regional and head offices by auditors whose professionalism is certified through education or experience.

The countries have auditors in keeping with their size or risk profile. Countries without auditors are audited by those of neighboring countries or if need be, by head office personnel.

The offshore audit managers report to the Group's audit executive, who in turn reports to the Group's Chairman and CEO. Similarly, the audit managers report to the country's chief executive officer at the local level.

The organizational purpose is to guarantee the auditors' independence while facilitating both their access to information and by providing the countries with a response capacity that is part and parcel of their detection capacity.

Strictly speaking, this type of organization means that, everywhere, the Group's central audit office dictates the size of the audit teams, takes care of their recruitment and reviews their performance after consulting with the local managers in question. Defining the work to be performed is done jointly through the audit plan. The department's entire budget is charged to the Group.

The department also has a central audit team whose mission is to perform specific tasks at the request of executive management, to supplement the countries' audit teams and to work in those countries that have no auditor. Lastly, the team is responsible for developing shared tools such as the audit approach, work programs, or as an alternative, ad hoc computer databases.

Missions
The internal audit can carry out assignments involving the entire consolidation scope controlled by the Carrefour Group. These fall into four types:
• recurring assignments;
• period-end assignments;
• monitoring assignments;
• other assignments.

Recurring assignments are intended to promote internal controls over all of the company's processes, whether they involve operations or finance, stores, warehouses or headquarters, or the distribution business or services (financial services, insurance, etc.).

Period-end assignments entail all of the work that could be performed during the year-end or six-months closing.

Monitoring assignments are those whereby the audit will ensure that the previous recommendations were indeed implemented. These follow-ups assign priority to covering the major risks.

Audit plan
The internal audit plan is a business forecast against which revenues are budgeted with their corresponding expenses. Using a risk-based approach, countries formulate their audit plans by factoring in requests from executive and regional management and their own needs. Once the audit plan is consolidated, it is confirmed by the Audit Committee.
The countries' audit plan constitutes a commitment vis-à-vis the executive management, and any cancellation of a planned assignment must be endorsed beforehand by the audit lead. Subject to the above, it is of course possible to perform impromptu audits, either at the request of the countries or of executive management.

Reports and summary memoranda
At the completion of each task, the auditor presents reports and recommendations to the managers in charge of the audited area(s). The audited parties' agreements or disagreements with the proposed recommendations will be included in the final report, which in the case of agreement, specifies the possible action plan, the responsibilities and implementation deadlines.

The line managers concerned are responsible for implementing the recommendations. The audit department is responsible for ensuring that this is carried out.

This verification is made through specific follow-up audits or during audits covering the same subject as that on which the recommendation was made. In addition, an exhaustive audit is performed from computing bases in which the audited parties make a progress report on implementing the action plan.

The memoranda, which include a quarterly report on how the audit plan is being followed, the major observations of the quarter and the follow-up on previous recommendations, are drawn up and presented to the country chief executive officer. They cover the issues involving the country in question. Likewise, the Group's chief audit executive draws up a memorandum that is presented quarterly to the Chairman and CEO and to the Audit Committee.

At year-end 2003, the Carrefour Group had 103 auditors who worked 16,686 audit days during the year, of which 30% concerned recurrent assignments on stores, 55% recurrent assignments on processes excluding stores and the rest on other assignments.

2.6.2 Managerial direction
Management's piloting of internal control is done daily insofar as the retail business requires a constant vigilance, notably in the stores' sales areas. Employees are provided with defined tasks and functions while their managerial staff has a list of control points for maintaining a degree of attention compatible with the various store names. These standards, which are established for each business, are available on an online electronic database.

Furthermore, business specialists help to orient line personnel on the recommended sales concept, organization and selections. These specialists provide technical support to the store's line personnel. They introduce good practices, carry out projects, verify the points of control and perform periodic audits with diagnostics and action plans.

3. INTERNAL CONTROL PROCEDURES FOR ACCOUNTING AND FINANCIAL PURPOSES

3.1 ORGANIZATION OF THE ACCOUNTING AND MANAGEMENT FUNCTION
The accounting function is performed by personnel working from each country's central office. In recent years, a single worldwide accounting tool has been put into place for hypermarkets. This accounting tool is being applied to the supermarket business as well. It has led to the implementation of an organizational model with the formation of specialized shared centers (processing and payment of merchandise invoices, fixed assets, overhead costs, and payroll expense) that standardize and document the procedures in the various countries. The tool separates the appropriate tasks. This single accounting tool's operational mode is disseminated through a self-guided online aid.

The management control function guarantees the reliability of finance and management information.

3.1.1 A single set of consolidated and management accounting figures
The countries send in their management figures to the Group monthly. They pertain to the commercial elements like sales, expenses, average purchases, sales areas, openings, etc. They also cover such financial items as the income statement, balance sheet, cash flow statement, etc.

The scope of this reporting (units, consolidation methods, percentage holding, etc.) is identical to that used to draw up the consolidated financial statements.

Likewise, the gross data resulting from the countries' statutory accountancy are adjusted monthly to integrate the impact of any possible consolidation restatements, e.g. goodwill is recognized and amortized by the countries in their reporting.

Hence, the Group uses the same results as those issued for its accountancy to make management decisions. These same figures are used for the financial reporting in six-month interim statements.

An audit of this homogeneity is performed at the closing of each six-month interim period and any possible discrepancies are analyzed, notably with respect to classification.

3.1.2 Half-year and annual closing: consolidation and documentation of the accounting estimates and options
Consolidation is done every six months. The subsidiaries adjust the statutory financial statements, prepare the consolidated financial statements within their scope and convert these financial statements into euros. The chief financial officers of the countries have a list of formalized audits to perform on these consolidated financial statements and they are reviewed by the central financial personnel and the Statutory Auditors.

The Group and country chief financial officers regularly review the principal accounting options and estimates, working together with internal auditors and local independent auditors.

There are two possible cases, depending whether or not the option or estimate involves one particular country or the entire Group.

In the first case, the figures and sales presentations are first provided by the country's chief financial officer, then reviewed and validated by local independent auditors before being presented to the Group. The Group's financial executives review the proposal, confirm it with Carrefour's statutory auditors and, depending on its level of importance, with the Audit Committee and, if need be, with the Board of Directors at the period-end closing.

In both cases, an accurate documentation is prepared that is kept on file with the country offices and at the Group's financial office.

3.1.3 3 Independent audit mission on the account closings
The independent audit's purpose is to audit Carrefour's individual and consolidated financial statements. It certifies the consistency, fairness and accuracy of these financial statements in a report submitted to the Group's shareholders.

The countries' audit missions are divided between Carrefour's two statutory auditors, KPMG and Deloitte, in order to ensure the highest level of quality possible.

The auditors cover the following points by:
• identifying the risk areas and performing tests with samples that can check the consistency, fairness and accuracy of the financial statements;
• validating the principal accounting treatments and options throughout the year in coordination with the countries' and Group management;
• applying the accounting standards defined by Carrefour in all of its units;
• drafting an audit report to certify the consolidated financial statements for each of the audited units and their observations with respect to internal control, and then drafting a general memorandum on the Group to be presented to management and the Audit Committee;
• preparing reports for the Carrefour shareholders.

During fiscal year 2003, the Statutory Auditors, after completing their work, did not report any material weaknesses or major deficiencies in internal control.

3.2 CONTROLLING INVESTOR RELATIONS

3.2.1 Role and mission of investor relations
The essential purpose of investor relations is to disclose the company's financial position to any present or future shareholder, any financial market player and more generally, the general public.

Its objective is:
• ongoing financial reporting -- the consistency and quality of the flow of information must be done over the long term. This is essential to the company's credibility and guarantees shareholder loyalty.
• to convey a coherent and clear message -- the financial reporting must give investors an accurate and precise understanding of the company's value and the ability of its man-

agement to raise it. The investor's choice must be an informed one.
- to adhere to the principle of equal shareholder access to information - any information of a financial nature that could have an impact on its stock price is made public by a single centralized source at the Group level.

3.2.2 Organization of investor relations

Investor relations reports are aimed at a diversified audience consisting of institutional investors, individuals and employees through four channels:
- the shareholder relations department is in charge of reporting to the general public (individual investors);
- the finance and management office is the sole contact point for analysts and individual investors;
- the human resources office manages reporting to employees;
- the corporate communications office manages relations with the press.

In practice, the financial office and corporate communications offices collaborate closely to develop the financial message.

It is released through the means stipulated by law (Shareholders' Meeting) and the French Financial Markets Association's regulations (periodic publications, press releases). In addition to the legal requirements, Carrefour's financial reporting goes through a broad range of media. Depending on the importance of the event, Carrefour can choose from among the press, direct telephone contacts, individual or factual meetings on an exceptional basis.

3.2.3 Financial reporting control procedure

The finance and management office is the exclusive source of financial figures.

The internal control of the financial reporting process relies mainly on observing the principle of fairness among shareholders. All press releases and significant financial reporting are developed by mutual agreement between the financial reporting department, which reports to the finance and management office and the Group's corporate communications office.

The distribution of roles and responsibilities ensures strict independence among the Executive Committee, sensitive departments, e.g. the mergers and acquisitions department, and the investor relations department.

4. INTERNAL CONTROL ACTION PLAN FOR THE COMING FISCAL YEARS

4.1 DEVELOPMENT OF PROCESS CONTROL DOCUMENTATION

By establishing a corporate model in the mapping process, the Group has been able to create business models for major strategic, operational and functional processes. There is reference material for the processes selected in 2003 by the chief executive officers, all of which comes from the same manager. This provides the executive with the key control points or the best practices for effectively hedging risks. It also emphasizes the problems that could arise if the controls are not effective and helps to foster accountability on the part of the person in question. This reference material on the process control points will serve to establish a common benchmark with regard to internal control throughout the Group. It will be disseminated in a secure fashion to all of the Group's business units.

4.2 INTERNAL CONTROL REMEDIATION PLAN ON THE SELECTED PROCESSES

The analysis of the answers to the self-assessment questionnaire ensures that procedures are formalized, that their effectiveness is assessed and that the best internal control practices are detected. A remediation plan was undertaken on the consolidation scope for 2003 (see 2.5.2) according to whether the control points were effective or not. This remediation plan takes the form of a personalized action plan sent to each questionnaire respondent who describes the actions to take to implement the controls and make them formalized and effective. It also gives him an indication of the time required (generally very short) to implement this remedy, and on an exceptional basis, more tailored directions that factor in the specific environment in which he operates. This approach will create a uniform internal control in the Group's various countries and business units.

4.3 EXPANDING THE INITIATIVE

Hence, Carrefour will continue to expand this self-assessment program to identify the best practices, formalize internal control procedures and ensure they are supervised by line or staff managers under a coherent framework that encompasses all of the Group's activities.
During 2004, the identification of process control points, the self-assessment of their application and their documentation will be extended to new processes. This initiative will also entail testing phases. The remediation plan which is being implemented on the process control points selected in 2003 will also be tested to assess the effectiveness of these internal control procedures. The objective of this undertaking is to evaluate the suitability and effectiveness of these procedures.

Paris, March 3, 2004

Daniel Bernard
Chairman and Chief Executive Officer

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

STATUTORY AUDITORS' REPORT, PREPARED IN ACCORDANCE WITH ARTICLE L.225-235 OF THE COMMERCIAL CODE, ON THE REPORT PREPARED BY THE PRESIDENT OF THE BOARD OF DIRECTORS OF YOUR COMPANY, ON THE INTERNAL CONTROL PROCEDURES RELATING TO THE PREPARATION AND PROCESSING OF FINANCIAL AND ACCOUNTING INFORMATION.

Ladies and Gentlemen,

In our capacity as statutory auditors of Carrefour S.A., and in accordance with article L.225-235 of the Commercial Code, we report to you on the report prepared by the President of the Board of your company in accordance with article L.225-37 of the Commercial Code for the year ended December 31, 2003.

Under the responsibility of the board, it is for management to determine and implement appropriate and effective internal control procedures. It is for the President of the board to give an account, in his report, notably of the conditions in which the duties of the board of directors are prepared and organized and the internal control procedures in place within the company.

It is our responsibility to report to you our observations on the information set out in the President's report concerning the internal control procedures relating to the preparation and processing of financial and accounting information.

We performed our procedures in accordance with professional guidelines applicable in France. These require us to perform procedures to assess the fairness of the information and assertions set out in the President's report on the internal control procedures relating to the preparation and processing of financial and accounting information. These procedures notably consisted of (i) acquiring sufficient knowledge of the internal control self assessment questionnaires completed by individuals in charge of the various internal control processes throughout a geographical scope that covered the majority of the Company's activities, and (ii) performing, on a test basis, detailed testing of the answers provided in the self assessment questionnaires referred to above, relating to internal control on processing and preparation of financial and accounting information.

On the basis of these procedures, we have no matters to report in connection with the information given on the internal control procedures relating to the preparation and processing of financial and accounting information, contained in the President of the board's report, prepared in accordance with article L.225-37 of the Commercial Code.

Paris La Défense et Neuilly-sur-Seine,
March 12, 2004

KPMG Audit A Division of KPMG S.A.	Deloitte Touche Tohmatsu	
Jean-Luc Decornoy Partner	Jean-Paul Picard Partner	Frédéric Moulin Partner

Financial Information

Consolidated Financial Data and Ratios Over 10 Years

In € million	1994	1995	1996	1997	1998	1999*	2000	2001	2002	2003
INCOME										
Sales including taxes	23,524.1	25,050.9	26,776.8	29,173.4	31,179.3	58,548.5	73,067.2	78,037.1	76,777.0	78,848.0
Sales Net	20,778.6	22,046.0	23,615.1	25,804.9	27,408.7	51,948.1	64,802.0	69,486.1	68,728.8	70,486.0
EBITDA	1,015.9	1,148.1	1,344.3	1,569.6	1,801.2	3,227.8	4,409.9	4,527.6	4,675.0	4,871.0
EBIT	555.7	646.8	779.3	934.5	1,086.5	1,955.2	2,725.0	2,825.6	3,025.4	3,251.0
EBIT after amortization of goodwill of consolidated companies	507.4	599.6	731.5	885.4	1,030.7	1,798.6	2,422.1	2,472.7	2,723.3	2,940.5
Amortization of goodwill of consolidated companies	48.3	47.3	47.9	49.2	55.9	180.8	302.9	352.8	302.1	310.5
Tax rate in %	26.0%	30.0%	29.4%	31.8%	33.2%	34.0%	32.2%	26.9%	29.5%	30.4%
Net income from recurring recurring operations, Group share	383.6	463.1	544.5	631.6	690.4	1,087.3	1,376.6	1,575.1	1,698.7	1,938.0
Net income from recurring operations, Group share after goodwill	328.8	410.1	493.8	570.6	615.9	914.5	1,050.4	1,206.6	1,389.0	1,620.0
Net income, Group share	323.8	539.1	476.1	546.2	646.7	898.2	1,065.8	1,265.8	1,374.1	1,629.0
FINANCIAL POSITION										
Shareholders' equity before appropriation	2,661.9	3,162.6	3,920.1	4,515.8	4,857.0	7,905.1	9,365.4	8,671.0	7,546.0	7,980.0
Total assets	9,009.7	9,854.8	11,639.0	13,252.9	17,382.7	33,750.5	44,030.6	43,470.0	38,924.3	39,063.0
Net debt (cash position)	(735.6)	(641.2)	(461.0)	338.7	4,108.0	7,597.3	11,007.7	8,674.3	9,020.7	7,892.0
RATIOS										
Net income from recurring operations after goodwill/Net sales (in %)	2.0	2.3	2.5	2.6	2.6	2.0	1.8	2.0	2.3	2.5
EBITDA/Net sales (in %)	4.9	5.2	5.7	6.1	6.6	6.2	6.8	6.5	6.8	6.9
EBIT/Net sales (in %)	2.7	2.9	3.3	3.6	4.0	3.8	4.2	4.1	4.4	4.6
EBIT after amortization of goodwill goodwill of consolidated companies Net sales (in %)	2.4	2.7	3.1	3.4	3.8	3.5	3.7	3.6	4.0	4.2
Net income Recurring Group share Shareholders' equity, Group share [1]	16.7	17.4	17.0	17.2	15.8	14.2	13.2	17.3	22.5	24.7
Net income Recurring Assets (in %)	4.5	5.1	5.1	5.1	4.1	3.1	2.6	3.1	4.0	4.4
EBITDA/Interest income	(128.2)	(22.7)	(20.0)	(26.7)	37.5	11.9	6.2	7.0	8.9	10.5
Assets/Shareholders' equity [1]	3.6	3.3	3.1	3.1	3.8	4.5	4.9	5.3	5.5	5.3
Net sales/Assets	2.3	2.2	2.0	1.9	1.6	1.5	1.5	1.6	1.8	1.8
Net debt (cash)/ Shareholders' equity (in %) [1]	(29.2)	(21.5)	(12.4)	7.9	88.9	100.8	122.9	105.9	128.0	106.9
Inventory turnover (purchase days)	31.0	33.0	35.0	41.0	41.0	39.0	42.0	40.0	39.0	38.0

* Pro-forma figures in 1999.
[1] After appropriation of net income.

Total Stores

Network of consolidated stores

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
FRANCE										
Hypermarkets	114	117	117	117	117	179	179	175	178	178
Supermarkets					398	530	539	534	547	566
Hard discount	481	465	356	367	384	418	424	459	487	578
Other formats	233	258	288	321	357	576	584	127	126	126
Total	828	840	761	805	1,256	1,703	1,726	1,295	1,338	1,448
EUROPE (excluding France)										
Hypermarkets	55	58	62	68	73	142	187	253	268	281
Supermarkets						181	480	548	650	651
Hard discount						1,965	2,099	2,210	2,325	2,464
Other formats						76	263	173	130	210
Total	55	58	62	68	73	2,364	3,029	3,184	3,373	3,606
BELGIUM										
Hypermarkets								57	57	56
Supermarkets								72	73	73
Other formats								1	1	1
Total								130	131	130
SPAIN										
Hypermarkets	46	50	53	56	58	112	116	108	115	119
Supermarkets						175	187	167	174	200
Hard discount						1,541	1,609	1,649	1,700	1,778
Other formats						30	27	28	31	32
Total	46	50	53	56	58	1,858	1,939	1,952	2,020	2,129
GREECE										
Hypermarkets						4	11	11	13	13
Supermarkets							85	82	142	101
Hard discount						142	181	199	212	221
Other formats							46	46		47
Total						146	323	338	367	382
ITALY										
Hypermarkets	6	5	6	6	6	6	31	34	34	39
Supermarkets							192	173	203	205
Other formats						46	190	98	98	130
Total	6	5	6	6	6	52	413	305	335	374
POLAND										
Hypermarkets				1	3	7	8	9	13	15
Supermarkets						6	15	51	55	67
Total				1	3	13	23	60	68	82
PORTUGAL										
Hypermarkets	2	2	2	3	4	5	5	5	6	7
Hard discount						273	272	276	281	283
Total	2	2	2	3	4	278	277	281	287	290

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
CZECH REPUBLIC										
Hypermarkets						3	6	7	8	9
Total						**3**	**6**	**7**	**8**	**9**
SLOVAKIA										
Hypermarkets							2	4	4	4
Total							2	4	4	4
SWITZERLAND										
Hypermarkets								8	8	8
Total								**8**	**8**	**8**
TURKEY										
Hypermarkets	1	1	1	2	2	5	8	10	10	11
Supermarkets							1	3	3	5
Hard discount						9	37	86	132	182
Total	**1**	**1**	**1**	**2**	**2**	**14**	**46**	**99**	**145**	**198**
LATIN AMERICA										
Hypermarkets	**44**	**57**	**72**	**84**	**101**	**112**	**120**	**124**	**135**	**147**
Supermarkets						**83**	**253**	**263**	**249**	**254**
Hard discount						**106**	**201**	**263**	**313**	**413**
Total	**44**	**57**	**72**	**84**	**101**	**301**	**574**	**650**	**697**	**814**
ARGENTINA										
Hypermarkets	9	12	15	18	21	22	22	22	23	24
Supermarkets							138	132	141	141
Hard discount						106	201	246	246	285
Total	**9**	**12**	**15**	**18**	**21**	**128**	**361**	**400**	**410**	**450**
BRAZIL										
Hypermarkets	33	38	44	49	59	69	74	74	79	85
Supermarkets						83	115	131	108	113
Hard discount								17	67	128
Total	**33**	**38**	**44**	**49**	**59**	**152**	**189**	**222**	**254**	**326**
CHILE										
Hypermarkets					1	2	3	4	4	
COLOMBIA										
Hypermarkets					1	2	3	5	8	11
MEXICO										
Hypermarkets	2	7	13	17	19	17	18	19	21	27

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
ASIA										
Hypermarkets	**9**	**13**	**24**	**39**	**59**	**80**	**94**	**105**	**123**	**144**
Hard discount										**55**
Total	**9**	**13**	**24**	**39**	**59**	**80**	**94**	**105**	**123**	**199**
CHINA										
Hypermarkets		2	3	7	14	20	24	24	32	40
Hard discount										55
Total		**2**	**3**	**7**	**14**	**20**	**24**	**24**	**32**	**95**
KOREA										
Hypermarkets			3	3	6	12	20	22	25	27
HONG-KONG										
Hypermarkets			1	2	4	4				
INDONESIA										
Hypermarkets					1	5	7	8	10	11
JAPAN										
Hypermarkets							1	3	4	7
MALAYSIA										
Hypermarkets	1	1	2	3	5	6	6	6	6	7
SINGAPORE										
Hypermarkets				1	1	1	1	1	1	2
TAIWAN										
Hypermarkets	8	10	13	17	21	23	24	26	28	31
THAILAND										
Hypermarkets			2	6	7	9	11	15	17	19

GROUP *	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Hypermarkets	**222**	**245**	**275**	**308**	**350**	**513**	**580**	**657**	**704**	**750**
Supermarkets					**398**	**794**	**1,272**	**1,345**	**1,446**	**1,471**
Hard discount	**481**	**465**	**356**	**367**	**384**	**2,489**	**2,724**	**2,932**	**3,125**	**3,510**
Other formats	**233**	**258**	**288**	**321**	**357**	**652**	**847**	**300**	**256**	**336**
Total	**936**	**968**	**919**	**996**	**1,489**	**4,448**	**5,423**	**5,234**	**5,531**	**6,067**

*The distribution between Supermarkets and Other formats was updated with the information pertaining to the network in Greece.

SALES AREA OF CONSOLIDATED STORES BY FORMAT

(1,000 sq. meters)	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Hypermarkets	2,129	2,378	2,727	3,075	3,489	4,580	5,256	5,674	6,180	6,510
Supermarkets						1,195	1,968	2,117	2,132	2,277
Hard discount					232	794	906	997	1,093	1,255

SALES AREA OF CONSOLIDATED STORES BY COUNTRY

(1,000 sq. meters)	Hypermarkets	Supermarkets	Hard discount	Total
France	**1,639**	**937**	**343**	**2,919**
Europe (excluding France)	**2,343**	**891**	**761**	**3,994**
Belgium	351	131		482
Switzerland	46			46
Czech Republic	103			103
Spain	1,175	292	567	2,034
Greece	96	134	72	303
Italy	261	241		502
Poland	139	82		222
Portugal	63		82	145
Turkey	108	10	40	159
Latin America	**1,317**	**450**	**136**	**1,902**
Argentina	235	244	95	574
Brazil	741	205	41	987
Chile				
Colombia	101			101
Mexico	240			240
Asia	**1,212**		**15**	**1,228**
China	321		15	337
Indonésia	73			73
Japan	65			65
Korea	253			253
Malaysia	69			69
Singapore	15			15
Thaïland	172			172
Taiwan	243			243
Group	**6,510**	**2,277**	**1,255**	**10,043**

CONSOLIDATED HYPERMARKETS DATA

	994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Annual sales per sq. m (Net Sales in euros)	9,800	9,270	8,660	7,930	7,410	7,410	8,110	7,214	6,594	6,319
Annual sales per store (Net Sales in euros)	88	80	86	79	74	66	67	65	58	55
Number of annual cash register (in millions)	603	653	677	733	818	974	1,115	1,206	1,264	1,355

BREAKDOWN OF 2003 CONSOLIDATED SALES INCLUDING TAXES BY REGION AND FORMAT

In € million	Hypermarkets	Supermarkets	Hard discount	Other formats	Total
France	21,360	7,976	2,013	8,610	39,959
Europe (excluding France)	15,814	5,188	3,494	3,913	28,409
Latin America	4,059	1,139	238	5	5,441
Asia	5,033		4		5,037
Group	**46,266**	**14,302**	**5,750**	**12,529**	**78,848**

INFORMATION ON STORES UNDER BANNERS

	France	Europe (Excl. France)	Latin America*	Asia**	Group
All formats					
Sales including taxes (in € millions)	44,912	33,060	5,444	5,157	88,572
Change from 2002 to 2003 (in %)	2.3	8.5	(14.2)	(0.7)	3.1
% of total sales under banners	50.7	37.3	6.1	5.8	100.0
Number of stores	3,575	5,770	833	200	10,378
Sales area (sq. m)	4,729,280	5,335,352	1,907,450	1,235,771	13,207,852
Hypermarkets					
Sales including taxes (in € millions)	23,948	17,900	4,059	5,152	51,060
Change from 2002 to 2003 (in %)	0.6	6.9	(14.9)	(0.8)	1.1
% of total sales under banners	27.0	20.2	4.6	5.8	57.6
Number of stores	216	315	147	145	823
Sales area (sq. m)	1,864,012	2,584,715	1,316,633	1,220,337	6,985,697
Sales including taxes per sq. m (in euros)	12,847	6,925	3,083	4,222	7,309
Supermarkets					
Sales including taxes (in € millions)	13,151	8,302	1,139		22,592
Change from 2002 to 2003 (in %)	2.1	9.8	(18.0)		3.5
% of total sales under banners	14.8	9.4	1.3		25.5
Number of stores	1,005	1,121	254		2,380
Sales area (sq. m)	1,576,904	1,367,470	449,557		3,393,931
Sales including taxes per sq. m (in euros)	8,340	6,071	2,533		6,657
Hard discount					
Sales including taxes (in € millions)	2,037	4,405	245	4	6,692
Change from 2002 to 2003 (in %)	13.2	9.1	31.9		11.1
% of total sales under banners	2.3	5.0	0.3		7.6
Number of stores	588	3,381	432	55	4,456
Sales area (sq. m)	343,130	958,838	141,261	15,433	1,458,661
Sales including taxes per sq. m (in euros)	5,937	4,594	1,738		4,588
Autres					
Sales including taxes (in € millions)	5,776	2,453			8,229
Change from 2002 to 2003 (in %)	6.3	15.7			9.0
% of total sales under banners	6.5	2.8			9.3
Number of stores	1,766	953			2,719

(*) The data for Chile were completely deconsolidated in 2003.
(**) Hard Discount store openings in China in Q4 2003.

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