2015 FINANCIAL REPORT

AuchanHolding

DECLARATION BY THE PERSON RESPONSIBLE FOR THE FINANCIAL REPORT

I certify that, to my knowledge, the financial statements have been prepared in accordance with applicable accounting standards, and give a true view of the assets, financial condition and results of operations of the company and of all of the companies included in the scope of consolidation. The management report provides an accurate description of the business trends, results of operations and financial condition of the company and all of the companies included in the scope of consolidation, as well as a description of the main risks and uncertainties that they face.

Croix, 7 March 2016

Wilhelm Hubner
President of the Management Board

MANAGEMENT REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS OF AUCHAN HOLDING

FOR FINANCIAL YEAR 2015 (IN € MILLION, € BILLION)

A report on the management of Auchan Holding SA is also prepared.

FOREWORD

The comparative financial information mentioned in this management report has been prepared on the basis of the financial statements adjusted for the impacts of IFRIC 21. The impacts of IFRIC 21, which became applicable with effect from 1 January 2015, are detailed in Note 2.2 of the notes to the consolidated financial statements for 2015.

1. SIGNIFICANT EVENTS IN 2015 AND MAIN CHANGES IN THE SCOPE

Change in the legal form

On 2 December 2015, the Annual General Meeting of Groupe Auchan SA approved a change in the company's name to Auchan Holding SA The company's legal form was also changed from a *société anonyme* (limited company) with a Board of Directors to a *société anonyme* (limited company) with a Supervisory Board and Management Board.

Since that date, the consolidation scope has been divided into 3 main activities:

• Auchan Retail groups together the food retail activities. It includes the operation of the hypermarkets and supermarkets within the consolidation scope. It also includes the E-commerce (Auchandirect and Auchan.fr mainly) and drive outlets (Chronodrive and AuchanDrive) ;

• Immochan comprises the operation of the retail property management activities;

• the banking activity corresponds to the Oney Banque Accord group.

The retail activities of Alinéa and Little Extra are independent of these 3 activity scopes.

Partnership

Partnership with Système U

On 13 February 2015, Auchan Holding announced that it had started exclusive negotiations with Système U to build further on the purchasing agreement signed by them in September 2014. This partnership project was presented to the social partners of both companies and requires approval by the competent competition authorities, which is expected in 2016.

Asset disposals

Sale of commercial assets in France

On 20 July 2015, Immochan sold a portfolio of 22 property assets, shopping malls and retail parks located in France. These assets represent nearly 80,000 m^2 and nearly 245 lessees. The operation generated a capital gain net of expenses and tax of €40 million in the consolidated financial statements of Auchan Holding.

Sale of Grosbill

On 31 August 2015, Auchan Holding sold Grosbill SA to German company Mutares. This operation generated a capital loss net of expenses and tax of €20 million.

Sale of 8 Polish stores

On 31 August 2015, in accordance with the terms stipulated by the Polish competition authorities,

- 8 stores which had been operated by Auchan since the acquisition of the Polish REAL stores from Metro Group, were sold to Schiever Polska. This transaction generated an expense of €29 million net of tax in the consolidated financial statements of Auchan Holding;
- It was completed with the sale to the Schiever group of the 50% capital stake owned in Schiever Polska, which generated a capital gain net of tax of €6 million.

Sale of the Alegro Setùbal shopping centre (Portugal)

On 22 December 2015, Soficole, a subsidiary of Immochan, sold 50% of the shares in Alegro Setùbal. This company owns the 27,830 m^2 Alegro Setùbal shopping centre located in Lisbon Portugal. The operation generated a capital gain net of expenses and tax of €2 million in the consolidated financial statements of Auchan Holding. The 50% share still owned is accounted for using the equity method. Immochan continues to oversee the management and marketing of this site.

There were no other significant changes in the consolidation scope in 2015.

Changes in the store network

The number of points of sale operated by Auchan Retail changed as follows in 2015:

- in Western Europe, the number of points of sale fell by 4 units. 35 points of sale were opened while 39 were sold or closed (including the sale of 9 Grosbill points of sale) ;
- in Central and Eastern Europe, the number of points of sale increased by 24 units mainly due to the new store openings in Russia (a net increase of 33 points of sale in 2015). In Poland, the number of points of sale fell by 11 units due notably to the sale of 8 stores to Schiever;
- in Asia, the store network increased by 41 units, including 37 in China. 3 stores were opened in Vietnam and one store was acquired in Taiwan.

There were no other significant changes in the consolidation scope in 2015.

2. ACTIVITIES AND RESULTS

2.1 Auchan Retail's activity

At 31 December 2015, Auchan Retail operated in 14 countries through 923 hypermarkets and 903 supermarkets.

The consolidated store network at 31 December 2015, excluding the drive outlets, breaks down as follows:

Country	Hypermarkets	Supermarkets	Notes
France	127	254	–
Italy	48	309	–
Spain	56	124	–
Portugal	33	–	–
Luxembourg	1	–	–
Poland	76	33	–
Hungary	19	–	–
Romania	33	–	–
Ukraine	11	–	(1)
Russia	91	176	–
Senegal	–	4	–
Mainland China	409	–	74 Auchan and 335 RT Mart
Vietnam	–	3	–
Taiwan	19	–	–
Total	**923**	**903**	–

(1) Excluding the Furshet supermarkets which are consolidated using the equity method (10% owned).

Auchan Retail generated revenue in 2015 of €52.7 billion (up 1.5% in relation to 2014), including the sale of goods to franchisees.

Auchan Retail's activities outside of France accounted for 66% of total revenue.

Auchan Retail's operating profit from continuing operations increased by 13% to €954 million.

2.2 Retail property management activity

At 31 December 2015, Immochan and its subsidiaries managed 379 shopping centres (shopping malls and retail parks), 327 of which fully owned or leased and 52 under management contracts, in 12 countries.

The revenue from this activity came to €633 million in 2015, down 0.3%, of which 59% was generated outside France.

Immochan's operating profit from continuing operations fell by 5.9% to €197 million.

2.3 Customer credit activity (Oney Banque Accord)

At 31 December 2015, Oney Banque Accord operated in 11 countries (France, Spain, Italy, Portugal, Poland, Hungary, Romania, Ukraine, Russia, mainland China and Malta). Banque Accord had a total of 8.1 million customers at the end of 2015.

Oney Banque Accord's consolidated financial statements (drawn up according to banking IFRS) showed net banking income of €387 million, up by 1.0%. The cost of risk stood at €67 million. Operating profit from continuing operations increased by 36,9% to €70 million.

2.4 Other activities

Revenue generated by the 26 Alinéa and 19 Little Extra outlets fell by 1.8% to €430 million.

2.5 Comments on the 2015 financial statements

Consolidated income statement

The revenue of consolidated entities amounted to €54.2 billion, up 1.5% in relation to 2014.

At constant exchange rates, the increase was 1.2%.

Auchan Retail accounted for 97.2% of revenue while the other core businesses accounted for 2.8%.

In geographic terms, France accounted for 35% of revenue, Western Europe excluding France (Spain, Italy, Portugal and Luxembourg) contributed 18% and the rest of the world (Poland, Hungary, Romania, Ukraine, Russia, mainland China and Taiwan) contributed 47%. In 2014 the geographic breakdown was 37%, 19% and 44% respectively.

Gross profit increased by 4.0% to €12,757 million while the margin increased slightly at 23.5% after 23.0% in 2014.

Current operating expenses (payroll expenses, external expenses, depreciation, amortisation and impairment, other recurring operating profit and expenses) increased by 3.7%.

Since current operating expenses showed a smaller increase than gross profit, operating profit from continuing operations grew by 5.5% to €1,181 million. EBITDA, or operating profit from continuing operations excluding other recurring operating profit and expenses and depreciation, amortisation and impairment[1], rose by 2.7% to €2,683 million *versus* €2,613 million in 2014.

After taking into account "Other operating profit and expenses", operating profit from continuing operations fell by €73 million.

The non-recurring items recorded under "Other operating profit and expenses" include:

- in 2015:

- Asset impairments	(59)
- Capital gains (net of capital losses and sale expenses) linked to the sale of property assets in France, Spain, Portugal and Poland	+20
- Restructuring costs	(54)
- Other non-current income	+20
Total:	(73)

- in 2014:

- restated profit from the full consolidation of the Chinese entities as from 1 January 2014:	+1,009
- asset impairments	
- (including €771 million in Italy, €86 million in Hungary and €67 million in Taiwan):	(1,066)
- capital gains linked to the sale of property assets in France, Italy, Spain, Portugal and Russia	+132
- Restructuring costs	(12)
Total:	+63

The net cost of financial debt fell to €42 million (*versus* €75 million in 2014). Other financial revenue and expenses fell by €82 million notably following the capital gain of €52 million on the sale of the stake (accounted for using the equity method) in Fiordaliso in 2014.

Profit before tax came to €1,005 million (*versus* €1,128 million in 2014), down 10.9%.

The effective tax rate decreased by 0.6 of a point to 27.7% in 2015 *versus* 28.2% in 2014.

The share of net profit or loss of associates was a loss of €9 million compared with a loss of €10 million in 2014.

Net profit from continuing operations came to €718 million.

Profit for the year attributable to owners of the parent came to €518 million.

Cash flows from operations increased by 1.7% to €2,216 million compared with €2,178 million in 2014.

Consolidated statement of financial position as at 31 December 2015

Assets

Current investments excluding business combinations (acquisitions of intangible assets, property, plant and equipment and investment property) amounted to €1,877 million. The volume of current investments decreased by 8.4% in relation to 2014.

The breakdown of investments was 22% in France (26% in 2014), 17% in Western Europe excluding France (12% in 2014) and 61% in Central and Eastern Europe and Asia (62% in 2014).

Liabilities

Total equity amounted to €12,547 million at 31 December 2015 compared with €11,624 million at 31 December 2014, corresponding to an increase of €923 million.

Equity attributable to owners of the parent increased by €687 million to €9,699 million. The main changes were as follows (in € million):

• profit 2015	518;
• treasury shares	(127) ;
• dividends distributed	(66) ;
• exchange differences (arising mainly on the Russian and Chinese subsidiaries)	(35);
• Change in debt linked to put options granted	405.

Non-controlling interests amounted to €2,848 million compared with €2,612 million at 31 December 2014.

Net financial debt, as defined in Note 10.1 of the notes to the consolidated financial statements, amounted to €1,743 million at 31 December 2015 *versus* €1,833 million at 31 December 2014, representing 13.9% of equity *versus* 15.8% at 31 December 2014, 0.8 years of cash flows from operations and 0.7 years of EBITDA.

(1) Excluding provision and impairment expenses net of reversals, other than on inventories.

3. EVENTS AFTER THE REPORTING PERIOD

On 26 February 2016, Immochan announced a partnership with the Chinese group Dalian Wanda for the development with other partners, of the EuropaCity project, the future leisure, cultural, retail and entertainment complex located in the Ile-de-France region.

4. OUTLOOK

According to Wilhelm Hubner, Chairman of the Management Board:

"2015 was a year of transition, at a particularly sustained pace. To better serve our customers, we profoundly transformed the group's organisation, now organised around 3 autonomous companies: Auchan Retail, Immochan and Oney Banque Accord. We are now much more focused on each of these core businesses, giving us the capacity to be even more innovative and enterprising.

The growth in revenue is very significant in Central and Eastern Europe and in Asie, even if, end-2015, Auchan Retail was still experiencing some difficulty in France and Italy. Everywhere, our teams are dedicated to achieving operational efficiency both within the stores and in online activities, the development of our brands, and the interconnection of our sales channels in each country.

For 2016, what we all want to achieve everywhere is to have an irreproachable approach on our discount, on our offering, on our formats, on our shopping centres and on our shopping experiences, that we want attractive, dynamic and differentiating.

With 2015 annual results globaly in line with our expectations and solid fundamentals, our new organization will allow us to move into a higher gear."

5. FINANCIAL RISK MANAGEMENT

During the usual course of their business, Auchan Holding and its subsidiaries are exposed to interest rate, foreign exchange, credit and liquidity risks. They use derivative financial instruments to mitigate these risks.

Auchan Holding and its subsidiaries have put in place an organisation that enables centralised management of market risks (liquidity, interest rate and foreign exchange risk).

See Note 10.4 of the notes to the financial statements for a fuller description of financial risk management, which is summarised below.

5.1 Credit risk

Operating activity

Auchan Holding and its subsidiaries work solely with a list of banks authorised by the management of Auchan Holding for financing and interest rate and foreign exchange derivative transactions.

With regard to financial investments, the policy of Auchan Holding and its subsidiaries is to invest cash surpluses with authorised counterparties in amounts and for maturities which are decided by the Finance Committee, based on a rating scale.

Trade receivables and other receivables excluding the credit activity do not involve any significant risk.

Activity specific to Oney Banque Accord and its subsidiaries: credit and customer risk management

The cost of risk in 2015 fell significantly in relation to 2014. Despite a persistently tough economic environment, the quality of credit production remained steady and was effectively managed in all countries barring Russia.

These results underpin Oney Banque Accord's objective to reduce its exposure to credit risk by regularly adjusting its decision-making systems.

5.2 Liquidity risk

The policy of Auchan Holding and its subsidiaries is to maintain adequate medium and long-term funding at all times to cover its needs at the bottom of the seasonal cycle and provide it with a safety margin.

Their refinancing policy involves the diversification of their refinancing sources (bond issuance, bank loans, etc.) and their counterparties to ensure an adequate distribution of funding.

In the framework of this diversification of refinancing sources, in September 2009 Oney Banque Accord set up a captive securitisation programme giving it access to European Central Bank repo refinancing.

Auchan Holding and its subsidiaries also have confirmed refinancing lines with other banks to guarantee refinancing in the event of a liquidity crisis.

The medium and long-term bank financing facilities contain the usual commitments and default clauses for this type of contract, *i.e.* undertaking to maintain the loan at its initial level of seniority (*pari passu*), limits on the collateral provided to other lenders (Negative pledge), limits on substantial asset sales, and cross-default and material adverse change clauses.

Auchan Holding SA and Banque Accord SA's Euro Medium Term Note (EMTN) programme, under which bonds are issued, contains an undertaking limiting collateral provided to other bond holders (negative pledge) and a cross-default clause.

Some medium and long-term bank financing facilities (confirmed credit lines not used as at 31 December 2015) and private bond placements in the United States contain a 'callability' clause in the event of non-compliance with certain ratios at the balance sheet date, including the following ratio: consolidated net financial debt/ consolidated EBITDA < 3.5.

The Group complied with these ratios at 31 December 2015.

No part of the financial debt incorporates a default commitment or clause linked to a downgrade of Auchan Holding's credit rating.

Oney Banque Accord must comply with a single covenant to retain the refinancing facility under the Club Deal (confirmed syndicated credit facility of €500 million) and certain confirmed lines (€305 million). This ratio is defined as follows: Total outstanding loans > Net financial debt (where net financial debt refers to debt held with credit institutions plus debt in the form of securities minus the credit balances of bank accounts including cash accounts, central bank and postal accounts, investments and receivables from credit institutions, and the gross value of HQLA category assets held in accordance with Basel III liquidity requirements), except for BNP, this ratio being: “Total credit outstandings > Net financial debt (i.e. debt held with credit institutions plus debt in the form of securities, minus the credit balances of bank accounts – cash, central bank and postal accounts – and receivables from credit institutions”. Oney Banque Accord complied with this ratio at 31 December 2015.

5.3 Interest rate risk

Auchan Holding and its subsidiaries use interest rate derivatives with the sole aim of reducing their exposure to the impact of changes in interest rates on their debt. Transactions on the derivative markets are undertaken solely for hedging purposes.

Excluding the credit activity:

Interest rate transactions designated as fair value hedges concern transactions designed to change bond debt into floating-rate debt.

Macro-hedging transactions, recorded as instruments held for trading, are aimed at protecting earnings against a possible rise in interest rates over the short term. These consist of swaps in which Auchan is a fixed-rate payer and a floating-rate receiver, or of caps.

For the credit activity

Interest rate transactions designated as cash flow hedges concern swaps in which Oney Banque Accord is a fixed-rate borrower and a floating-rate lender. The purpose of these hedges is to fix the interest rate on part of the forecast floating rate debt, and thus secure future financial income (Y+1 to Y+5 maximum) by limiting possible volatility. The horizon of these hedges does not exceed 5 years. Interest rate and currency transactions (comprising caps and cross-currency swaps) recorded as instruments held for trading are aimed at protecting earnings against a possible rise in interest rates.

5.4 Foreign exchange risk

Auchan Holding and its subsidiaries are exposed to foreign exchange risk on:

- purchases of goods (transaction exposure);
- internal and external financing denominated in a currency other than the euro (translation risk);
- the value of subsidiaries’ net assets in foreign currencies (net asset hedging).

At 31 December 2015, the main currencies concerned were the US dollar, Polish zloty, Hungarian forint, Russian rouble and Romanian leu.

Foreign exchange transactions that qualify as fair value hedges are based on purchases billed in foreign currencies but not yet paid.

Foreign exchange transactions that qualify as cash flow hedges consist of foreign exchange swaps and forward foreign exchange purchases or sales. These transactions are used to hedge projected goods purchasing flows denominated in foreign currencies.

Transactions to hedge translation risk concern foreign currency loans granted to foreign subsidiaries.

At 31 December 2015, no derivative instrument was qualified as a net investment.

5.5 Other risks

Auchan Holding and its subsidiaries do not enter into hedging transactions other than foreign exchange and interest rate derivatives transactions.

6. CSR (CORPORATE SOCIAL RESPONSIBILITY) POLICY

6.1 Preliminary information

Since the coming into force of Article 225 of the Grenelle 2 law, Auchan Holding is required to communicate qualitative and/or quantitative data, certified by an accredited external expert, on all consolidated companies.

The certified conclusions concerning the 2014 financial year show no significant anomaly that would raise a question concerning the accuracy of the CSR information as a whole. Two observations were made concerning the exclusion of the supermarket and drive activities from the calculation of the waste recycling rate. Also, the details provided to the HR reporting protocol gave rise to changes in methodologies that impacted the comparability of the corporate social data recorded for 2014 with those of previous years.

In 2015, a new reporting software was rolled out for the reporting of all qualitative and quantitative information for the year and to ensure better traceability. Input controls were defined within the application to strengthen the reliability of the consolidated data.

6.2 Corporate social information

The companies within the scope of Auchan Holding strive to stand out through the diversity of their employees, by listening and paying attention to what they have to say, and by encouraging their sense of corporate responsibility and initiative.

Auchan Retail, Immochan and Oney Banque Accord develop relationships with schools and universities in the countries in which they operate. In 2015, 8,500 employees on intern programmes and 4,350 employees on work/study programmes were given the opportunity to gain professional experience, a key component in their training. In Russia, in all regions in which Auchan Retail operates, the brand owns facilities that provide training in fish, delicatessen, meat and fruit and vegetable management. During the year, Auchan Retail Hungary also set up a food and sales apprenticeship course.

The company’s success is inescapably linked to the wealth of experience, individual initiative and innovative capacity of each employee. In 2011, the global inclusive innovation programme “Creative Attitude” was established with this in mind. To date, among the 4,000 ideas put forward by employees of all levels, more than 200 are currently at prototype, test or roll-out stage, with the goal of offering new value added in business, operational efficiency, development and CSR policies.

6.3 Environmental information

Despite the policies and action plans implemented by each entity since 2008 to reduce energy consumption and therefore CO_2-equivalent emissions, it has not been possible to contain the energy costs. A test phase of a new approach was conducted at several Spanish sites of different sizes, with assistance from specialised advisory firm Schneider Electric, and the effectiveness of this ambitious and innovative system as well as its capacity to define and meet objectives were validated. All countries in which Auchan Retail operates have duly embarked on an identical approach with the goal of reducing electricity consumption by 20% by the end of 2018. Investment of €230 million has already been allocated to the project over the next 3 years.

6.4 Societal information

Since 2013, Auchan Retail has worked voluntarily on a global campaign to combat illegal sub-contracting, thereby extending and strengthening the control culture it has been implementing for 20 years. The conclusions of an internal audit conducted in early 2016 underscore the strict application of this approach by the purchasing departments, the genuine expertise they have developed and the support received from the Sourcing-Quality team in the Corporate Products Division. In accordance with the latter of the 8 commitments of the plan, the audit conclusions are provided in full transparency in the CSR section of Auchan Holding's management report.

On top of the work undertaken to improve the working conditions of textile and store workers in developing countries, the Weave Our Future foundation was created by Auchan Holding in April 2014. Under the aegis of Fondation de France, it fosters and accompanies social, health and educational initiatives undertaken for the benefit of these workers and their families. In 2015, 4 commitment committee meetings were held. The time needed to find trusted partners and understand local realities meant it was necessary to be rigorous and conservative as regards the stated goals; nevertheless 2 projects were supported during the year and 3 other major projects are currently being studied or finalised.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

YEARS ENDED 31 DECEMBER 2015 AND 2014

Assets (in €m)	Notes	2015	2014*
Goodwill	6.1	3,647	3,630
Other intangible assets	6.2	1,092	1,018
Property, plant and equipment	6.3	12,239	11,992
Investment property	6.4	4,209	4,161
Investments in associates	7	189	208
Customer loans – credit activity	11.1	1,100	1,147
Other non-current financial assets	10.5	513	509
Derivative financial instruments (non-current)	10.4	266	320
Deferred tax assets	12.1	254	209
Non-current assets		**23,510**	**23,194**
Inventories	3.5	4,851	4,511
Customer loans – credit activity	11.1	1,573	1,513
Trade receivables	10.5	485	442
Current tax assets	12.1	56	120
Other current receivables	10.5	2,294	2,346
Current derivative financial instruments	10.4	185	387
Cash and cash equivalents	10.1	2,671	2,673
Current assets		**12,115**	**11,992**
Total assets		**35,625**	**35,186**

Equity and liabilities (in €m)	Notes	2015	2014
Share capital	8.1.3	633	633
Share premiums		1,914	1,914
Reserves and net income attributable to owners of the parent	8.1.6	7,152	6,465
Equity attributable to owners of the parent		**9,699**	**9,012**
Non-controlling interests	8.1.7	2,848	2,612
Total equity		**12,547**	**11,624**
Provisions	9.1	343	296
Non-current borrowings and other financial liabilities	10.6	4,101	4,600
Debts financing the credit activity	11.2	1,027	1,079
Derivative financial instruments (non-current)	10.4	8	12
Other non-current liabilities	10.6	1,438	1,794
Deferred tax liabilities	12.1	797	856
Non-current liabilities		**7,714**	**8,637**
Provisions	9.1	229	273
Current borrowings and other financial liabilities	10.6	734	582
Debts financing the credit activity	11.2	1,222	1,267
Current derivative financial instruments	10.4	28	39
Trade payables	10.6	8,890	8,557
Current tax liabilities	12.1	108	106
Other current liabilities	10.6	4,153	4,101
Current liabilities		**15,364**	**14,925**
Total equity and liabilities		**35,625**	**35,186**

* *Financial data after restatement for the impact of IFRIC 21 (see Note 2.2 to the 2015 consolidated financial statements).*

CONSOLIDATED INCOME STATEMENT

(in €m)	Notes	2015	2014*
Revenue	**3.1**	**54,232**	**53,454**
Cost of sales	3.1	(41,475)	(41,168)
Gross profit		**12,757**	**12,286**
Payroll expenses	5.1	(6,119)	(5,842)
External expenses		(3,851)	(3,756)
Depreciation, amortisation and impairment	3.3	(1,631)	(1,577)
Other recurring operating profit	3.3	26	11
Other recurring operating expenses			
Operating profit from continuing operations		**1,181**	**1,120**
Other operating profit and expenses	3.4	(73)	63
Operating profit		**1,109**	**1,183**
Income from cash and cash equivalents		59	49
Gross cost of financial debt		*(101)*	*(124)*
Net cost of financial debt	*10.2*	*(42)*	*(75)*
Other financial revenue	10.3	27	60
Other financial expenses	10.3	(89)	(40)
Profit before tax		**1,005**	**1,128**
Share of net profit (loss) of associates	7	(9)	(10)
Income tax expenses	12.2	(278)	(318)
Net profit from continuing operations		**718**	**800**
Profit from discontinued operations after tax			
Profit for the year		**718**	**800**
of which attributable to owners of the parent		518	587
of which attributable to non-controlling interests		200	213
Earnings per share from continuing operations, attributable to owners of the parent (in €)			
– basic	8.2	*16.87*	*18.97*
– diluted	8.2	*16.86*	*18.95*
EBITDA(1)	**3.2**	**2,683**	**2,613**

(1) Operating profit from continuing operations less other operating profit and expenses and excluding depreciation, amortisation and impairment expenses (including those recognised under cost of sales, payroll expenses and other external expenses).

** Financial data after restatement for the impact of IFRIC 21 (see Note 2.2 to the 2015 consolidated financial statements).*

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in €m)	2015 Gross amount	2015 Income tax	2015 Net amount	2014 Gross amount	2014 Income tax	2014 Net amount
Profit for the year			**718**			**800**
Revaluation of net liability in respect of defined benefits	20	(6)	14	(52)	16	(36)
Total items that will not be reclassified subsequently to profit or loss	**20**	**(6)**	**14**	**(52)**	**16**	**(36)**
Exchange differences on translating foreign operations	86	–	86	(148)	–	(148)
Change in fair value						
– of financial assets available for sale	*13*	*–*	*13*	*–*	*–*	*–*
– of instruments hedging net investments in foreign operations	*–*	*–*	*–*	*–*	*–*	*–*
– of cash-flow and forex hedges	*(33)*	*8*	*(25)*	*87*	*(22)*	*65*
Share of other components of comprehensive income of associates	–	–	–	(1)	–	(1)
Total items that may be reclassified subsequently to profit or loss	**66**	**8**	**74**	**(62)**	**(22)**	**(84)**
Other components of comprehensive income	**86**	**2**	**88**	**(114)**	**(6)**	**(120)**
Total comprehensive income for the year			**806**			**680**
Attributable to:						
– Owners of the parent	*–*	*–*	*485*	*–*	*–*	*234*
– Non-controlling interests	*–*	*–*	*321*	*–*	*–*	*446*

CONSOLIDATED STATEMENT OF NET CASH FLOWS

(in €m)	Notes	2015	2014
Consolidated profit for the year (including non-controlling interests)		**718**	**801**
Share of net profit (loss) of associates		9	10
Dividends received (non-consolidated investments)		(1)	(1)
Net cost of financial debt		42	75
Income tax expense (including deferred taxes)		278	317
Net depreciation, amortisation and impairment expenses (other than on current assets)		1,629	2,573
Income and expenses on share-based payment plans		(1)	1
Other non-cash items		–	–
Capital gains/losses net of tax and negative goodwill[1]		(13)	(1,172)
Cash flows from operations before net cost of financial debt and tax		**2,661**	**2,604**
Income tax paid		(404)	(351)
Interest paid		(179)	(213)
Other financial items		138	138
Cash flows from operations after net cost of financial debt and tax		**2,216**	**2,178**
Change in working capital requirement	13	81	169
Changes in items relating to the credit activity	13	(111)	(16)
Net cash generated by operating activities		**2,186**	**2,331**
Acquisition of property, plant and equipment, intangible assets and investment property		(2,054)	(2,034)
Proceeds from sale of property, plant and equipment, intangible assets and investment property[2]		232	540
Acquisition of shares in non-consolidated companies including associates accounted for by the equity method		(7)	(2)
Proceeds from sale of shares in non-consolidated companies including associates accounted for by the equity method		36	88
Acquisition of subsidiaries net of cash acquired[3]		(10)	386
Sales of subsidiaries net of cash disposed of		(19)	–
Dividends received (non-consolidated investments)		7	1
Changes in loans and advances granted	13	(11)	(38)
Net cash from (used in) investing activities		**(1,826)**	**(1,059)**
Amounts received from shareholders on capital increases	13	–	–
Purchases and sales of treasury shares		(129)	(64)
Dividends paid during the period	13	(198)	(374)
Acquisitions and disposals of interests without change of control[4]	13	(3)	16
Change in net financial debt[5]	13	(67)	(499)
Net cash from (used in) financing activities		**(397)**	**(921)**
Effect of changes in foreign exchange rates[6]		58	277
Net increase (decrease) in cash and cash equivalents		**21**	**628**
Cash and cash equivalents at beginning of period	13	2,399	1,771
Cash and cash equivalents at end of period	13	2,420	2,399
Net increase (decrease) in cash and cash equivalents		**21**	**628**

(1) Including in 2014 a capital gain of €(1,009) million related to the full consolidation of Sun Art and its subsidiaries as of 1 January 2014 (see note 3.4).
(2) Including, in 2014, disposals net of tax of property assets in Italy, France, Spain and Portugal amounting to €187 million, €82 million, €137 million and €63 million respectively.
(3) Including in 2014 cash acquired as a result of the full consolidation of the Chinese entities on 1 January 2014 amounting to €375 million.
(4) Including the change in commitments to buy back securities from non-controlling shareholders.
(5) Including an expense of €98 million in 2014 in debt repayments related to the acquired Real companies.
(6) Including, in 2015, the impact of changes in the Chinese yuan for €49 million and the Russian rouble for €10 million.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(BEFORE APPROPRIATION OF PROFIT)

(in €m)	Share capital	Share premiums[1]	Treasury shares[2]	Currency translation, financial instrument revaluation, and actuarial gains and losses reserves[3]	Consolidated reserves and profit for the year	Total equity: Attrib. to owners of the parent	Total equity: Non-controlling interests	Total equity: Total
At 1 January 2014[5]	**633**	**1,914**	**(201)**	**(170)**	**7,536**	**9,712**	**567**	**10,279**
Net profit for the year	–	–	–	–	*587*	*587*	*213*	*800*
Other components of comprehensive income	–	–	–	*(353)*	–	*(353)*	*233*	*(120)*
Total comprehensive income	–	–	–	(353)	587	234	446	680
Capital increases	–	–	–	–	9	9	30	39
Treasury shares	–	–	(97)	–	–	(97)	–	(97)
Dividends	–	–	–	–	(199)	(199)	(175)	(374)
Changes in consolidation scope and other movements[4]	–	–	–	–	(659)	(659)	1,732	1,073
Other	–	–	–	–	12	12	12	24
At 31 December 2014	**633**	**1,914**	**(298)**	**(523)**	**7,286**	**9,012**	**2,612**	**11,624**
At 1 January 2015	**633**	**1,914**	**(298)**	**(523)**	**7,286**	**9,012**	**2,612**	**11,624**
Net profit for the year	–	–	–	–	*518*	*518*	*200*	*718*
Other components of comprehensive income	–	–	–	*(33)*	–	*(33)*	*121*	*88*
Total comprehensive income	–	–	–	(33)	518	485	321	806
Capital increases	–	–	–	–	–	–	–	–
Treasury shares	–	–	(127)	–	–	(127)	–	(127)
Dividends	–	–	–	–	(66)	(66)	(132)	(198)
Changes in consolidation scope[6]	–	–	–	–	399	399	47	446
Other	–	–	–	–	(4)	(4)	–	(4)
At 31 December 2015	**633**	**1,914**	**(425)**	**(556)**	**8,133**	**9,699**	**2,848**	**12,547**

(1) Share premiums include premiums paid for stock issued, mergers and other capital contributions.
(2) See Note 8.1.4.
(3) See Note 8.1.6.
(4) Impact of the full consolidation of the Chinese entities as at 1 January 2014.
(5) Financial data restated for the impact of IFRIC 21 (see Note 2.2 to the 2015 consolidated financial statements.
(6) Essentially impact of the change in liabilities linked to put options granted to non-controlling interests in controlled entities, excluding foreign exchange impact.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(IN € MILLION – €M)

NOTE 1

GENERAL DESCRIPTION OF THE CONSOLIDATION SCOPE AND SIGNIFICANT EVENTS

1.1 General description of the consolidation scope

Auchan Holding SA (named Groupe Auchan SA until 2 December 2015), the holding company for the consolidation scope, is a French company with its registered office at 40, avenue de Flandre, 59170, Croix, France.

The 11th largest food retailer in the world, Auchan Holding and the companies included in the consolidation scope operate in 14 countries and employ 337,737 people.

Since 2 December 2015, it has been organised around three core activities:

• Auchan Retail, which groups together the food retail activities. This includes the operation of the hypermarkets (923 stores which are fully consolidated) and supermarkets (903 stores which are fully consolidated; the Ukrainian network of Furshet supermarkets, which are 10% owned, are consolidated using the equity method). This activity also includes the E-Commerce (Auchandirect and Auchan.fr mainly) and drive (Chronodrive and Auchan Drive) outlets;

• Retail property management by Immochan and its subsidiaries (379 shopping centres with shopping malls and retail parks, managed by Immochan);

• Banking (Banque Accord is specialised in consumer credit, insurance brokerage, electronic payments and payment card management and has 8.1 million customers).

The other activities, which are managed independently of these 3 activities, are Alinéa and Little Extra.

In 2015, the entities in the consolidation scope generated combined revenue excluding taxes of €54.2 billion, 65% of which was generated outside of France and 97% of which by Auchan Retail.

1.2 Significant events in 2015 and main changes in the consolidation scope

Change in the legal form

On 2 December 2015, the Annual General Meeting of Groupe Auchan SA approved a change in the company's name to Auchan Holding SA. The company's legal form was also changed from a *société anonyme* (limited company) with a Board of Directors to a *société anonyme* (limited company) with a Supervisory Board and Management Board.

Partnership

Partnership with Système U

On 13 February 2015, Auchan Holding announced that it had started exclusive negotiations with Système U to build further on the purchasing agreement signed by them in September 2014. This partnership project was presented to the social partners of both companies and requires approval by the competent competition authorities.

Asset disposals

Sale of commercial assets in France

On 20 July 2015, Immochan sold a portfolio of 22 property assets, shopping malls and retail parks located in France. These assets represent a surface area of nearly 80,000 sqm and nearly 245 lessees. The operation generated a capital gain net of expenses and tax of €40 million in the consolidated financial statements of Auchan Holding.

Sale of Grosbill

On 31 August 2015, Auchan Holding sold Grosbill SA to German company Mutares. This operation generated a capital loss net of expenses and tax of €20 million.

Sale of 8 Polish stores

On 31 August 2015, in accordance with the terms stipulated by the Polish competition authorities,

• 8 stores which had been operated by Auchan since the acquisition of the Polish REAL stores from Metro Group, were sold to Schiever Polska. This transaction generated an expense of €29 million in the consolidated financial statements of Auchan Holding;

• It was completed with the sale to the Schiever group of the 50% capital stake owned in Schiever Polska, which generated a capital gain of €6 million.

Sale of the Alegro Setùbal shopping centre (Portugal)

On 22 December 2015, Soficole, a subsidiary of Immochan, sold 50% of the shares in Alegro Setùbal. This company owns the 27,830 sqm Alegro Setùbal shopping centre located in Lisbon, Portugal. The operation generated a capital gain net of expenses and tax of €2 million in the consolidated financial statements of Auchan Holding. The 50% share still owned is accounted for using the equity method. Immochan continues to oversee the management and marketing of this site.

There were no other significant changes in the consolidation scope in 2015.

Changes in the store network

The number of points of sale operated by Auchan Retail changed as follows in 2015:

• in Western Europe, the number of points of sale fell by 4 units. 35 points of sale were opened while 39 were sold or closed (including the sale of nine Grosbill points of sale) ;

• in Central and Eastern Europe, the number of points of sale increased by 24 units mainly due to the new store openings in Russia (a net increase of 33 points of sale in 2015). In Poland, the number of points of sale fell by 11 units due notably to the sale of 8 stores to Schiever;

• in Asia, the store network increased by 41 units, including 37 in China. 3 stores were opened in Vietnam and 1 store was acquired in Taiwan.

There were no other significant changes in the consolidation scope in 2015.

1.3 Events after the reporting period

On 26 February 2016, Immochan announced a partnership with the Chinese group Dalian Wanda for the development with other partners, of the EuropaCity project, the future leisure, cultural, retail and entertainment complex located in the Ile-de-France region.

NOTE 2

GENERAL ACCOUNTING PRINCIPLES AND CONSOLIDATION SCOPE

2.1 Basis for preparation of the financial statements

Auchan Holding's consolidated financial statements were approved by the Management Board on 7 March 2016. They will not be finalised until they have been approved by the Ordinary General Meeting of Shareholders of 25 May 2016.

2.1.1 Statement of compliance

In application of European regulation no. 1606/2002 of 19 July 2002, the consolidated financial statements of Auchan Holding have been prepared in accordance with international accounting standards comprising IAS (International Accounting Standards) and IFRS (International Financial Reporting Standards) and their interpretations as issued by the IASB (International Accounting Standards Board) and by the IFRS IC (International Financial Reporting Standards Interpretations Committee) and as adopted by the European Union at 31 December 2015 and of mandatory application at that date.

The standards, amendments to existing standards and interpretations adopted by the European Union and effective from 1 January 2015, and which have a significant impact on the consolidated financial statements of Auchan Holding, are detailed in Note 2.2.

The presented financial statements do not take into account the new standards, revisions to existing standards and interpretations published by the IASB but not yet applicable. Their potential impact on the consolidated financial statements is currently under review; they include, pending any changes:

- The amendments to IAS 19 "Employee Contributions" aim to eliminate specific difficulties relating to the application of Revised IAS 19 concerning the accounting treatment of employee or third-party contributions to defined benefit plans. These amendments were approved by the EU on 9 January 2015 and are applicable in the financial years beginning on or after 1 February 2015.
- IFRS 9 "Financial Instruments" and its subsequent amendments are intended to replace IAS 39 "Financial instruments – Recognition and Measurement". This involves a three-phase project:
  - first phase – Classification and measurement corresponding to the standard published in 2009 and its subsequent amendments concerning transitional provisions;
  - second phase – Impairment principles which gave rise to the amendments at the end of 2014; and
  - third phase – General hedge accounting which gave rise to the amendments to IFRS 9, IFRS 7 and IAS 39 published in November 2013. These amendments constitute a complete revision of hedge accounting which will allow entities to better reflect their risk management activities in their financial statements.

The IASB postponed the application date for IFRS 9 from 1 January 2015 to the provisional date of 1 January 2018. The European Union approval process has been put on hold pending the IASB's completion of this project.

- IFRS 15 replaces the existing provisions governing the recognition of revenue, notably IAS 18 "Revenue", IAS 11 "Construction Contracts" and IFRIC 13 "Customer Loyalty Programmes". Revenue will be recognised to reflect the transfer of goods and services to customers in a manner that reflects the payments the company expects to receive in exchange for these goods and services. The IASB has postponed the application date for IFRS 15 for one year from the original date of 1 January 2017.
- On 11 September 2014, the IASB published an amendment to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates or Joint Ventures" entitled "Sales or contributions of assets between an investor and its associate/joint venture" with the aim of reducing inconsistencies between the provisions of IFRS 10 and IAS 28 related to the sale or contribution of assets between an investor and its associate/joint venture. The main impact of this amendment is the full recognition of the gain or loss on disposal when the transaction concerns a business within the meaning of IFRS 3 (regardless of whether or not it is a subsidiary). A partial gain or loss is recognised when the transaction concerns assets that do not constitute a business within the meaning of IFRS 3, even if these assets are housed in a subsidiary.
- The IASB published IFRS 16 "Leases" on 13 January 2016. Subject to ratification by the European Union, the new standard will be applicable in the financial years beginning on or after 1 January 2019, with retroactive effect. IFRS 16 mainly concerns lessees, and removes the distinction set out in IAS 17 between operating leases and finance leases. It provides an accounting model for lessees, under which they must recognise an asset for the right of use of the leased asset over the duration of the contract, which must be offset by the recognition of a liability representing the lease payment obligation.

2.1.2 Use of estimates

The preparation of consolidated financial statements requires the management to make judgements and estimates and use assumptions that could affect the carrying amounts of certain assets and liabilities and revenue and expenses as well as the information provided in the notes to the financial statements.

In the preparation of the consolidated financial statements, significant judgements and the main estimates made by management in application of Auchan Holding's accounting methods relate to the following:

- the period over which non-current assets are depreciated or amortised;
- the measurement of provisions, amounts due from suppliers and retirement benefit obligations;
- the values used for testing impairment of property, plant and equipment, intangible assets and goodwill;
- the measurement of deferred tax assets (including those relating to tax losses carried forward);

- the fair value measurement of identifiable assets and liabilities in the context of business combinations;
- the measurement of customer loans;
- the information on the fair value of investment property provided in the notes to the financial statements.

These estimates assume the business is a going concern and are based on past experience and other factors considered reasonable in the circumstances and using the information available at the time. These estimates may be revised if the circumstances on which they were based change or as the result of new information. The actual values may be different from the estimated amounts.

2.1.3 Consolidation scope and methods

The financial statements of companies directly or indirectly controlled by Auchan Holding are consolidated using the full consolidation method. Control is considered to exist when Auchan Holding has the power to govern, directly or indirectly, the company's strategy and operating and financial policies so as to obtain a benefit from its assets. The existence and effect of potential voting rights that are immediately exercisable or convertible are taken into account for determining control.

The companies that Auchan Holding controls jointly or over which it directly or indirectly exercises significant influence on management and financial policies, without exercising control, are accounted for using the equity method. Auchan Holding's share of the profit or loss of associates is recognised in the income statement under the heading "Share of net profit of associates". The share of other components of associates' comprehensive income is recorded on a separate line in the consolidated statement of comprehensive income. If Auchan Holding's share of the losses of an associate is equal to or exceeds its shareholding, Auchan Holding ceases to recognise its share of the losses in its consolidated financial statements unless it has a legal or implicit obligation to do so, or must make payments on behalf of the associate.

Consolidation is based on the financial statements for the year to 31 December for all the entities included in the consolidation scope. The consolidated financial statements include the financial statements of acquired companies from the date on which control is transferred to Auchan Holding. Companies that are sold are consolidated up to the date control ceases.

All transactions and balances between companies that are members of the consolidation scope are eliminated on consolidation.

2.1.4 Consolidation of the financial statements of the credit activity

The financial statements of the credit activity of Oney Banque Accord and its subsidiaries and the financial statements of Comfactor Commercio Factoring SpA, a captive factoring company operating in Italy, are fully consolidated in Auchan Holding's consolidated financial statements of as follows:

- assets and liabilities are allocated, according to their nature, to the relevant lines in the consolidated statement of financial position, with customer loans recorded in a separate line on the asset side and the financing of customer loans in a separate line on the liabilities side;
- in the income statement, banking revenues are included in "Revenue", banking expenses in "Cost of sales", and net banking income in "Gross profit".

2.1.5 Business combinations

In accordance with the provisions of Amended IFRS 3 «Business Combinations», Auchan Holding applies the purchase method when recognising business combinations completed after 1 January 2010 in its consolidated financial statements.

In application of this method, all identifiable assets acquired and liabilities and contingent liabilities assumed are measured and recognised at their fair value on the date control is acquired. The consideration transferred (purchase cost) is measured at the fair value of the assets transferred, equity issued and liabilities incurred at the acquisition date. The costs arising directly from the business combination are recorded as an expense for the period.

Any excess of the consideration transferred over Auchan Holding's share of the fair value of the identifiable assets and liabilities of the acquired entity is recognised as an asset under goodwill on the statement of financial position. At the date of acquisition of control and for each business combination, Auchan Holding can opt either to record partial goodwill (corresponding to the share acquired by Auchan Holding and its subsidiaries) or full goodwill in its consolidated financial statements. In the latter case, the non-controlling interests are measured at fair value and Auchan Holding records goodwill on the totality of the identifiable assets and liabilities in its consolidated financial statements.

Goodwill is measured on the date control is acquired and is not adjusted after the end of the valuation period. Subsequent changes in percentage interests in a subsidiary without loss of control are recorded directly in Auchan Holding's equity.

In the case of step acquisitions, the share previously held by Auchan Holding and its subsidiaries is re-measured at fair value. The difference between the fair value and the net carrying amount of the interest is recognised in the income statement when a step results in the acquisition of control. If control is already established, the difference is recognised as the net difference. In the case of loss of control of a subsidiary, any interest retained directly or indirectly by Auchan Holding is measured at fair value as a counter-entry in the income statement.

Goodwill relating to an associate accounted for using the equity method is recorded under "Investments in associates".

Any negative goodwill is recognised immediately in the income statement.

In its consolidated financial statements, Auchan Holding has a period of one year from the date of acquisition of control to finalise the initial valuation of identifiable assets, liabilities and contingent liabilities, the consideration transferred and non-controlling interests on condition that the elements used to adjust these amounts correspond to new information that has come to the acquiring company's knowledge but arising from events and circumstances prior to the acquisition date.

Price adjustments are included in the acquisition cost at their fair value as at the date of acquisition of control, even if they are of a conditional nature, and charged against equity or liabilities (depending on the payment method). During the valuation period, subsequent changes to these price adjustments are recognised in goodwill when they relate to events and circumstances prior to the acquisition date; otherwise they are recognised in the income statement unless they had an equity instrument as a counter-entry.

Any deferred tax assets of the acquired entity not recognised as at the date control was acquired or during the valuation period are subsequently recognised in the income statement without any adjustment to goodwill.

2.1.6 Foreign currency transactions

Auchan Holding's functional currency and the currency in which the consolidated financial statements are expressed is the euro.

Translation of the financial statements of foreign subsidiaries

The group has no subsidiary operating in a hyperinflationary economy. The financial statements of all entities whose functional currency is not the euro are therefore translated into euro using the following method:

- Assets and liabilities are translated at the exchange rate applicable on the accounts closing date, while equity is maintained at the historical exchange rate.
- Income and expense items are translated at the average exchange rate for the period.
- Cash flows are translated at the average exchange rate for the period.

The translation differences resulting from application of this method are recognised under "Exchange differences on translating foreign operations" in other comprehensive income in the consolidated statement of comprehensive income and are recognised in the income statement on disposal of the investment concerned.

Goodwill and fair value adjustments resulting from a business combination with an activity whose functional currency is not the euro are considered as part of the subsidiary's assets and liabilities. They are expressed in the functional currency of the acquired entity and translated into euro at the exchange rate applicable on the accounts closing date. Any resulting currency translation differences are recognised under Exchange differences on translating foreign operations in the consolidated statement of comprehensive income.

Recognition of foreign currency transactions

Transactions denominated in foreign currencies are translated into euro at the exchange rate applicable on the transaction date.

Monetary assets and liabilities denominated in a foreign currency, whether hedged or not, are translated into euro at the exchange rate applicable on the accounts closing date and the resulting exchange differences are recognised in profit or loss for the period.

Foreign currency denominated non-monetary assets and liabilities valued at historical cost are translated at the exchange rate prevailing on the initial transaction date.

Foreign currency denominated non-monetary assets and liabilities valued at fair value are translated at the exchange rate prevailing on the date the fair value was determined.

2.1.7 Presentation of financial information

The amounts shown in the consolidated financial statements are rounded up or down to the closest million euros and include data which have been rounded up or down individually. As a result, there may be differences between the arithmetical totals and the aggregates or sub-totals shown.

Statement of financial position

Assets and liabilities involved in the normal cycle of operations are classified as current items. Other assets and liabilities are classified as current or non-current depending on whether their expected date of recovery or payment is within 12 months from the accounts closing date.

Statement of cash flows

In drawing up the consolidated financial statements, Auchan Holding determines cash flows from operating activities using the indirect method.

2.2 Main changes during the period

IFRIC Interpretation 21 "Levies" was published on 20 May 2013 and is effective from 1 January 2015. It clarifies the fact that no levy must be recognised before occurrence of the obligating event as specified in the tax legislation. The obligating event is the event that makes the levy due pursuant to the applicable legal or regulatory provisions. IFRIC 21 prohibits progressive recognition of a levy-related liability and requires that it be recognised in full once triggered by the obligating event.

Impact of the application of IFRIC Interpretation 21 on equity as at 31 December 2013

The application of IFRIC 21 gave rise to an increase of €51 million in consolidated equity attributable to owners of the parent at 31 December 2013.

Impact of the application of IFRIC Interpretation 21 on the consolidated statement of financial position and the consolidated income statement as at 31 December 2014

The effect of the application of IFRIC Interpretation 21 on the consolidated balance sheet as at 31 December 2014 is as follows:

Assets (in €m)	Reported December 2014	Impact of IFRIC 21	Restated December 2014
Non-current assets	23,194	–	23,194
Current assets	11,992	–	11,992
Total Assets	**35,186**	**0**	**35,186**

Equity and liabilities (in €m)	Reported December 2014	Impact of IFRIC 21	Restated December 2014
Total equity	11,559	65	11,624
Non-current liabilities	8,597	40	8,637
Current liabilities	15,030	(105)	14,925
Total equity and liabilities	**35,186**	**0**	**35,186**

In the income statement, the impact of the effective application of IFRIC 21 is recognised under «external expenses» in the amount of €22 million and under «income tax expenses» in the amount of €8 million.

The items in the income statement impacted by the effective application of IFRIC 21 were changed as follows:

Income statement (in €M)	Reported December 2014	Impact of IFRIC 21	Restated December 2014
Operating profit from continuing operations	1,098	22	1,120
Operationg profit	1,161	22	1,183
Profit before tax	1,105	22	1,128
Net profit from continuing operations	**787**	**13**	**800**
Profit for the period	**787**	**13**	**800**
of which att. to owners of the parent	574	13	587
EBITDA (1)	2,591	22	2,613
Cash flows from operations	2,156	22	2,178

(1) **EBITDA:** *Operating profit from continuing operations less other recurring operating profit and expenses and after depreciation, amortisation and impairment (including that recognised under cost of sales, payroll expenses and other external expenses).*

Impact of the effective application of IFRIC Interpretation 21 on the consolidated statement of comprehensive income and the consolidated statement of cash flows as at 31 December 2014

The impact on the consolidated statement of comprehensive income is confined to the impact on profit for the year.

Since this impact concerned no inflows or outflows, there was no change to net cash from (used in) operating activities as at 31 December 2014.

The comparative financial information presented in this report is systematically restated for the impact of IFRIC 21.

2.3 Main changes in the consolidation scope

There were no other significant changes in the consolidation scope in 2015.

2.4 Transactions with related parties

Auchan Holding has relations with its subsidiaries (fully consolidated) and with joint ventures and associates (consolidated using the equity method).

Related parties having control over Auchan Holding

No material transactions were carried out with the reference shareholders of Auchan Holding SA apart from the dividend paid to all of the shareholders (see Note 8.1).

Remuneration of corporate officers

The total expense recognised in 2015 in respect of management remuneration (members of Auchan Holding SA's Board of Directors and members of the Executive Committee, and from 2 December the members of the Management Board and Supervisory Board) was €2.4 million, which broke down as follows:

- short-term benefits (including directors' fees): €2.1 million;
- share-based payments: €0.3 million;
- post-employment benefits: none.

Joint ventures/Associates

Information on jointly-controlled ventures and associates consolidated using the equity method is provided in Note 7.

Transactions with these companies are carried out at arm's length conditions. No significant commitments have been entered into with these companies.

Joint arrangements

No agreements meeting the characteristics of joint arrangements within the meaning of IFRS 11 have been identified.

2.5 Off-balance sheet commitments relating to the consolidation scope

Off-balance sheet commitments correspond to commitments given or received by entities within the consolidation scope of Auchan Holding which were not recorded in the balance sheet.

At 31 December 2015, the Finance Division was not aware of any off-balance sheet commitments likely to have a material impact on the financial situation of Auchan Holding's consolidated companies.

Details of financing-related off-balance sheet commitments are provided in Note 10.7 and those of off-balance sheet commitments related to the credit activity are provided in Note 11.4.

Details of share call and put options

Oney Banque Accord has commitments related to call options on shares linked to the minority holdings of certain of its subsidiaries. At 31 December 2015 they stood at €14 million and were exercisable between 2016 and 2017. At 31 December 2014, these commitments stood at €11 million.

NOTE 3

OPERATING DATA

3.1 Revenue/gross profit

Accounting Principles

The gross profit is the difference between revenue and the cost of goods sold.

Revenue includes sales of goods and services by the stores and E-commerce sites, rental revenues from shopping malls and retail parks, and banking revenues from the credit activity.

Other revenue includes franchise fees, opening fees collected by the shopping malls and retail parks, commissions for the sale of services and warranty extension premiums.

Cost of sales comprises the cost of purchases net of rebates and commercial cooperation fees, changes in inventories net of any impairment loss, logistics costs, cash discounts obtained, exchange gains and losses on the purchase of goods, and banking expenses for the credit activity.

(in €m)	2015	2014
Sales	54,020	53,272
Other revenue	212	182
Revenue	**54,232**	**53,454**
Purchases net of discounts, commercial cooperation services and ancillary and logistics costs	41,785	41,083
Change in inventories (net of impairment)	(310)	85
Cost of sales	**41,475**	**41,168**
Gross profit	**12,757**	**12,286**

3.2 EBITDA

Accounting Principles

A specific note on EBITDA has been added to the financial statements in order to harmonise the performance indicators used in financial communications.

EBITDA corresponds to operating profit from continuing operations less other recurring operating profit and expenses and after depreciation, amortisation and impairment (including that recognised under cost of sales, payroll expenses and other external expenses).

Store pre-opening costs are recognised as an operating expense in the income statement when incurred.

(in €m)	2015	2014
Operating profit from continuing operations	1,181	1,120
– other recurring operating profit and expenses	*(26)*	*(11)*
– depreciation, amortisation and impairment(1)	*1,527*	*1,504*
EBITDA	**2,683**	**2,613**

(1) Including that recognised under cost of sales, payroll expenses and other external expenses for €(104) million in 2015 and €(73) million in 2014.

3.3 Operating profit from continuing operations

3.3.1 Other recurring operating profit

(in €m)	2015	2014
Net gains on disposals (including reversals of provisions on sold assets)	16	12
Other	10	(1)
Total other recurring operating profit	**26**	**11**

3.3.2 Depreciation, amortisation and impairment

(in €m)	2015	2014
Depreciation and amortisation expenses, net of reversals(1)	1,548	1,495
Provisions and impairment expenses, net of reversals of unused provisions	83	82
Net amount in income statement	**1,631**	**1,577**

(1) Of which €57 million related to the amortisation of other intangible assets in 2015 (€54 million in 2014) (see Note 6.2).

3.4 Other operating profit and expenses

Accounting Principles

Non-recurrent transactions involving significant amounts and which could diminish the readability of operating performance are recorded under "Other operating profit and expenses" in accordance with Accounting Standards Authority recommendation no. 2013-R.03.

This line includes in particular significant impairment recognised on goodwill, major and exceptional impairment losses recognised on property, plant and equipment, and items that are exceptional, unusual and material and which are unrelated to ordinary operations, such as expenses for major restructuring.

(in €m)	2015	2014
Revaluation gain related to the full consolidation of Sun Art and its subsidiaries as of 1 January 2014.	–	1,009
Profit from the sale of property assets: 2015: Mainly in France, €65 million capital gain offset by capital losses in E-commerce France for €(21) million and on the disposal of the Real stores in Poland for €(29) million 2014: Essentially €25 million related to Spain, €33 million related to Portugal and €33 million related to Italy	20	132
Impairment of non-current assets: 2015: Mainly in Italy (€16million), France (€19 million), Ukraine (€10 million) and Portugal (€9 million). 2014: Essentially in Italy (€771 million, including goodwill of €674 million), in Hungary (€86 million) and in Taiwan (goodwill of €67 million)	(59)	(1,066)
Restructuring costs	(54)	(12)
Profit from lease renegotiations (Poland)	20	–
Total other operating profit and expenses	**(73)**	**63**

3.5 Inventories

Accounting Principles

Inventories are measured at the lower of cost and net realisable value. Cost is net of annual rebates and commercial cooperation fees and includes handling and warehousing costs directly attributable to the acquisition of the products, and the transport costs incurred in bringing the products to the stores. Inventories are valued either on the basis of the last purchase price, a method similar to the FIFO ("First in, First out") method for quick inventory turnover, or at the weighted average unit cost, or at the selling price less the profit margin. Inventories are written down if their net realisable value is below cost.

(in €m)	2015	2014
Gross amount	4,997	4,648
Impairment	(146)	(137)
Net amount	**4,851**	**4,511**

Change in impairment

(in €m)	2015	2014
At 1 January	**(137)**	**(126)**
Provisions for impairment, net of reversals	(6)	8
Changes in the consolidation scope and exchange differences	(3)	(18)
At 31 December	**(146)**	**(137)**

No inventory amounts have been pledged to secure liabilities.

NOTE 4
OPERATING SEGMENTS

Accounting Principles

Pursuant to IFRS 8 «Operating Segments», the operating segments are determined based on the information provided to management for assessing the activities and performances of the group made up by Auchan Holding and its subsidiaries and those of the various segments it comprises. The segments presented are operating segments or groups of similar operating segments.

An operating segment is a component within the consolidation scope that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses relating to transactions with other components of the same entity.

The measurement of each operating segment's performance, used by the main operational decision-makers, is based on operating profit from continuing operations.

Segment assets comprise goodwill, other intangible assets and property, plant and equipment, investment property, investments in associates, customer credits, inventories, trade receivables and other current receivables.

Segment liabilities comprise provisions, debt financing the credit activity, trade payables and other current liabilities.

Segment investments correspond to acquisitions of property, plant and equipment and intangible assets, including goodwill and finance leases but excluding the impact of deferred payments.

The segment information presented below has been prepared based on Auchan Holding's new organisation, announced on 2 December 2015 and described in Note 1.1 of this document. The implementation of this new organisation has no impact on the cash-generating units (CGUs) or the allocation of goodwill.

4.1. Segment information by business activity

	Retail		Property management		Banking		Other activities		Holding company and eliminations		Total	
Segment data (in €m)	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
External revenue	52,731	51,937	633	635	438	444	430	438	1	–	54,232	53,454
Inter-segment revenue	1,021	1,090	11	12	17	9	1	–	(1,050)	(1,111)	–	–
Revenue	**53,752**	**53,028**	**644**	**647**	**455**	**453**	**430**	**438**	**(1,050)**	**(1,111)**	**54,232**	**53,454**
Operating profit from continuing operations	954	845	197	210	69	63	(17)	(22)	(22)	24	1,181	1,120
Other operating profit and expenses	–	–	–	–	–	–	–	–	–	–	(73)	63
Operating profit	–	–	–	–	–	–	–	–	–	–	1,109	1,183
Net cost of financial debt	–	–	–	–	–	–	–	–	–	–	(42)	(75)
Other financial revenue	–	–	–	–	–	–	–	–	–	–	27	60
Other financial expenses	–	–	–	–	–	–	–	–	–	–	(89)	(40)
Income tax expense	–	–	–	–	–	–	–	–	–	–	(278)	(318)
Share of net profit (loss) of associates	–	–	–	–	–	–	–	–	–	–	(9)	(10)
Net profit from continuing operations	–	–	–	–	–	–	–	–	–	–	718	800
Net profit from assets held for sale and discontinued operations	–	–	–	–	–	–	–	–	–	–	–	–
Profit for the year											**718**	**800**
Segment assets	24,729	24,041	4,032	3,995	2,640	2,627	254	277	23	25	31,679	30,967
Segment liabilities	12,972	12,569	392	394	2,396	2,506	79	73	25	31	15,864	15,573

	Retail		Property management		Banking		Other activities		Holding company		Total	
Other information (in €m)	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
Investments (gross)	1,528	1,625	335	397	7	15	6	9	1	4	1,877	2,050
Depreciation and amortisation expenses	1,297	1,244	220	220	8	6	21	24	1	1	1,548	1,495
Impairment losses, net of reversals[1]	(23)	(918)	(31)	(144)	–	–	–	–	–	–	(53)	(1,062)
Other non-cash operating profit and expenses[1][2]	(113)	(61)	(13)	(10)	(21)	(26)	–	(1)	–	–	(147)	(97)

(1) () = expenses.
(2) Significant expenses: provision and impairment expenses/reversals other than impairment on intangible assets, property, plant and equipment and investment property (mainly relating to impairment of current assets and customer loans and provisions for risk and contingent liabilities).

4.2. Segment information by geographic area

	France		Western Europe excluding France		Rest of the World: Central and Eastern Europe		Rest of the World: Asia and Africa		Eliminations		Total	
(in €m)	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
Revenue	19,724	20,280	9,954	10,371	10,505	11,529	14,658	11,887	(610)	(613)	54,232	53,454
Non-current segment assets, excluding tax and financial assets	5,636	5,786	3,804	3,902	3,754	3,709	7,994	7,404	–	–	21,188	20,801

4.3. Reconciliation of segment assets and liabilities

Total segment assets are reconciled in the total assets of Auchan Holding and its subsidiaries as follows:

(in €m)	2015	2014
Goodwill	3,647	3,630
Other intangible assets	1,092	1,018
Property, plant and equipment	12,239	11,992
Investment property	4,209	4,161
Non-current segment assets excluding tax and financial assets	**21,187**	**20,801**
Investments in associates	189	208
Customer loans – credit activity (non-current)	1,100	1,147
Inventories	4,851	4,511
Customer loans – credit activity (current)	1,573	1,513
Trade receivables	485	442
Other current receivables	2,294	2,346
Segment assets	**31,679**	**30,968**
Other non-current financial assets	513	509
Non-current derivative financial instruments	266	320
Deferred tax assets	254	209
Current tax assets	56	120
Current derivative financial instruments	185	387
Cash and cash equivalents	2,671	2,673
Total assets	**35,625**	**35,186**

Total segment liabilities are reconciled in the total liabilities of Auchan Holding and its subsidiaries as follows:

(in €m)	2015	2014
Non-current provisions	343	296
Debts financing the credit activity (non-current)	1,027	1,079
Current provisions	229	273
Debts financing the credit activity (current)	1,222	1,267
Trade payables	8,890	8,557
Other current liabilities	4,153	4,101
Segment liabilities	**15,864**	**15,573**
Equity	12,547	11,624
Non-current borrowings and other financial liabilities	4,101	4,600
Non-current derivative financial instruments	8	12
Other non-current liabilities	1,438	1,794
Deferred tax liabilities	797	856
Current borrowings and other financial liabilities	734	582
Current derivative financial instruments	28	39
Current tax liabilities	108	106
Total equity and liabilities	**35,625**	**35,186**

NOTE 5
PAYROLL EXPENSES AND EMPLOYEE BENEFITS

5.1 Payroll expenses

(in €m)	2015	2014
Wages and salaries including social security costs and external labour	5,926	5,691
Employee incentives and profit-sharing	266	232
French competitiveness and employment tax credit (CICE)	(88)	(91)
Employee benefits and share-based payments[1]	15	10
Net amount in income statement	**6119**	**5,842**

(1) Including expenses booked in 2015 in respect of defined benefit schemes (€14 million) and net reversal of provision in respect of share-based payments (€1 million) (expense in 2014 of €9 million and €1 million, respectively).

The average «full-time equivalent» headcount of the consolidated companies was 337,737 in 2015 compared with 330,680 in 2014.

5.2 Employee benefits

Accounting Principles

As required under IAS 19 «Employee Benefits», all entities in the consolidation scope list identify and record all benefits granted to employees. Auchan Holding and its subsidiaries have set up retirement plans for employees in accordance with the laws and practices of each country.

Company employees receive long-term or post-employment benefits, based on the rules and practices in each country.

These supplementary benefits take the form of defined contribution or defined benefit plans.

Defined contribution plans

Under defined contribution plans, regular contributions are made to external bodies that are responsible for the plans' administrative and financial management. Contributions to these plans are expensed as incurred.

Defined contributions amounted to €447 million in 2015 (€434 million in 2014).

Defined benefit plans

The obligations arising from defined benefit plans are determined using the projected unit credit method. The larger plans are assessed each year by independent actuaries and other plans are assessed regularly. The actuarial assumptions used to determine the obligations vary according to the specific characteristics of each company (staff turnover rate, wage increases) and the economic conditions in the countries where the plans are operated (discount rate and inflation).

These plans can be funded, in which case their assets are managed separately and independently from those of Auchan Holding and its subsidiaries, or non-funded.

For non-funded defined benefit plans, the liability recognised in the statement of financial position corresponds to the present value of the obligations. Past service costs, *i.e.* the change in the obligation resulting from changes to or the reduction of a plan, are expensed immediately at the date of these changes.

For funded defined benefit plans, the deficit or surplus of the fair value of the assets compared with the present value of the obligations is recognised as a liability or asset in the statement of financial position. However, a surplus can only be recognised in the statement of financial position to the extent that it represents future economic benefits that are effectively available to Auchan Holding and/or one of its subsidiaries. If these surplus assets are not available, or do not represent future economic benefits, the amount of assets recognised in the statement of financial position is limited.

Revaluations of the net liability in respect of defined benefits comprise actuarial gains and losses, the return on plan assets (excluding amounts included when calculating net interest on the net liability) and any change in the impact of the defined benefit asset limit (excluding amounts included when calculating the net interest on the net liability, where relevant). Auchan Holding recognises them immediately in other comprehensive income, while all other expenses incurred in respect of defined benefit plans are recognised under employee benefits in the income statement.

The expense recognised in the income statement for defined benefit plans comprises the current service cost (recognised in payroll expenses), the net interest expense (recognised in other financial revenue and expenses) and the past service costs for the financial year. In the consolidated financial statements, Auchan Holding calculates the net interest expense on the net liability in respect of defined benefits for the period by applying the discount rate used at the beginning of the financial year to calculate the net liability.

Defined benefit plans primarily concern termination benefits in France and statutory termination indemnities in Italy (TFR).

In France, the plans are funded and the assets are managed by an A- rated (stable outlook) French mutual insurance company, AG2R La Mondiale. AG2R La Mondiale has set up a dual mechanism to protect its customers from counterparty risk, by isolating the retirement benefit activity in a dedicated insurance subsidiary, Arial Assurance, on the one hand, and by granting to Arial Assurance a pledge of securities held as part of La Mondiale's general assets at the level of the funded commitments, on the other.

The commitments of consolidated companies in Italy mainly concern termination benefits (TFR – *Trattemento di Fine Rapporto*). This system underwent a major reform in 2007, since when employers are obliged to pay a contribution to an independent pension fund in full discharge of their liabilities; as a result, the commitment of Auchan Holding's Italian subsidiaries extends only to rights acquired before this date.

Provisions (non-current and current) for employee benefits amounted to €189 million on 31 December 2015 compared with €205 million on 31 December 2014, of which €10 million for other long-term benefits and €179 million for post-employment benefits.

The main actuarial assumptions used to estimate the obligations are as follows:

Actuarial assumptions	2015 France	2015 Italy	2014 France	2014 Italy
Discount rate at 1 January	2.00%	2.00%	3.50%	3.50%
Discount rate at 31 December	2.50%	2.50%	2.00%	2.00%
Expected rate of salary increases	2.00%	2.00%	2.00%	2.00%

In France and Italy the discount rate is based on rates for leading AA-rated bonds on the market with a duration equivalent to that of the commitments.

The assumptions relating to salary increases correspond, for each country, to the forecast inflation rate plus projected individual salary increases. In France, the assumption at the end of 2015 was of a 2% increase in inflation.

The mortality and staff turnover assumptions take into account the economic conditions of each country and each company consolidated by Auchan Holding.

Sensitivity to assumptions

A 50 basis point fall in the discount rate would increase the amount of the obligation by 6% in France and by 4% in Italy (impact on other comprehensive income).

The change in the present value of the obligation in respect of defined benefit plans is as follows:

Change (in €m)	2015	2014
Present value of obligation at 1 January	**370**	**315**
Interest expense	7	11
Current service cost	15	11
Past service cost	–	–
Curtailments and settlements	–	(3)
Benefits paid	(23)	(16)
Actuarial gains and losses	(16)	53
Exchange differences	–	–
Changes in consolidation scope	–	(1)
Present value of obligation at 31 December	**353**	**370**
Of which funded obligations	*248*	*250*

Estimated contributions to be paid in respect of 2016 amount to €20 million.

The change in the fair value of defined benefit plan assets is as follows:

(in €m)	2015	2014
Fair value of assets at 1 January	**175**	**175**
Expected return on plan assets	3	6
Contributions paid	–	1
Benefits paid	(8)	(8)
Actuarial gains and losses	4	1
Fair value of assets at 31 December	**174**	**175**

Defined benefit plan assets in France break down by main asset class as follows:

	2015	2014
Assets in euro	54%	50%
Fonds Club 3	44%	42%
Shares	2%	8%

Assets in euro are essentially invested in government or investment grade bonds (81.5%), international blue chip shares (12.1%) and office real estate (6.4%).

Fonds Club 3 is invested for 70% minimum in assets in euro and for 30% maximum in a diversified portfolio offering wider exposure to growth assets.

The equity portfolio is invested entirely in multi-strategy UCITS.

The financial management of the termination benefits contract of Auchan Holding and its subsidiaries is based on euro-denominated assets (general and Fonds Club 3 assets made up of shares and bonds) with a guaranteed floor rate for the general assets and a capital guarantee for Fonds Club 3, and equity units of account recognised at fair value. The gross return in respect of 2015 has been set at 3.55% for assets in euro, 4.29% for Fonds Club 3 and 10.96% for shares. The gross floor rate expected for the assets in euro in 2016 is 0.75%.

Statement of financial position data can be reconciled with the actuarial obligation in respect of defined benefit plans as follows:

	2015			2014		
(in €m)	Total	Of which France	Of which Italy	Total	Of which France	Of which Italy
Present value of the obligation	353	243	102	370	245	118
Fair value of assets	(174)	(168)	–	(175)	(169)	–
Deficit/(surplus)	**179**	**75**	**102**	**195**	**76**	**118**
Net liability recognised in the statement of financial position	**179**	**75**	**102**	**195**	**76**	**118**

The change in the net provision recognised in the statement of financial position is as follows:

(in €m)	2015	2014
Provision recognised in the statement of financial position at 1 January	**195**	**140**
Actuarial gains and losses recognised in other comprehensive income	(20)	52
– of which actuarial gains and losses on plan liabilities	*(16)*	*53*
– of which actuarial gains and losses on plan assets	*(4)*	*(1)*
Net expenses for the period	19	13
Contributions paid	–	–
Benefits paid	(15)	(8)
Changes in consolidation scope	–	(2)
Provision recognised in the statement of financial position at 31 December	**179**	**195**

The aggregate actuarial loss recognised in other comprehensive income at 31 December 2015 amounted to €(46) million net of tax compared with €(60) million at 31 December 2014.

The expenses recorded in respect of defined benefit plans breaks down as follows:

(in €m)	2015	2014
Current service cost	15	11
Interest expense	4	5
Past service cost	–	–
Curtailments and settlements	–	(3)
Expenses recognised	**19**	**13**
– of which recognised in payroll expenses	*15*	*8*
– of which recognised in other financial revenue and expenses	*4*	*5*

5.3 Share-based payments

Accounting Principles

As a reward for service, Auchan Holding SA has allocated share purchase option and long-term bonus plans to certain members of its staff.

Share purchase option plans

In accordance with IFRS 2 «Share-Based Payments», Auchan Holding recognises a payroll expense in respect of these benefits. This expense is spread over the beneficiary's vesting period. A corresponding amount is recorded under liabilities (re-estimated at each accounts closing date with a corresponding amount recorded under profit and loss) if Auchan Holding SA or one of its subsidiaries has undertaken to repurchase the shares.

This expense is calculated as follows:

- calculation of the options' fair value at the accounts closing date using a valuation model;
- use of a probability coefficient based on the relevant specific presence conditions.

The fair value of the options corresponds to the fair value of the services rendered by the beneficiary. It is equivalent to the value of a call calculated using the binomial model, with the following inputs:

- option's residual life;
- option's exercise price;
- interest rate (risk-free interest rate);
- annual valuation of the share by a body of independent experts;
- observed historical volatility.

The value of the underlying shares includes the impact of dividends paid.

Long-term bonus plans

Auchan Holding has two types of long-term bonus plans for certain employees:

- long-term bonuses conditional upon presence;
- long-term bonuses conditional upon presence and performance.

Long-term bonuses, which are paid in cash, result in the recognition of a payroll expense spread over the vesting period and an offsetting liability.

The fair value of the plans, which expire after 4 years, corresponds to the fair value of the services rendered by the beneficiaries. It is measured on the date of allocation by an independent actuary, and is revised each year with a distinct mathematical method for each plan:
• long-term bonus conditional upon presence: use of the binomial model including a probability coefficient based on the relevant specific presence conditions;
• long-term bonus conditional upon presence and performance: use of a Black & Scholes model (Merton formula). The performance condition is based on the change in value after one year of a specified scope linked to the beneficiary, for which there is a minimum and a maximum incentive bonus. The reference scope is assessed annually by a body of independent experts.

5.3.1 Share option purchase plans allocated by Auchan Holding SA[1]

Change in number of options and weighted average exercise price for 2015 and 2014

	2015		2014	
	Weighted average exercise price (in €)	Number of options	Weighted average exercise price (in €)	Number of options
Options outstanding at 1 January	389.41	58,337	379.93	93,169
Adjustment of number of options[2]	–	–	–	1,774
Options granted during the year	417.23	8,329	435.94	3,441
Options exercised during the year	379.56	38,505	356.45	37,292
Options cancelled or lost	379.56	845	399.79	2,755
Options expired	–	–	–	–
Options outstanding at 31 December	409.21	27,316	389.41	58,337
Price range	*391.03/435.94*	–	*379.56/435.94*	–
Weighted average contractual duration	*36 months*	–	*18 months*	–
Options exercisable at 31 December	–	–	–	–

(1) The option plans allocated by the subsidiaries ISMS and Oney Banque Accord are not material at consolidation scope level.
(2) Adjustment of the number of options after transactions impacting equity.

Calculation of fair value of existing plans at 31 December 2015

	Year allocated					
	2015	2014	2013-A	2013-B	2012-A	2012-B
Fair value of options	17.03	7.60	20.02	14.72	31.25	27.15
Share price (2014)	417.23	417.23	417.23	417.23	417.23	417.23
Exercise price	417.23	435.94	421.45	421.45	400.50	400.50
Expected volatility	4.39%	4.39%	4.39%	4.39%	4.39%	4.39%
Residual duration of the option	44 months	32 months	68 months	20 months	54 months	8 months
Expected dividends	0.010%	0.010%	0.010%	0.010%	0.010%	0.010%
Risk-free interest rate	0.030%	(0.090%)	(0.300%)	(0.190%)	0.180%	(0.190%)
Type of model	binomial	binomial	binomial	binomial	binomial	binomial

Volatility was calculated based on an analysis of the share's historical yield volatility over 8 years.

5.3.2 Long-term bonus plans

Since 2012, the share-based plans mainly involve long-term bonus plans paid in cash and no longer in shares.

As from 2015, bonus plans with presence conditions have been replaced by «value creation remuneration» plans, the features of which are described below.

Bonus plans:

Plan name	Condition	Plan	Start Date	Underlying	Allocation Date	Length
ILT*	Presence	2012/2016	31.10.2012	Auchan Holding share price, mainly	30.04.2016	42 months
ILT*	Presence	2013/2017	01.07.2013	Auchan Holding share price, mainly	30.06.2017	48 months
ILT*	Presence	2014/2018	01.05.2014	Auchan Holding share price, mainly	30.04.2018	48 months
RCV*	Presence	2015/2019	01.10.2015	Value of each reference scope established by a body of independent experts	30.04.2019	43 months
ILT*	Presence and performance	2012/2016	30.11.2012	Value of each reference scope established by a body of independent experts	30.04.2016	41 months
ILT*	Presence and performance	2014/2018	01.05.2014	Value of each reference scope established by a body of independent experts	30.04.2018	48 months
ILT*	Presence and performance	2015/2019	01.10.2015	Value of each reference scope established by a body of independent experts	30.04.2019	43 months

* *ILT: intéressement long terme (long-term bonus).*
RCV: rémunération création de valeur (value creation remuneration).

The performance conditions depend on yearly changes in the scope in respect of which each beneficiary's bonus is determined. A minimum and maximum bonus is defined.

Impact of share-based payments on liabilities (other liabilities) and the income statement (payroll expenses)

For share option purchase plans allocated by Auchan Holding SA

The liability (including buyback commitments to beneficiaries of stock option or bonus share plans) came to €9 million at 31 December 2015 compared with €12 million at 31 December 2014.

The total impact of plans recorded in the income statement amounted to €0.5 million in 2015 (*versus* €(2) million in 2014).

For long-term bonus (ILT) and value creation remuneration (RCV) plans

Debt as at 31 December 2015 amounted to €7 million (excluding social security charges).

Expenses related to the above plans amounted to €3 million (excluding social security charges) in both 2015 and 2014.

NOTE 6
INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

6.1 Goodwill

Accounting Principles

The accounting principles for goodwill are described in Note 2.1.5.

Goodwill is not amortised but is tested for impairment at each year-end and more often if events or circumstances indicate that it may be impaired. Such events or circumstances relate to significant, adverse and lasting changes with an impact on economic conditions or on the assumptions and objectives adopted at the acquisition date.

Any significant impairment loss is recognised in the income statement under "Other operating profit and expenses".

Change in gross carrying amount

(in €m)	Gross amount 2015	Gross amount 2014
Gross carrying amount at 1 January	**4,641**	**4,247**
Change linked to business combinations[1]	16	587
Other acquisitions	2	1
Disposals[2]	(21)	(21)
Exchange differences	9	(173)
Other movements and transfers	1	–
Gross carrying amount at 31 December	**4,648**	**4,641**

(1) In 2014, essentially linked to the recognition of goodwill of €524 million and the cancellation of previous goodwill of €188 million following the full consolidation of the Chinese entities and the acquisition of the Real hypermarkets in Poland for €256 million.
(2) In 2014, including €21 million booked under «Other operating profit and expenses» (see Note 3.4).

Change in impairment

(in €m)	Impairment
Impairment loss at 1 January 2014	**256**
Impairment loss for the year[1]	751
Disposals	–
Exchange differences	3
Other movements and transfers	1
Impairment loss at 31 December 2014[2]	**1,011**
Impairment loss at 1 January 2015	**1,011**
Impairment loss for the year[1]	3
Disposals	(20)
Exchange differences	7
Other movements and transfers	–
Impairment loss at 31 December 2015[2]	**1,001**

(1) Impairment losses were recorded under «Other operating profit and expenses» in the amount of €2 million in 2015, compared with €751 million in 2014 (see Note 3.4).
(2) See details by country/business line below.

Net carrying amount

(in €m)	
At 1 January 2014	3,991
At 31 December 2014	3,630
At 1 January 2015	3,630
At 31 December 2015	**3,647**

Information on the sensitivity analysis of goodwill impairment tests is provided in Note 6.7. The net amount of goodwill by country/business line was as follows:

(in €m)	2015	2014
Hypermarkets France (including impairment of €1 million in 2015 and 2014)	1,106	1,106
Hypermarkets Italy (including impairment of €448 million in 2015 and 2014)	173	173
Hypermarkets Portugal (including impairment of €5 million in 2015 and €4 million in 2014)	178	178
Hypermarkets Poland	252	251
Hypermarkets Russia	347	387
Hypermarkets China	621	582
Other hypermarkets (including impairment in Taiwan of €92 million in 2015 and €86 million in 2014)	170	155
Supermarkets France (including impairment of €32 million in 2015 and €30 million in 2014)	454	456
Supermarkets Italy (including impairment of €407 million in 2015 and 2014)	198	196
Other supermarkets (including impairment in Poland of €16 million in 2015 and 2014)	62	61
Property Management Italy	18	18
Other Property Management	37	35
Other (including impairment of €0 million in 2015 and €19 million in 2014)	31	32
Total	**3,647**	**3,630**

6.2 Other intangible assets

Accounting Principles

Other intangible assets mainly comprise software applications acquired or developed internally, and acquired leasehold rights and brands. Intangible assets acquired separately by consolidated companies are recognised at their cost price and those acquired through business combinations are recognised at their fair value. Brands that are created and developed internally are not recognised in the balance sheet.

Intangible assets with an indefinite life (mainly leasehold rights in France and acquired brands) are therefore not amortised and are tested for impairment when events suggest a risk of impairment and in all cases at least once a year. When their recoverable amount based on criteria applied at the time of acquisition falls below their carrying amount, an impairment loss is recognised (see Note 6.6).

Other intangible assets with a defined useful life are amortised using the straight-line method over their expected useful lives.

Accordingly, acquired software and licences and internally developed software that meet all the criteria set out in IAS 38 are capitalised and amortised over a useful life of 3 years. As an exception, ERP software is amortised over 5 years as it has a highly structuring role for the business and a functional and technical architecture with a longer probable useful life.

Change in gross carrying amount

(in €m)	Licences	Internal IT development costs	Total
Gross carrying amount at 1 January 2014	**294**	**112**	**406**
Acquisitions and internal development	34	26	60
Acquisitions linked to business combinations	814	–	814
Impact of the change in consolidation method for the Chinese subsidiaries	*2*	–	*2*
Impact of the remeasurement at fair value of the Chinese subsidiaries:			
– Reduction in gross carrying amount at the level of aggregate amortisation on the acquisition date	*(2)*	–	*(2)*
– Remeasurement at fair value	*814*	–	*814*
Assets sold or scrapped	(12)	(1)	(13)
Exchange differences	80	–	80
Other movements and transfers	4	(2)	2
Gross carrying amount at 31 December 2014	**1,214**	**135**	**1,349**
Acquisitions linked to business combinations	–	–	–
Acquisitions and internal development	41	25	66
Assets sold or scrapped	(16)	(11)	(27)
Exchange differences	59	–	59
Other movements and transfers	8	(1)	7
Gross carrying amount at 31 December 2015	**1,306**	**148**	**1,454**

Change in amortisation and impairment

(in €m)	Licences	Internal IT development costs	Total
Amortisation and impairment at 1 January 2014	**211**	**86**	**297**
Amortisation for the year	36	18	54
Amortisation related to business combinations, of which	(1)	–	(1)
Impact of the change in consolidation method for the Chinese subsidiaries	*1*	–	*1*
Impact of the remeasurement at fair value of the Chinese subsidiaries:			
– Transfer of aggregate amortisation on the acquisition date and deduction from the gross carrying amount of intangible assets	*(2)*	–	*(2)*
Impairment net of reversals	1	–	1
Assets sold or scrapped	(12)	–	(12)
Exchange differences	(3)	–	(3)
Other movements and transfers	(3)	(2)	(5)
Amortisation and impairment at 31 December 2014	**229**	**102**	**331**
Amortisation for the year	38	19	57
Amortisation through business combinations	–	–	–
Impairment net of reversals	4	–	4
Assets sold or scrapped	(16)	(11)	(27)
Exchange differences	(3)	1	(2)
Other movements and transfers	–	(1)	(1)
Amortisation and impairment at 31 December 2015	**252**	**110**	**362**

Net carrying amount

(in €m)	Licences	Internal IT development costs	Total
At 1 January 2014	83	26	109
At 31 December 2014	985	33	1,018
At 31 December 2015	**1,054**	**38**	**1,092**

The change at 31 December 2014 corresponds essentially to the impact of the remeasurement at fair value of assets and liabilities held by Sun Art and its subsidiaries following the full consolidation of the Chinese entities as from 1 January 2014.

No intangible assets have been assigned as a guarantee for debt.

6.3 Property, plant and equipment

Accounting Principles

Property, plant and equipment acquired under a business combination are recorded at fair value (see Note 2.1.5).

Property, plant and equipment acquired separately are recorded at cost less cumulative depreciation and any cumulative impairment loss. Land is stated at cost less any impairment loss. The various components of an item of property, plant or equipment are recognised separately when their estimated useful lives, and thus their depreciation periods, are significantly different. The cost of a fixed asset includes all expenditure directly attributable to the acquisition of that asset. Where relevant this will include borrowing costs (see Note 11.3).

Subsequent costs are included in the carrying amount of an item of property, plant or equipment or recognised as a separate component, if appropriate, when it is probable that Auchan Holding or one of its consolidated companies will receive the future economic benefits linked to the asset and if the cost of the asset can be measured reliably. All other maintenance costs are recognised as expenses for the period in which incurred.

With the exception of land, property, plant and equipment are depreciated over their useful lives using the straight-line method, on a components basis, from the date on which they are brought into service, generally with no residual value.

Depreciation is calculated based on the following useful lives:

- Buildings (structure) 30 years;
- Roof waterproofing, drainage and floor covering 20 years;
- Fixtures and fittings 6 2/3 years and 8 years;
- Technical facilities, machinery and equipment 3 years to 10 years;
- Other fixed assets 3 years to 5 years.

Auchan Holding only records residual value – which is generally non-existent – where specific local characteristics so require.

For example, based on its experience in China and given certain local characteristics, both in terms of property (the stores are often located in city-centre buildings) and retailing aspects, Auchan Holding and its subsidiaries decided to review the depreciation periods for property, plant and equipment in China as from 1 January 2009, on a forward basis, taking residual values into account in some cases. Several studies have been carried out internally and by an independent firm in order to assess the new useful lives of these assets.

The land use rights have been recognised as an asset under property, plant and equipment (or investment property if they correspond to assets that meet that definition – see Note 6.4) and are amortised over their useful lives.

Change in gross carrying amount

(in €m)	Land, buildings and facilities	Materials and other property, plant and equipment	Property, plant and equipment under construction(1)	Total
Gross carrying amount at 1 January 2014	**13,888**	**4,224**	**653**	**18,765**
Acquisitions linked to business combinations, including	1,418	284	71	1,773
Impact of the change in consolidation method for the Chinese subsidiaries	*936*	*830*	*70*	*1,836*
Impact of the remeasurement at fair value of the Chinese subsidiaries:				
– Reduction in gross carrying amount at the level of aggregate amortisation on the acquisition date	*(404)*	*(591)*	*–*	*(995)*
– Of which revaluation at fair value	*830*	*–*	*–*	*830*
Other acquisitions	664	370	552	1,586
Assets sold or scrapped	(270)	(200)	(13)	(483)
Exchange differences	(297)	(63)	(60)	(420)
Transfer to investment property(2)	(19)	(3)	18	(4)
Other movements and transfers	237	297	(534)	–
Gross carrying amount at 31 December 2014	**15,621**	**4,909**	**687**	**21,217**
Acquisitions linked to business combinations	2	2	1	5
Other acquisitions	663	303	506	1,472
Assets sold or scrapped	(176)	(224)	(41)	(441)
Exchange differences	65	57	(5)	117
Transfer to investment property(2)	7	(3)	(10)	(6)
Other movements and transfers	182	274	(464)	(8)
Gross carrying amount at 31 December 2015	**16,364**	**5,318**	**674**	**22,356**

(1) Property, plant and equipment under construction concerned the Retail activity for €645 million at 31 December 2014 and for €606 million at 31 December 2015.
(2) Reclassification of assets meeting the definition of investment property.

Change in amortisation and impairment

(in €m)	Land, buildings and facilities	Materials and other property, plant and equipment	Property, plant and equipment under construction	Total
Amortisation and impairment at 1 January 2014	**6,303**	**2,628**	**32**	**8,963**
Amortisation for the year	732	503	–	1,235
Reversals through business combinations, including	(206)	(299)	–	(505)
Impact of the change in consolidation method for the Chinese subsidiaries	*200*	*289*	–	*489*
Impact of the remeasurement at fair value of the Chinese subsidiaries:				
– of which transfer of aggregate amortisation on the acquisition date and deduction from the gross carrying amount of property, plant and equipment	*(404)*	*(591)*	–	*(995)*
Impairment[1]	156	13	17	186
Reversal of impairment provisions	(4)	(5)	(1)	(10)
Assets sold or scrapped	(214)	(192)	–	(406)
Exchange differences	(150)	(88)	(3)	(241)
Transfer to investment property	(5)	1	–	(4)
Other movements and transfers	7	–	–	7
Amortisation and impairment at 31 December 2014	**6,619**	**2,561**	**45**	**9,225**
Amortisation for the year	741	558	–	1,299
Reversals through business combinations	–	–	–	–
Impairment[1]	28	4	12	44
Reversal of impairment provisions	(20)	(9)	(30)	(59)
Assets sold or scrapped	(120)	(217)	–	(337)
Exchange differences	(28)	(17)	(4)	(49)
Transfer to investment property	(7)	–	–	(7)
Other movements and transfers	(2)	3	–	1
Amortisation and impairment at 31 December 2015	**7,211**	**2,883**	**23**	**10,117**

(1) Including €181 million in 2014 and €35 million in 2015 related to expenses recorded under «Other operating profit and expenses» and €5 million in 2014 and €9 million in 2015 recorded under «Depreciation, amortisation and impairment» (see Notes 3.4 and 6.6).

Net carrying amount

(in €m)	Land, buildings and facilities	Materials and other property, plant and equipment	Property, plant and equipment under construction[1]	Total
At 1 January 2014	7,585	1,596	621	9,802
At 31 December 2014	9,002	2,348	642	11,992
At 31 December 2015	**9,153**	**2,435**	**651**	**12,239**

(1) At 31 December 2015, net property, plant and equipment under construction mainly concerned the Retail activity for €599 million.

6.4 Investment property

Accounting Principles

Investment property is property held as a source of rental revenue or appreciation of capital or both. Investment property is recorded, from the outset, on a separate line on the asset side of the statement of financial position.

In its consolidated financial statements, Auchan Holding classifies shopping malls, retail parks and undeveloped land as investment property.

It measures investment property at cost less accumulated depreciation and any impairment loss, in the same way as property, plant and equipment.

In accordance with IAS 40, Auchan Holding has estimated the fair value of investment property. The fair values established correspond to level 2 of the hierarchy, as defined in Note 10.4.7.

The value is determined based on partial independent appraisals that are extrapolated to all the investment properties. These consist of applying a capitalisation rate to the annualised net rental revenue generated by each shopping mall and retail park according to the country, location and size of the buildings concerned. Given the estimated nature of these values, the disposal proceeds of some property assets could differ from their estimated value.

Recognition of opening fees received from shopping mall and retail park lessees – Leases

In accordance with IAS 17 «Leases», the financial impacts of all terms and conditions set out in leases are spread over the fixed duration of the lease agreement as from the date on which the premises are made available. This also applies to the lease premiums received.

Recognition of eviction indemnities paid to shopping mall and retail park lessees

If the lessor cancels a running lease, it must pay an eviction indemnity to the lessee concerned. This indemnity is recognised in the cost of the asset if the payment leads to a change in the asset's performance (new lease on better financial terms following recovery of the premises for extension works or the transfer of the former lessees to a new site). In all other cases, the eviction indemnities are recognised as prepaid expenses and spread over the residual term of the leases.

Change

(in €m)	Gross amount	Depreciation and impairment	Net carrying amount
At 1 January 2014	**5,461**	**1,614**	**3,847**
Acquisitions linked to business combinations, including	910	–	910
Impact of the change in consolidation method for the Chinese subsidiaries	*345*	–	*345*
Impact of the remeasurement at fair value of the Chinese subsidiaries:			
– reduction in gross carrying amount at the level of aggregate amortisation on the acquisition date	*(109)*	–	*(109)*
– remeasurement at fair value	*674*	–	*674*
Other acquisitions	403	–	403
Assets sold or scrapped	(843)	(157)	(686)
Amortisation for the year	–	239	(239)
Reversals through business combinations	–	(53)	53
Impact of the change in consolidation method for the Chinese subsidiaries	–	*56*	*(56)*
Impact of the remeasurement at fair value of the Chinese subsidiaries:			
– transfer of aggregate amortisation on the acquisition date and deduction from the gross carrying amount of intangible assets and investment property	–	*(109)*	*109*
Impairment(1)	–	134	(134)
Reversal of impairment provisions	–	–	
Exchange differences	(50)	(57)	7
Transfer from «Property, plant and equipment»	4	4	
At 31 December 2014	**5,885**	**1,724**	**4,161**
Acquisitions linked to business combinations	3	–	3
Other acquisitions	339	–	339
Assets sold or scrapped	(153)	(43)	(110)
Amortisation for the year	–	235	(235)
Reversals through business combinations	–	–	–
Impairment(1)	–	26	(26)
Reversal of impairment provisions	–	–	–
Exchange differences	70	(8)	78
Transfer from «Property, plant and equipment»	5	6	(1)
At 31 December 2015	**6,149**	**1,940**	**4,209**

(1) Impairment losses in 2015 are recorded under «Other operating profit and expenses» for €22 million.

Investment property generated rental income in 2015 of €641 million (€645 million in 2014) and direct operating expenses of €346 million (of which €56 million generated no rental income). In 2014, direct operating expenses amounted to €378 million of which €41 million generated no rental income.

At 31 December 2015, the fair value of investment property was estimated at €7,946 million for a net carrying amount of €4,209 million (€7,804 million and €4,161 million respectively in 2014).

6.5 Leases

Accounting Principles

In its consolidated financial statements, Auchan Holding records leases in accordance with IAS 17 «Leases», which makes a distinction between finance leases and operating leases, and with IFRIC 4 «Determining whether an Arrangement contains a Lease», which describes the circumstances under which contracts that do not have the legal form of a lease must nonetheless be recognised as such, in accordance with IAS 17.

A lease is qualified as a finance lease if it transfers virtually all the risks and benefits of ownership of the asset to the lessee. All other leases are classified as operating leases.

Assets leased by consolidated entities under finance leases are recognised in property, plant and equipment at the lower of fair value and present value of the minimum lease payments, and a liability in the same amount is recorded in debt.

The asset is then depreciated according to the depreciation rules applied to property, plant and equipment, or over the term of the lease if this is shorter. The related liability is written off according to the maturity schedule set when the lease was put in place, calculated based on a fixed effective annual interest rate applied to the outstanding balance for each period.

In parallel, assets with regard to which the risks and economic benefits incidental to ownership have been transferred by consolidated entities to a third party under a lease are considered as having been sold.

6.5.1 Finance leases

Finance leases as lessee

Minimum future lease payments under finance lease agreements

	2015			2014		
(in €m)	Total	Interest	Principal	Total	Interest	Principal
Less than 1 year	38	13	26	42	15	27
1 to 5 years	114	36	78	144	46	98
More than 5 years	184	69	116	244	88	156
Total	**336**	**118**	**219**	**430**	**149**	**281**

Conditional rent based on actual sales came to €4 million in 2015 and €4 million in 2014.

At 31 December 2015, total future minimum lease payments expected on non-cancellable sub-lease agreements came to €101 million.

Net value of finance lease fixed assets by country

(in €m)	Land, buildings and facilities	Materials and other property, plant and equipment	Investment property	Total
At 31 December 2014	**1,155**	**11**	**978**	**2,145**
France	68	7	6	81
Italy	7	–	89	96
Spain	16	4	–	20
Poland	44	–	33	77
Russia	103	–	19	122
China	911	–	831	1,742
Other	7	–	–	7
At 31 December 2015	**1,173**	**8**	**1,008**	**2,189**
France	58	4	6	68
Italy	6	–	81	87
Spain	16	3	–	18
Poland	41	–	35	75
Russia	90	–	16	105
China	958	–	871	1,829
Other	5	–	–	5

Net value of finance lease fixed assets by business line

(in €m)	2015	2014
Retail	1,608	1,561
Property Management	528	527
Other	53	57
Total	**2,189**	**2,145**

6.5.2 Operating leases

Operating leases as lessee

Minimum future lease payments on non-cancellable lease agreements correspond to payments made during the incompressible portion of the lease agreement; if a cancellation indemnity is provided for in the lease, it is included in the last payment; if the indemnity is disproportionate, the payments are calculated based on the incompressible portion of the lease.

(in €m)	2015	2014
Less than 1 year	716	724
1 to 5 years	1,915	1,809
More than 5 years	2,540	2,329
Total	**5,171**	**4,862**

At 31 December 2015, total future minimum lease payments expected on non-cancellable sub-lease agreements came to €141 million.

Lease expenses and sub-leasing revenue recognised in the income statement

(in €m)	2015	2014
Minimum payments	901	826
Conditional rents (based on actual sales)	21	22
Sub-leasing revenue	(21)	(24)
Total	**901**	**824**

Operating leases as lessor

Auchan Holding's consolidated entities lease out part of their investment property (owned or leased by them) under operating leases.

Minimum future lease payments to be received under non-cancellable leases

(in €m)	2015	2014
Less than 1 year	668	582
1 to 5 years	1,045	984
More than 5 years	671	672
Total	**2,384**	**2,239**

Conditional rent included in the income statement for the year came to €24 million in 2015 and in 2014.

Assets received as guarantees

Auchan Holding's consolidated entities receive guarantee deposits for investment property that they lease out. The historical value is a good estimate of fair value for guarantee deposits.

The total amount received in guarantee deposits at 31 December 2015 came to €132 million compared with €127 million at 31 December 2014.

The conditions of use are generally as follows:

A guarantee deposit corresponds to 3 months' rent. This amount is reviewed annually. The deposit is held by the lessor until the lessee departs, and is reimbursed in full subject to payment of the receivables.

6.6 Impairment of non-current assets

Accounting Principles

IAS 36 «Impairment of Assets», defines the procedures to be followed by a company to ensure that the carrying amount of its property, plant and equipment, and intangible assets including goodwill, does not exceed their recoverable amount, namely the amount which will be recovered through their use or disposal.

The recoverable amount of an asset is defined as the higher of its fair value less costs to sell and its value in use. Fair value less costs to sell is the amount obtained from the sale of an asset in an orderly transaction between market participants at the measurement date, less the costs of disposal. Value in use is defined as the present value of the future cash flows expected to be derived from continuing use of an asset and from its ultimate disposal.

Cash flows after tax are estimated based on three-year forecasts. Cash flows beyond this period are extrapolated over 6 years by applying a steady growth rate over a period corresponding to the asset's estimated useful life. To test the impairment of assets in a given country (including goodwill), cash flows are estimated over a period of nine years, taking into account a terminal value calculated by discounting year-nine data to infinity. The to-infinity growth rate is determined based on International Monetary Fund data.

Cash flows are discounted using the weighted average cost of capital after tax, plus a risk premium specific to each country.

The recoverable value of property, plant and equipment and intangible assets (including goodwill) is tested for impairment as soon as there is any indication of a loss of value. This test is also performed annually (in practice on 31 December given the seasonal nature of the business) for assets with an indefinite life.

Assets to be tested for impairment are grouped within cash generating units (CGUs). The CGU corresponds to the smallest identifiable group of assets whose continuing use generates cash inflows that are largely independent of the cash flows from other groups of assets. Auchan Holding has defined stores (hypermarkets or supermarkets) and shopping centres as CGUs. An impairment loss is recognised when the carrying amount of an asset, or of the CGU to which it belongs, exceeds the recoverable amount. Goodwill is tested by country and business, and the CGU assets then include property, plant and equipment, intangible assets and goodwill allocated to the country and to the business, and working capital.

Any impairment loss is allocated in priority to goodwill. Impairment losses on goodwill cannot be reversed. Impairment losses recognised for other assets are reversed if there has been a change in the estimates used to determine the asset's recoverable amount. The increased carrying amount of an asset attributable to a reversal of impairment loss may not exceed the carrying amount that would have been determined, net of amortisation or depreciation, had no impairment loss been recognised.

(in €m)	Goodwill	Other intangible assets	Property, plant and equipment	Investment property	2015	2014
Impairment:						
– *expenses*(1)	*3*	*4*	*44*	*26*	*77*	*1,072*
– *reversal*	–	–	*(41)*	–	*(41)*	*(9)*
– *net*	*3*	*4*	*3*	*26*	*36*	*1,063*
Reversal of impairment on sold assets	–	–	(18)	–	(18)	(1)
Total	**3**	**4**	**(15)**	**26**	**18**	**1,062**

(1) Of which €59 million classified under «Other operating profit and expenses» in 2015 compared with €1,066 million in 2014 (see Note 3.4) and €18 million in impairment on fixed assets classified under «Depreciation, amortisation and impairment» in 2015 compared with €6 million in 2014.

Cash Generating Units (CGUs) showing indications of impairment, or including goodwill, were tested for impairment in 2015.

Depending on the CGU and on the relevance of the assumptions and the comparable data available in the market, the recoverable value of the assets applied by Auchan Holding is either the value in use or the market value.

The results of the 2015 impairment tests led in particular to the recognition of €16 million of impairment on the Italian assets (of which €13 million for the Retail activity and €3 million for the Property Management activity) and €10 million on the assets held by Auchan Holding in Donbass (eastern Ukraine).

Impairment (€59 million in total, of which €2 million relating to goodwill) was reported on the line «Other operating profit and expenses» in order to make the income statement clearer (see Note 3.4).

In 2015, Auchan Holding calculated separate discount rates for each of its three main activities: Retail/Property Management/Banking. These rates are as follows:

	2015			2014		
	Retail	**Property Management**	**Banking**	**Retail**	**Property Management**	**Banking**
France	5.72%	4.56%	7.96%	6.28%	4.82%	9.98%
Luxembourg	5.79%	4.63%	7.96%	6.34%	4.90%	9.98%
Spain	7.31%	5.90%	10.06%	7.81%	6.05%	11.98%
Portugal	8.62%	7.00%	11.86%	9.46%	7.35%	14.18%
Italy	6.99%	5.63%	9.66%	7.69%	5.96%	11.83%
Poland	6.83%	5.52%	9.31%	7.40%	5.77%	11.32%
Hungary	8.72%	7.10%	11.93%	9.29%	7.25%	13.88%
Romania	7.86%	6.38%	10.70%	8.41%	6.58%	12.67%
Ukraine	12.41%	10.18%	17.05%	11.91%	9.31%	17.41%
Russia	9.29%	7.57%	12.73%	9.71%	7.58%	14.45%
China	6.57%	5.29%	9.00%	6.94%	5.39%	10.76%
Taiwan	6.57%	5.31%	8.92%	6.93%	5.41%	10.67%
Tunisia	8.84%	–	–	9.32%	–	–
Vietnam	7.26%	–	–	–	–	–
Senegal	8.12%	–	–	–	–	–

The sensitivity analyses conducted on the main assets tested, related to the discount rates (+50 bp) and long-term growth rate (-50 bp) did not reveal any likely scenario that would lead to a lower recoverable value than the carrying amount for any assets other than those set out above.

6.7 Off-balance sheet commitments relating to intangible assets and property, plant and equipment

Collateral

No property, plant and equipment had been assigned as guarantee for debt.

Commitments

	2015	2014
(in €m)	Total	Total
Land and property purchase options[1]	155	178
– *of which on investment property*	*82*	*92*
Conditional purchase of future non-current assets[2]	871	1,327
– *of which on investment property*	*52*	*82*

(1) Option commitments on land and buildings decreased in France by €23 million (Retail activity for €13 million and Property Management activity for €10 million).
(2) Conditional commitments to purchase non-current assets in the future decreased by €456 million of which mainly €249 million in China (Retail activity) and €216 million in Romania (Retail activity for €183 million and Property Management activity for €33 million).

NOTE 7

INVESTMENTS IN ASSOCIATES

7.1 Breakdown of investments in associates (in €m)

Accounting principles and methods: see point 2.1.3 «Consolidation scope and methods»

			% of capital		Value of shares*	
Division/business line	Company	Country	2015	2014	2015	2014
Auchan Retail,	**including**		**–**	**–**	**20**	**46**
	Schiever Polska, Sarl[1]	Poland	NA	50%	NA	29
	Xiaohehe[2]	China	40%	NA	2	–
	SMG[3]	Tunisia	10%	10%	12	12
Immochan	**including**		**–**	**–**	**169**	**162**
	Plaine du Moulin à Vent, Sci	France	50%	50%	17	18
	Immaucom, SPPICAV	France	20%	20%	33	33
	C.C. Zenia, SL	Spain	50%	50%	46	45
	Iapat	Portugal	50%	50%	23	26
	Setubal[4]	Portugal	50%	–	19	–
	Galerie Commerciale de Kirchberg, SA	Luxembourg	20%	20%	23	24
	Vulcano	Italy	45%	45%	1	6
Oney Banque Accord			**–**	**–**	**–**	**–**
Total investments in associates					**189**	**208**

(1) This holding was sold in August 2015.
(2) Acquisition by Feiniu of a 40% equity interest in Chinese E-commerce company Xiaohehe in September 2015.
(3) Although ISMS holds only 10% of the capital and voting rights of SMG, on the basis of the shareholders' agreement signed in October 2012 it has significant influence owing to its representation on the Board of Directors and its participation in the definition of the company's policies, notably as regards sales and marketing and strategy.
(4) On 22 December 2015, Soficole (a Property Management division entity) sold 50% of its shares in Alegro Setùbal.
** No goodwill factored into the valuation of these equity interests.*

7.2 Main financial data of associates (on a 100% basis, in € million)

	2015				2014			
	Total assets	Equity	Revenue	Net Profit (loss)	Total assets	Equity	Revenue	Net Profit (loss)
Holding company and others	–	–	–	–	–	–	–	–
Auchan Retail	447	13	750	1	500	70	881	–
Immochan	1,115	505	66	(16)	1,029	494	38	(18)
Oney Banque Accord	1	1	1	–	1	1	–	(2)
Total[1]	**1,563**	**519**	**817**	**(15)**	**1,530**	**565**	**919**	**(20)**

(1) Data excluding Anthousa/Furshet (not provided).

Changes

(in €m)	2015	2014
At 1 January	**208**	**88**
Results for the period (share of profit or loss and impairment)	(9)	(10)
Change linked to the application of IFRS 11 on 1 January 2014[1]	–	52
Dividends paid and repayment of capital	(2)	–
Equity interests acquired[2]	3	8
Acquisitions and increases in capital[3]	(13)	72
Disposals (including decrease in percentage of capital held)	–	–
Exchange differences	2	(2)
At 31 December	**189**	**208**

(1) As a result of the application of IFRS 11, on 1 January 2014 Auchan Holding qualified existing partnerships, in France and Poland in particular, as joint ventures.
(2) Acquisition by Feiniu of a 40% equity interest in Chinese E-commerce company Xiaohehe in September 2015.
(3) Sale of AuchanHyper's 50% equity interest in Schiever Polska, and equity-method consolidation of the Alegro Setùbal shares held by Soficole (a Property Management division entity) following its sale to a third party of 50% of its holding.

NOTE 8

EQUITY AND EARNINGS PER SHARE

8.1 Equity

8.1.1 Equity management

Auchan Holding's policy is to have a sound capital base that inspires the confidence of its investors and creditors and allows it to contribute to the development of its activities.

8.1.2 Shareholders

At 31 December 2015, the majority of Auchan Holding's capital was owned by Aumarché.

The employees own approximately 10% of the company *via* the Valauchan, Valsuper, Valalinéa and Valaccord funds and Valauchan Sopaneer International, Valauchan Caisse Auchan Italie, Valauchanrus Sopaneer SCA and Valsuper Unigret International (fully consolidated).

8.1.3 Number of shares representing the share capital

	2015	2014
At 1 January	**31,654,416**	**31,654,416**
Issue of new shares for cash	–	–
At 31 December	**31,654,416**	**31,654,416**

At 31 December 2015, the share capital amounted to €633,088,320, split into 31,654,416 fully paid-up shares with a nominal value of €20 each. At 31 December 2014, the share capital also stood at €633,088,320.

8.1.4 Treasury shares

All treasury shares held by Auchan Holding and the other companies within the consolidation scope are deducted from equity at cost. The gain or loss, net of tax, from any sale of treasury shares is recognised directly in equity, so that any gains or losses on disposal have no impact on profit for the period.

At 31 December 2015, as a result in particular of the unwinding of share option plans and bonus share allocations, the number of treasury shares owned by Auchan Holding SA increased by 303,641 shares for an amount of €127 million. At 31 December 2015, the total number of treasury shares owned by Auchan Holding stood at 1,149,074 (compared with 841,940 at the end of 2014). Auchan Holding SA owns 423,785 Auchan Holding SA shares for a transaction cost of €177 million (of which 27,316 shares are allocated to cover share option plans for Auchan Holding's management for an acquisition cost of €11 million) while 725,289 shares are owned by Valauchan Sopaneer International, Valauchanrus Sopaneer SCA, Valauchan Caisse Auchan Italie and Valsuper Unigret International, Sopaneer BV and Unigret BV for an acquisition cost of €261 million, under the employee share ownership plan.

Moreover, Auchan Holding SA has made a commitment to buy back 19,435 treasury shares temporarily owned by the employees for €8 million.

At 31 December 2015, the treasury shares owned by Auchan Holding SA represented 1.4% of its capital.

8.1.5 Legal reserve

Auchan Holding SA's legal reserve amounted to €63 million at 31 December 2015.

8.1.6 Analysis by type of reserve (attributable to owners of the parent)

(in €m)	Currency translation reserve	Available-for-sale financial assets revaluation reserve	Cash flow hedge reserve	Net foreign investment hedge reserve	Actuarial differences on defined benefit plans	Total
At 1 January 2014	**(138)**	**–**	**(10)**	**2**	**(24)**	**(170)**
Change	(381)	–	64	–	(36)	(353)
At 31 December 2014	**(519)**	**–**	**54**	**2**	**(60)**	**(523)**
At 1 January 2015	**(519)**	**–**	**54**	**2**	**(60)**	**(523)**
Change	(35)	13	(25)	–	14	(33)
At 31 December 2015	**(554)**	**13**	**29**	**2**	**(46)**	**(556)**

The currency translation reserve (attributable to owners of the parent) breaks down as follows by country:

(in €m)	2015	2014
Poland	3	1
Hungary	(44)	(44)
Mainland China	446	299
Taiwan	19	12
Russia	(689)	(599)
Ukraine	(140)	(118)
Hong Kong	(138)	(62)
Romania	(10)	(7)
Tunisia	(1)	(1)
Total	**(554)**	**(519)**

8.1.7 Non-controlling interests

Non-controlling interests amounted to €2,848 million and comprised mainly interests in subsidiaries in mainland China and Taiwan (Hypermarkets and Property Management activities) in the amount of €2,668 million (up by €221 million), ISMS and its subsidiaries (Supermarkets activity) in the amount of €16 million, and Valauchan Sopaneer International, Valauchanrus Sopaneer SCA and Valauchan Caisse Auchan Italie in the amount of €152 million.

8.1.8 Dividends

On 7 March 2016, the Management Board proposed a dividend of €200 million, corresponding to €6.32 per share, to the Ordinary General Meeting convened to approve the financial statements for the financial year ended 31 December 2015. A total dividend of €67 million, corresponding to €2.12 per share, was paid on 6 July 2015 in respect of the 2014 financial year, €1 million of which related to treasury shares.

The appropriation of net profit for 2015 has not been recognised in the financial statements for the year ended 31 December 2015.

Pursuant to French tax law, the dividend paid in 2015 in respect of 2014 gives rise to the payment of an additional contribution to corporate income tax of 3% of the gross dividend amount as approved by the Annual General Meeting. At 31 December 2015, this expense for Auchan Holding amounted to €2 million.

8.2 Earnings per share

Accounting Principles

In its consolidated financial statements, Auchan Holding presents basic earnings per share and diluted earnings per share, calculated based on profit from continuing operations. This information is also presented for net profit.

Basic earnings per share are calculated by dividing net profit attributable to owners of the parent for the year by the weighted average number of shares outstanding during the year, less treasury shares. The average number of shares outstanding during the year is the number of shares outstanding at the beginning of the year adjusted by the number of shares issued during the year.

Diluted earnings per share are calculated by dividing net profit attributable to owners of the parent for the year by the weighted average number of outstanding shares, plus potentially dilutive shares to be created. For Auchan Holding, this concerns share purchase and subscription options and bonus share plans. The dilution linked to these options or bonus shares is determined using the share purchase method.

In the event of significant exceptional elements that could distort the picture given by earnings per share, Auchan Holding calculates earnings per share based on profit from continuing operations excluding non-recurring items by adjusting net profit from continuing activities attributable to owners of the parent for other operating profit and expenses after tax and non-controlling interests.

8.2.1 Calculation of the weighted average number of shares

	2015	2014
Number of outstanding shares at 1 January	31,654,416	31,654,416
Number of treasury shares at 1 January	(841,940)	(717,142)
Weighted average number of treasury shares acquired	(147,905)	(54,343)
Weighted average number of treasury shares sold or cancelled	18,820	45,747
Weighted average number of outstanding shares (excluding treasury shares) used for the calculation of basic earnings per share	**30,683,391**	**30,928,678**
Potentially dilutive shares to be created (share purchase or subscription options, allocation of bonus shares)	16,741	38,241
Weighted average number of outstanding shares (excluding treasury shares) used for the calculation of diluted earnings per share	**30,700,132**	**30,966,919**

8.2.2 Calculation of earnings per share

Basic earnings per share	2015	2014
Weighted average number of outstanding shares:	30,683,391	30,928,678
Net profit attributable to owners of the parent (in €m)	518	587
Per share (in €)	*16.87*	*18.97*
Net profit from discontinued operations attributable to owners of the parent (in €m)	–	–
Per share (in €)	–	–
Net profit from continuing operations attributable to owners of the parent (in €m)	518	587
Per share (in €)	*16.87*	*18.97*

Diluted earnings per share	2015	2014
Weighted average number of diluted outstanding shares:	30,700,132	30,966,919
Net profit attributable to owners of the parent (in €m)	518	587
Per share (in €)	*16.86*	*18.95*
Net profit from discontinued operations attributable to owners of the parent (in €m)	–	–
Per share (in €)	–	–
Net profit from continuing operations attributable to owners of the parent (in €m)	518	587
Per share (in €)	*16.86*	*18.95*

NOTE 9
PROVISIONS AND CONTINGENT LIABILITIES

9.1 Provisions

Accounting Principles

Provisions are recorded when, at the year-end date, Auchan Holding SA or one of its subsidiaries has an obligation to a third party as a result of a past event and this obligation is likely or certain to result in an outflow of funds representing economic benefits for the third party the amount of which can be reliably estimated. The obligation may be legal, regulatory or contractual. Provisions are estimated according to their nature based on the most probable assumptions.

Provisions for restructuring are recognised when a consolidated entity has a detailed formal plan to restructure and it has been communicated to the interested parties.

Some consolidated companies offer warranty extension contracts, for which revenue and margin are recognised over the period of the service delivered. Foreseeable expenses relating to the warranty are accrued when the corresponding sales are recorded, based on prior-year expense data.

Provisions linked directly to the normal operating cycle of the business, and the portion of other provisions that matures in less than one year, are classified as current liabilities. Provisions that do not meet these criteria are classified as non-current liabilities.

Non-current provisions

(in €m)	Tax disputes		Other disputes	Employee benefits	Other	Total
	Excluding income tax	Income tax				
At 31 December 2014	**8**	**33**	**5**	**194**	**56**	**296**
Provision expenses[1]	1	3	1	23	115	143
Reversals of used provisions[2]	(1)	–	(2)	(19)	(43)	(65)
Reversals of provisions unused	–	–	–	–	(5)	(5)
Actuarial gains and losses recognised under other comprehensive income[3]	–	–	–	(20)	–	(20)
Reclassification and other movements	–	(1)	1	1	(7)	(6)
At 31 December 2015	**8**	**35**	**5**	**179**	**116**	**343**

(1) Other provision expenses concern mainly provisions for rental guarantees extended as part of the sale of the Polish stores, for €72 million.
(2) Mainly concern employee benefits, of which €15 million recognised in "Payroll expenses" and €4 million recognised in «Other financial expenses», as well as reversals for rents in Poland in the amount of €30 million (written back as and when the corresponding rents were paid).
(3) €20 million related to actuarial gains and losses on employee benefits, primarily attributable to the change in the discount rate (recognised under «Other comprehensive income»).

Current provisions

(in €m)	Tax disputes	Other disputes	Provisions for guarantees	Employee benefits	Other	Total
At 31 December 2014	**–**	**192**	**15**	**11**	**55**	**273**
Provision expenses[1]	–	40	12	–	22	74
Reversals of used provisions[2]	(1)	(48)	(1)	–	(21)	(71)
Reversals of provisions unused[3]	–	(31)	(14)	–	(3)	(48)
Actuarial differences recorded under other comprehensive income	–	–	–	–	–	–
Reclassification and other movements	2	(1)	–	(1)	1	1
At 31 December 2015	**1**	**152**	**12**	**10**	**54**	**229**

(1) Other disputes: concern supplier and other third party disputes amounting to €26 million and disputes with employees amounting to €14 million.
(2) Other disputes: concern supplier and other third party disputes amounting to €37 million and disputes with employees amounting to €11 million.
(3) Other disputes: correspond partly to risks and disputes settled in 2015, for the difference between provisions and the recognised expenses. They include disputes with suppliers and sundry for €10 million and disputes with employees for €21 million.

9.2 Contingent liabilities

Consolidated companies are involved in a certain number of lawsuits or disputes that arise in the normal course of business, including disputes with the tax authorities. Provisions for contingent liabilities are made for the estimated cost when considered probable by Auchan Holding and/or its subsidiaries as well as their external counsels.

To the knowledge of Auchan Holding and its subsidiaries, there is no exceptional event or litigation that could substantially affect the business, results, assets or financial situation of Auchan Holding and/or its subsidiaries, which is not adequately covered by provisions at the year-end.

NOTE 10

FINANCING AND FINANCIAL INSTRUMENTS EXCLUDING CREDIT ACTIVITY

10.1 Net financial debt (excluding financing of the credit activity)

Accounting Principles

Net financial indebtedness consists of current and non-current borrowings and other financial liabilities, the fair value of derivatives that qualify as hedging instruments for an item of net financial debt, plus related accrued interest and minus net cash and cash equivalents and positive margin calls on derivatives that qualify as hedging instruments for an item of net financial debt. Negative margin calls (which correspond to the margins received from counterparties) are included in current borrowings and other financial liabilities.

Auchan Holding defines net financial debt as net financial indebtedness plus the fair value of derivatives that do not qualify as hedging instruments for an item of financial debt. It also includes the margin calls on derivatives that do not qualify as hedging instruments and short-term cash investments not covered by the definition of cash and cash equivalents.

Net financial debt does not include the financing of customer loans at the credit activity.

(in €m)	2015	2014
Borrowings and other financial liabilities(1)	4,835	5,182
– non-current	*4,101*	*4,600*
– current	*734*	*582*
Cash and cash equivalents	(2,671)	(2,673)
Derivative assets and liabilities qualifying as hedging instruments for an item of net financial debt	(242)	(290)
Margin call assets on derivatives qualifying as hedging instruments(1)	–	–
Net financial debt	**1,922**	**2,219**
Derivative assets and liabilities not qualifying as hedging instruments for an item of net financial debt(2)	(174)	(366)
Margin call assets on derivatives not qualifying as hedging instruments(1)	–	–
Other short-term investment assets(3)	(5)	(19)
Net financial debt	**1,743**	**1,833**

(1) A margin call agreement was implemented in April 2013 to reduce counterparty risk. Amounts related to margin calls received (liabilities) or paid (assets) are included under net financial debt. At 31 December 2015, these represented a liability of €41 million booked under «Borrowings and other financial liabilities».
(2) Including derivative instruments linked to the credit activity (including derivative instruments covering financing issued by Auchan Holding SA): €(29) million in 2015 and €(70) million in 2014.
(3) Including short-term cash investment instruments not meeting the definition of «Cash and cash equivalents» owned by the Chinese entities for €5 million at 31 December 2015.

10.2 Net cost of financial debt

The net cost of financial debt includes:
- the gross cost of financial debt, which includes interest expenses and gains and losses on interest rate and foreign exchange hedges covering the debt;
- income from cash and cash equivalents, which includes income from short-term cash investments.

(in €m)	2015	2014
Income from cash and cash equivalents	59	49
Gross cost of financial debt:	(101)	(124)
– interest expenses	*(180)*	*(213)*
– hedging results	*79*	*89*
Net cost of financial debt	**(42)**	**(75)**

The net cost of financial debt amounted to €42 million (*versus* €75 million in 2014).

The decrease in the gross cost of financial debt combined with the increase in financial revenue helped reduce the net cost of financial debt.

10.3 Other financial revenue and expenses

This heading comprises financial revenue and expenses that are not included in the net cost of financial debt. It consists mainly of dividends from non-consolidated companies, gains and losses arising from the measurement at fair value of financial assets other than cash and cash equivalents, gains and losses on the disposal of financial assets other than cash and cash equivalents, the impact of discounting adjustments and exchange gains and losses on items not included in net financial debt and cost of sales, and gains and losses on derivative instruments that do not qualify as hedging instruments for an element of net financial debt.

	2015		2014	
(in €m)	Revenue	Expense	Revenue	Expense
Disposal of other non-current financial assets(1)	6	–	52	–
Gains and losses on financial transactions not eligible for hedge accounting(2)	–	(70)	–	(21)
Provisions and impairment, net of reversals:	2	(8)	–	–
– *reversal of provisions for impairment of other financial assets*	*2*	–	–	–
– *provision for impairment of other financial assets*	–	–	–	–
– *other provisions, net of reversals*	–	*(8)*	–	–
Cost of discounting retirement obligations net of the expected yield on plan assets	–	(4)	–	(5)
Income from equity interests	1	–	1	–
Other(3)	18	(7)	7	(14)
Other financial revenue and expenses	**27**	**(89)**	**60**	**(40)**

(1) In 2014, this item includes the capital gain generated on the sale of the stake in Fiordaliso Spa.
In 2015, this item includes the capital gain generated on the sale of the stake in Schiever Polska.
(2) Gains and losses on financial transactions not eligible for hedge accounting include in particular foreign exchange and other gains and losses on derivative instruments used to hedge foreign exchange and interest rate risks on intragroup loans, or to guarantee a given interest rate level for the global debt of Auchan Holding and the consolidated companies (macro-hedging swaps).
(3) This notably includes the cost of credit lines (i.e. non-utilisation fees and amortisation of the cost of setting up facilities).

10.4 Management of financial risks and derivatives

Accounting Principles

Derivatives are measured and recognised at fair value. The fair value is determined based on the market data provided by independent data providers and included in the valuation software.

Changes in the fair value of derivatives are always recognised in the income statement unless they form part of cash flow and net investment hedges.

Hedge accounting can be applied if:
• the hedging relationship is clearly defined and documented at the date when it is set up;
• the effectiveness of the hedging relationship is demonstrated from the outset, and regularly throughout the duration of the hedge.

Most of the derivatives used by Auchan Holding are eligible for hedge accounting.

For derivatives eligible for hedge accounting, recognition as hedging instruments makes it possible to reduce earnings volatility linked to changes in the value of the derivatives concerned.

There are three hedge accounting models according to IAS 39: fair value hedge, cash flow hedge, and hedge of a net investment in a foreign operation.
• For derivatives documented as hedges of assets or liabilities recognised in the statement of financial position (fair value hedges), hedge accounting makes it possible to recognise changes in the fair value of the derivatives through the income statement. This is offset by the impact on the income statement of changes in the fair value of the hedged item recognised in the statement of financial position, in connection with the risk hedged. These two values offset each other on the same line in the income statement and cancel each other out if the hedge is completely effective.
• For derivative instruments documented as hedges of highly probable future cash flows, changes in the value of the derivative are recognised in "Other comprehensive income" (Cash flow hedge reserve) for the effective portion of the hedge. These reserves are recycled to the income statement at the same time as the transaction. Changes in the value of the estimated ineffective portion are recognised in the income statement.
• For derivatives documented as hedges of net investments in foreign operations, the change in the value of the hedging instrument is recognised under other comprehensive income, the purpose of these hedges being to neutralise the change in value in euro of part of the net assets of foreign subsidiaries.

For derivatives that are not documented as hedging instruments, any change in the fair value is recognised in other financial revenue and expenses in the case of interest rate derivatives, or in operating profit in the case of currency options used as an economic hedge of future gross profit.

Derivative instruments with an initial maturity of more than one year are recorded in the statement of financial position as non-current assets or liabilities. Other derivative instruments are recorded as current assets or liabilities.

The accounting date for derivative instruments is the transaction date.

During the usual course of their business, Auchan Holding and the consolidated companies are exposed to interest rate, foreign exchange, credit and liquidity risks. They use derivative financial instruments to mitigate these risks.

Auchan Holding and the consolidated companies have put in place an organisation that enables centralised management of market risks (liquidity, interest rate and foreign exchange risk).

At 31 December 2015, these derivatives were recognised in the statement of financial position at their market value under current and non-current assets and liabilities.

Market risk is controlled and monitored by the Finance Committee, which meets at least twice a year. Auchan Holding's general management is represented on the Committee, whose duties include in particular the assessment of counterparty quality, the level of the hedges put in place and their appropriateness with regard to the underlying assets, as well as the liquidity risk.

10.4.1 Income and expenses on financial instruments

Recognised in the income statement

(in €m)	2015	2014
Interest on bank deposits	20	11
Interest on loans and receivables issued by the company	2	1
Income received in respect of available-for-sale assets	29	33
Net profit on financial assets held for trading	9	5
Net profit on derivatives in the context of fair value hedges	112	137
Ineffective portion of the change in the fair value of cash flow hedging instruments	3	1
Income from financial instruments	**175**	**188**
Commitment fees	6	7
Interest on financial liabilities measured at amortised cost	49	55
Net foreign exchange loss	6	10
Change in fair value of derivatives (except fair value hedge)	64	10
Net loss on financial liabilities in the context of fair value hedges	166	205
Net change in the fair value of cash flow hedging instruments derecognised from equity	–	1
Expenses on financial instruments	**291**	**288**
Net expense on financial instruments	**(115)**	**(100)**

The above result includes the following items resulting from assets or liabilities not recognised at fair value through profit or loss and therefore recognised at amortised cost.

Total interest income	**22**	**12**
Total interest expense	**55**	**62**

Recognised in other comprehensive income (after deferred taxes)

(in €m)	2015	2014
Net change in fair value of available-for-sale financial assets	–	–
Net change in fair value of available-for-sale financial assets transferred to profit or loss (disposal)	–	–
Effective portion of changes in fair value of cash flow hedging instruments	33	58
Fair value of cash flow hedging instruments transferred to profit or loss	(58)	5
Effective portion of changes in fair value of instruments used to hedge a net investment in a foreign operation	–	–
Exchange differences on translating foreign operations	86	(148)

(in €m)	2015	2014
Change in fair value reserve	–	–
Change in hedging reserve	(25)	63
Change in currency translation reserve	86	(148)

10.4.2 Credit risk (excluding credit activity)

With regard to investments, the policy of Auchan Holding and the consolidated companies other than in exceptional circumstances is to invest cash surpluses with authorised counterparties and in amounts decided by the Finance Committee based on a rating grid.

Auchan Holding works solely with a list of banks authorised by Auchan Holding's general management for financing and interest rate and foreign exchange derivatives.

ISDA contracts have been signed with most of the bank counterparties to ensure that financial instrument operating rules are in place. In particular, these contracts set out the procedures for terminating transactions and for netting in the event of a change in the initial contractual balance, including default by the counterparty.

The fair value assessment of derivatives carried by Auchan Holding and the consolidated companies includes a «counterparty risk» component (CVA) for derivative assets and an «own credit risk» component (DVA) for derivative liabilities. The credit risk is calculated using mathematical models generally used on the market which take historical data into account. At 31 December 2015, the adjustments booked in relation to counterparty risk and own credit risk were not material.

Trade receivables and other receivables correspond for the most part to receivables on franchises, participation in advertising costs and supplier commercial cooperation fees, and prepaid expenses. These transactions do not involve significant risk.

Impairment excluding credit activity

(in €m)	Available-for-sale financial assets	Financial assets and trade receivables
At 1 January 2014	**12**	**156**
Net impairment	–	7
Changes in consolidation scope	–	11
Exchange difference	–	(7)
At 31 December 2014	**12**	**167**
At 1 January 2015	**12**	**167**
Net impairment	–	3
Changes in consolidation scope	–	(2)
Exchange difference	–	(2)
At 31 December 2015	**12**	**166**

10.4.3 Liquidity risk (excluding credit activity)

Auchan Holding's policy is to permanently maintain adequate medium and long-term funding to cover its needs at the bottom of the seasonal cycle and provide it with a safety margin.

Risk of early call on financial debt

The medium and long-term bank financing facilities contain the usual commitments and default clauses for this type of contract, *i.e.* undertaking to maintain the loan at its initial level of seniority (pari-passu), limits on the collateral provided to other lenders (negative pledge), limits on substantial asset sales, and cross-default and material adverse change clauses.

Auchan Holding SA and Oney Banque Accord SA's Euro Medium Term Note (EMTN) programme, under which bonds are issued, contains an undertaking limiting collateral provided to other bond holders (negative pledge) and a cross-default clause.

The private bond placement carried out in the US in 2012 includes a default early redemption clause in the event that certain ratios are not complied with, including:

Consolidated net financial debt/consolidated EBITDA < 3.5.

On 31 December 2015, all of the ratios were complied with.

None of the financial borrowings includes any commitment or default clause linked to a downgrade of Auchan Holding's ratings.

Exposure to liquidity risk

The residual contractual maturities of financial liabilities break down as follows (including payment of interest).

		Contractual cash flow			
(amounts in €m at 31 December 2015)	Carrying amount	Total	< 1 year	1 – 5 years	> 5 years
Bonds & private placements	3,969	4,283	239	1,691	2,352
Bank borrowings	247	247	206	41	–
Finance lease liabilities	219	218	27	80	111
Other financial liabilities	108	108	76	32	–
Trade payables	8,819	8,819	8,819	–	–
Other current liabilities	4,010	4,010	4,010	–	–
Other non-current liabilities	1,438	1,440	–	1,380	60
Current tax liabilities	99	99	99	–	–
Current bank credit facilities	251	251	251	–	–
Total non-derivative financial liabilities	**19,160**	**19,474**	**13,727**	**3,223**	**2,524**
Interest rate derivatives not eligible for hedge accounting	9	9	7	2	
Interest rate derivatives used as hedges	4	4	(2)	3	3
Forward foreign exchange contracts used as hedges:	12	–	–	–	–
– *cash outflow*	–	*180*	*180*	–	–
– *cash inflow*	–	*(168)*	*(168)*	–	–
Other forward foreign exchange contracts:	9	–	–	–	–
– *cash outflow*	–	*571*	*571*	–	–
– *cash inflow*	–	*(562)*	*(562)*	–	–
Total derivative financial liabilities	**34**	**34**	**26**	**5**	**3**

The carrying amount of derivative financial liabilities corresponds to the value excluding accrued interest not yet due, and the cash flows expected from these liabilities correspond to contractual flows (no early repayment anticipated).

(amounts in €m at 31 December 2014)	Carrying amount	Contractual cash flow			
		Total	< 1 year	1 – 5 years	> 5 years
Bonds & private placements	4,312	4,704	170	2,164	2,370
Bank borrowings	230	230	156	74	–
Finance lease liabilities	285	285	27	99	159
Other financial liabilities	56	56	33	18	5
Trade payables	8,498	8,498	8,498	–	–
Other current liabilities	3,970	3,970	3,970	–	–
Other non-current liabilities	1,788	1,788	–	1,688	100
Current tax liabilities	97	97	97	–	–
Current bank credit facilities	274	274	274	–	–
Total non-derivative financial liabilities	**19,510**	**19,901**	**13,224**	**4,043**	**2,634**
Interest rate derivatives not eligible for hedge accounting	9	(11)	(5)	(6)	–
Interest rate derivatives used as hedges	6	(7)	2	(4)	(5)
Forward foreign exchange contracts used as hedges:	28	–	–	–	–
– cash outflow	–	*(290)*	*(290)*	–	–
– cash inflow	–	*262*	*262*	–	–
Other forward foreign exchange contracts:	5	–	–	–	–
– cash outflow	–	*(110)*	*(110)*	–	–
– cash inflow	–	*105*	*105*	–	–
Total derivative financial liabilities	**48**	**(51)**	**(36)**	**(10)**	**(5)**

The carrying amount of derivative financial liabilities corresponds to the value excluding accrued interest not yet due, and the cash flows expected from these liabilities correspond to contractual flows (no early repayment anticipated).

10.4.4 Interest rate risk (excluding credit activity)

Auchan Holding uses interest rate derivatives with the sole aim of reducing its exposure to the impact of changes in interest rates on its debt.

Transactions on the derivative markets are undertaken solely for hedging purposes. However, some macro-hedging transactions used to hedge interest rate risk do not qualify for hedge accounting. These instruments are therefore recognised in «Financial assets held for trading».

10.4.4.1 Interest rate hedges

Fair value hedges

Interest rate transactions designated as fair value hedges concern transactions designed to change bond debt into floating rate debt.

The currencies of these transactions are the euro, the Swiss franc and the US dollar.

The net fair value (excluding accrued interest not yet due) of these instruments in the statement of financial position at 31 December 2015 was €225 million compared with €304 million at 31 December 2014.

Macro-hedging transactions recorded as instruments «held for trading»

These transactions are aimed at protecting earnings against a possible rise in interest rates. They consist of swaps in which Auchan is a fixed rate borrower and a floating rate lender, or of caps or swaptions. These transactions are carried out in euro, Hungarian forint, Polish zloty and Russian rouble. The fair value of these instruments was €17 million at 31 December 2015 compared with €26 million at 31 December 2014.

10.4.4.2 Exposure to interest rate risk (after management)[1]

(in €m)	2015	2014
Fixed rate financial assets	300	–
Fixed rate financial liabilities	3,556	3,914
Floating rate financial assets	2,621	2,892
Floating rate financial liabilities	1,279	1,270

(1) Excluding operating debt and receivables

10.4.4.3 Sensitivity analysis

The analysis of the sensitivity of cash flows on floating rate instruments takes into account all the variable income flows on derivative and non-derivative instruments. The analysis is carried out based on the assumption that the amount of debt and derivatives at 31 December remains constant over one year. For the purpose of this analysis, all other variables, notably foreign exchange rates, are assumed to remain unchanged. Auchan Holding has stressed the curves for the euro and other currencies at –0.5%/+0.5%.

Impact on the income statement and equity

A 0.5% increase in the interest rate curve would result in:

- a €92 million increase in the cost of financial debt until maturity based on the financial situation at 31 December 2015, of which €14 million relates to 2016. As in 2014, it would also give rise to stable equity.

It represented an increase of €112 million at 31 December 2014, of which €9 million related to 2015. Short-term financial assets and liabilities are not included in the scope of this analysis.

A 0.5% decrease in the interest rate curve would result in:

- a €90 million decrease in the cost of financial debt until maturity based on the financial situation at 31 December 2015, of which €13 million relates to 2016. As in 2014, it would also give rise to stable equity.

It represented a decrease of €112 million at 31 December 2014, of which €8 million related to 2015. Short-term financial assets and liabilities are not included in the scope of this analysis.

10.4.5 Foreign exchange risk (excluding credit activity)

Auchan Holding is exposed to foreign exchange risk on:

- purchases of goods (transactional foreign exchange) ;
- internal and external financing denominated in a currency other than the euro (balance sheet risk) ;
- the value of subsidiaries' net assets in foreign currencies (net investment hedges).

At 31 December 2015, the main currencies concerned were the US dollar, Chinese yuan, Polish zloty, Hungarian forint, Russian rouble and Romanian leu.

10.4.5.1 Foreign exchange hedges

Derivative foreign exchange instruments are used to limit the impact of fluctuations in exchange rates on Auchan Holding's currency requirements and on the value of the net assets of some of its subsidiaries.

Transactions on the derivative markets are undertaken solely for hedging purposes.

Foreign exchange transactions concern only the currencies indicated in the table below.

Fair value hedges

Foreign exchange hedges recognised as fair value hedges relate to purchases invoiced in foreign currencies but not yet paid. The impact on the income statement of these derivative instruments is naturally offset by the impact of the revaluation of trade payables in foreign currencies.

Cash flow hedges

Foreign exchange transactions that qualify as cash flow hedges consist of foreign exchange swaps and forward foreign exchange purchases or sales. These transactions are used to hedge forecast purchasing outflows denominated in foreign currencies.

The risk hedged by these transactions is principally EUR/USD exchange risk.

The net fair value of these instruments in the statement of financial position was €17 million at 31 December 2015 compared with €33 million at 31 December 2014, for EUR/USD transactions only.

The table below shows the periods in which Auchan Holding expects cash flows linked to derivative financial instruments qualifying as cash flow hedges to have an impact:

		Contractual cash flow			
At 31 December 2015 (in €m)	**Carrying amount**	**Total**	**< 1 year**	**1 – 5 years**	**> 5 years**
Foreign exchange swaps	(1)	–	–	–	–
– *cash inflow*	–	*157*	*157*	–	–
– *cash outflow*	–	*(158)*	*(158)*	–	–
Forward foreign exchange contracts	18	–	–	–	–
– *cash inflow*	–	*413*	*372*	*41*	–
– *cash outflow*	–	*(395)*	*(355)*	*(41)*	–
		Contractual cash flow			
At 31 December 2014 (in €m)	**Carrying amount**	**Total**	**< 1 year**	**1 – 5 years**	**> 5 years**
Foreign exchange swaps	(11)	–	–	–	–
– *cash inflow*	–	*216*	*216*	–	–
– *cash outflow*	–	*(227)*	*(227)*	–	–
Forward foreign exchange contracts	44	–	–	–	–
– *cash inflow*	–	*525*	*485*	*40*	–
– *cash outflow*	–	*(481)*	*(442)*	*(39)*	–

The table below shows Auchan Holding's exposure at 31 December 2015:

At 31 December 2015 (in €m)	USD
Trade payables	*79*
Estimated future purchases[1]	972
Gross exposure	**1,051**
Foreign exchange swaps	(467)
Foreign exchange options[2]	(153)
Net exposure	**431**

(1) Budgeted purchases for 2016.
(2) Transactions that do not qualify for hedge accounting.

Balance sheet risk

Hedging transactions for balance sheet risk concern foreign currency loans granted to foreign subsidiaries. The currencies hedged are the Hungarian forint, Polish zloty, Romanian leu, US dollar and Russian rouble. Although these transactions are carried out for hedging purposes, they are not documented for hedge accounting purposes as they are symmetrically offset in the income statement by the change in value of the derivatives and intragroup financing.

At 31 December 2015 (in €m)	USD	RMB	PLN	HUF	RUB	RON
Intragroup financing	56	–	439	224	182	242
Gross exposure	**56**	**–**	**439**	**224**	**182**	**242**
Foreign exchange swaps	(56)	–	(439)	(224)	(182)	(242)
Net exposure	**–**	**–**	**–**	**–**	**–**	**–**
At 31 December 2014 (in €m)	**USD**	**RMB**	**PLN**	**HUF**	**RUB**	**RON**
Intragroup financing	47	–	344	246	372	110
Gross exposure	**47**	**–**	**344**	**246**	**372**	**110**
Foreign exchange swaps	(47)	–	(344)	(246)	(372)	(110)
Net exposure	**–**	**–**	**–**	**–**	**–**	**–**

Net investment hedge

No hedges were implemented in 2015 or 2014.

10.4.5.2 Sensitivity analysis (excluding currency translation reserves)

This sensitivity analysis assumes that variables other than exchange rates (notably interest rates) remain constant.

An increase of 10% in the euro exchange rate against other currencies, based on the financial situation at 31 December 2015, would result in a decrease in income and equity for the amounts indicated below. The impact on equity corresponds to cash flow hedges on estimated forecast purchases.

Impact (in €m)	Equity	Gains or losses
USD	(37)	(4)

A fall of 10% in the euro exchange rate against other currencies, based on the financial situation at 31 December 2015, would result in an increase in income and equity for the amounts indicated below. The impact on equity corresponds to cash flow hedges on estimated forecast purchases.

Impact (in €m)	Equity	Gains or losses
USD	46	15

10.4.6 Other risks (excluding credit activity)

Auchan Holding and the other consolidated companies do not enter into hedging transactions other than foreign exchange and interest rate derivatives transactions.

10.4.7 Market values of financial instruments

Financial assets and liabilities are recognised and measured in accordance with IAS 39, IAS 32, IFRS 7 and IFRS 13.

IFRS 13 introduced a 3-level hierarchy for fair value measurement disclosures.

Level 1: Fair value measured with reference to unadjusted quoted prices observed in active markets for identical assets or liabilities.

Level 2: Fair value measured with reference to inputs other than the quoted prices included in level 1 that are observable for the asset or liability in question, either directly (in the form of a price) or indirectly (calculated based on a price).

Level 3: Fair value measured with reference to inputs that are not based on observable market data ("unobservable inputs").

(in €m)	2015 Market value Level 1	Level 2	Level 3	Carrying amount	2014 Market value Level 1	Level 2	Level 3	Carrying amount
Assets held for trading, of which:	**300**	**2,440**	**–**	**2,740**	**–**	**2,743**	**–**	**2,743**
Other financial assets measured at fair value	–	69	–	69	–	70	–	70
Cash and cash equivalents	300	2,371	–	2,671	–	2,673	–	2,673
Available-for-sale financial assets, of which:	**–**	**158**	**–**	**158**	**–**	**150**	**–**	**150**
Equity investments	–	158		158		150		150
Loans and receivables, of which:	**–**	**5,734**	**–**	**5,734**	**–**	**5,737**	**–**	**5,737**
Other non-current financial assets (excluding equity investments)	–	282	–	282	–	289	–	289
Customer loans	–	2,673	–	2,673	–	2,660	–	2,660
Trade receivables	–	485	–	485	–	442	–	442
Other current financial assets	–	2,294	–	2,294	–	2,346	–	2,346
Liabilities measured at amortised cost, of which:	**5,037**	**16,569**	**–**	**21,566**	**–**	**22,028**	**–**	**21,955**
Bonds & private placements	3,992	–	–	3,969	–	4,338	–	4,311
Bank loans and borrowings, other financial liabilities including bank overdrafts	–	614	–	647	–	572	–	561
Finance lease liabilities	–	257	–	219	–	313	–	285
Other non-current liabilities	–	1,438	–	1,438	–	1,794	–	1,794
Debt financing the credit activity	1,045	1,217	–	2,250	–	2,353	–	2,346
Trade payables	–	8,890	–	8,890	–	8,557	–	8,557
Other current liabilities	–	4,153	–	4,153	–	4,101	–	4,101
Derivative instruments, of which:	**–**	**416**	**–**	**415**	**–**	**656**	**–**	**656**
Derivative financial instruments (assets)	–	451	–	451	–	707	–	707
Derivative financial instruments (liabilities)	–	35	–	35	–	51	–	51

Bonds and cash open-ended funds (SICAV) are valued using quoted market prices. These securities are now considered as level 1 financial assets.

Auchan Holding calculated the fair value of finance lease debts and bank loans by discounting contractual flows using market interest rates, which are observable data. Derivatives are valued using commonly accepted valuation techniques based on observable interest rate and currency market data.

Derivative positions not subject to offsetting

Auchan Holding enters into international swap and derivatives agreements(ISDA) as part of its trading activities.

The ISDA contracts do not meet the same offsetting conditions as derivative positions in the statement of financial position. The table below shows the recognised amounts that are subject to these agreements, solely for derivatives qualifying as interest rate and currency hedges:

(in €m)	2015 Financial instruments in the financial statements	Related financial instruments that are not offset	Net amount	2014 Financial instruments in the financial statements	Related financial instruments that are not offset	Net amount
Financial assets						
Interest rate swaps for hedging	267	(4)	263	360	(5)	355
Forward exchange contracts for hedging	30	(12)	18	59	(28)	31
Other forward exchange contracts	–	–	–	–	–	–
Total	**297**	**(16)**	**281**	**419**	**(33)**	**386**
Financial liabilities						
Interest rate swaps for hedging	4	(4)	–	6	(5)	1
Forward exchange contracts for hedging	12	(12)	–	28	(28)	–
Total	**16**	**(16)**	**–**	**34**	**(33)**	**1**

10.5 Financial assets

Accounting Principles

Financial assets held for trading

Financial assets held for trading consist of:

• on the one hand, units in money-market funds. These are measured at their market value. This value is calculated based on the last quotation given by the bank. Any changes in fair value are recognised in the income statement;

• on the other hand, cash and cash equivalents. This item comprises cash in hand and current accounts at banks that are not subject to any restrictions. It also includes short-term financial assets (less than 3 months) that are readily convertible into known amounts of cash and which are not subject to a significant risk of change in value. As these assets are immediately realisable or transferable, they are measured at fair value. Any change in value is recognised in profit or loss.

The accounting date of these assets is the settlement date.

Available-for-sale financial assets

Available-for-sale financial assets include mainly participating interests in non-consolidated companies and financial assets not corresponding to the definition of loans and receivables, financial assets held for trading and financial assets held to maturity. They are measured at fair value.

Changes in fair value are recognised in other comprehensive income under "Available-for-sale financial assets reserve", and are transferred to profit and loss when the underlying asset is sold. If testing for impairment shows any material or lasting loss in the value of an equity instrument, an impairment loss is recognised in the income statement. When an unrealised loss reflects a decrease in estimated cash flows on a debt instrument, an impairment loss is recognised in the income statement.

Subsequent increases in value are written back:

• as a counter-entry under other comprehensive income in the case of equity instruments (shares and similar); and

• in the case of debt instruments (bonds and other), in the income statement as soon as an increase in estimated cash flows is recognised, for the amount of the impairment loss previously recognised.

For listed assets, fair value is the last quoted stock market price. For unlisted securities, fair value is determined based on the share attributable to owners of the parent in the company's net asset value, its yield, its earnings outlook or its appraisal value.

If the fair value cannot be reliably determined, the assets are recognised at cost. An impairment loss is recognised when the carrying amount of an asset exceeds the recoverable amount.

The accounting date of these assets is the settlement date.

Loans and receivables

This heading includes mainly receivables linked to non-consolidated shareholdings, guarantee deposits, trade receivables, prepaid expenses and other loans and receivables. Assets are initially measured at fair value and then at amortised cost using the effective interest rate method.

The fair value of loans and receivables is estimated based on the present value of the future cash flows discounted using the zero-coupon curves at the financial year-end, and integrating a spread determined by Auchan Holding. For guarantee deposits and other loans, the carrying amount represents a reasonable estimate of fair value. An impairment loss is recognised if there is any probability that the total contractual amount (principal and interest) will not be recovered.

Trade receivables are recognised net of any impairment loss recorded in the event of a risk of non-recovery.

The impairment loss recognised in the income statement corresponds to the difference between the carrying amount of the asset and its recoverable amount.

If the recoverable amount of the asset increases subsequently as the result of an event occurring after the impairment loss was recognised, the impairment loss is reversed. However, an impairment loss may be reversed only to the extent that the asset's carrying amount does not exceed the amortised initial cost that would have been determined had no impairment loss been recognised.

Given the nature of its business, Auchan Holding's exposure (excluding the credit activity) to debtor default risk cannot have a significant impact on its business, financial position or assets.

Classification of financial assets by category (net carrying amount)

	2015		2014	
(in €m)	Non-current	Current	Non-current	Current
Financial assets held for trading[1]	69	740	70	871
Held-to-maturity investments	–	–	–	–
Available-for-sale financial assets[2]	158	–	150	–
Trade receivables[3]	–	485	–	442
– of which cumulative impairment	–	*(97)*	–	*(103)*
Loans and receivables issued by the company	286	2,294	289	2,346
– of which financial receivables[4]	*80*	*98*	*89*	*56*
– of which receivables from the sale of non-current assets[5]	*6*	*16*	*3*	*14*
– of which prepaid expenses	*156*	*428*	*148*	*391*
– of which other receivables[6]	*44*	*1,751*	*50*	*1,885*
Other financial assets (net carrying amount)	**513**	**3,518**	**509**	**3,659**
of which cumulative impairment (excluding trade receivables)	*(14)*	*(66)*	*(16)*	*(60)*

(1) Financial assets held for trading correspond to:
- for the non-current part, investments that are subject to restrictions on use by Auchan Holding for prudential or contractual reasons,
- for the current part, investments that are defined as cash equivalents and are included under «Cash and cash equivalents»;
(2) Available-for-sale financial assets comprise mainly shares in companies that are neither controlled nor under significant influence.
(3) This heading essentially comprises receivables relating to franchise arrangements, and rent outstanding for the Property Management business line.
(4) Financial receivables comprise mainly guarantee deposits.
(5) For the non-current part, interest-bearing or discounted receivables.
(6) Other current receivables comprise mainly tax and social security receivables and accrued revenue from suppliers.

10.6 Financial liabilities

10.6.1 Borrowings and other financial liabilities

Accounting Principles

Financial liabilities consist mainly of bonds, bank borrowings, bank overdrafts and obligations under finance leases. Borrowings that bear interest are recognised from the outset at their fair value less direct transaction costs. After initial recognition:

- borrowings and other financial liabilities at floating rates are measured at amortised cost based on straight-line amortisation of issuance costs over the term of the borrowing, insofar as this has no material impact by comparison with the yield-to-maturity method.
- two methods are used for fixed rate borrowings:
  - fixed rate borrowings qualified as hedged items as part of fair value hedging relationships are recognised at amortised cost adjusted for the change in fair value corresponding to the hedged risk. The fair value is determined on the basis of future cash flows discounted using the zero-coupon curves at the financial year-end, and integrating a spread equal to the spread when the financing was put in place,
  - other fixed rate borrowings are recognised at amortised cost using the effective interest rate method, which incorporates an actuarial amortisation of issuance costs and premiums.

10.6.1.1 Breakdown of borrowings and other financial liabilities

	2015		2014	
(in €m)	Non-current	Current	Non-current	Current
Bonds & private placements	3,796	173	4,216	96
Bank borrowings	65	181	74	156
Obligations under finance leases	195	24	260	25
Other financial liabilities	45	63	50	6
Margin call – Liability	–	41	–	25
Bank overdrafts	–	251	–	274
Total	**4,101**	**734**	**4,600**	**582**

Accrued interest is recognised under "Current borrowings and other financial liabilities".

Main characteristics of borrowings and other financial liabilities

10.6.1.2 Bonds & private placements

This concerns bonds issued in Luxembourg under the Euro Medium Term Note (EMTN) programme, a loan issued in Switzerland for CHF120 million and two private placements in the United States in the amounts of USD200 million and USD50 million.

In 2015, Auchan Holding did not issue any bonds.

(in €m) Issuing company	Nominal interest rate	Issue date	Maturity	31.12.2015 Nominal value	31.12.2015 Carrying amount	31.12.2014 Nominal value	31.12.2014 Carrying amount
Auchan Holding SA	4.750%	15.04.2009	15.04.2015	–	–	50[1]	52
Auchan Holding SA	6.000%	15.04.2009	15.04.2019	400[1]	457	400[1]	466
Auchan Holding SA	2.875%	15.11.2010	15.11.2017	316[1]	328	346[1]	365
Auchan Holding SA	3.625%	20.06.2011	19.10.2018	350[1]	375	350[1]	380
Auchan Holding SA	3.000%	29.11.2011	02.12.2016	129[1]	131	381[1]	392
Auchan Holding SA	3.000%	28.06.2012	28.06.2019	46[3]	46	41[3]	40
Auchan Holding SA	3.500%	28.06.2012	28.06.2022	184[3]	179	165[3]	159
Auchan Holding SA	2.375%	12.12.2012	12.12.2022	750	781	750	785
Auchan Holding SA	3.625%	20.02.2013	19.10.2018	250	273	250	278
Auchan Holding SA	2.250%	08.04.2013	06.04.2023	500	537	500	543
Auchan Holding SA	2.250%	24.06.2013	06.04.2023	200	216	200	218
Auchan Holding SA	1.750%	24.04.2014	23.04.2021	500[1]	526	500[1]	527
Auchan Holding SA	1.500%	03.06.2014	03.06.2024	98[2]	121	98[2]	106

(1) Amounts after reclassification of part of the bond debt under debts financing the credit activity for a carrying amount of €1,033 million (see Note 12.2).
(2) Hedging value; loan issued initially for CHF120 million.
(3) Closing value; loans issued initially for USD50 million and USD200 million, respectively.

Bank borrowings

(in €m) Issuing company	Nominal interest rate	Issue date	Maturity	31.12.2015 Nominal value	31.12.2015 Carrying amount	31.12.2014 Nominal value	31.12.2014 Carrying amount
Galleria Cinisello	EURIBOR + 0.75%	31.03.2008	31.03.2015	–	–	80	69
Auchan Russie	8.6000%	23.04.2014	13.04.2017	50	50	83	83
Auchan Russie	Mosprime 3m + 0.65%	22.06.2015	22.08.2016	62	62	–	–

Other loans and credit lines exist with unit amounts of less than €50 million.

Other financial liabilities

This heading mainly comprises the commitments to repurchase shares from employees of Auchan Holding and its subsidiaries for €8 million (see Note 8.1.4) and the liabilities linked to employee profit-sharing for €18 million.

This heading also includes commercial paper, the main issues being as follows:

(in €m) Issuing company	Maturity	31.12.2015 Nominal value	31.12.2015 Carrying amount	31.12.2014 Nominal value	31.12.2014 Carrying amount
Auchan Holding SA	less than 1 month	59[1]	59	–	–
Auchan Holding SA	1 to 3 months	–	–	–	–
Auchan Holding SA	3 to 6 months	2[1]	2	–	–
Auchan Holding SA	6 months and over	–	–	2[1]	2

(1) Amounts after reclassification of part of the commercial paper under debts financing the credit activity (see Note 11.2).

10.6.2 Other financial liabilities

Accounting Principles

These financial liabilities are measured at their face value insofar as this constitutes a reasonable estimation of their market value in view of their short-term nature.

Auchan Holding and the consolidated companies have given commitments to the non-controlling shareholders of some fully consolidated subsidiaries to buy out their interests. These commitments' exercise price may be fixed, based on an expert opinion, or based on a pre-defined calculation formula, depending on any contractual provisions setting the option valuation methods. These options may be exercised at any time or on a pre-determined date.

In application of IFRS10, transactions with non-controlling shareholders that do not change the nature of the direct or indirect control exercised by Auchan Holding should be recognised directly in equity. Accordingly, the impact of the repurchase commitments issued after the first application date must also be recognised in equity.

On first recognition, Auchan Holding recognises a liability in its consolidated financial statements in respect of the repurchase commitments given to non-controlling shareholders at the present value of the exercise price. Non-controlling interests are reclassified in this liability. The difference between the debt recognised in respect of the repurchase commitments and the carrying amount of the reclassified non-controlling interests is recorded as a charge against equity. The liability is remeasured each year and any changes are recognised in equity (including discounting effect).

If the repurchase commitment was not granted in the context of a business combination (excluding creation of new activities), subsequent changes in the liability are recognised in financial revenue and expenses.

	2015		2014	
(in €m)	Non-current	Current	Non-current	Current
Trade payables	**–**	**8,890**	**–**	**8,557**
Trade payables, goods	–	8,041	–	7,734
Trade payables, general expenses	–	849	–	823
Other current liabilities, including	**1,438**	**4,153**	**1,794**	**4,101**
Liabilities in respect of puts on non-controlling interests[1]	1,246	–	1,519	–
Amounts due on non-current assets	2	607	3	761
Tax and social security liabilities	–	1,656	–	1,618
Deferred income[2]	93	1,432	140	1,291
Other liabilities[3]	97	458	132	432
Total	**1,438**	**13,043**	**1,794**	**12,658**

(1) Commitments to purchase shares made by Auchan Holding and the other consolidated companies to the non-controlling shareholders of certain subsidiaries that are fully consolidated, of which €1,180 million related to the put option granted to Ruentex (€1,448 million in 2014).

(2) Non-current «deferred income» corresponds to differences in rental income between rent due contractually and rents at an unfavourable market rate recognised in Poland and Romania as part of the acquisition of Real.

(3) Of which, for the non-current part, in 2015, €26 million representing the long-term (blocked) portion of liabilities related to bonus plans for Russian employees (€31 million in 2014) and €41 million in guarantee deposits received from lessees in the Property Management business line (€42 million in 2014)

10.7 Financing commitments

Commitments received

Breakdown of long and medium-term credit lines, granted and confirmed by the banks but unused:

At 31 December 2015

(in €m)	Auchan Holding and its subsidiaries	Excluding credit activity	Credit activity
Less than 1 year	751	629	122
Between 1 and 5 years	3,180	2,425	755
More than 5 years	–	–	–
Total	**3,931**	**3,054**	**877**

Some medium and long-term bank financing facilities (confirmed credit lines not used as at 31 December 2015) contain a 'callability' clause in the event of non-compliance with the following ratio at the closing date:

Consolidated net financial debt/consolidated EBITDA < 3.5.

On 31 December 2015, this ratio was complied with.

After taking into account undrawn confirmed credit lines and available cash, Auchan Holding considers that projected cash flows from operations are sufficient to cover debt repayments and dividends.

At 31 December 2014

(in €m)	Auchan Holding and its subsidiaries	Excluding credit activity	Credit activity
Less than 1 year	668	618	50
Between 1 and 5 years	3,635	2,755	880
More than 5 years	–	–	–
Total	**4,303**	**3,373**	**930**

Commitments given

(in €m)	2015 Total	2014 Total
Guarantees given	123	113
Other commitments given	30	31

Secured liabilities

(in €m)	2015 Total	2014 Total
Guaranteed debts	504	585
Import documentary credits	84	78

NOTE 11

CREDIT ACTIVITY

11.1 Customer loans

The methods of integrating the credit activity's financial statements into Auchan Holding's consolidated financial statements are described in Note 2.1.4.

Accounting Principles

This item corresponds to Oney Banque Accord's customer loans and factoring receivables realised by Oney Banque Accord with Comfactor (mainly consumer credit in the form of personal loans and revolving credit, and factoring receivables) granted by consolidated financial companies and credit institutions. They are initially recognised at fair value and then at amortised cost.

At each accounts closing date, the consolidated companies determine whether there is objective evidence of impairment resulting from one or more events occurring after initial recognition of the asset, and whether this (these) loss event(s) has (have) an impact on the estimated future cash flows that can be reliably estimated.

If there is objective evidence that a loan or receivable is impaired, the impairment loss is measured as the difference between the carrying amount of the asset and the present value (discounted using the original contract rate) of recoverable estimated future cash flows, taking any guarantees into account. The impairment loss is recognised in profit or loss, and the value of the financial asset is reduced by the same amount. This impairment loss, calculated on homogeneous groups of receivables discounted to present value, is estimated based on a certain number of inputs and assumptions: number of past dues, historical recovery rates, status of receivables in the recovery process, loss rates, performance of third party litigation firms, etc.

11.1.1 Management of customer credit risk by Oney Banque Accord

Credit risk mainly concerns consumer loans (personal loans and revolving credit, etc.) granted to private individuals.

The risk is spread over a large number of customers with limited unit commitments.

Organisation of the Risk division

Oney Banque Accord's credit risk is managed and monitored by the subsidiaries or partners' Risk departments, Oney Banque Accord's Risk department and the Internal Audit department through quarterly Risk Committee meetings.

For France, Spain and Portugal risk is managed and monitored by the local Risk departments.

In the case of the other countries (Poland, Hungary and Russia), the partner is responsible for managing credit risk as it is the partner's processes and information systems that determine loan approval, risk monitoring and debt collection.

In all cases, risk is monitored by Oney Banque Accord's Risk department.

The Risk Committees are responsible for managing credit risks and overseeing projects that have an impact on these risks. They validate the strategy, methodologies implemented and above all the performance achieved in terms of risk management.

Loan granting

The credit decision systems are based on a statistical approach, supported by an examination of each loan application and adapted to the different types of product and customer.

These systems incorporate:
- scores;
- clearly established refusal rules;
- a system of delegation of powers;
- rules concerning supporting documents to be supplied;
- fraud prevention checks.

Compliance with the credit decisions based on the scores and rules, which are very seldom waived, ensures tight risk control. Exceptions and the persons qualified to make exceptions are defined by procedures and are checked retrospectively; these exceptions are designed to ensure personalised management of loan approvals for larger amounts or intended for targeted customer bases.

For off-balance sheet commitments, the policy of Auchan Holding and the consolidated companies is to grant financial guarantees only to subsidiaries and certain partners.

11.1.2 Breakdown of customer loans

This item comprises the receivables held by Oney Banque Accord, its subsidiaries and Comfactor on their customers. It includes mainly consumer credit and deferred payment facilities on Accord credit cards, as well as the receivables of the captive factoring activity carried out by Comfactor in Italy.

(in €m)	2015	2014
Gross carrying amount	3,187	3,182
– of which gross carrying amount of impaired receivables	*662*	*684*
Impairment	(514)	(521)
Coverage rate of impaired receivables	78%	76%
Net amount	**2,673**	**2,660**
– of which non-current	*1,100*	*1,147*
– of which current	*1,573*	*1,513*

(in €m)	2015	2014
Gross maturities:	3,187	3,182
– 3 months or less	*1,097*	*1,013*
– between 3 months and 1 year	*673*	*685*
– between 1 and 5 years	*1,268*	*1,311*
– more than 5 years	*148*	*172*

Aged balance of past due loans

As soon as a payment default occurs, impairment is recognised on the corresponding customer loans and receivables. Exceptionally, impairment is not recognised on insolvency plans in default. These amounted to €2.1 million as at 31 December 2015.

Restructured loans

The outstanding amount of restructured or rescheduled loans, whether decided internally or after submission to an over-indebtedness body, came to €195.8 million as at 31 December 2015. Impairment amounting to €134.7 million was recognised in respect of these loans as at 31 December 2015.

Maximum exposure

The maximum exposure to credit risk is €661 million. It comprises impaired loans and insolvency plans in payment default. The credit reserve granted to customers is blocked once payment default is detected. As a result, the reserves related to these outstandings are not reversed in the risk database and no impairment provision is recognised in respect of them.

11.1.3 Breakdown of recognised impairment

	Customer loans		
(in €m)	Oney Banque Accord	Other	Total
At 1 January 2014	**516**	**1**	**517**
Net impairment	5	–	5
Changes in consolidation scope	–	–	–
Reclassification	–	–	–
Exchange difference	(1)	–	(1)
At 31 December 2014	**520**	**1**	**521**
At 1 January 2015	**520**	**1**	**521**
Net impairment	(8)	–	(8)
Changes in consolidation scope	–	–	–
Reclassification	–	–	–
Exchange difference	–	–	–
At 31 December 2015	**512**	**1**	**513**

The cost of risk in 2015 fell significantly in relation to 2014.

Despite a persistently morose economic environment, loan production continued to be of consistent quality and skilfully managed in all countries, with the exception of Russia.

These results underpin Oney Banque Accord's objective to reduce its exposure to credit risk by regularly adjusting its decision-making systems.

11.2 Debts financing the credit activity

The methods of accounting for debts financing the credit activity are the same as those for other borrowings and financial liabilities described in Note 11.

	2015		2014	
(in €m)	Non-current	Current	Non-current	Current
Bonds	560	473	760	583
Bank borrowings[1]	468	106	299	263
Other financial liabilities (including bank overdrafts)[2]	–	643	20	420
Total	**1,027**	**1,222**	**1,079**	**1,267**

(1) Non-current bank borrowings include two deposits (at the Bank of France (Banque de France) and Bank of Portugal (Banco de Portugal) for an amount of €252 million for the LCR ratio regulatory requirements (i.e. high quality liquid assets).
(2) Other current liabilities related to the credit activity notably comprise certificates of deposit for an amount of €329 million and a bank borrowing for an amount of €(101) million.

Accrued interest, apart from that relating to bonds, is included under "Other financial liabilities".

Characteristics of main bond issues

This concerns bonds issued in Luxembourg under the Euro Medium Term Note (EMTN) programme and a CHF120 million bond issued in Switzerland.

				2015		2014	
(in €m) Issuing company	Nominal interest rate	Issue date	Maturity	Nominal value	Carrying amount	Nominal value	Carrying amount
Auchan Holding SA	4.750%	15.04.2009	15.04.2015	–	–	450[1]	468
Auchan Holding SA	3.750%	23.06.2008	23.06.2015	–	–	77[1]	108
Auchan Holding SA	2.875%	15.11.2010	15.11.2017	180[1]	187	150[1]	158
Auchan Holding SA	3.000%	29.11.2011	02.12.2016	458[1]	466	218[1]	224
Auchan Holding SA	3.625%	20.06.2011	19.10.2018	150[1]	161	150[1]	163
Auchan Holding SA	6.000%	15.04.2009	15.04.2019	100[1]	114	100[1]	116
Auchan Holding SA	1.750%	24.04.2014	23.04.2021	100[1]	105	100[1]	105

(1) Amount after reclassification of part of Groupe Auchan SA's bond debt under «Debts financing the credit activity» (see Note 12.2).

Bank borrowings

				31.12.2015		31.12.2014	
(in €m) Issuing company	Nominal interest rate	Issue date	Maturity	Nominal value	Carrying amount	Nominal value	Carrying amount
Oney Banque Accord SA	0.05%[1]	22.12.2011	29.01.2015	–	–	–	–
Oney Banque Accord SA	0.05%[1]	01.03.2012	26.02.2015	–	–	30	30
Oney Banque Accord SA	EURIBOR 3m + 0.80%	30.12.2013	29.12.2017	75	75	75	75
Oney Banque Accord SA	EURIBOR 3m + 0.75%	07.07.2014	09.07.2018	50	50	75	75
Oney Banque Accord SA	EURIBOR 6m + 0.60%	27.04.2015	29.04.2019	50	50	–	–
Oney Banque Accord SA	0.05%[1]	27.11.2014	26.02.2015	–	–	50	50
Oney Banque Accord SA	0.15%[1]	17.12.2014	26.09.2018	87	87	75	75
Oney Banque Accord SA	0.05%[1]	25.03.2015	26.09.2018	218	218	87	87
Oney Banque Accord SA	0.05%[1]	30.09.2015	26.09.2018	140	140	–	–
HQLA investment, France			Renewable	(196)	(196)	–	–
HQLA investment, Portugal			Renewable	(46)	(46)	–	–

(1) Rate revisable by the ECB

Other loans and credit lines exist with unit amounts of less than €50 million.

11.3 Management of financial risks and derivatives

11.3.1 Income and expenses on financial instruments

Recognised in the income statement

(in €m)	2015	2014
Interest on bank deposits	2	2
Interest on loans and receivables issued by the company	229	231
Change in fair value of derivatives (except fair value hedge)	–	7
Income from financial instruments	**231**	**240**
Commitment fees	3	4
Interest on financial liabilities measured at amortised cost	8	8
Change in fair value of derivatives (except fair value hedge)	–	5
Impairment loss on loans and receivables issued by the company	(8)	2
Net change in the fair value of cash flow hedging instruments derecognised from equity	1	–
Expenses on financial instruments	**4**	**19**
Net expense on (Income from) financial instruments	**227**	**221**

The above result includes the following items resulting from assets or liabilities not recognised at fair value through profit or loss and therefore recognised at amortised cost.

Total interest income	**231**	**233**
Total interest expense	**11**	**12**

Recognised in other comprehensive income (after deferred taxes)

(in €m)	2015	2014
Net change in fair value of available-for-sale financial assets	13	–
Effective portion of changes in fair value of cash flow hedging instruments	–	(1)
Fair value of cash flow hedging instruments transferred to profit or loss	–	2

(in €m)	2015	2014
Change in hedge reserve	1	1

Oney Banque Accord must comply with only one covenant in the context of the refinancing facilities extended by the Club Deal (€500 million confirmed syndicated credit line) and confirmed lines (€305 million). Under this covenant it must comply with the following ratio: Total credit outstandings > Net financial debt (*i.e.* debt held with credit institutions plus debt in the form of securities minus the credit balances of bank accounts (cash accounts, central bank and postal accounts), investments and receivables from credit institutions, and the gross carrying amount of HQLA category assets held in accordance with Basel III liquidity requirements), except for BNP, this ratio being: «Total credit outstandings > Net financial debt (*i.e.* debt held with credit institutions plus debt in the form of securities, minus the credit balances of bank accounts – cash accounts, central bank and postal accounts, and receivables from credit institutions». Oney Banque Accord complied with this ratio at 31 December 2015.

11.3.2 Credit risk

Credit risk management is described in detail in Note 11.1 of this document, «Customer loans».

11.3.3 Exposure of the credit activity to liquidity risk

The residual contractual maturities of financial liabilities break down as follows (including payment of interest).

Transactions (in €m) (as at 31 December 2015)	Carrying amount	Contractual cash flow			
		Total	< 1 year	1 – 5 years	> 5 years
Bonds	1,033	1,063	490	471	102
Bank borrowings	574	579	107	472	–
Other financial liabilities (including bank overdrafts)	643	668	666	–	2
Trade payables	71	66	66	–	–
Other current liabilities	143	140	140	–	–
Other non-current liabilities	5	5	–	5	–
Current tax liabilities	9	9	9		
Total non-derivative financial liabilities	**2,478**	**2,531**	**1,479**	**948**	**104**
Interest rate swaps used as hedges	(2)	(3)	(2)	(1)	–
Caps	–	–	–	–	–
Swaps not used as hedges	–	–	–	–	–
Total derivative financial liabilities	**(2)**	**(3)**	**(2)**	**(1)**	**–**

Transactions (in €m) (as at 31 December 2014)	Carrying amount	Contractual cash flow			
		Total	< 1 year	1 – 5 years	> 5 years
Bonds	1,343	1,388	603	681	104
Bank borrowings	562	568	263	305	–
Other financial liabilities (including bank overdrafts)	441	441	421	20	–
Trade payables	59	59	59	–	–
Other current liabilities	131	131	131	–	–
Other non-current liabilities	6	6	–	6	–
Current tax liabilities	9	9	9	–	–
Total non-derivative financial liabilities	**2,552**	**2,602**	**1,486**	**1,012**	**104**
Interest rate swaps used as hedges	1	3	2	1	–
Caps	–	–	–	–	–
Swaps not used as hedges	–	–	–	–	–
Total derivative financial liabilities	**1**	**3**	**2**	**1**	**–**

11.3.4 Exposure of the credit activity to interest rate risk

Interest rate hedges

Fair value hedges

There were no transactions of this type at 31 December 2015 or 31 December 2014.

Cash flow hedges

The interest rate transactions that qualify as cash flow hedges are swap transactions in which Oney Banque Accord was a fixed rate borrower and a floating rate lender. The purpose of these hedges is to fix the interest rate on part of the forecast floating rate debt, and thus secure future financial income (Y+1 to Y+5 maximum) by limiting possible volatility. The horizon of these hedges does not generally exceed 5 years.

The currency of these transactions is the euro.

The net fair value (excluding accrued interest not yet due) of these instruments recorded as a liability in the statement of financial position was €(0.1) million at 31 December 2015 compared with €1 million at 31 December 2014.

An amount of €(2.4) million was recognised in reserves at 31 December 2015 for interest rate transactions designated as cash-flow hedges, compared with €(1) million at 31 December 2014, before the impact of deferred tax.

Macro-hedging transactions recognised as trading items

Option-based hedges in the form of caps are also entered into each year to secure forecast refinancing rates. Changes in the fair value of these option instruments are recognised directly in profit or loss. The fair value of these instruments at 31 December 2015 was zero, representing no change on 31 December 2014.

Currency swaps are used to guarantee interest rates on foreign currency loans and hedge against foreign exchange risk. Changes are recognised in profit and loss.

The table below shows the periods in which Auchan Holding expects cash flows linked to derivative financial instruments qualified as cash flow hedges to have an impact on the income statement.

At 31 December 2015 (in €m)	Carrying amount	Contractual cash flow			
		Total	< 1 year	1 – 5 years	> 5 years
Interest rate and currency swaps + caps:					
– assets	*7*	*7*	*7*	*–*	*–*
– liabilities	*(3)*	*(3)*	*(2)*	*(1)*	*–*

At 31 December 2014 (in €m)	Carrying amount	Contractual cash flow			
		Total	< 1 year	1 – 5 years	> 5 years
Interest rate and currency swaps + caps:					
– assets	*8*	*6*	*–*	*6*	*–*
– liabilities	*1*	*3*	*2*	*1*	*–*

Exposure to interest rate risk (after management)

(in €m)	2015	2014
Fixed rate financial assets	1,349	1,194
Fixed rate financial liabilities	527	1,328
Floating rate financial assets	892	1,058
Floating rate financial liabilities	274	783

Sensitivity analysis

Impact on the income statement and equity

A 1% increase in interest rates for all currencies would generate
- a €5.48 million decrease in the cost of financial debt based on the financial situation at 31 December 2015;
- an €11.38 million increase in equity based on the financial situation at 31 December 2015 compared with €9 million at 31 December 2014.

A 1% decrease in interest rates for all currencies would generate:
- a €5.46 million increase in the cost of financial debt based on the financial situation at 31 December 2015;
- an €11.81 million decrease in equity based on the financial situation at 31 December 2015, compared with €9 million at 31 December 2014.

Characteristics of main items of other financial liabilities

This heading includes mainly commercial paper, BMTN and certificates of deposit, as follows:

(in €m)		31.12.2015		31.12.2014	
Issuing company	Maturity	Nominal value	Carrying amount	Nominal value	Carrying amount
Comfactor	less than 1 month	76	76	46	46
Auchan Holding SA	less than 1 month	141[1]	141	50[1]	50
Oney Banque Accord SA	less than 1 month	(51)	(51)	60	60
Oney Banque Accord SA	1 to 3 months	110	110	140	140
Oney Banque Accord SA	3 to 6 months	139	139	100	130
Auchan Holding SA	3 to 6 months	200[1]	200	–	–
Oney Banque Accord SA	6 months and over	30	30	65	35
Auchan Holding SA	6 months and over	–	–	23[1]	23

(1) Amounts after reclassification of part of the commercial paper under «Debts financing the credit activity» (see Note 12.2).

11.4 Off-balance sheet commitments relating to the credit activity

Commitments received

Long and medium-term credit lines, granted and confirmed by the banks but unused and relating to the credit activity, are described in detail in Note 10.7.

Commitments given

(in €m)	2015	2014
Customer financing commitments(1)	3,298	3,411

(1) This amount corresponds to commitments given by Oney Banque Accord and its subsidiaries on cards with current activity during the past 2 years. The commitment on cards inactive for more than two years came to €3,092 million (compared with €3,832 million at 31 December 2014).

NOTE 12
INCOME TAX

12.1 Tax assets and liabilities

Accounting Principles

Deferred taxes are recorded on all temporary differences between the tax basis of assets and liabilities and their carrying amounts, with the exception of goodwill not deductible for tax purposes and temporary differences relating to investments in joint ventures or affiliates to the extent that they will not be reversed in the foreseeable future.

Deferred taxes are calculated based on the tax rate that applies or is almost certain to apply on the statement of financial position date, using the liability method. The effect of any change in the tax rate is recognised in the income statement, apart from changes relating to items initially recognised directly in equity.

Income tax, both current and deferred, is recognised directly in equity when it relates to an item initially recognised in equity.

Deferred tax assets and liabilities are offset when offsetting is legally allowed and the same tax authority is involved. They are not discounted and are recorded in the statement of financial position under non-current assets and liabilities.

Tax losses and other temporary differences only give rise to deferred tax assets when they are likely to be used against future taxable profit within a reasonable period of time or when they can be offset against deferred tax liabilities.

French business taxes

In France, two taxes, the CVAE (*Contribution sur la Valeur Ajoutée des Entreprises*) and the CFE (*Contribution Foncière des Entreprises*) replaced the former French business tax (*taxe professionnelle*) with effect from 2010.

A review of the accounting treatment of this tax in France in the light of IFRS has resulted in adopting separate accounting methods for each of these two taxes:

- the CFE, which is based on property rental values, is recognised in operating expenses;
- according to Auchan Holding's analysis, the CVAE can be considered as an income tax as defined in IAS 12.2 ("taxes based on taxable profits"). As provided for under IAS 12, classification of the CVAE as income tax results in the recognition of a deferred tax liability arising from temporary differences. This deferred tax expense is presented under "Income tax expenses". Moreover, the full amount of current and deferred taxes relating to the CVAE is presented under this heading.

A deferred tax liability is recognised based on the net value of the depreciable non-current assets of the entities liable to CVAE, as provisions for depreciation are not deductible from the added value that serves as the base for the CVAE. Acquisitions of assets outside business combinations benefit, from 2010, from the exemption provided for in IAS 12 for first-time recognition of an asset or liability. In addition, a deferred tax asset is recognised on impairment of current assets.

Breakdown of current tax assets and liabilities

(in €m)	2015	2014
Gross amount	60	124
Impairment	(4)	(4)
Current tax assets – net value	**56**	**120**
Current tax liabilities	**108**	**106**

Breakdown of recognised deferred tax assets and liabilities

	2015			2014		
(in €m)	Asset	Liability	Net	Asset	Liability	Net
On temporary differences	**216**	**800**	**(584)**	**181**	**859**	**(678)**
Non-deductible provisions	65	(67)	132	41	(71)	112
Intangible assets, PP&E and depreciation	97	555	(458)	93	568	(475)
Investment property and depreciation	20	151	(131)	22	159	(137)
Finance leases	–	34	(34)	1	34	(33)
Inventories	15	3	12	14	3	11
Employee benefits	–	(27)	27	–	(30)	30
Regulated provisions	1	147	(146)	–	164	(164)
Other	18	4	14	10	33	(23)
On tax losses carried forward	**38**	**(3)**	**41**	**28**	**(3)**	**31**
Deferred tax assets/liabilities	**254**	**797**	**(543)**	**209**	**856**	**(647)**

Deferred tax not recognised

Deferred tax assets amounting to €645 million (€611 million on 31 December 2014) relating to tax losses carried forward, tax credits and other temporary differences were not recognised as their recovery is considered unlikely within the meaning of IAS 12.

Unrecognised deferred tax assets break down as follows:

(in €m)	2015
Between 2016 and 2020	90
Between 2021 and 2025	61
After 2025	12
Carried forward indefinitely or without maturity date	482
Total unrecognised deferred tax assets	**645**

Change in deferred tax assets and liabilities (+: asset or income, (): liability or expense)

(in €m)	01.01.2015	Recognised in income	Recognised in other comprehensive income	Reclassifications	Changes in consolidation scope	Exchange differences	31.12.2015
On temporary differences	**(678)**	**123**	**–**	**–**	**–**	**(28)**	**(583)**
Non-deductible provisions	112	21	–	–	–	(1)	132
Intangible assets, PP&E and depreciation	(475)	52	(3)	(11)	–	(21)	(458)
Investment property and depreciation	(137)	2	–	10	–	(6)	(131)
Finance leases	(33)	(2)	–	1	–	–	(34)
Inventories	11	1	–	–	–	–	12
Employee benefits	30	5	(8)	–	–	–	27
Regulated provisions	(164)	18	–	–	–	–	(146)
Other	(23)	26	11	–	–	–	14
On tax losses carried forward	**31**	**10**	**–**	**–**	**–**	**–**	**41**
Deferred tax assets and liabilities	**(647)**	**133**	**–**	**–**	**–**	**(28)**	**(542)**

12.2 Income tax expenses

Analysis of net tax expenses

(in €m)	2015	2014
Expenses/Income	**–**	**–**
Current income tax payable	376	333
Adjustments relating to current taxes and taxes from previous years[1]	12	6
Current income tax payable	**388**	**339**
Current income tax payable on «Other operating profit and expenses»[2]	**23**	**15**
Change in temporary differences[3]	(96)	(17)
Impact of changes in tax rates[4]	(15)	2
On tax losses carried forward[5]	(10)	(14)
Total deferred tax	**(121)**	**(29)**
Deferred tax on «Other operating profit and expenses»[2]	**(12)**	**(7)**
Income tax expense	**278**	**318**

(1) Of which tax adjustments of €7 million in Romania, €2 million in Portugal, €2 million in Taiwan and €1 million on Auchan Holding.
(2) Tax relating to items classified in «Other operating profit and expenses» (see Note 3.4).
(3) Of which €26 million of deferred tax on one-off temporary differences related mainly to the recognition of provisions for closures and impairment recognised in 2014 in the amount of €18 million.
(4) Impact mainly for the French companies of the decrease in tax rate from 38% to 34.43% for financial years ending on or after 31 December 2016.
(5) In 2015, recognition of tax losses in respect of Retail businesses and Oney Spain primarily.

Effective tax rate

The difference between the tax calculated using the theoretical rate in France and the tax expenses effectively recognised for the year can be analysed as follows:

(in €m)	2015	Effective tax rate 2015	2014	Effective tax rate 2014
Profit before tax	**1,005**		**1,128**	
Theoretical tax rate (French standard rate)		*38.0%*		*38.0%*
Theoretical tax expense	**382**		**428**	
Difference in tax rates for foreign companies	(98)	(9.8%)	(31)	(2.7%)
Tax rate difference on deferred tax balance at the start of the year[1]	(13)	(1.3%)	1	0.1%
Tax relief, tax credits and reduced rate taxation	(64)	(6.4%)	(79)	(7.0%)
Tax losses for the year not recognised	79	7.8%	75	6.7%
Use of previously unrecognised tax losses carried forward	(46)	(4.6%)	(6)	(0.6%)
Recognition of prior year tax losses	(11)	(1.1%)	(12)	(1.0%)
Tax adjustments related to previous years	(8)	(0.8%)	17	1.5%
CVAE tax	35	3.5%	32	2.8%
Tax impact of items recognised under «Other operating profit and expenses»	8	0.8%	(121)	(10.7%)
Permanent differences/Deferred tax not recognised	14	1.4%	14	1.2%
Actual tax expense	**278**		**318**	
Effective tax rate		**27.7%**		**28.2%**

(1) Of which primarily a difference on the readjustment of deferred tax bases in France at the rate of 34.43%, for €11 million.

NOTE 13

DETAILS OF CERTAIN ITEMS OF THE STATEMENT OF NET CASH FLOWS

(in €m)	2015		2014	
Change in working capital requirement		**81**		**169**
– inventories	*(310)*		*59*	
– trade receivables	*(43)*		*54*	
– trade payables	*290*		*75*	
– other assets and liabilities[1]	*144*		*(19)*	
Changes in items relating to the credit activity:		**(111)**		**(16)**
– customer loans – credit activity	*(14)*		*(91)*	
– debts financing the credit activity	*(97)*		*75*	
Changes in loans and advances granted:		**(11)**		**(38)**
– increase in loans and advances granted	*(30)*		*(51)*	
– decrease in loans and advances granted	*19*		*13*	
Amounts received from shareholders on capital increases:				
– paid by shareholders of the parent company	–	–	–	–
– paid on exercise of stock options	–	–	–	–
– paid by non-controlling interests of consolidated companies	–	–	–	–
Dividends paid during the period:		**(198)**		**(374)**
– dividends paid to shareholders of the parent company	*(65)*		*(196)*	
– dividends paid to non-controlling interests of consolidated companies	*(133)*		*(178)*	
Acquisitions and disposals of interest without gain or loss of control:		**(3)**		**16**
– acquisitions	*(48)*		*(45)*	
– disposals	*45*		*61*	
Net financial debt:		**(67)**		**(499)**
– loans issued	*3,535*		*3,648*	
– repayments of loans (including finance leases)	*(3,602)*		*(4,147)*	
Net cash and cash equivalents:		**2,420**		**2,399**
– marketable securities with a maturity of less than 3 months	*739*		*871*	
– cash	*1,932*		*1,802*	
– bank overdrafts	*(251)*		*(274)*	

(1) Excluding changes in debt related to the put option granted to Ruentex.

NOTE 14

LIST OF CONSOLIDATED COMPANIES

List of the main companies consolidated **using the full consolidation method** at 31 December 2015.

			% interest	
Country	**Division/Activity**	**Company**	**2015**	**2014**
France	Holding Company	Auchan Holding SA	100	100
	Retail	Direction des Achats Indirects	100	100
		Auchan Retail International	100	100
		Auchan France and its subsidiaries	100	100
		Auchan E-commerce International	100	100
		GrosBill	–	100
		Auchan E-commerce France	100	100
		Auchan Carburant	100	100
		Eurauchan	96	96
		Auchan International Technologie	100	100
		Organisation Internationale des Achats	100	100
		ISMS	99	99
		ATAC and its subsidiaries	99	99
		E-drive and its subsidiary Chronodrive	100	100

Country	Division/Activity	Company	% interest 2015	% interest 2014
France	Property Management	Immochan	100	100
		Immochan France and its subsidiaries	100	100
	Banking	Oney Banque Accord and its subsidiaries	97	97
	Other Activities	Alinéa	99	99
		Little Extra	95	95
Belgium		Auchan Coordination Services	100	100
Mainland China	Retail And Property Management	A-Rt Retail Holding	51	51
		Sun Art Retail Group[1]	36	36
	Banking	Oney Accord Consulting Company	65	97
Spain	Retail	Alcampo and its subsidiaries	100	100
		Zenalco	100	100
		Sabeco and its subsidiaries	99	99
	Property Management	Immochan España and its subsidiaries	100	100
		Zenor	100	100
		Redarpa	100	100
	Banking	Oney Servicios Financieros	97	97
Italy	Retail	Auchan Italie and its subsidiaries	99	98
		Valauchan Italie	44	28
		SMA and its subsidiaries	99	99
	Property Management	GCI and its subsidiaries	99	98
	Banking	Oney	97	97
Malta	Banking	Oney Holding Limited and its subsidiaries	97	97
Luxembourg	Retail	Auchan Luxembourg	100	100
		Auchan International	100	100
		Patinvest	100	100
		Christal	100	100
Hungary	Retail	Auchan Magyarorszàg and its subsidiaries	100	100
	Property Management	Immochan Magyarorszàg	100	100
	Banking	Oney Magyarorszàg	58	58
Poland	Retail And Property Management	Auchan Polska and its subsidiaries	100	100
		Eléa Polska	99	99
		Auchan E-commerce Polska	100	100
	Banking	Accord Finances	58	58
Portugal	Retail And Property Management	Auchan Portugal and its subsidiaries	100	100
	Banking	Oney Portugal	97	97
Romania	Retail And Property Management	Auchan Roumanie	100	100
	Banking	Oney Finances	97	97
Russia	Retail	Auchan Russie OIIAH and its subsidiaries	99	99
		Valauchan Russie	19	19
		Atak and its subsidiaries	99	99
	Property Management	Immochan Russie	99	99
	Banking	Ba Finans	58	58
Senegal	Retail	Senas	99	99
Taiwan	Retail And Property Management	RT Mart International	65	65
Ukraine	Retail And Property Management	FCAU and Immochan Ukraine	99	100
	Banking	Oney Ukraine	97	97
Vietnam	Retail	International Simply Mart	92	84

A list of the companies consolidated using the equity method as at 31 December 2015 is provided in Note 7.

(1) Since 2014, in accordance with the agreement between Auchan and its partner Ruentex in China, Auchan Holding has exclusive control over Sun Art Retail Group and its subsidiaries.

STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2015

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

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

To the Shareholders,

In compliance with the assignment entrusted to us by your Annual General Meeting, we hereby report to you, for the year ended 31 December, 2015, on:

- the audit of the accompanying consolidated financial statements of Auchan Holding SA;
- the justification of our assessments;
- the specific verification required by law.

These consolidated financial statements have been approved by your Management Board (Directoire). Our role is to express an opinion on these consolidated financial statements based on our audit.

I. Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2015 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

II. Justification of our assessments

In accordance with the requirements of article L. 823-9 of the French Commercial Code (Code de commerce) relating to the justification of our assessments, we bring to your attention the following matters.

The Group performs an annual impairment test on intangible assets with indefinite lives and also assess if there is any indication of impairment loss regarding its long-term assets in accordance with the terms and conditions described in note 6.6 to the consolidated financial statements. We have reviewed the methods by which these impairment tests are performed as well as the assumptions on which these estimates are based. We have verified that notes 6.1 and 6.6 to the consolidated financial statements provide appropriate disclosure.

The Group recognizes provisions, particularly relating to litigations and post-employment or other long-term benefits, according to the accounting terms and conditions described in notes 5.2 and 9.1 to the consolidated financial statements. Our procedures consisted in assessing the information and assumptions on which these estimates were based, reviewing the calculations performed by the Company on a test basis and examining the procedures used by management to approve these estimates. We have examined the relevance of the methodology used by the Group on the basis of the related available documentation.

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

III. Specific verification

As required by law, we have also verified in accordance with professional standards applicable in France the information presented in the Group's management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Neuilly-sur-Seine et Paris-la Défense, March 8, 2016

The Statutory Auditors
French original signed by

PricewaterhouseCoopers Audit SA	KPMG Audit Department of KPMG SA
Christian Perrier Partner	Bertrand Desbarrières Partner

AuchanHolding

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