

FINANCIAL REPORT 2003



SUMMARY

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GROUP MANAGEMENT REPORT

1. Key events in 2003

- The Group withdrew from the United States and Mexico in early 2003.
 - In the United States, the 2 hypermarkets based in Houston were closed during the first quarter.
 - In Mexico, the company operating the 5 hypermarkets was sold on 28 February 2003. The real-estate companies will be sold in 2008, subject to the full payment of the agreed upon price.
- Following withdrawal from Mexico and the United States, the Group increased the number of its stores in Western Europe, Central and Eastern Europe, the Far East and Morocco. The Hypermarket division opened 13 stores and shopping centres: 1 in France (by relocation and expansion of an existing store), 2 in Spain, 2 in Italy, 1 in Portugal, 1 in Poland, 1 in Hungary, 1 in Russia, 2 in China, 1 in Taiwan (by acquisition of a store already covered by a supply contract) and 1 in Morocco. The Supermarket division opened 27 stores: 8 in France, 8 in Spain, 5 in Italy, 5 in Morocco and 1 in Poland. 10 stores were sold, closed or transferred to the franchise network.
- The December 2002 take-over bid for the La Rinascente shares was followed by a "Offre Publique de Retrait" (de-listing application) completed in February 2003. The La Rinascente shares ceased to be listed in March 2003. As at 31 December 2003, Eurofind, the holding company held on a 50/50 basis with Ifil, had a 99.1% interest in the capital of La Rinascente.
- La Rinascente and Simon Property Group (SPG) went into partnership on 22 December 2003 in order to manage and develop the Group's shopping centres in Italy. La Rinascente brought its existing shopping centres and development projects to a new consolidated company, and subsequently sold 49% of the capital of this company to a subsidiary of SPG.

2. Activity and results

2.1 The network of stores

As at 31 December 2003, the Group operated in 12 countries through 321 hypermarkets, of which 293 were consolidated, and 618 supermarkets.

The consolidated network of stores was as follows as at 31 December 2003:

| Country | Hypermarkets | Supermarkets | Notes |
|-----------------------|--------------|--------------|-------------------------|
| France | 118 | 264 | (a) |
| Spain | 45 | 120 | |
| Italy (La Rinascente) | 38 | 211 | (b) |
| Portugal | 15 | | |
| Luxembourg | 1 | | |
| Poland | 18 | 12 | |
| Hungary | 8 | | |
| Russia | 3 | | |
| Argentina | 3 | | |
| Mainland China | 22 | | 7 Auchan and 15 RT Mart |
| Taiwan | 13 | | |
| Morocco | 9 | 11 | |

(a) 1 supermarket acquired at the end of the year has not been consolidated in 2003.

(b) La Rinascente is 50% consolidated. The company also operates 18 department stores, 157 general merchandise stores and 50 Do-It-Yourself stores on a 50/50 partnership with Leroy Merlin.

2.2 Comments on the 2003 consolidated financial statements

Comments on the income statement

Group sales, net of value added taxes, amounted to € 28.7 billion, up 4.2% from 2002. On a constant exchange rate basis and excluding Mexico and the United States, the increase was 6.5%.

The Hypermarket division accounted for 78.3% of sales, the Supermarket division 19.0% and other businesses 2.7%.

By geographical zone, 95.1% of sales were made in Europe, of which 62.4% in France, while 4.1% of sales were made in Asia, 0.6% in Morocco and 0.2% in the Americas.

EBITDA (operating income before goodwill amortisation, depreciation expense, income taxes and provisions, but after employee profit sharing expense) increased more than sales (+ 8.5%). Gross margin was up 3.7% in value, but dropped 0.1 as a percentage of net sales. The rise in general and administrative expense was limited to 2.2%, with a drop of 0.35 as a percentage of net sales.

The "Depreciation, amortisation and provisions" line item includes amortisation expenses for M€ 754 (+ 4.4%), and a net accrual for provisions of M€ 3 (as compared to a net reversal of provisions amounting to M€ 43 at 31 December 2002). Operating income was M€ 1,133, up 6.6% and increased more than sales.

Net financial expenses dropped from M€ 154 to M€ 135. This improvement was mainly due to a decrease in interest rates.

Income from ordinary activities before taxes amounted to M€ 998, up 9.8%.

Net exceptional income for 2003 amounted to M€ 145, compared with a net exceptional expense of M€ 176 for 2002. The sale of the stores in Mexico, and the termination of activity in the United States generated an exceptional income of M€ 24 (M€ 17 and M€ 7 respectively), net of the reversal of provisions accrued on 31 December 2002. Provisions and liabilities accrued for tax audits in France at 31 December 2002 were no longer required based on conclusion of the tax audits in 2003, for an amount of M€ 87. The net capital gains on the sale of assets, excluding Mexico but including in particular those relating to the Italian shopping centres, generated a gain amounting to M€ 52.

The effective income tax rate, calculated on the profit before tax and amortisation of goodwill, decreased from 40.8% in 2002 to 30.3% in 2003. This significant variation is due to the non-deductibility for tax purposes in 2002, and the non-taxation in 2003, of some accruals for depreciation of assets in the Americas and for tax audits in France (refer to exceptional income).

Net income before amortisation of goodwill was M€ 797, up by M€ 363.

Net amortisation of goodwill was up M€ 78 compared with 2002. This item includes an exceptional amortisation of goodwill related to the supermarkets in Poland for M€ 27 in 2003, following an impairment test based on indications of an impairment loss. In 2002, this item included a benefit amounting to M€ 46 from the reversal of the negative goodwill relating to a company consolidated for the first time in 2001.

All these factors combine to give a total Group share of net income of M€ 575 for 2003, compared with M€ 292 for 2002.

Income from operating activities, excluding non-cash revenue and expense, was M€ 1,275, up 14.2%.

Comments on the balance sheet and capital structure

Assets:

Fixed assets amounted to € 10.7 billion, down € 0.4 billion. This change was essentially due to the reduction in investments. Net cash flows used in investment activities decreased from € 1.4 billion in 2002 to € 0.8 billion in 2003.

Net inventories increased by 3.1%, slightly less than sales (4.2%).

Customer loans from the banking activity (M€ 1,146 at end 2003 compared with M€ 983 at end 2002) include only receivables, net of provisions, held by Banque Accord and its subsidiaries from their clients. This item includes personal loans, revolving credit facilities and deferred payments on Accord credit cards.

Liabilities and shareholders' equity :

As of 31 December 2003, total shareholders' equity was M€ 4.5 billion.

Shareholders' equity – Group share – amounted to M€ 4,302, up M€ 384. This increase includes the negative effect (M€ 107) of foreign currency translation adjustments resulting principally from the decrease in value of the Polish, Hungarian, Chinese and Mexican currencies versus the euro.

Minority interests amounted to M€ 160, down M€ 21, principally due to the acquisition of minority interests in La Rinascente.

Net debt (loans and other financial debts less customer loans, cash and marketable securities) amounted to M€ 2,120 at 31 December 2003, compared with M€ 2,655 at 31 December 2002 (-20.2%), as a result of the reduction in investments.

Net debt at end 2003 represented 48% of total shareholders' equity, compared with 65% at end 2002, and 1.7 years of income from operating activities excluding non cash revenue and expense.

3. Prospects

The Group plans to continue its policy of balanced growth in 2004, both in its established areas in Western Europe and the more recent development areas in Central and Eastern Europe, the Far East and Morocco.

4. Adoption of IFRS international accounting standards

The Group has opted for the introduction of the IFRS international accounting standards from 2005.

An analysis of the major differences between the IFRS and French standards was prepared in March 2003.

An awareness campaign and a training programme for the financial and management control divisions of all Group subsidiaries was launched in June 2003.

Task forces, coordinated by a project manager, began the analysis of the standards in September. This work is essentially focused on goodwill and intangible assets, tangible assets (components, amortisation, leases, investment properties, etc.), depreciation of assets (impairment), inventories (cost of purchase and depreciation), disclosures in the notes to the financial statements (segment reporting in particular), long-term employee benefits, presentation and content of the various line items of the financial statements, as well as the first time adoption of the IFRS standards.

The Steering Committee, chaired by the Group Financial Director, examined the initial proposals submitted by the task forces during meetings held in November and December 2003.

CONSOLIDATED BALANCE SHEET

(millions of euros)

| ASSETS | Notes | 2003 | | Net | 2002 Net |
|--|-------|---------------|---|---------------|---------------|
| | | Gross value | Depreciation, amortisation and provisions | | |
| Goodwill | 5 | 3,638 | 1,147 | 2,491 | 2,730 |
| Other intangible assets | 6 | 449 | 187 | 262 | 274 |
| Fixed assets | 7 | 11,667 | 4,092 | 7,575 | 7,759 |
| Long-term investments | 8 | 215 | 25 | 190 | 212 |
| Investments in affiliates | 8 | 138 | 0 | 138 | 73 |
| Total fixed assets | | 16,107 | 5,451 | 10,656 | 11,048 |
| Inventories | 9 | 2,549 | 63 | 2,486 | 2,412 |
| Trade accounts receivable | | 387 | 37 | 350 | 305 |
| Customer loans – Banking activity | 10 | 1,268 | 122 | 1,146 | 983 |
| Other accounts receivable and other assets | 11 | 1,923 | 74 | 1,849 | 1,713 |
| Deferred tax assets | 15 | 85 | 0 | 85 | 42 |
| Marketable securities | 13 | 342 | 0 | 342 | 279 |
| Cash | 13 | 841 | 0 | 841 | 849 |
| Current assets | | 7,395 | 296 | 7,099 | 6,583 |
| TOTAL ASSETS | | 23,502 | 5,747 | 17,755 | 17,631 |

| LIABILITIES AND SHAREHOLDERS' EQUITY | | 2003 | 2002 |
|---|-------|---------------|---------------|
| | Notes | | |
| Shareholders' equity – Group share | 14 | 4,302 | 3,918 |
| Minority interests | 14 | 160 | 181 |
| Total shareholders' equity | 14 | 4,462 | 4,099 |
| Deferred tax liabilities | 15 | 634 | 684 |
| Provisions for contingencies and charges | 16 | 321 | 429 |
| Loans and other financial debts | 17 | 4,449 | 4,766 |
| Trade accounts payable | 18 | 5,453 | 5,456 |
| Debts relating to fixed assets | 18 | 381 | 448 |
| Other payables and accrued liabilities | 18 | 2,055 | 1,749 |
| Liabilities | | 12,338 | 12,419 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | | 17,755 | 17,631 |

The Notes are an integral part of the Consolidated Financial Statements.

CONSOLIDATED INCOME STATEMENT

(millions of euros)

| | Notes | 2003 | 2002 |
|---|-------|---------------|---------------|
| Sales, net of value-added taxes | 25 | 28,706 | 27,562 |
| Cost of sales | 19 | (21,765) | (20,871) |
| Gross margin | | 6,941 | 6,691 |
| Other operating income | | 348 | 332 |
| General and administrative expenses | 20 | (5,399) | (5,281) |
| EBITDA⁽¹⁾ | | 1,890 | 1,742 |
| Depreciation, amortisation and provisions | 21 | (757) | (679) |
| Operating income | | 1,133 | 1,063 |
| Net financial expenses | 22 | (135) | (154) |
| Income from ordinary activities before taxes | | 998 | 909 |
| Net exceptional income (expenses) | 23 | 145 | (176) |
| Income taxes | 24 | (346) | (299) |
| Equity in earnings of affiliates | | 0 | 0 |
| Net income before amortisation of goodwill | | 797 | 434 |
| Amortisation of goodwill | 5 | (209) | (131) |
| Net income before minority interests | | 588 | 303 |
| Minority interests | | 13 | 11 |
| Group share of net income | | 575 | 292 |
| Earnings per share (euros) | 3.21 | 19.83 | 10.08 |

(1) Operating income before goodwill amortisation, depreciation expense, income taxes and provisions, after employee profit sharing expense.
The Notes are an integral part of the Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

(millions of euros)

| | 2003 | | 2002 ⁽¹⁾ | |
|--|---------|--------------|---------------------|----------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Net income before minority interests | | 588 | | 303 |
| Elimination of non-cash operating revenue and expense: | | 687 | | 813 |
| Depreciation, amortisation and provisions | 837 | | 831 | |
| Changes in deferred taxes | (93) | | 8 | |
| Capital gains and losses, net of taxes | (57) | | (26) | |
| INCOME FROM OPERATING ACTIVITIES EXCLUDING NON-CASH REVENUE AND EXPENSE | | 1,275 | | 1,116 |
| Changes in working capital: | | (166) | | 41 |
| Inventories | (118) | | (332) | |
| Advance payments and deposits made | (5) | | (4) | |
| Trade accounts receivable and related accounts | (83) | | (42) | |
| Customer loans – Banking activity | (163) | | (69) | |
| Accounts receivable on fixed assets and related accounts | 18 | | 2 | |
| Trade accounts payable and related accounts | 99 | | 459 | |
| Debts relating to fixed assets and related accounts | (57) | | (57) | |
| Other debtors and creditors | 143 | | 84 | |
| NET CASH FLOWS FROM OPERATING ACTIVITIES | | 1,109 | | 1,157 |
| CASH FLOWS FROM INVESTMENT ACTIVITIES | | | | |
| Investments net of disposals (including finance leases): | | (822) | | (1,510) |
| Other intangible assets | (44) | | (83) | |
| Fixed assets | (963) | | (1,261) | |
| Investments in affiliates | (69) | | (465) | |
| Other long-term investments | (2) | | 0 | |
| Disposal of fixed assets, net of taxes | 256 | | 299 | |
| Other investment operations: | | (8) | | 121 |
| Restatement of finance leases | 5 | | 49 | |
| Changes in consolidation scope (cash position of companies acquired or sold) | (3) | | 16 | |
| Increase in financial receivables | (36) | | (29) | |
| Decrease in financial receivables | 26 | | 85 | |
| NET CASH FLOWS FROM (USED IN) INVESTMENT ACTIVITIES | | (830) | | (1,389) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | |
| Dividends paid: | | (98) | | (196) |
| Dividends paid to parent company shareholders | (90) | | (183) | |
| Dividends paid to minority interests | (8) | | (13) | |
| Transactions on shares: | | 22 | | 68 |
| Proceeds from issuance of shares | 22 | | 62 | |
| Other share transactions | 0 | | 6 | |
| Debt: | | (88) | | 422 |
| Proceeds from loans | 2,186 | | 2,671 | |
| Repayments of loans | (2,274) | | (2,249) | |
| NET CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES | | (164) | | 294 |
| NET INCREASE IN CASH | | 115 | | 62 |
| Cash at beginning of year | | 488 | | 388 |
| Cash at end of year | | 644 | | 488 |
| Effect of foreign exchange rate changes | | (41) | | (38) |
| NET INCREASE IN CASH | | 115 | | 62 |

(1) Cash flows from investment activities in 2002 have been restated to compare to the current year's presentation.
The Notes are an integral part of the Consolidated Financial Statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts expressed in millions of euros - M€)

NOTE 1 General description of the Group

Auchan SA is incorporated in the Republic of France. Auchan SA's consolidated financial statements include Auchan SA, its directly and indirectly controlled subsidiaries (hereinafter referred to as "the Group"), and interests held by the Group in entities controlled jointly with other companies.

Auchan specialises in the sale to the general public of food and other consumer products. As of 31 December 2003, the Group mainly operates 321 hypermarkets (including stores under management contracts), of which 293 are consolidated, and 618 supermarkets in 12 countries (France, Spain, Portugal, Italy, Luxembourg, Poland, Hungary, Russia, mainland China, Taiwan, Morocco and Argentina). The Group also manages a significant network of shopping centres and business parks. In addition, Auchan has had its own finance subsidiary for many years, which deals exclusively with individual customers.

NOTE 2 Significant events during the year ended 31 december 2003

- The Group withdrew from the United States and Mexico in early 2003. – In the United States, the 2 hypermarkets based in Houston were closed.
- In Mexico, the company operating the 5 hypermarkets in Mexico was sold on 28 February 2003. The real-estate companies will be sold in 2008, subject to full payment of the agreed upon price. Since the Group has not controlled these real-estate companies since 28 February 2003, the Group's investment is recorded as an asset in the balance sheet at its consolidated net book value on the date of the loss of control (see Note 8).
- Following withdrawal from Mexico and the United States, the Group increased the number of its stores in Western Europe, Central and Eastern Europe, the Far East and Morocco.
- The Hypermarket division opened 13 stores and shopping centres which were consolidated: 1 in France (by relocation and expansion of an existing store), 2 in Spain, 2 in Italy, 1 in Portugal, 1 in Poland, 1 in Hungary, 1 in Russia, 2 in China, 1 in Taiwan (by acquisition of a store already covered by a supply contract) and 1 in Morocco.
- The Supermarket division opened 27 stores: 8 in France, 8 in Spain, 5 in Italy, 5 in Morocco and 1 in Poland. 10 stores were sold, closed or transferred to the franchise network.
- The December 2002 take-over bid for the La Rinascente shares was followed by a "Offre Publique de Retrait" (de-listing application) completed in February 2003. The La Rinascente shares ceased to be listed in March 2003. As at 31 December 2003, Eurofind, the holding company held on a 50/50 basis with Ifil, had a 99.1% interest in the capital of La Rinascente, compared with 93.8% at 31 December 2002.
- La Rinascente and Simon Property Group (SPG) went into partnership on 22 December 2003 in order to manage and develop the Group's shopping centres in Italy. La Rinascente brought its existing shopping centres and development projects to a new company, Gallerie Commerciali Italia S.p.a. and subsequently sold 49% of the capital of this company to a subsidiary of SPG. Auchan's 51% interest in Gallerie Commerciali Italia S.p.a. has been proportionately consolidated as from 22 December 2003 (see Note 4).
- To diversify its funding sources for the first time, Auchan SA and Banque Accord successfully completed two bonds issues, as part of an EMTN programme, in the amounts of M€ 750 in July 2003, and M€ 150 in September 2003. The majority of investors in the issues were European.

NOTE 3 Accounting principles and methods

3.1 Accounting methods

The consolidated financial statements are prepared in accordance with French accounting standards (regulation n°99-02 of the "Comité de la Réglementation Comptable" relating to consolidated financial statements, applicable as from 1 January 2000).

There were no changes in accounting principles and methods applied by the Group from those used in the previous financial year.

In accordance with the transitional guidelines of regulation CRC n°2003-07, the Group continues to accrue provisions for major repairs.

3.2 Consolidation scope and methods

The accounts of all material subsidiaries under the direct or indirect exclusive control of Auchan SA have been fully consolidated.

Companies in which Auchan SA has significant direct or indirect influence over the management and financial policies have been accounted for under the equity method.

Investments in companies in which the Group no longer exercises influence are deconsolidated, and are stated at the Group's equity in net assets at the date of deconsolidation.

Where Auchan SA shares joint control, directly or indirectly, of a business, such business has been proportionately consolidated. The income statements for 10 hypermarkets in mainland China, referred to as "independent franchises", together with the financial statements of another company operating a hypermarket, have been consolidated despite the fact that the Group does not hold any shares in the companies operating these stores, in accordance with the substance of agreements associating these companies with the Group, and to give a true and fair view of the Group's business operations in this country (Article L 123-14 of the French Commercial Code).

Companies where Auchan SA has exclusive control or significant influence, but which are not, individually or in the aggregate, material on the Group's financial statements, have not been consolidated. The fiscal year-end for all consolidated companies is 31 December. For companies acquired during the financial year, income and expenses are consolidated for the period following the acquisition date.

Where a company was sold during the financial year, the consolidated income statement reports income and expenses incurred up to the date of transfer of control.

Where a company is consolidated due to its significance, income and expenses acquired by the Group during the period between the date control was acquired and the date of initial consolidation, are reported in the income statement as exceptional income or expenses. All material transactions, assets and liabilities between fully consolidated companies are eliminated, as are Group inter-company profits and losses. These eliminations are made on the basis of Group percentage ownership in the case of companies proportionately consolidated.

Information regarding the principal changes in Group structure is given in Note 2. These changes are not sufficiently material to justify the preparation of pro-forma financial statements. Corresponding effects are given in the following notes.

3.3 Translation of the financial statements of foreign subsidiaries

The financial statements of foreign subsidiaries have been translated into euros applying the following method:

- balance sheet items are converted at year-end exchange rates;
- income statement items are converted at average exchange rates for the financial year;
- cash flow items are converted at average exchange rates for the financial year.

Exchange differences resulting from application of this method are reported as "foreign currency translation adjustments" which are included in shareholders' equity and, where appropriate, under "minority interests".

Accumulated foreign currency translation adjustments for the United States and Mexico were transferred to exceptional income and expenses at 2002 year-end (see Note 23).

Goodwill arising on the acquisition of foreign subsidiaries is translated into the currency of the company holding the shares, at an historical rate. Accordingly, where the currency of the parent company is the euro, no translation adjustment is recorded and the amount of goodwill remains unchanged despite fluctuations in exchange rates. Exchange rates applied for the euro and the other principal currencies concerned were as follows:

| Countries | Currencies | Closing exchange rates | | Average exchange rates | |
|---------------|----------------|------------------------|----------|------------------------|----------|
| | | 2003 | 2002 | 2003 | 2002 |
| Argentina | Argentine peso | 0.272152 | 0.283582 | 0.293823 | 0.372938 |
| China | Yuan | 0.096073 | 0.115044 | 0.106283 | 0.126834 |
| Hungary | Forint | 0.003810 | 0.004232 | 0.003955 | 0.004120 |
| Morocco | Dirham | 0.090463 | 0.094032 | 0.092353 | 0.094787 |
| Mexico | Mexican peso | 0.084076 | 0.091973 | 0.088024 | 0.108738 |
| Poland | Zloty | 0.212680 | 0.248694 | 0.225456 | 0.260798 |
| Russia | Rouble | 0.027182 | 0.029836 | 0.028575 | 0.033684 |
| Taiwan | Taiwan dollar | 0.023391 | 0.027422 | 0.025536 | 0.030327 |
| United States | US dollar | 0.791766 | 0.953562 | 0.879304 | 1.050243 |

The Group is not operating in any countries with highly inflationary economies.

3.4 Financial instruments

Forward financial instruments are treated as off-balance sheet commitments, in accordance with generally accepted commercial and industrial accounting practice.

Interest rate derivative instruments are used for the sole purpose of reducing Group exposure to interest rate fluctuations for its debt, which is almost entirely comprised of floating rate debt.

Gains and losses generated by these financial instruments are reported in the income statement, on a prorata basis over the life of the instrument.

Derivative foreign exchange instruments are used to limit the effects of exchange rate fluctuations on Group foreign currency requirements.

The securitization of receivables is restated in the consolidated financial statements. Such securitized receivables are shown as assets and the related debts as liabilities in the consolidated balance sheet (see Note 17).

3.5 Consolidation of the financial statements of Banque Accord and its subsidiaries

The financial statements of Banque Accord and its subsidiaries, prepared in accordance with the banking chart of accounts, are consolidated in the Group financial statements as follows:

- customer loans are reported in the balance sheet on a specific asset line, and corresponding funding is included under "Loans and other financial debts";
- operating income from banking operations is reported under "Sales", operating expenses under "Cost of sales", and the net operating margin under "Gross margin" in the income statement.

3.6 Goodwill

On acquisition of the shares of companies to be consolidated, the Group determines the fair value of all identifiable assets and liabilities acquired. For items not intended for operating activities, fair value corresponds to market value, or in the absence of a market, probable net realisable value. In the case of items intended for operating activities, fair value is considered the value in use for the Group. The Group has a period of one year following the financial year during which control is acquired to adjust its assigned values.

The difference between the fair value of the assets and liabilities identified in the consolidated balance sheet, and their book value in the balance sheets of controlled companies are referred to as "Fair value adjustments".

The difference between the acquisition price of the shares and the Group's share in the fair value of identified assets and liabilities are recorded on the assets side of the consolidated balance sheet under "Goodwill". More detailed information is given in Note 5.

Goodwill is generally amortised on a straight-line basis over 20 years. Negative goodwill is recorded initially as a liability, and subsequently recognized in the income statement over a period determined on a case-by-case basis.

On each closing date, the net book value of goodwill is evaluated to determine whether there are any indications of an impairment loss. If such indications appear, an impairment test is done by comparing the book value of the equity interest held by the Group in its subsidiary and its recoverable value. Recoverable value is defined as the greater of the market value or the value in use for the Group (based on expected future cash flows). Goodwill impairment is recorded when the recoverable value is lower than the net book value. Thus, in 2003, an exceptional impairment charge of M€ 27 was recognized on Elea's goodwill by comparison with its market value. Elea is the Polish subsidiary operating supermarkets (see Note 5.2).

3.7 Other intangible assets

Identified intangible assets classified as acquired intangibles are generally amortised on a straight-line basis over 20 years.

Leasehold rights are amortised on a straight-line basis over 20 years for ordinary commercial leases, and over the period of the lease in the case of buildings or 99-year lease agreements.

Other intangibles consist of:

- brands and similar rights, amortised on a straight-line basis over 5 years,
- software amortised over 3 years,
- land use rights amortised over the period of the lease.

3.8 Tangible assets

As of 31 December 1996, following the acquisition of Docks de France and Pão de Açúcar, the Group revalued its tangible assets for reasons of consistency and coherence.

Land, buildings and improvements used by stores, head office premises, warehouses, shopping centres and business parks were revalued on the basis of the value in use in place of net book value. Value in use was generally determined according to the Group's knowledge of the market. In certain cases, this value was determined on the basis of independent appraisals.

Existing fixed assets as of 1 January 1997 have been depreciated as from the revaluation date.

Technical facilities, equipment and tools, and other fixed assets are recorded at acquisition cost. This corresponds to their values in use after deduction of accumulated depreciation.

Fixed assets are depreciated by the straight-line method, applying the following estimated useful lives:

| | |
|---|-------------------------|
| Buildings | 20 years |
| Improvements and fixtures | 6 2/3 years and 8 years |
| Technical facilities, equipment and tools | 4 years |
| Other fixed assets | 3 to 5 years |

As from January 2001, the depreciation periods for a number of fixed asset categories have been changed to take account of actual conditions. The new depreciation periods were defined according to the life of each item, generally leading to longer depreciation periods (software 1 to 3 years, major improvements 6 2/3 to 8 years, investments in public facilities 5 to 20 years). Net book values for the assets concerned as of 31 December 2000 are depreciated over their revised remaining useful lives.

Property and equipment of significant value, used by consolidated companies under the terms of finance leases (including finance contracts) are recorded as assets in the consolidated balance sheet. The related debt is recorded as a balance sheet liability under "Financial debts". These assets are amortized over the periods set out above.

Expenses incurred for maintaining fixed assets in operating condition, without extending their useful lives or improving their original performance levels, are reported under "General and administrative expenses". Foreseeable and substantial planned repairs, not occurring on an annual basis, are reported under "Provisions for major repairs".

Undeveloped land is depreciated where the estimated recoverable value is lower than the acquisition price.

Fixed assets in Argentina have been depreciated to adjust their book values to their probable recoverable values (see Note 7). No deferred tax benefit has been recorded for this exceptional depreciation.

3.9 Long-term investments

Investments in non-consolidated companies are stated at cost in the balance sheet. A reserve for impairment is set up when the fair value of an investment is lower than its cost.

The investment's fair value is based on its value in use to the Group, this being determined by reference to the Group's equity in the underlying net assets (adjusted where appropriate), yield value and the company's earnings outlook.

Other long-term investments are stated at cost in the balance sheet. Reserves for impairment are recorded where appropriate.

3.10 Inventories

Inventories are stated net of year-end discounts at the latest purchase price, applying a method comparable with the FIFO ("first in, first out") method in the case of inventory with rapid turnover, or at weighted average unit cost or at selling price less profit margin. Inventories are written down if their probable realisable value is below cost.

Given the interchangeable nature of merchandise, it is not possible to determine the portion of goods in inventories that is subject to vendor liens at year-end.

3.11 Accounts receivable and payable

Accounts receivable and payable are recorded at face value. Items denominated in foreign currencies are translated at the year-end exchange rates. Where commercial transactions are hedged and the foreign currency rates are fixed, these operations are translated at the currency hedge rates. Payables and receivables denominated in foreign currencies that have been hedged are translated at the currency hedge rates. No foreign exchange difference is recorded in this case.

Provisions are recorded in respect of accounts receivable to cover any probable losses.

For the sake of prudence, the Group has not recorded a receivable relating to the possible reimbursement of taxes on meat processing activities ("taxe d'équarrissage") paid between 1997 and 2003. Pending a decision by French legal authorities, this receivable is considered as uncertain as to the amount and timing of its collection.

3.12 Marketable securities

Quoted marketable securities are stated at quoted market price at year-end. Unrealised gains or losses are recognized in the income statement.

Other investments are stated at cost in the balance sheet. Provisions are accrued where appropriate.

3.13 Pension and other long-term employee benefit liabilities

Auchan contributes to pension plans for its employees in accordance with local legal requirements and accepted practices in each country. In some countries, companies pay salary-based contributions to the entities responsible for providing retirement benefits. There is no unfunded pension plan liability in such cases.

Where specific pension plans or other commitments for which Auchan is responsible exist, either corresponding commitments are recorded as liabilities in the consolidated balance sheet on the basis of vested employee benefits, or contributions are made to external pension plan funds.

3.14 Deferred taxes

Deferred taxes are recorded to recognise taxes on all timing differences between the tax basis of assets and liabilities and their book values, with the exception of goodwill.

Deferred taxes are calculated using known tax rates at closing date, and applying the liability method of tax allocation.

Deferred tax assets and liabilities are offset within each consolidated company.

Tax losses and other timing differences only give rise to recognition of deferred tax assets when realisation against future taxable income is probable, or when it is possible to offset deferred tax assets against deferred tax liabilities. Where appropriate, the consequences of tax consolidation are taken into account.

Because the timing of the reversal of certain material timing differences cannot be determined with precision, deferred tax assets and liabilities have not been discounted to their present value.

See Note 15 for further details.

3.15 Provisions for litigation

Provisions for litigation expenses are accrued in accordance with accounting principles, and comply with the requirements of regulation n°2000-06 of the "Comité de la Réglementation Comptable" on liabilities.

Litigation risks are assessed on a case-by-case basis, according to the nature and amount of claims made and the defensive actions undertaken by the company.

3.16 Sales

"Sales" include sales of merchandise and services, and income from banking operations conducted by Banque Accord and its subsidiaries.

3.17 Warranties

Foreseeable costs in connection with product or service warranties are reported when corresponding sales are recorded. Auchan also offers extended warranty contracts, for which revenues and profits are recognised over the period of the warranty.

3.18 Other operating income

"Other operating income" principally comprises fees paid to Auchan (including those connected with franchise operations), rents and right-of-entry revenues generated from shopping centres. Rental income is reported using the straight line method over the life of the corresponding lease.

3.19 Pre-opening expenses

Pre-opening expenses for stores are included in the income statement as they are incurred.

3.20 Exceptional income and expenses

All items regarded as exceptional based on their frequency and amount, and which relate to ordinary activities of consolidated companies, are reported under "Net exceptional income and expense".

3.21 Earnings per share

"Earnings per share" are calculated by dividing the Group share of net income by the number of shares comprising share capital.

Auchan has not increased its share capital by a significant amount during the past year, and has not issued any instruments that would significantly dilute earnings per share.

NOTE 4 Disposal of 49% of the Italian shopping centres

(All figures are expressed as Auchan percentages, after 50% proportionately consolidation of La Rinascente).

As indicated in Note 2, La Rinascente sold 49% of its shopping centres. The price was paid partly in cash and partly by forgiveness of debt (M€ 117).

The only effect of this operation in the statement of cash flows is reported under "Cash flows from investment activities" on the line "Disposal of fixed assets" for an amount of M€ 86. This represents that part of the price paid in cash, net of tax paid and deferred on the capital gain.

The pre-tax capital gain is recorded under "Exceptional income and expenses" for M€ 43. This amount has been determined after the write-off of part of La Rinascente's goodwill allocated to the shopping centres (M€ 62).

NOTE 5 Goodwill

Goodwill is principally related to the acquisitions of the Docks de France, Pão de Açúcar, La Rinascente and RT Mart Taiwan groups. Other goodwill in countries did not exceed M€ 100 in any individual case.

5.1 Changes in goodwill (gross value):

| (in million euros) | Gross value |
|-------------------------|--------------|
| 31 December 2002 | 3,682 |
| Increases | 34 |
| Decreases | (78) |
| 31 DECEMBER 2003 | 3,638 |

Increases for the financial year correspond to the goodwill generated by the additional investments in La Rinascente following the de-listing application, and the purchases of companies owning supermarkets in France.

Decreases for the financial year correspond to the write-off of part of the goodwill of Eurofind and La Rinascente following the disposal of 49% of the Italian shopping centres.

5.2 Changes in goodwill amortisation:

| (in million euros) | Accumulated amortisation |
|-------------------------|--------------------------|
| 31 December 2002 | 952 |
| Amortisation | 209 |
| Other changes | (14) |
| 31 DECEMBER 2003 | 1,147 |

Net amortisation of goodwill was up M€ 78 compared with 2002. In 2003, this item includes an exceptional impairment of goodwill related to the supermarkets in Poland for M€ 27, following an impairment test based on indications of an impairment loss as described in Note 3.6. In 2002, this item included a benefit amounting to M€ 46 from the reversal of the negative goodwill relating to a company consolidated for the first time in 2001.

M€ 16 of "other changes" correspond to the write-off of part of the amortisation of goodwill of Eurofind and La Rinascente, following the disposal of 49% of the Italian shopping centres (see Note 5.1 above).

NOTE 6 Other intangible assets

Net intangible assets are analysed as follows:

| (in million euros) | Acquired intangibles | Other identifiable intangible assets | Total |
|-------------------------|----------------------|--------------------------------------|------------|
| 31 December 2002 | 188 | 86 | 274 |
| 31 DECEMBER 2003 | 192 | 70 | 262 |

Changes in other intangible assets (gross value):

| (in million euros) | Acquired intangibles | Other identifiable intangible assets | Total |
|--|----------------------|--------------------------------------|------------|
| 31 December 2002 | 253 | 189 | 442 |
| Acquisitions | 21 | 23 | 44 |
| Disposals | (1) | (7) | (8) |
| Translation differences | (1) | (7) | (8) |
| Changes in consolidation scope and transfers | (1) | (20) | (21) |
| 31 DECEMBER 2003 | 271 | 178 | 449 |

Changes in depreciation, amortisation and provisions for other intangible assets:

| (in million euros) | Acquired intangibles | Other identifiable intangible assets | Total |
|--|----------------------|--------------------------------------|------------|
| 31 December 2002 | 65 | 103 | 168 |
| Depreciation, amortisation and provisions | 14 | 24 | 38 |
| Reversals for disposals | 0 | (6) | (6) |
| Translation differences | 0 | (1) | (1) |
| Changes in consolidation scope and transfers | 0 | (12) | (12) |
| 31 DECEMBER 2003 | 79 | 108 | 187 |

NOTE 7 Fixed assets

Net fixed assets are as follows:

| | Land | Buildings and improvements | Technical facilities and equipment | Other fixed assets | Total |
|--|--------------|----------------------------|------------------------------------|--------------------|--------------|
| (in million euros) | | | | | |
| 31 December 2002 | 2,074 | 4,239 | 561 | 885 | 7,759 |
| 31 DECEMBER 2003 | 2,082 | 4,154 | 561 | 778 | 7,575 |
| Of which fixed assets held under finance lease arrangements as of 31 December 2003 | 127 | 267 | 0 | 3 | 397 |

It should be noted that the Group revalued its fixed assets in 1996.

Changes in fixed assets (gross value):

| | Land | Buildings and improvements | Technical facilities and equipment | Other fixed assets ⁽¹⁾ | Total |
|--------------------------------|--------------|----------------------------|------------------------------------|-----------------------------------|---------------|
| (in million euros) | | | | | |
| 31 December 2002 | 2,160 | 6,374 | 1,457 | 1,434 | 11,425 |
| Acquisitions | 89 | 375 | 177 | 310 | 951 |
| Disposals | (22) | (103) | (54) | (43) | (222) |
| Changes in consolidation scope | (41) | (160) | (50) | (6) | (257) |
| Translation differences | (38) | (117) | (33) | (43) | (231) |
| Other changes ⁽²⁾ | 12 | 245 | 23 | (279) | 1 |
| 31 DECEMBER 2003 | 2,160 | 6,614 | 1,520 | 1,373 | 11,667 |

(1) Other fixed assets include construction in process, advances and deposits made for a total amount of M€ 428 as of 31 December 2003.

(2) Other changes mainly comprise inter-category transfers and reclassifications.

Changes in depreciation, amortisation and provisions for fixed assets:

| | Land | Buildings and improvements | Technical facilities and equipment | Other fixed assets | Total |
|---|-----------|----------------------------|------------------------------------|--------------------|--------------|
| (in million euros) | | | | | |
| 31 December 2002 | 86 | 2,135 | 896 | 549 | 3,666 |
| Depreciation, amortisation and provisions | 8 | 475 | 144 | 107 | 734 |
| Reversals for disposals | (13) | (116) | (48) | (34) | (211) |
| Changes in consolidation scope | (1) | (27) | (21) | (8) | (57) |
| Translation differences | (2) | (21) | (11) | (9) | (43) |
| Other changes and transfers | 0 | 14 | (1) | (10) | 3 |
| 31 DECEMBER 2003 | 78 | 2,460 | 959 | 595 | 4,092 |

Reversals for disposals include the reversal of depreciation for fixed assets in Mexico and the United States for amounts of M€ 44 and M€ 5 respectively. The accumulative depreciation for fixed assets in Argentina amounted to M€ 26 at 31 December 2003, compared with M€ 25 at 31 December 2002.

NOTE 8 Long-term investments and investments in affiliates**Long-term investments**

Net long-term investments are as follows:

| | Investments in non-consolidated companies | Other long-term investments | Financial receivables | Total |
|---------------------------|---|-----------------------------|-----------------------|------------|
| (in million euros) | | | | |
| 31 December 2002 | 73 | 11 | 128 | 212 |
| 31 DECEMBER 2003 | 59 | 14 | 117 | 190 |

Changes in long-term investments (gross value):

| | Investments in non-consolidated companies | Other long-term investments | Financial receivables | Total |
|--------------------------------|---|-----------------------------|-----------------------|------------|
| (in million euros) | | | | |
| 31 December 2002 | 78 | 13 | 136 | 227 |
| Acquisitions | 10 | 3 | 36 | 49 |
| Disposals/Repayments | (8) | 0 | (26) | (34) |
| Changes in consolidation scope | (9) | 0 | (12) | (21) |
| Translation differences | (2) | 0 | (4) | (6) |
| 31 DECEMBER 2003 | 69 | 16 | 130 | 215 |

Investments in non-consolidated companies include immaterial investments of the Group and investments in companies over which the Group does not have exclusive control or significant influence. Financial receivables essentially comprise guarantee deposits. Receivables from proportionately consolidated companies amount to M€ 7

Investments in affiliates

Changes in investments in affiliates are analysed as follows:

| (in million euros) | Total |
|--------------------------------|------------|
| 31 December 2002 | 73 |
| Changes in consolidation scope | 65 |
| 31 DECEMBER 2003 | 138 |

Investments in affiliates correspond to companies where the Group has exclusive control but the affiliates do not have a material effect on the Group's net equity or income, or where the Group exercises significant influence.

Changes in consolidation scope essentially comprise:

- M€ 93: investments in real-estate companies in Mexico, recorded as assets at their consolidated net book values at 28 February 2003;
- (M€ 23): 49% write off of the investments in real-estate companies accounted for under the equity method, following the proportionately consolidation of Gallerie Commerciali Italia S.p.a. in 2003.

NOTE 9 Inventories

| (in million euros) | 2003 | 2002 |
|--------------------|--------------|--------------|
| Gross value | 2,549 | 2,477 |
| Allowances | (63) | (65) |
| NET VALUE | 2,486 | 2,412 |

This item essentially comprises merchandise inventories.

NOTE 10 Customers loans – banking activity

This item reflects exclusively trade receivables held by Banque Accord and its subsidiaries. It includes personal loans, outstanding balances under revolving credit facilities and deferred payment facilities for Accord credit cards.

The balance is as follows:

| (in million euros) | 2003 | 2002 |
|--------------------|--------------|--------------|
| Gross value | 1,268 | 1,091 |
| Provision | (122) | (108) |
| NET VALUE | 1,146 | 983 |

The increase in this item is consistent with the increase in the volume of sales paid by Accord cards.

NOTE 11 Other accounts receivable and other assets

| (in million euros) | 2003 | 2002 |
|----------------------------|--------------|--------------|
| Other receivables | 1,797 | 1,679 |
| Deferred expenses | 45 | 42 |
| Prepaid expenses | 81 | 70 |
| Total – Gross value | 1,923 | 1,791 |
| Allowances | (74) | (78) |
| TOTAL – NET VALUE | 1,849 | 1,713 |

Other receivables essentially comprise tax and social security receivables, and deferred income from suppliers.

Total receivables on proportionately consolidated companies amount to M€ 49.

NOTE 12 Receivables schedule (net value)

| (in million euros) | Less than one year | 1 to 5 years | Over 5 years | Total |
|--|--------------------|--------------|--------------|--------------|
| Financial receivables | 37 | 38 | 42 | 117 |
| Trade accounts receivable | 348 | 2 | 0 | 350 |
| Customer loans | 755 | 383 | 8 | 1,146 |
| Other accounts receivable and other assets | 1,755 | 81 | 13 | 1,849 |
| TOTAL AS OF 31 DECEMBER 2003 | 2,895 | 504 | 63 | 3,462 |

NOTE 13 Cash and marketable securities

Marketable securities are analysed as follows:

| (in million euros) | 2003 | 2002 |
|--|------------|------------|
| Investments in unlisted securities | 123 | 132 |
| Investments in listed securities (money market mutual funds) | 219 | 147 |
| TOTAL | 342 | 279 |

Investments in listed securities are recorded at quoted market prices at 31 December.

Cash reported in the consolidated statement of cash flows is as follows:

| (in million euros) | 2003 | 2002 |
|-------------------------------|------------|------------|
| Marketable securities | 342 | 279 |
| Cash | 841 | 849 |
| Bank overdrafts (see Note 17) | (539) | (640) |
| TOTAL | 644 | 488 |

NOTE 14 Shareholders' equity and minority interests

Total shareholders' equity is as follows:

| (in million euros) | 2003 | 2002 |
|---|--------------|--------------|
| Share capital | 580 | 579 |
| Share premium | 1,238 | 1,231 |
| Revaluation reserve | 1,067 | 1,067 |
| Foreign currency translation adjustment | (275) | (163) |
| Retained earnings, prior years | 736 | 531 |
| Net income, current year | 575 | 292 |
| Shareholders' equity – Group share (before subordinated notes) | 3,921 | 3,537 |
| Perpetual subordinated floating rate notes | 381 | 381 |
| Shareholders' equity – Group share | 4,302 | 3,918 |
| Minority interests | 160 | 181 |
| TOTAL | 4,462 | 4,099 |

Share capital

As of 31 December 2003, registered capital amounted to € 579,867,200, represented by 28,993,360 ordinary shares with a par value of € 20, fully paid up.

No material dilutive instruments exist.

Changes in shareholders' equity

Changes in shareholders' equity – Group share are as follows:

| (in million euros) | Share capital | Share premium | Revaluation reserve | Foreign currency translation adjustment | Retained earnings and income | Perpetual subordinated floating rate notes | Shareholders' equity- Group share 2003 | Shareholders' equity- Group share 2002 |
|---|---------------|---------------|---------------------|---|------------------------------|--|--|--|
| Opening balance before allocation | 579 | 1,231 | 1,067 | (163) | 823 | 381 | 3,918 | 3,927 |
| Capital increases | 1 | 7 | | | | | 8 | 433 |
| Net income | | | | | 575 | | 575 | 292 |
| Dividends ⁽¹⁾ | | | | | (90) | | (90) | (610) |
| Changes in foreign currency translation adjustment ⁽²⁾ | | | | (107) | | | (107) | (125) |
| Changes in revaluation reserve | | | | | | | 0 | 0 |
| Other changes | | | | (5) | 3 | | (2) | 1 |
| CLOSING BALANCE | 580 | 1,238 | 1,067 | (275) | 1,311 | 381 | 4,302 | 3,918 |

(1) The dividend payment of M€ 610 for 2002 was made partly in cash for M€ 183, and in shares for M€ 427.

(2) Changes in foreign currency translation adjustment essentially include depreciation of the Polish zloty (M€ 53), Hungarian forint (M€ 20), Chinese yuan (M€ 19) and Mexican peso (M€ 10 up to 28 February 2003, the deconsolidation date for the Mexican real-estate companies). Accumulative translation adjustments for Argentina amount to M€ (75).

Changes in minority interests

Changes in minority interests are analysed as follows:

| (in million euros) | 2003 | 2002 |
|--|------------|------------|
| Minority interests, opening balance | 181 | 340 |
| Dividends | (8) | (13) |
| Net income | 13 | 11 |
| Changes in foreign currency translation adjustment | (5) | (9) |
| Capital increases | 5 | 8 |
| Changes in consolidation scope and ownership interests | (27) | (155) |
| Other changes | 1 | (1) |
| MINORITY INTERESTS, CLOSING BALANCE | 160 | 181 |

Minority interests essentially comprise minority interests in ISMS and its subsidiaries, Atac and Sabeco, and subsidiaries in Taiwan and mainland China.

Changes in consolidation scope and ownership interests principally include the acquisition of minority interests in La Rinascente

Other equity

In 1997, ImmoFinances, a 66%-held subsidiary of Immochan, issued M€ 381 in perpetual subordinated floating rate notes, with attached subscription rights to purchase shares in ImmoFinances under certain circumstances. The maturity date for the subordinated notes is not stated, as it is tied by agreement to the liquidation of ImmoFinances, after all other creditors have been reimbursed. Interest paid on the subordinated notes are based on the Euribor rate.

NOTE 15 Deferred taxes

15.1 Analysis by nature

| (in million euros) | Assets | | Liabilities | |
|----------------------------------|-----------|-----------|-------------|------------|
| | 2003 | 2002 | 2003 | 2002 |
| • On revaluation of fixed assets | 0 | 0 | 361 | 375 |
| • On fair value adjustments | 2 | 1 | 158 | 165 |
| • On timing differences | 79 | 36 | 115 | 144 |
| – Non-tax deductible provisions | 5 | 6 | (63) | (51) |
| – Fixed assets and depreciation | 63 | 24 | 79 | 85 |
| – Finance leases | (6) | 0 | 23 | 32 |
| – Tax-regulated provisions | (1) | 0 | 33 | 36 |
| – Other | 18 | 6 | 43 | 42 |
| • On losses carried forward | 4 | 5 | 0 | 0 |
| TOTAL | 85 | 42 | 634 | 684 |

15.2 Deferred tax assets not capitalised

Where companies have incurred recent losses, deferred tax assets are only capitalised to the amount of existing deferred tax liabilities. Some deferred tax assets to an amount of M€ 75, corresponding to tax loss carry-forwards and other timing differences are not recognised given the unlikelihood of their realisation.

Their maturities are as follows:

| (in million euros) | 2003 |
|-------------------------------------|-----------|
| Maturity between 2004 and 2008 | 41 |
| Maturity between 2009 and 2013 | 12 |
| After 2013 | 22 |
| TOTAL AS OF 31 DECEMBER 2003 | 75 |

15.3 Changes in deferred taxes

| (in million euros) | 2003 | 2002 | Change |
|--|--------------|--------------|-----------|
| Deferred tax assets | 85 | 42 | 43 |
| Deferred tax liabilities | (634) | (684) | 50 |
| NET DEFERRED TAX LIABILITIES (deferred tax income: see Note 24) | (549) | (642) | 93 |

NOTE 16 Provisions for contingencies and charges

16.1 Analysis by nature

| (in million euros) | 2003 | 2002 |
|-------------------------------|------------|------------|
| Tax liabilities (see Note 23) | 66 | 162 |
| Other disputes | 123 | 97 |
| Provisions for major repairs | 58 | 79 |
| Provisions for warranties | 27 | 28 |
| Other | 47 | 63 |
| TOTAL | 321 | 429 |

16.2 Changes

| (in million euros) | Ordinary | Financial | Excep- tional | Total |
|--|------------|-----------|------------------|------------|
| 31 December 2002 | 243 | 2 | 184 | 429 |
| Accruals | 98 | 1 | 47 | 146 |
| Reversal of provisions utilised | (58) | 0 | (52) | (110) |
| Reversal of provisions no longer required or reconstituted | (47) | 0 | (94) | (141) |
| Changes in consolidation scope | 1 | 0 | 0 | 1 |
| Other changes and transfers | (25) | 0 | 21 | (4) |
| 31 DECEMBER 2003 | 212 | 3 | 106 | 321 |

Reversals of provisions no longer required mainly correspond to risks and disputes settled, to the extent such provisions exceeded the actual expenses.

Analysis of loans and other financial debts

Bond issues:

| | Currency | Rate ⁽¹⁾ | Amount (M€) | Tenor | Due date |
|---|----------|------------------------------|-------------|--------------|---------------|
| 2003 bonds (EMTN programme) Auchan SA 2003-2008 | EUR | Fixed rate 3.50% | 750 | 5 years | July-08 |
| 2003 bonds (EMTN programme) Banque Accord 2003-2005 | EUR | Floating rate REO7 +0.21% | 150 | 2 years | September-05 |
| 2003 private placements notes (EMTN programme) Auchan SA | EUR | Floating rate E3R +0.14% | 50 | 3 years | October-06 |
| French medium-term notes Banque Accord | EUR | Floating rate | 37 | Max. 3 years | Max. April-06 |
| TOTAL | | | 987 | | |

(1) Fixed rate transactions are generally swapped on issue into floating rate. The interest rate exposure is managed by macro-hedging.

Loans and other financial debts from banks and financial institutions:

| | Currency | Rate ⁽¹⁾ | Amount (M€) | Due date |
|---|----------|---------------------|--------------|----------|
| Bank term loan | EUR | Fixed rate | 322 | Nov-05 |
| Bank term loan | EUR | Fixed rate | 203 | May-08 |
| Bank term loan | EUR | Floating rate | 111 | Sept-04 |
| Bank term loan | EUR | Fixed rate | 152 | May-08 |
| Bank term loan | EUR | Fixed rate | 58 | Oct-07 |
| Bank credit facilities | EUR | Floating rate | 125 | June-05 |
| Bank credit facilities | EUR | Floating rate | 96 | Apr-06 |
| Bank credit facilities | EUR | Floating rate | 50 | Aug-04 |
| Bank credit facilities | EUR | Floating rate | 62 | Nov-06 |
| Bank credit facilities | EUR | Floating rate | 54 | Dec-04 |
| Bank credit facilities | EUR | Floating rate | 99 | Dec-04 |
| Other term loans and credit facilities ⁽²⁾ | | | 611 | |
| TOTAL | | | 1,943 | |

(1) Fixed rate transactions are generally swapped on issue into floating rate. The interest rate exposure is managed by macro-hedging.

(2) "Other term loans and credit facilities" comprise a large volume of term loans and credit facilities, for which individual amounts are less than M€ 50 each.

16.3 Maturities

| (in million euros) | 2003 | 2002 |
|--------------------|------------|------------|
| Over one year | 120 | 228 |
| Less than one year | 201 | 201 |
| TOTAL | 321 | 429 |

NOTE 17 Loans and other financial debts

| (in million euros) | 2003 | 2002 |
|---|--------------|--------------|
| Bonds | 987 | 0 |
| Loans and other financial debts from banks and financial institutions | 1,943 | 3,754 |
| Finance leases | 192 | 231 |
| Other financial debts and accrued interests | 788 | 141 |
| Bank overdraft | 539 | 640 |
| TOTAL | 4,449 | 4,766 |

The funding of customer loans from banking activity amounts to M€ 989.

Other financial debts:

| | Currency | Amount (M€) | Tenor | Due date |
|--|----------|-------------|----------------------|----------|
| Auchan Finances French commercial paper issue | EUR | 500 | Maximum 2 months | |
| Banque Accord French deposit certificate issue | EUR | 145 | Maximum 6 months | |
| Securitization | EUR | 57 | Monthly renewable | July-08 |
| Other financial debts and accrued interests | | 86 | | |
| TOTAL | | 788 | | |

The amount of long-and medium-term credit facilities obtained and confirmed by the banks but undrawn as of 31 December 2003 is given in Note 26 C.4.

The maturities of loans and other financial debts as of 31 December 2003 are as follows:

| (in million euros) | Less than one year | 1 to 5 years | Over 5 years | Total |
|---|--------------------|--------------|--------------|--------------|
| Bonds | 0 | 987 | 0 | 987 |
| Loans and other financial debts from banks and financial institutions | 567 | 1,291 | 85 | 1,943 |
| Finance leases | 54 | 83 | 55 | 192 |
| Other financial debts and accrued interests | 722 | 52 | 14 | 788 |
| Bank overdraft | 521 | 18 | 0 | 539 |
| TOTAL | 1,864 | 2,431 | 154 | 4,449 |

Debt covenants

The loan agreements for the medium- and long-term bank borrowings include the usual undertaking and default clauses for this kind of funding, including pari-passu, negative pledge, limitations on substantial asset disposals, cross-default clauses and material adverse changes.

The Auchan SA and Banque Accord Euro Medium Term Note (EMTN) programme to which part of the bonds are issued, include a negative pledge and a cross-default clause.

No debt includes covenants or default clauses applicable in the event of a downgrade of the Group's debt rating.

Only medium- and long-term bank borrowings include an Event of Default clause if any one of the following ratios is not met at closing date:

- Consolidated net financial debt⁽¹⁾/Consolidated shareholders' equity < 1.2.
- Consolidated net financial debt⁽¹⁾/Consolidated EBITDA < 3.

The Group was in compliance with these ratios as at 31 December 2003.

It should be noted that Gallerie Commerciali Italia (held by La Rinascente (51%) and Simon Property Group (49%)), has specific financial covenants for its funding considering the real-estate nature of its business activity.

(1) Net financial debt reported in the balance sheet less customer loans from banking activity.

NOTE 18 Trade accounts payable, debts relating to fixed assets, other payables and accrued liabilities

| (in million euros) | 2003 | 2002 |
|-------------------------------------|--------------|--------------|
| Trade accounts payable: | | |
| Trade accounts, merchandise | 4,978 | 5,001 |
| Trade accounts, general expenses | 475 | 455 |
| Other operating liabilities: | | |
| Tax and social security liabilities | 1,538 | 1,420 |
| Other operating liabilities | 206 | 164 |
| Other liabilities: | | |
| Debts relating to fixed assets | 381 | 448 |
| Income tax liabilities | 163 | 0 |
| Other payables | 16 | 35 |
| Accrued liabilities: | | |
| Deferred income | 132 | 130 |
| TOTAL | 7,889 | 7,653 |

Trade accounts payable, debts relating to fixed assets, other payables and accrued liabilities include M€ 7 for proportionately consolidated companies.

Repayments schedule:

| (in million euros) | Less than one year | 1 to 5 years | Over 5 years | Total |
|-------------------------------------|--------------------|--------------|--------------|--------------|
| Trade accounts payable | 5,444 | 4 | 5 | 5,453 |
| Tax and social security liabilities | 1,414 | 0 | 124 | 1,538 |
| Other operating liabilities | 201 | 0 | 5 | 206 |
| Debts relating to fixed assets | 350 | 31 | 0 | 381 |
| Income tax liabilities | 160 | 3 | 0 | 163 |
| Other payables | 16 | 0 | 0 | 16 |
| Deferred income | 79 | 27 | 26 | 132 |
| TOTAL AS OF 31 DECEMBER 2003 | 7,664 | 65 | 160 | 7,889 |

NOTE 19 Cost of sales

| (in million euros) | 2003 | 2002 |
|--|---------------|---------------|
| Opening inventories ⁽¹⁾ | 2,432 | 2,145 |
| Purchases net of rebates, services received from suppliers and related costs | 21,882 | 21,203 |
| Closing inventories | (2,549) | (2,477) |
| COST OF SALES | 21,765 | 20,871 |

(1) Opening inventories differ from closing inventories as of 31 December 2002 due to exchange rate fluctuations and changes in consolidation scope.

NOTE 20 General and administrative expenses

| (in million euros) | 2003 | 2002 |
|--|--------------|--------------|
| Salaries, wages and profit-sharing expenses ⁽¹⁾ | 3,388 | 3,254 |
| Other overheads ⁽¹⁾ | 2,011 | 2,027 |
| TOTAL | 5,399 | 5,281 |

(1) Net of rebilling and transferred expenses.

NOTE 21 Depreciation, amortisation and provisions

| (in million euros) | 2003 | 2002 |
|---|------------|------------|
| Fixed asset depreciation and amortisation, net of reversals | 754 | 722 |
| Allowances, net of reversals ⁽¹⁾ | 3 | (43) |
| TOTAL | 757 | 679 |

(1) A revision of estimates of provisions for major repairs in 2002 led to a reversal of provision amounting to M€ 46.

NOTE 22 Financial income and expenses

| (in million euros) | 2003 | 2002 |
|--|--------------|--------------|
| Cash discounts obtained | 30 | 30 |
| Foreign exchange gains (losses) | (18) | (22) |
| Net cost of debt | (139) | (162) |
| Other investment income | 1 | 1 |
| Income (losses) from joint activities | (1) | 0 |
| Allowances net of reversals | (8) | (1) |
| NET FINANCIAL INCOME (EXPENSES) | (135) | (154) |

The increase of M€ 19 in net financial result compared with 2002 is principally due to a decrease in interest rates (M€ 25 gain).

NOTE 24 Income taxes

Breakdown by type of income:

| (in million euros) | Tax benefit (expense) | | | |
|---|-----------------------|--------------|----------------|--------------|
| | On 2003 income | | On 2002 income | |
| | Ordinary | Exceptional | Ordinary | Exceptional |
| Current taxes | (389) | (50) | (282) | (9) |
| Deferred taxes | 12 | 81 | (52) | 44 |
| Tax benefit/(expense) by type of income | (377) | 31 | (334) | 35 |
| TAX BENEFIT/(EXPENSE) | | (346) | | (299) |

The deferred tax benefit of M€ 93 in 2003 mainly corresponds to the following:

- Consequences of the tax audits in France,
- Restatement of tax on capital gains contribution of the shopping centres to Gallerie Commerciali Italia S.p.a.

Tax analysis:

The effective tax rate resulting from the ratio between the tax charge and the pre-tax profit before amortisation of goodwill was 30.3% in 2003, compared with 40.8% in 2002.

The difference between the theoretical tax charge calculated at the current rate in France and the actual tax charge is detailed below:

| (in million euros) | Ordinary income | Exceptional income | Net income |
|--|-----------------|--------------------|----------------|
| Consolidated income before taxes and amortisation of goodwill | 998 | 145 | 1,143 |
| <i>Theoretical tax rate (current tax rate in France)</i> | <i>35.43 %</i> | <i>35.43 %</i> | <i>35.43 %</i> |
| Theoretical tax charge | (354) | (51) | (405) |
| Differences in tax rates for foreign companies | (1) | (2) | (3) |
| Tax reductions, tax credits and taxation at reduced rates | 8 | 9 | 17 |
| Unrecorded benefit on tax losses for the year | (19) | – | (19) |
| Use of previously unrecorded tax losses carried forward | 10 | 11 | 21 |
| Capitalisation of previous tax losses | 4 | – | 4 |
| Non-taxable items/Unrecorded deferred taxes ⁽¹⁾ | (39) | 66 | 27 |
| Tax savings generated by tax consolidation | 8 | 2 | 10 |
| Tax impact of elimination of allowances for investments and current accounts | 12 | (4) | 8 |
| Other changes | (6) | – | (6) |
| ACTUAL TAX CHARGE (TAX DUE AND DEFERRED TAX) | (377) | 31 | (346) |
| <i>Effective tax rate</i> | <i>37.8 %</i> | <i>(21.4 %)</i> | <i>30.3 %</i> |

(1) The reversals of provisions for tax audits and for depreciation of assets in the United States and Mexico are not taxed.

NOTE 23 Exceptional income and expenses

The main items are as follows:

| (in million euros) | 2003 | 2002 |
|--|------------|--------------|
| Tax audits ⁽¹⁾ | 78 | (192) |
| Reversal of provision for litigation in France no longer required | 6 | 43 |
| Depreciation of assets in Argentina | 0 | (5) |
| Other depreciation of assets | (19) | (9) |
| Disposal of activities in Mexico, net of reversals | 17 | (20) |
| Termination of activities in the United States, net of reversals | 7 | (11) |
| Foreign exchange translation adjustment in shareholders' equity in US and Mexican subsidiaries | 0 | (21) |
| Net gains on disposals of assets ⁽²⁾ | 52 | 54 |
| Other expenses/income | 4 | (15) |
| TOTAL | 145 | (176) |

(1) Provisions and liabilities accrued for tax audits in France as at 31 December 2002 were no longer required based on conclusion of the tax audits in 2003, for an amount of M€ 87.

(2) Including M€ 43 for the pre-tax capital gain on disposal of the Italian shopping centres in 2003.

NOTE 25 Information by market segment

Analysis by geographical area

The three most important geographical areas are:

- France.
- Europe (excluding France but including Russia).
- Other countries.

| (in million euros) | 2003 | | | | 2002 | | | |
|--|--------|--------|-----------------|--------|--------|--------|-----------------|--------|
| | France | Europe | Other countries | Total | France | Europe | Other countries | Total |
| Intangible assets and goodwill | | | | | | | | |
| Gross value | 2,518 | 1,235 | 334 | 4,087 | 2,494 | 1,300 | 330 | 4,124 |
| Net value | 1,619 | 844 | 290 | 2,753 | 1,722 | 983 | 299 | 3,004 |
| Fixed assets | | | | | | | | |
| Gross value | 5,686 | 5,503 | 478 | 11,667 | 5,391 | 5,392 | 642 | 11,425 |
| Net value | 3,660 | 3,588 | 327 | 7,575 | 3,640 | 3,702 | 417 | 7,759 |
| Sales, net of value-added taxes | 17,913 | 9,379 | 1,414 | 28,706 | 17,394 | 8,470 | 1,698 | 27,562 |
| Operating income (loss) | 915 | 198 | 20 | 1,133 | 846 | 210 | 7 | 1,063 |

The reduction in tangible assets and sales for other countries takes account of negative foreign currency translation adjustments, the disposal of activities in Mexico and the termination of activities in the United States.

Analysis by business segment

Auchan's main business is retail distribution.

The only Auchan subsidiaries operating other types of business are the finance companies Banque Accord and its subsidiaries, Crédiplus (Portugal), Accord España, Accord Polska, Accord Italia and Accord Magyar (Hungary).

The summarised consolidated financial statements of Banque Accord are shown below for the year ended 31 December 2003. These financial statements have been prepared in accordance with regulation n° 99-07 of the "Comité de la Réglementation Bancaire".

Balance sheet

| (in million euros) | Assets | | Liabilities | |
|---|--------------|--------------|--------------|--------------|
| | 2003 | 2002 | 2003 | 2002 |
| Cash and inter-bank transactions | 12 | 4 | 304 | 490 |
| Customer accounts | 967 | 819 | 195 | 190 |
| Other financial accounts | 38 | 6 | 486 | 127 |
| Fixed assets | 4 | 4 | | |
| Other assets, liabilities and accruals ⁽¹⁾ | 203 | 181 | 86 | 76 |
| Provisions, long-term capital and assimilated items | | | 153 | 131 |
| TOTAL | 1,224 | 1,014 | 1,224 | 1,014 |

(1) Including customer loans in course of collection

Income statement

| (in million euros) | 2003 | 2002 | 2002 |
|---|-----------|-------------------------|-----------|
| | | Proforma ⁽¹⁾ | |
| Net operating margin from banking operations ⁽²⁾ | 138 | 132 | 145 |
| Operating expenses | (80) | (78) | (91) |
| Allowances for depreciation and provisions on fixed assets | (2) | (2) | (2) |
| Gross operating income | 56 | 52 | 52 |
| Risk exposure cost | (25) | (28) | (28) |
| Net operating income | 31 | 24 | 24 |
| Exceptional income (expenses) | (1) | – | – |
| Income taxes | (11) | (9) | (9) |
| Allowances/reversals of tax-regulated provisions | – | – | – |
| NET INCOME | 19 | 15 | 15 |

(1) Proforma for 2002 applying the reporting methods used in 2003.

(2) Operating income from banking operations (incorporated in Auchan Group sales) less banking operating expenses.

NOTE 26 Other information

A - Remuneration of company directors

Details of the remuneration of company directors are not disclosed.

B - Employees

The average number of staff employed by consolidated companies, calculated on a full-time equivalent basis, numbered 155,834 in 2003 (including 100% of employees of proportionately consolidated companies), compared with a figure of 142,956 for 2002.

This increase of approximately 13,000 was the result of the creation of new stores outside France.

The increase in staff numbers in France was small. The breakdown by category is as follows:

| (in million euros) | 2003 | 2002 |
|----------------------------|---------------|---------------|
| Executives and supervisors | 10,829 | 10,632 |
| Other employees | 57,736 | 57,501 |
| TOTAL | 68,565 | 68,133 |

C - Commitments and contingencies

(Commitments and contingencies of proportionately consolidated companies are proportionalised. These commitments were reported on a 100% basis in 2002).

Commitments and contingencies as of 31 December 2003 are as follows, in million euros:

C.1. Commitments given

| | |
|---|-------|
| Customer funding commitments ⁽¹⁾ | 2,498 |
| Guarantees | 92 |
| Land and property purchase options | 276 |
| Conditional purchase of future fixed assets | 388 |
| Shares purchase commitments | 79 |
| Property leases | 956 |
| Other leases | 14 |
| Other | 90 |

(1) This amount corresponds to unused lines of credit granted by Banque Accord and its subsidiaries in regard to cards with current activity during the last two years. The unused lines of credit relating to cards inactive for more than two years amount to M€ 3,507.

C.2. Secured liabilities

| | |
|---------------------------|-----|
| Debt guarantees | 543 |
| Securitized debts | 187 |
| Standby letters of credit | 43 |

C.3. Commitments received

| | |
|---------------------|-----|
| Secured receivables | 128 |
| Guarantees | 67 |
| Other | 50 |

C.4. Long-and medium-term lines of credit obtained and confirmed by the banks, but not used as of 31 December 2003

| | |
|--------------------|--------------|
| Less than one year | 301 |
| One to five years | 2,779 |
| Over five years | 0 |
| TOTAL | 3,080 |

C.5. Share call and put options

Some of our partners hold put options to sell the shares they hold to Auchan or one of its subsidiaries, at market price as from 2010. The long-term maturities and uncertainty regarding corresponding amounts make it impossible to measure these commitments. La Rinascente commitments in regard to share call options amount to M€ 97.

D- Forward financial instruments

D.1. Maturities for interest rate derivative instruments

| (in million euros) | TOTAL | 2004 | 2005 | 2006 | 2007 | 2008 |
|---|--------------|--------------|--------------|--------------|------------|----------------|
| SWAPS | | | | | | |
| Fixed rate (payer) | 3,294 | 1,344 | 1,240 | 709 | 1 | 0 |
| SWAPS | | | | | | |
| Floating rate (payer) | (2,887) | (1,439) | (334) | (7) | (7) | (1,100) |
| OPTION SWAPS | | | | | | |
| Fixed rate (payer) | 270 | 100 | 170 | 0 | 0 | 0 |
| CAPS PURCHASES | 3,086 | 830 | 830 | 1,426 | 0 | 0 |
| CAPS SALES | (19) | (19) | 0 | 0 | 0 | 0 |
| COLLARS PURCHASES | 2,400 | 1,610 | 790 | 0 | 0 | 0 |
| TOTAL HEDGING TRANSACTIONS⁽¹⁾ | 6,144 | 2,426 | 2,696 | 2,128 | (6) | (1,100) |
| BASIS SWAPS ⁽²⁾ | 760 | 572 | 30 | 158 | 0 | 0 |
| TOTAL INTEREST RATE HEDGING TRANSACTIONS | 6,904 | 2,998 | 2,726 | 2,286 | (6) | (1,100) |

(1) The hedging transactions are used for the sole purpose of reducing Group exposure to interest rate fluctuations for its debt, which is almost entirely comprised of floating rate debt.

(2) The purpose of basis swaps is to improve the consistency of the benchmark interest rates to which financing is pegged.

D.2. Exposure to currency risk

Derivative currency instruments held as of 31 December 2003 are intended to hedge the exposure to currency risk associated with financial liabilities and commercial transactions in process on closing. The latter principally concern merchandise imports denominated in foreign currencies. Nominal values for commitments for each of the principal currencies are as follows:

| (in million euros) | US Dollar | Polish zloty | Hungarian forint | Japanese yen | Total |
|---------------------|------------|--------------|------------------|--------------|--------------|
| Purchaser | | | | | |
| Forward contract | 20 | | | | 20 |
| Currency swap | 180 | | | 25 | 205 |
| Option | 28 | | | | 28 |
| Seller | | | | | |
| Currency swap | (36) | (128) | (151) | (25) | (340) |
| Option | (47) | | | | (47) |
| NET POSITION | 145 | (128) | (151) | 0 | (134) |

D.3. Management of interest rate and currency risks

The Group has set up an internal organisation to manage liquidity, interest rate and currency risks on a centralised basis. Transactions in the derivative instrument markets are solely conducted for hedging purposes. Information about currency transactions are provided in the schedule of Note 26 D.2.

D.4. Market value of derivative instruments compared with balance sheet value

Differences between market value as at 31 December 2003 and balance sheet value are as follows:

| | |
|---|-----------|
| • Interest rate derivative instruments: | (M€ 27.3) |
| • Currency rate derivative instruments: | M€ 11.6 |
| | (M€ 15.7) |

E- List of companies included in the consolidated financial statements as of 31 December 2003

Some companies are not included in this list for confidential reasons.

a) Fully consolidated companies

| FRENCH COMPANIES | TRADE REGISTER No. | % INTEREST | % CONTROL |
|--|--------------------------|------------|----------------|
| Auchan sa | Roubaix B 476.180.625 | | Parent company |
| HYPERMARKETS | | | |
| Auchan France | Roubaix B 410.409.460 | 100 | 100 |
| Auchan Assurance | Roubaix B 422.231.100 | 100 | 100 |
| Gie Centrale de Services | Roubaix C 340.143.668 | 100 | 100 |
| Delta Frais | Lyon B 312.706.682 | 100 | 100 |
| Eurauchan | Roubaix B 410.410.260 | 94 | 96 |
| Mondial Travel | Roubaix B 400.669.768 | 100 | 100 |
| Pétroland | Nantes B 379.548.001 | 100 | 100 |
| Pétrovex | Roubaix B 317.007.342 | 100 | 100 |
| Scofel | Tarascon B 312.668.692 | 100 | 100 |
| Tomblaine | Roubaix B 332.640.770 | 99 | 99 |
| Volume Express | Roubaix B 413.175.977 | 100 | 100 |
| La Dauphinoise Ile-de-France | Roubaix B 314.973.439 | 100 | 100 |
| SUPERMARKETS | | | |
| ISMS | Roubaix B 674.801.329 | 90 | 90 |
| Ste Lyonnaise de Dvpt Commercial | Roubaix B 410.410.534 | 90 | 100 |
| ATAC | Roubaix B 410.409.015 | 90 | 100 |
| Pafra | Angoulême B 369.621.900 | 90 | 100 |
| Sci les Chenevières | Angoulême D 341.585.461 | 90 | 100 |
| DMA | Lyon B 552.929.290 | 90 | 100 |
| Frémarc | Roubaix B 342.281.409 | 90 | 100 |
| Lacoba | Angoulême 341.750.149 | 90 | 100 |
| Magma | Versailles B 348.542.242 | 90 | 100 |
| Choldis | Angers B 383.272.226 | 90 | 100 |
| Disvilec | Roubaix B 311.160.758 | 90 | 100 |
| Disvilec Distribution | Roubaix B 398.044.974 | 90 | 100 |
| Sodima | Roubaix B 433.701.554 | 90 | 100 |
| Gie Contact | Vienne C 713.690.022 | 81 | 90 |
| Vilroc | Epinal B 381.381.839 | 90 | 100 |
| La Fourragère | Marseille B 385.348.164 | 90 | 100 |
| Sidispar | Roubaix B 444.413.082 | 90 | 100 |
| Sodipar | Roubaix B 444.410.773 | 90 | 100 |
| Sopadis | Roubaix B 444.410.872 | 90 | 100 |
| Disanto | Nanterre B 326.981.719 | 86 | 95 |
| Pascal SAS | Nanterre B 439.974.502 | 90 | 100 |
| Galdis | Tours B 344.107.735 | 90 | 100 |
| Liguimmo | Roubaix D 344.187.398 | 90 | 100 |
| OTHER ACTIVITIES | | | |
| Immochan and subsidiaries | Roubaix B 969.201.532 | 100 | 100 |
| Immofinances | Roubaix B 384.812.061 | 66 | 66 |
| Auchan Finances | Roubaix B 420.017.006 | 100 | 100 |
| Banque Accord | Roubaix B 546.380.197 | 100 | 100 |
| Auchan Interactive | Roubaix B 413.163.270 | 100 | 100 |
| Auchan Direct | Roubaix B 413.176.033 | 100 | 100 |
| Organisation Internationale des Achats | Roubaix C 421.982.745 | 100 | 100 |

| FRENCH COMPANIES | TRADE REGISTER No. | % INTEREST | % CONTROL |
|--|------------------------|------------|-----------|
| Auchan International Technology | Roubaix C 422.332.312 | 100 | 100 |
| Soparalinéa | Roubaix B 345.127.583 | 85 | 85 |
| Alinéa | Avignon B 345.197.552 | 91 | 95 |
| Socipar | Roubaix B 428.803.654 | 100 | 100 |
| Sogepar | Roubaix B 433.713.963 | 100 | 100 |
| Sodefi et ses filiales | Nanterre B 381.120.179 | 100 | 100 |
| Sipar | Roubaix B 433.513.892 | 95 | 95 |
| Sofiges | Roubaix B 428.803.746 | 100 | 100 |
| FOREIGN COMPANIES | COUNTRY | % INTEREST | % CONTROL |
| Auchan Argentina | Argentina | 100 | 100 |
| Inversiones Auchan Argentina | Argentina | 100 | 100 |
| Argentimo | Argentina | 100 | 100 |
| Auchan International Trading Co. Ltd. | China | 100 | 100 |
| Soparcampo | Spain | 100 | 100 |
| Alcampo | Spain | 100 | 100 |
| Immochan España (Ex Isern Beverly Hills) | Spain | 100 | 100 |
| Auchan España | Spain | 100 | 100 |
| Disteide | Spain | 100 | 100 |
| Zelaira | Spain | 100 | 100 |
| Bri-Hogar | Spain | 100 | 100 |
| Sociedad Hispanica de Desarrollo | Spain | 100 | 100 |
| Centro Fec de Burgo | Spain | 87 | 87 |
| Zenalco | Spain | 100 | 100 |
| Alcampo Direct | Spain | 100 | 100 |
| Sabeco | Spain | 90 | 100 |
| Cesar Augusta | Spain | 90 | 100 |
| Lacanau | Spain | 90 | 100 |
| Sabeko Banaketa | Spain | 90 | 100 |
| Serco Izarra | Spain | 90 | 100 |
| El Astorgano | Spain | 90 | 100 |
| Super Lauko | Spain | 90 | 100 |
| Sabeko Euskadi | Spain | 90 | 100 |
| Auchan Usa | USA | 100 | 100 |
| Docks Usa | USA | 100 | 100 |
| Auchan Holding Usa | USA | 100 | 100 |
| Auchan Magyarország | Hungary | 100 | 100 |
| Deli 2000 | Hungary | 100 | 100 |
| Hyper Immo kft | Hungary | 100 | 100 |
| Accord Magyar | Hungary | 60 | 60 |
| Accord Italia | Italy | 100 | 100 |
| Auchan Japan | Japan | 100 | 100 |
| Auchan Luxembourg | Luxemburg | 100 | 100 |
| Auchan International | Luxemburg | 100 | 100 |
| Auchan Immo. de Kirchberg | Luxemburg | 100 | 100 |
| GIÉ gestion immo. de Kirchberg | Luxemburg | 100 | 100 |
| Galerie de Kirchberg | Luxemburg | 100 | 100 |

| FOREIGN COMPANIES | COUNTRY | % INTEREST | % CONTROL |
|---------------------------------------|-------------|------------|-----------|
| Auchan Sa de Cv | Mexico | 100 | 100 |
| Hipertiendas Europeas (ex C.A.M.) | Mexico | 100 | 100 |
| Hiper Taxquena | Mexico | 100 | 100 |
| Hiper Bulevares | Mexico | 100 | 100 |
| Hiper Sur | Mexico | 100 | 100 |
| Hiper Puebla | Mexico | 100 | 100 |
| Proyecto Comercial Puebla | Mexico | 100 | 100 |
| Auchan Polska | Poland | 100 | 100 |
| Isms Polska | Poland | 90 | 100 |
| Eléa | Poland | 90 | 100 |
| Auchan Portugal | Portugal | 100 | 100 |
| Pão de Acucar | Portugal | 100 | 100 |
| Planco | Portugal | 100 | 100 |
| Flooragest Imobiliaria | Portugal | 100 | 100 |
| Alverca Hipermercados | Portugal | 100 | 100 |
| Auchan Hipermercado Portugal | Portugal | 100 | 100 |
| Companhia Portuguesa de Hipermercados | Portugal | 100 | 100 |
| Resimovel | Portugal | 100 | 100 |
| Multicenco | Portugal | 100 | 100 |
| Sintraparque | Portugal | 100 | 100 |
| Sde Empreendimentos do Carnavial | Portugal | 100 | 100 |
| Mendes E Costa | Portugal | 100 | 100 |
| Omnia Construtora | Portugal | 100 | 100 |
| Dapa | Portugal | 90 | 100 |
| Isenbourg | Portugal | 100 | 100 |
| Auchan Russia OIII AH | Russia | 100 | 100 |
| Stroyinvest Beta | Russia | 100 | 100 |
| Stroyinvest Alpha | Russia | 100 | 100 |
| Draycott OOO | Russia | 100 | 100 |
| Auchan Nedvizhimost | Russia | 100 | 100 |
| Auchan Global Service | Switzerland | 97 | 97 |
| RT Mart International | Taiwan | 61 | 61 |
| AP Logistics Corporation | Taiwan | 55 | 100 |

b) Proportionately consolidated companies

| | COUNTRY | % INTEREST | % CONSO-LIDATION |
|---------------------------------------|---------|------------|------------------|
| Sun Holding Greater China | China | 50 | 50 |
| Auchan China Hong Kong | China | 67 | 67 |
| Auchan Shanghai distribution services | China | 64 | 67 |
| Shanghai Auchan Hypermarkets Co | China | 34 | 67 |
| Suzhou Auchan Hypermarket | China | 44 | 67 |
| Hangzhou Auchan Hypermarkets | China | 44 | 67 |
| Wuxi Immochan Real Estate | China | 48 | 67 |
| Suzhou Ind. Park Immoch. Real Estate | China | 64 | 67 |
| Tianjing Immochan Real Estate | China | 67 | 67 |
| Ningbo Immochan Real Estate | China | 66 | 67 |

| | COUNTRY | % INTEREST | % CONSO-LIDATION |
|--|-------------|------------|------------------|
| Jiading Real Estate | China | 64 | 67 |
| Cheng Du Immochan Real Estate | China | 67 | 67 |
| Concord Champion International | China | 33 | 50 |
| Concord Champion Ltd | China | 33 | 50 |
| Sinostar | China | 33 | 50 |
| Charmlink | China | 33 | 50 |
| Rose Springs Investments | China | 23 | 50 |
| RT Mart Limited Shanghai | China | 20 | 50 |
| People's RT Mart Limited Jinan | China | 21 | 50 |
| RT Mart Consulting | China | 23 | 50 |
| Shenyang Commercial | China | 33 | 50 |
| Shenyang Run-hua | China | 33 | 50 |
| Shenyang Run de Warehouse | China | 33 | 50 |
| Haerbin Warehouse | China | 33 | 50 |
| Wuhan | China | 33 | 50 |
| Tianjing Auchan Hypermarket | China | 44 | 67 |
| Cheng Du Auchan Hypermarket | China | 44 | 67 |
| Beijing Auchan Hypermarket | China | 44 | 67 |
| Shun De Ruenhua Warehouse | China | 33 | 50 |
| Nanjing Real Estate | China | 67 | 67 |
| Boutique Sainsbury | France | 50 | 50 |
| I.R.T.S. | Switzerland | 50 | 50 |
| Eurofind and subsidiaries | Luxemburg | 50 | 50 |
| Including La Rinascente and its subsidiaries | Italy | 50 | 50 |
| Cofarma | Morocco | 49 | 49 |
| Sodigec | Morocco | 49 | 49 |
| Wadis | Morocco | 49 | 49 |
| Sodigec 2 | Morocco | 49 | 49 |
| Wadis 2 | Morocco | 49 | 49 |
| Marjane Rabat Hay Riad | Morocco | 49 | 49 |
| Marjane Menara Marrakech | Morocco | 49 | 49 |
| Marjane Ain Sebaa | Morocco | 49 | 49 |
| Marjane Agadir Founty | Morocco | 49 | 49 |
| Marjane Tanger Madina | Morocco | 49 | 49 |
| Acima | Morocco | 45 | 49 |
| Sodigec 5 | Morocco | 45 | 49 |
| Schiever Polska | Poland | 50 | 50 |
| Accord España | Spain | 51 | 51 |
| Accord Polska | Poland | 51 | 51 |
| Crediplus | Portugal | 51 | 51 |

c) Companies consolidated by the equity method

| | COUNTRY |
|-------------------------------------|---------|
| 12 companies of La Rinascente Group | Italy |

STATUTORY AUDITORS' REPORT

On the consolidated financial statements – For the year ended 31 December 2003

In compliance with the assignment entrusted to us by your Shareholders' annual general meeting, we have audited the accompanying consolidated financial statements of Auchan S.A. for the year ended 31 December 2003.

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

1. Opinion on the consolidated financial statements

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

In our opinion, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and results of the consolidated group of companies in accordance with the accounting rules and principles applicable in France.

2. Justification of our assessments

In accordance with the requirements of article L.225-235 of the Commercial Code relating to the justification of our assessments, introduced by the Financial Security Act of 1st August 2003 and which came into effect for the first time this year, we bring to your attention the following matters:

- Note 3.6 to the financial statements describes the methods to follow up the net book values of goodwill.
- Provisions for litigation are accrued by the Group in accordance with the rules described in Note 3.15 to the financial statements.

As part of our audit, we verified the appropriateness of the above described methods as applied by the Group based on currently available information, and whether the assumptions used and the resulting valuations were reasonable.

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

3. Specific verification

We have also verified the information given in the group management report. We have no matters to report regarding its fair presentation and conformity with the consolidated financial statements..

Paris La Défense and Villeneuve d'Ascq, April 16, 2004

KPMG Audit
Department of KPMG S.A.

Didier de Ménonville
Partner

aCéa

Christophe Segard
Partner



Communication Department - 92, rue Réaumur - 75002 Paris, France
Tel.: + 33 (0)1 58 65 08 08 - Fax: + 33 (0)1 58 65 08 15 - www.auchan.com