ANNUAL FINANCIAL REPORT

AS AT 31 DECEMBER 2016

Key consolidated figures

The 2016 key figures for Casino Group are as follows:

(in € millions)	2015	2016	Change (%)	Organic change [1]
Consolidated net sales	**35 312**	**36 030**	+2,0%	+5,7[2]
Gross margin	**8 497**	**8 666**	+2,0%	
EBITDA[3]	**1 689**	**1 697**	+0,5%	+2,3%
Net depreciation and amortisation	**(692)**	**(663)**	+4,2%	
Trading profit	**997**	**1 034**	+3,8%	+3,8%
Other operating income and expense	**(349)**	**(625)**		
Net financial expense, o/w:	**(581)**	**(359)**	+38,2%	
Net finance costs	**(240)**	**(324)**	-34,8%	
Other financial income and expense, net	**(340)**	**(35)**	+89,7%	
Profit before tax	**67**	**50**	-26,0%	
Income tax expense	**(13)**	**(34)**	n.s.	
Share of profit of equity associates	**57**	**20**	-64,3%	
Net profit from continuing operations	**111**	**36**	-67,8%	
o/w Group share	**(65)**	**33**	n.s.	
Attributable to minority interests	**175**	**2**	-98,7%	
Net profit from discontinued operations	**47**	**2 161**	n.s	
o/w Group share	**21**	**2 645**	n.s	
Attributable to minority interests	**26**	**(484)**	n.s	
Consolidated net profit	**158**	**2 196**	n.s.	
o/w Group share	**(43)**	**2 679**	n.s.	
Attributable to minority interests	**201**	**(482)**	n.s.	
Net underlying profit, Group share[4]	**357**	**341**	-4,6%	

(1) Based on a comparable scope of consolidation and constant exchange rates, excluding the impact of asset disposals (real estate mutual investment funds).
(2) Excluding fuel and calendar effects.
(3) EBITDA = Earnings before Interest, Taxes, Depreciation and Amortisation.
(4) Net underlying profit corresponds to net profit from continuing operations adjusted for the impact of other operating income and expenses, the impact of non-recurring financial items, and non-recurring income tax expense/benefits (see Appendix on page 12).

Significant events of the period

- On **14 January 2016**, the Group indicated that it was reviewing a plan to dispose of its Thailand-listed subsidiary Big C.

- On **7 February 2016**, the Casino Group announced that it had signed a contract to sell its stake in Big C Thailand for €3.1 billion to Thailand-based TCC group.

- On **21 March 2016**, the Group confirmed its deleveraging strategy following Standard & Poor’s decision to downgrade Casino's credit rating to BB+/stable outlook.
  On the same day, the Group announced that it had sold its stake in Big C Thailand, hence enabling a reduction in net financial debt of €3.3 billion, with a capital gain of €2.4 billion.

- On **29 April 2016**, the Casino Group announced that it had sold its stake in Big C Vietnam to the Central group for €1 billion. The Group's debt reduction following this sale represents €4.2 billion.

- On **3 May 2016**, the Casino Group exercised its call option on the €500 million bond convertible in Monoprix shares.

- On **12 May 2016**, on the announcement of the merger between Cnova Brazil and Via Varejo, the Casino Group announced its plan to launch a voluntary tender offer for the ordinary shares of Cnova NV for a price of USD 5.5 per share. On **8 August 2016**, this project was confirmed following the signature of the final agreements governing the merger between Cnova Brazil and Via Varejo.

- On **25 May 2016**, the Casino Group and the Baud family came to a financial agreement to end their legal dispute which had been ongoing since 2007. The agreement also provided that Casino would acquire the family's 50% stake in Geimex, owner of the international rights to the Leader Price brand.

- On **13 June 2016**, Casino group announced the success of its bond buyback offer launched on 10 June, with a total of €537.4 million in bonds from various tranches bought back.

- On **22 August 2016**, Régis Schultz joined Monoprix as Chairman and member of the Executive Committee of the Casino Group.

- On **19 September 2016**, the Conforama and Casino groups announced that they had created a joint central purchasing agency for non-food products. Known as "Mano", this agency will aim to optimise purchases of household appliances for both groups as from 2017.

- On **28 September 2016**, the Casino Group announced the success of its bond redemption offer launched eight days earlier, with a total of €333.3 million in bonds bought back.

- On **23 November 2016**, the Board of Directors of Casino reviewed and approved Brazilian subsidiary CBD's plan to sell Via Varejo.

- On **30 November 2016**, the Casino and Conforama groups stepped up their purchasing partnership by creating "SICA", a shared international purchasing agency that will start operations in 2017.

- On **6 December 2016**, the Casino Group filed a draft public tender offer for Cnova NV shares. On **23 December 2016**, the two groups announced the launch of this operation.

Notes 2 and 3 to the consolidated financial statements disclose the accounting impact of the main events during the fiscal year.

Business report

The comments contained in the Annual Financial Report are based on a comparison of the 2015 continuing activities figures, i.e. restated in accordance with IFRS 5 to take into account the disposal of operations in Asia and the plan to sell Via Varejo.
Organic and same-store changes exclude fuel and calendar effects.

Main changes in the scope of consolidation and associated effects:

- Disposal of operations in Asia.
- Reclassification of Via Varejo and Nova as discontinued operations.

Currency effects:
Currency effects were significant in the year, with the Colombian peso and Brazilian real declining against the euro by an average of 9.7% and 4.0%, respectively. However, the closing exchange rates indicated that these currencies were beginning to improve against the euro.
At constant exchange rates, the main aggregates of the consolidated income statement were as follows:

Continuing operations (in € millions)	**2015**	**2016 at CER**
Consolidated net sales	**35,312**	**37,161**
EBITDA	**1,689**	**1,762**
Trading profit	**997**	**1,080**
Underlying net profit, Group share	**357**	**351**

- 2016 highlights are outlined by:

  - **In France**, the recovery in business and results, with good sales momentum over the year.
    The Group achieved and maintained a 0.1pt[(1)] gain in market share in 2016. This performance is driven by Géant and Casino Supermarkets. The successful roll-out of the Mandarine concept continued apace at Franprix and Casino Supermarkets developed a more qualitative model. Monoprix saw vigorous expansion, opening 60 new stores in 2016. Leader Price continued its development through franchises.
    Organic sales were up 0.8% in 2016. Gross sales under banners advanced 1.5%[(2)], buoyed by food (up 2.0%[(2)]).
    Results improved, with trading profit up 51% year-on-year to €508 million, including €421 million excluding property development. This performance was driven by good performance of Monoprix and Franprix, improvement in profitability at Casino Supermarkets, profitability resumption at Leader Price and ongoing losses reduction at Géant.

  - **Outside France**, the Group delivered organic sales growth. Organic net sales were up 10.8%[(2)] for Exito, buoyed by all formats. Organic sales in Brazil climbed 11.7%[(2)].
    Extra's relaunch plan is a success and led to an acceleration in market share gains. The Pão de Açúcar banner delivered a satisfying growth in 2016.
    The cash & carry banner Assaí saw its organic sales grow by 39.2%. It enjoyed strong growth momentum with 13 new stores opened during the year. In Q4 2016, the cash & carry banner represented 36% of GPA Food's sales.

[(1)] *Cumulative year-to-date according to Kantar P13 data.*
[(2)] *Excluding fuel and calendar effects*

- **Streamlined structure and plan to pay down debt** to give the Group added financial flexibility. Efforts to simplify the Group's structure began in first-half 2016, with the disposal of operations in Thailand and Vietnam, the restructuring of E-commerce activities and the announcement of the plan to sell Via Varejo, which was classified within discontinued operations in 2015 and 2016.
  A significant amount of debt was paid down by the Group and in France during the year, particularly as a result of these disposals. At 31 December 2016, consolidated net debt stood at €3.4 billion for the Group and at €3.2 billion for France[(1)] (down 47% over the year). France generated €273 million in cash flow after 2015 dividends and coupons payments. This figure incorporates the positive impact of unwinding swaps (bond buybacks and re-setting of debt).

- In 2016, Group consolidated net sales rose 2.0% at current exchange rates and 5.2% at constant exchange rates. Exchange rate fluctuations had a 3.2% negative impact, while the impact of changes in the scope of consolidation was negative at -0.2%.

- Sales excluding fuel and calendar effects grew organically by 5.7%:
  - In France, food retail sales excluding fuel and calendar effects were up 0.8% organically. The recovery in activity was confirmed in France by a gain of 0.1pt[(2)] in market share over the year.
    - Géant Casino net sales grew by 1.6% organically and the banner continues to increase its market share.
    - Leader Price sales were down slightly over the year on an organic basis, although the banner's market share held firm.
    - Casino Supermarkets delivered a very strong performance, with organic growth of 3.8% over the year, confirming the success of the new, more qualitative business model, with Kantar market share gains over 9 consecutives periods.

  - Food banners in Latin America reported 11.4% organic sales growth excluding fuel and calendar effects:
    - Exito group (excluding GPA Food) enjoyed vigorous 10.8%[(3)] organic growth. The launch of the cash & carry business was successful and other banners in Colombia showed a good performance. The performance in Uruguay and Argentina was satisfactory given the economic environment.
    - GPA Food organic net sales rose 11.7% excluding fuel and calendar effects, driven by Assaí's success and the sales recovery plan of Extra hypermarkets.

  - E-commerce grew organically by 8.8% in 2016.

- Group trading profit climbed 3.8% in 2016. It stands at €1,034 million (€1,080 million at constant exchange rates) versus €997 million the previous year.
  - Trading profit in France improved versus 2015, at €508 million in 2016, including €421 million relating to retail operations and €87 million relating to property development.
  - Latam Retail trading profit was down on 2015 at €538 million, hit by the economic crisis and the forex impact. Sales initiatives in Brazil drove an upturn in net sales, with a negative impact on margin. The margin on the food businesses in Latin America stands at 3.5%.
  - EBITDA from E-commerce operations came in at €10 million for 2016, lifted by marketplace growth and the closure of loss-making websites.

[(1)] *Casino Group holding company scope, including the French activities and wholly-owned subsidiaries.*
[(2)] *Kantar data.*
[(3)] *Excluding fuel and calendar effects*

- The trading margin edged up 5bps to 2.9%, buoyed by a good performance in France. In comparison to 2015 figures:

  - Trading margin for the France Retail segment was up 90 bps at 2.7%.
  - Trading margin for the Latam Retail segment was down at 3.5%.
  - Trading margin for the E-commerce segment lost 0.6%.

FRANCE RETAIL

In € millions	**2015**	**2016**
Consolidated net sales	**18,890**	**18,939**
EBITDA	**726**	**872**
EBITDA margin	*3.8%*	*4.6%*
Trading profit	**337**	**508**
Trading margin	*1.8%*	*2.7%*

Food retail sales in France amounted to €18,939 million in 2016 versus €18,890 million in 2015, representing organic growth of 0.8% excluding fuel and calendar effects.

France Retail trading profit was up on 2015 at €508 million, or €421 million excluding property development, powered by a good trading performance from Monoprix, Franprix and Casino Supermarkets. Leader Price was profitable in 2016, while Géant scaled back its losses. Property development activities made a lower contribution to EBITDA versus 2015, at €87 million compared to €167 million one year earlier.
The trading margin for the food retail business in France was 2.7% in 2016.

Over the full year, the following can be noted per format:

- The good performance of **Géant Casino**[(1)] confirms the recovery begun in 2015, after a significant adjustment in pricing. Géant Casino gained an additional 0.1pt[(2)] market share over the year without expansion. Net sales on a same-store basis were up 1.6% excluding fuel and calendar effects. Food sales, boosted by the roll-out of the fresh produce area, grew an excellent 2.7%, excluding calendar effect. The banner also reduced by -1.6% its total retail space as part of efforts to rationalize non-food areas.

- At **Leader Price**, same-store sales excluding fuel and calendar effects moved up 0.9% in 2016. This reflects improvement of operating processes and customer services. Leader Price retained its 2.6%[(2)] market share in 2016. The overhaul of the store network continued throughout the second half. Over the past 12 months, a total of 143 stores were transferred to franchise. In all, 48% of the network operated as franchises at end-December and the new concept had been rolled out at 22 stores.

- **Monoprix** delivered 1.6% organic growth excluding fuel and calendar effects in 2016. Sales in the apparel and home segments recovered during the last quarter, boosted by successful partnerships with designers and sales initiatives. The banner enjoyed brisk expansion, with 60 new stores opened during the period, including international affiliates. A total of 20 new Naturalia organic stores were opened in 2016.

[(1)] *Excluding business primarily from the four Codim hypermarkets in Corsica.*
[(2)] *Cumulative year-to-date according to Kantar P13 data.*

- **Casino Supermarkets** turned in an excellent performance in 2016, delivering 3.8% organic growth excluding fuel and calendar effects. The banner enjoyed renewed sales momentum while developing a more qualitative offering. It expanded its fresh assortment, with new in-store service areas. The supermarkets continued to be refurbished, resulting in much shorter check-out times. Over the year, customer traffic and the average basket increased, and the banner captured an additional 0.1pt[(1)] of market share.

- **Franprix** continued to roll out the Mandarine concept in 2016, generating a 0.7% rise in traffic over the year thanks to a more qualitative assortment. The banner is also rolling out new self-service offers and innovative services. The check-out process has been streamlined. At 31 December, 60% of all consolidated stores and franchises had rolled out the new concept and outperformed the rest of the stores. Same-store net sales were slightly lower by -0.5% and store refurbishments accelerated. Franprix has 1.7 million active loyalty card members.

- **Convenience** continued to modernise its banners through its network of 6,065 stores. New services such as beauty and roasted meals were available in stores in 2016. The remainder of the offer is a mix of essential basics and local assortment. Dynamic evolution of the network led to 77% of stores operating as franchises or partnerships at 31 December 2016.

LATAM RETAIL

In € millions	**2015**	**2016 at CER**	**2016**
Consolidated net sales	**14,714**	**16,379**	**15,247**
EBITDA	**980**	**880**	**816**
EBITDA margin	*6.7%*	*5.4%*	*5.3%*
Trading profit	**698**	**583**	**538**
Trading margin	*4.7%*	*3.6%*	*3.5%*

Latam Retail net sales were €15,247 million in 2016, up 11.4% in organic terms excluding fuel and calendar effects.

In **Brazil, GPA** food sales showed strong organic growth of 11.7% in 2016 excluding fuel and calendar effects, delivering sequential improvement since the beginning of the year. The Group continues adapting the format mix to changes in customer needs.
Extra showed a strong sales recovery in the second half, spurred by sales revitalisation plans. The banner delivered stable organic sales in 2016 excluding fuel and calendar effects.
Assaí posted further strong organic growth of 39.2% excluding fuel and calendar effects, along with higher customer traffic. Fast-paced expansion led to the opening of 13 new stores in 2016, bringing the total number of stores to 107 at 31 December. In Q4 2016, the banner accounted for 36% of the Brazilian group's net sales.

The **Exito group** delivered excellent sales and financial performance in 2016. Net sales were up 10.8% on an organic basis, excluding fuel and calendar effects. In Colombia, the cash & carry business notched up its first success. In the second half of the year, the property development business saw the creation of the Viva Malls real estate trust operated in partnership with a financial investor. The banners continued to deliver a satisfactory performance in Argentina and Uruguay, posting strong organic growth. The Group continues to unlock synergies between the three countries, particularly in terms of the apparel and real estate offer.

[(1)] *Kantar P13 data.*

Latam Retail trading profit was lower in 2016 on the back of extensive promotional initiatives aimed at revitalising sales in banners hit by the wider economic environment. The margin narrowed compared to 2015.

E-COMMERCE (CDISCOUNT)

In € millions	**2015**	**2016**
GMV (Gross Merchandise Volume) as reported by Cnova	**2,709**	**2,994**
EBITDA	**(17)**	**10**
o/w Cdiscount group	(7)	13
o/w Holding company	(11)	(3)

E-commerce GMV was up 13.6% on a same-store basis in 2016, at €2,994 million, reflecting:

- An 11% rise in traffic for the mobile channel, which now accounts for 53.0% of all visits.
- A higher contribution from the marketplace, which accounts for 31.4% of GMV in Q4 2016, up 28% versus Q4 2015.
- A 22.1% rise in the number of items sold and an increase of 13% in active customers. The number of customers with a "Cdiscount à volonté" membership more than doubled at end-2016 compared to end-2015.

The E-commerce segment posted a positive contribution of €10 million in EBITDA for the year.

Overview of the consolidated financial statements

Pursuant to European Commission Regulation 1606/2002 of 19 July 2002, the consolidated financial statements of the Casino Group have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as adopted by the European Union at the date of approval of the financial statements by the Board of Directors and applicable on 31 December 2016.
These standards are available on the European Commission website (http://ec.europa.eu/internal_market/accounting/ias/index_en.htm).

The accounting policies described in the notes to the consolidated financial statements have been applied consistently in all periods presented in the consolidated financial statements, after taking account of new standards, amendments and interpretations. These standards, amendments and interpretations had no material impact on the Group's financial performance or position.

Net sales

Consolidated net sales excluding taxes for 2016 amounted to €36,030 million compared to €35,312 million in 2015, a rise of 2.0%.
The net sales impact of changes in the scope of consolidation was virtually stable over the year, at a negative 0.2%. The currency effect was a negative 3.2%.
A more detailed review of changes in net sales can be found above in the review of each of the Group’s three business segments.

Trading profit

Trading profit in 2016 was €1,034 million, up 3.8% on 2015.
Changes in the scope of consolidation had a positive 4.6% impact, while the currency effect was a negative 4.6%. As a result, the impact on consolidated trading profit is neutral.
A more detailed review of changes in trading profit can be found above in the review of each of the Group’s three business segments.

Operating profit

Other operating income and expenses amounted to a net expense of €625 million in 2016 versus a net expense of €349 million in 2015.

The net expense of €625 million in 2016 mainly comprising:

- €190 million in asset impairment losses and expenses, related mainly to the reorganisation of the Franprix-LeaderPrice and Supermarchés Casino store bases in France (disposal loss and impairment for a cumulative amount of €88 million and €46 million, respectively for Franprix-Leaderprice and Supermarchés Casino)
- €252 million in restructuring costs, including €207 million in France with the following breakdown: €83 million related to restructuration of upstream operations and to the network of stores (o/w €58 million of social costs and €27 million of leases on closed stores) and €124 million related to the implementation of new concepts (o/w €57 million of external costs and €67 million of fixed-assets scrapped)
- €123 million in provisions for litigations and risks, including €104 million for tax risks in Brazil
- €60 million in other expenses, mainly the dual recognition of Tascom in 2016

The net expense of €349 million in 2015 mainly comprised:

- Restructuring provisions and expenses totalling €252 million, including €195 million in France and €40 million in Brazil.
- Provisions and expenses for taxes, contingencies and litigation totalling €123 million, mainly for GPA in Brazil (€92 million).
- Net proceeds from scope transactions totalling €72 million.
- Various expenses for €39 million, mainly comprising €23 million in respect of fraud in Cnova Brazil in 2015.

After the impact of other operating income and expenses, **operating profit** for 2016 was €409 million versus €648 million in 2015.

Net financial expense and profit before tax

Net financial expense totalled €359 million in 2016 (€581 million in 2015), reflecting:

- Net finance costs of €324 million, an increase on the 2015 figure (€240 million).
- Other net financial expense of €35 million, compared with other net financial expense of €340 million in the year-earlier period.

Profit before tax was €50 million in 2016 (versus €67 million in 2015).

Net profit, Group share

Income tax was €34 million (versus €13 million in 2015). After restating for non-recurring items, the normative tax rate was 30.4% (28.9% in 2015).

The share of profit of equity-accounted entities was €20 million (versus €57 million in 2015).

Minority interests were €2 million (€175 million for the same period in 2015). After restating for non-recurring items, underlying minority interests were €114 million versus €240 million in 2015.

Net profit from continuing operations, Group share was €33 million.

Net profit of consolidated companies, Group share amounted to €2,679 million, owing to the capital gains generated on the disposal of the Group's operations in Thailand and Vietnam.

Underlying net profit, Group share from continuing operations was €341 million. Net profit restatements to establish net underlying profit can be found in the notes.

Underlying diluted **earnings per share** increased to €2.561 in 2016. Diluted earnings per share includes the dilutive effect of the Monoprix mandatory convertible bonds (ORA) and TSSDI deeply subordinated perpetual bonds.

Financial position

Casino Group net debt at 31 December 2016 stood at €3,367 million versus €6,073 million at 31 December 2015.

Net debt of Casino in France was €3,200 million at 31 December 2016, down 47% owing to the disposal of operations in Thailand and Vietnam, and more generally to the Group's debt reduction plan.

Cash flow statement for Casino in France (in € millions)	**2016**
Operating cash flow of the wholly-owned French activities after tax[(1)]	885
CAPEX	(293)
Dividends received from international subsidiaries and equity associates	77
Dividends paid, and coupons on preferred securities	(567)
Free cash flow after financial expense and dividends	**102**

Cash flow from operating activities in France after tax amounted to €885 million and dividends received €77 million. This item covers capex (negative €293 million), dividends paid to shareholders and holders of Casino's subordinated/TSSDI bonds (€396 million), and the interim dividend paid in respect of 2016 (€171 million).

At 31 December 2016, **Casino in France** [(2)] had €7.4 billion in cash and cash equivalents. This represents a significant **gross cash** portion of €3.6 billion and €3.8 billion in **confirmed undrawn credit facilities**. Outstanding commercial paper at that date amounted to €522 million.

Casino has been rated BB+ (stable outlook) by Standard & Poor's since 21 March 2016 and BBB- (negative outlook) by Fitch Ratings since 14 December 2016.

Consolidated **equity** stood at €8,450 million at end-2016, compared to €5,883 million at end-2015.

[(1)] *Before dividends received from equity associates and international subsidiaries, which are shown separately in this table.*
[(2)] *Casino Group holding company scope, including the French activities of wholly-owned subsidiaries*

Outlook

In 2017, the Group will pursue its priorities:

- Adapting the formats in real time to new consumer trends and developing the most buoyant formats
- Continuing improvement of operational excellence

The Group's key objectives for 2017 are the following:

- An improvement in net financial debt/EBITDA ratio
- In France, Casino Group aims at reaching c.15% growth in trading profit of food retail activity and forecasts a contribution from its property development activities of c.€60m
- The Group also expects a growth of at least 10% in its consolidated trading profit, under current forex conditions

Subsequent events

- On **31 January 2017**, the Casino Group and Cnova NV announced the final results of Casino's tender offers for Cnova NV shares. Including the holdings of its subsidiaries, the Casino Group now holds 98.88% of Cnova's share capital and 99.41% of its voting rights.

- On **8 February 2017**, Cnova NV announced that it would be withdrawing its shares from Nasdaq. This decision was rendered effective on **3 March 2017**.

- On **28 February 2017**, the Casino Group acknowledged the decision of the Directorate-General for Competition, Consumer Affairs and Prevention of Fraud (DGCCRF) to summon EMCD for unlawful trading practices. EMCD intends to challenge the grounds for this decision before the competent courts.

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Appendix: Reconciliation of reported net profit to underlying net profit

Underlying net profit corresponds to net profit from continuing operations, adjusted for the impact of other operating income and expenses (as defined in the "Significant accounting policies" section of the notes to the annual consolidated financial statements), non-recurring financial items and non-recurring income tax expense/benefits.

Non-recurring financial items include fair value adjustments to certain financial instruments at fair value whose market value may be highly volatile. For example, changes to fair value adjustments of financial instruments that do not qualify for hedge accounting and derivatives indexed to the Casino share price, or the share price of listed subsidiaries, are excluded from underlying net profit.

Non-recurring income tax expense/benefits correspond to tax effects related directly to the above restatements and to direct non-recurring tax effects. In other words, the tax on underlying profit before tax is calculated at the standard average tax rate paid by the Group.
Underlying profit is a measure of the Group's recurring profitability.

(in € millions)	2015	Restated items	2015 underlying	**2016**	**Restated items**	**2016 underlying**
Trading profit	997		997	1,034		1,034
Other operating income and expenses	(349)	349		(625)	625	
Operating profit	648	349	997	409	625	1034
Finance costs, net	(240)		(240)	(324)		(324)
Other financial income and expense[(1)]	(340)	344	3	(35)	(51)	(87)
Income tax expense[(2)]	(13)	(206)	(219)	(34)	(155)	(189)
Share of profit of equity associates	57		57	20		20
Net profit from continuing operations	111	486	597	36	419	455
Attributable to minority interests[(3)]	175	65	240	2	111	114
Group share	**(65)**	**422**	**357**	**33**	**307**	**341**

[(1)] The main items restated for other financial income and expenses are the effects of monetary discounting of tax liabilities in Brazil, fair value adjustments of Total Return Swaps on GPA and Big C shares, GPA call options and forwards.
[(2)] Tax liabilities are restated for tax effects corresponding to the above restated financial items and non-recurring income tax expense/benefits.
[(3)] Non-controlling interests are restated for amounts associated with the above restated items.

CASINO, GUICHARD-PERRACHON

CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2016

CONTENTS

FINANCIAL STATEMENTS

Consolidated income statement

(€ millions)	Notes	2016	2015 restated (i)
CONTINUING OPERATIONS			
Net sales	6.1	**36,030**	35,312
Cost of goods sold	6.2	**(27,364)**	(26,814)
Gross margin		**8,666**	**8,497**
Other income	6.1	**542**	526
Selling expenses	6.3	**(6,871)**	(6,817)
General and administrative expenses	6.3	**(1,303)**	(1,210)
Trading profit		**1,034**	**997**
As a % of net sales		***2.9%***	*2.8%*
Other operating income	6.5	**242**	498
Other operating expenses	6.5	**(867)**	(846)
Operating profit		**409**	**648**
As a % of net sales		***1.1%***	*1.8%*
Income from cash and cash equivalents		**110**	128
Finance costs		**(434)**	(369)
Net finance costs	11.3.1	**(324)**	**(240)**
Other financial income	11.3.2	**286**	162
Other financial expenses	11.3.2	**(321)**	(503)
Profit before tax		**50**	**67**
As a % of net sales		***0.1%***	*0.2%*
Income tax (expense) gain	9.1	**(34)**	(13)
Share of profit of equity-accounted investees	3.3.3	**20**	57
Net profit from continuing operations		**36**	**111**
As a % of net sales		***0.1%***	*0.3%*
Attributable to owners of the parent		**33**	(65)
Attributable to non-controlling interests		**2**	175
DISCONTINUED OPERATIONS			
Net profit from discontinued operations	3.5.2	**2,161**	**47**
Attributable to owners of the parent	3.5.2	**2,645**	21
Attributable to non-controlling interests	3.5.2	**(484)**	26
CONTINUED AND DISCONTINUED OPERATIONS			
Consolidated net profit		**2,196**	**158**
Attributable to owners of the parent		**2,679**	(43)
Attributable to non-controlling interests	12.8	**(482)**	201

Earnings per share

(in €)	Notes	2016	2015 restated (i)
From continuing operations, attributable to owners of the parent	12.10.2		
Basic		**(0.14)**	(0.99)
Diluted		**(0.20)**	(1.38)
From continuing and discontinued operations attributable to owners of the parent	12.10.2		
Basic		**23.65**	(0.81)
Diluted		**23.59**	(1.19)

(i) The financial statements published previously have been restated (note 1.3)

Consolidated statement of comprehensive income

(€ millions)	**2016**	**2015**
Consolidated net profit	**2,196**	**158**
Items that may be subsequently reclassified to profit or loss (i)	**1,656**	**(2,874)**
Cash flow hedges	**(3)**	-
Foreign currency translation adjustments (ii)	**1,603**	(2,844)
Available-for-sale financial assets	**3**	-
Hedges of net investments in foreign operations (iii)	**47**	(2)
Share of items of equity-accounted investees that may be subsequently reclassified to profit or loss	**22**	(30)
Income tax effects	**(16)**	2
Items that will never be reclassified to profit or loss(i)	**(10)**	**(23)**
Actuarial gains and losses	**(10)**	(34)
Income tax effects	**-**	12
Other comprehensive income (loss) for the year, net of tax	**1,646**	**(2,897)**
Total comprehensive income (loss) for the year, net of tax	**3,843**	**(2,739)**
Attributable to owners of the parent	**3,352**	(1,269)
Attributable to non-controlling interests	**491**	(1,470)

(i) The impacts of the disposal of operations in Thailand and Vietnam are presented in note 3.5.2.
(ii) The €1,603 million positive net translation adjustment in 2016 primarily reflects the appreciation of the Brazilian currency for €1,719 million. The €2,844 million negative net translation adjustment in 2015 arose primarily from the depreciation of the Brazilian and Colombian currencies, for €2,381 million and €414 million, respectively.
(iii) The €47 million positive change in 2016 relates to reclassification to profit of net investment hedges of Thai and Vietnamese activities following their disposals (note 3.5.2)

Changes in other comprehensive income are presented in note 12.7.2.

Consolidated statement of financial position

ASSETS (€ millions)	Notes	31 December 2016	31 December 2015
Goodwill	10.1	**9,595**	10,351
Intangible assets	10.2	**3,109**	3,622
Property, plant and equipment	10.3	**8,123**	8,769
Investment property	10.4	**411**	771
Investments in equity-accounted investees	3.3	**625**	629
Other non-current assets	6.9	**1,080**	1,858
Deferred tax assets	9.2.1	**596**	490
Total non-current assets		**23,538**	**26,490**
Inventories	6.6	**3,990**	4,884
Trade receivables	6.7	**880**	1,287
Other current assets	6.8	**1,542**	1,857
Current tax assets		**221**	189
Cash and cash equivalents	11.1	**5,750**	4,588
Assets held for sale	3.5	**6,120**	538
Total current assets		**18,503**	**13,343**
TOTAL ASSETS		**42,042**	**39,833**

EQUITY AND LIABILITIES (€ millions)	Notes	31 December 2016	31 December 2015
Share capital		**170**	173
Additional paid-in capital, treasury shares and retained earnings		**8,280**	5,709
Equity attributable to owners of the parent		**8,450**	**5,883**
Non-controlling interests		**5,990**	**6,536**
Total equity	12	**14,440**	**12,419**
Non-current provisions for employee benefits	8.2	**312**	307
Other non-current provisions	13.1	**615**	538
Non-current financial liabilities	11.2	**7,733**	9,594
Non-current put options granted to owners of non-controlling interests	3.4.1	**41**	50
Other non-current liabilities	6.10	**618**	786
Deferred tax liabilities	9.2.2	**1,094**	1,225
Total non-current liabilities		**10,413**	**12,500**
Current provisions for employee benefits	8.2	**12**	9
Other current provisions	13.1	**163**	187
Trade payables		**6,939**	8,073
Current financial liabilities	11.2	**2,482**	2,140
Current put options granted to owners of non-controlling interests	3.4.1	**341**	102
Current tax liabilities		**54**	93
Other current liabilities	6.10	**2,795**	4,126
Liabilities associated with assets held for sale	3.5	**4,404**	184
Total current liabilities		**17,189**	**14,914**
TOTAL EQUITY AND LIABILITIES		**42,042**	**39,833**

Consolidated statement of cash flows

(€ millions)	Notes	2016	2015 restated (i)
Profit before tax from continuing operations		50	67
Profit before tax from discontinued operations	3.5.2	2,198	88
Consolidated profit before tax		**2,248**	**155**
Depreciation and amortisation expense	6.4	663	692
Provision expense	4.5	216	125
Losses/(gains) arising from changes in fair value	11.3.2	(69)	327
Expenses/(income) on share-based payment plans	8.3.1	15	7
Other non-cash items		(18)	(17)
(Gains)/losses on disposals of non-current assets		(1)	(3)
(Gains)/losses due to changes in percentage ownership of subsidiaries resulting in acquisition/loss of control		76	(263)
Dividends received from equity-accounted investees	3.3.1 / 3.3.2	39	116
Net finance costs	11.3.1	324	240
Non-recourse factoring costs	11.3.2	78	53
Gain on disposal of discontinued operations	3.5.2	(2,893)	-
Adjustments related to discontinued operations		947	519
Net cash from operating activities before change in working capital, net finance costs and income tax		**1,625**	**1,951**
Income tax paid		(226)	(158)
Change in operating working capital	4.1	640	710
Income tax paid and change in operating working capital: discontinued operations		(375)	417
Net cash from operating activities		**1,664**	**2,921**
Of which continuing operations		***1,786***	***1,896***
Cash outflows related to acquisitions of:			
▪ Property, plant and equipment, intangible assets and investment property	4.6	(1,160)	(1,222)
▪ Non-current financial assets		(118)	(42)
Cash inflows related to disposals of:			
▪ Property, plant and equipment, intangible assets and investment property	4.7	368	150
▪ Non-current financial assets		11	7
Effect of changes in scope of consolidation resulting in acquisition or loss of control	4.2	(116)	(160)
Effect of changes in scope of consolidation related to equity-accounted investees		(5)	-
Change in loans and advances granted		(48)	(165)
Net cash from/(used in) investing activities of discontinued operations		3,669	(113)
Net cash from/(used in) investing activities		**2,603**	**(1,545)**
Of which continuing operations		***(1,067)***	***(1,432)***
Dividends paid:			
▪ To owners of the parent	12.9	(521)	(352)
▪ To non-controlling interests	4.8	(78)	(88)
▪ To holders of deeply-subordinated perpetual bonds	12.9	(47)	(48)
Repayment of mandatory convertible bonds	2	(500)	-
Increase/(decrease) in the parent's shares capital		-	-
Transactions between the Group and owners of non-controlling interests	4.3	99	23
(Purchases)/sales of treasury shares		(30)	(82)
Additions to borrowings	4.4	995	2,993
Repayments of borrowings	4.4	(1,955)	(4,349)
Interest paid, net	4.9	(165)	(371)
Net cash from/(used in) financing activities of discontinued operations		(573)	(718)
Net cash from/(used in) financing activities		**(2,775)**	**(2,992)**
Of which continuing operations		***(2,202)***	***(2,274)***
Effect of changes in exchange rates on cash and cash equivalents of continuing operations		458	(614)
Effect of changes in exchange rates on cash and cash equivalents of discontinued operations		304	(433)
Change in cash and cash equivalents		**2,253**	**(2,663)**
Net cash and cash equivalents at beginning of period		**4,534**	**7,197**
• Of which net cash and cash equivalents of continuing operations	11.1	4,405	7,197
• Of which net cash and cash equivalents of discontinued operations	3.5.2	129	-
Net cash and cash equivalents at end of period		**6,787**	**4,534**
• Of which net cash and cash equivalents of continuing operations	11.1	5,614	4,405
• Of which net cash and cash equivalents of discontinued operations	3.5.2	1,174	129

(i) The financial statements published previously have been restated to reflect the change in presentation of net financial expense (note 1.3) and discontinued operations

Consolidated statement of changes in equity

(in € millions) (before appropriation of profit)	Share capital	Additional paid-in capital [1]	Treasury shares	Perpetual deeply subordinated bonds (TSSDI)	Retained earnings and profit for the year	Cash flow hedges	Net investment hedges	Foreign currency translation reserves	Actuarial gains and losses	Available-for-sale financial assets	Equity attributable to owners of the parent [2]	Non-controlling interests	Total equity
As at 1 January 2015	**173**	**4,092**	**(2)**	**1,350**	**2,987**	**15**	**(31)**	**(858)**	**(31)**	**11**	**7,707**	**7,901**	**15,608**
Other comprehensive income (loss) for the year	-	-	-	-	-	-	(1)	(1,202)	(23)	-	(1,226)	(1,671)	(2,897)
Net profit for the year	-	-	-	-	(43)	-	-	-	-	-	(43)	201	158
Consolidated comprehensive income (loss) for the year	**-**	**-**	**-**	**-**	**(43)**	**-**	**(1)**	**(1,202)**	**(23)**	**-**	**(1,269)**	**(1,470)**	**(2,739)**
Issue of share capital	-	1	-	-	-	-	-	-	-	-	1	-	1
Purchases and sales of treasury shares	-	-	(78)	-	(2)	-	-	-	-	-	(81)	-	(81)
Dividends paid [3]	-	-	-	-	(394)	-	-	-	-	-	(394)	(94)	(488)
Dividends payable to holders of perpetual deeply subordinated bonds [3]	-	-	-	-	(5)	-	-	-	-	-	(5)	-	(5)
Share-based payments	-	-	-	-	2	-	-	-	-	-	2	7	9
Changes in percentage interest resulting in the acquisition/loss of control of subsidiaries [4]	-	-	-	-	-	-	-	-	-	-	-	157	157
Changes in percentage interest not resulting in the acquisition/loss of control of subsidiaries [5]	-	-	-	-	(73)	-	-	(1)	-	-	(75)	36	(38)
Other movements	-	-	-	-	(1)	(3)	-	-	-	-	(4)	(1)	(5)
As at 31 December 2015	**173**	**4,093**	**(80)**	**1,350**	**2,469**	**13**	**(31)**	**(2,061)**	**(54)**	**12**	**5,883**	**6,536**	**12,419**
Other comprehensive income (loss) for the year	-	-	-	-	**-**	**(2)**	**31**	**654**	**(12)**	**2**	**673**	**973**	**1,646**
Net profit for the year	-	-	-	-	**2,679**	**-**	**-**	**-**	**-**	**-**	**2,679**	**(482)**	**2,196**
Consolidated comprehensive income (loss) for the year	**-**	**-**	**-**	**-**	**2,679**	**(2)**	**31**	**654**	**(12)**	**2**	**3,352**	**491**	**3,843**
Issue of share capital	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Purchases and sales of treasury shares [6]	**(3)**	**(101)**	**75**	**-**	**(1)**	**-**	**-**	**-**	**-**	**-**	**(29)**	**-**	**(29)**
Dividends paid [3]	**-**	**-**	**-**	**-**	**(562)**	**-**	**-**	**-**	**-**	**-**	**(562)**	**(85)**	**(646)**
Dividends payable to holders of perpetual deeply subordinated bonds [3]	**-**	**-**	**-**	**-**	**(9)**	**-**	**-**	**-**	**-**	**-**	**(9)**	**-**	**(9)**
Share-based payments	**-**	**-**	**-**	**-**	**8**	**-**	**-**	**-**	**-**	**-**	**8**	**9**	**17**
Changes in percentage interest resulting in the acquisition/loss of control of subsidiaries [4]	**-**	**-**	**-**	**-**	**10**	**-**	**-**	**-**	**-**	**-**	**10**	**(509)**	**(499)**
Changes in percentage interest not resulting in the acquisition/loss of control of subsidiaries [5]	**-**	**-**	**-**	**-**	**(173)**	**-**	**-**	**(20)**	**-**	**-**	**(193)**	**(448)**	**(641)**
Other movements	**-**	**-**	**-**	**-**	**(10)**	**-**	**-**	**-**	**-**	**-**	**(10)**	**(4)**	**(14)**
As at 31 December 2016	**170**	**3,992**	**(5)**	**1,350**	**4,412**	**11**	**(1)**	**(1,427)**	**(66)**	**14**	**8,450**	**5,990**	**14,440**

(1) Additional paid-in capital: premiums on shares issued for cash or contribution in kind, or in connection with mergers or acquisitions, and legal reserves.
(2) Attributable to the shareholders of Casino, Guichard-Perrachon.
(3) See Note 12.9 for dividends paid and payable to holders of ordinary shares and perpetual deeply subordinated bonds. Dividends paid to non-controlling interests during the year primarily concerned Exito and subsidiaries in Uruguay for €53 million and €21 million, respectively (2015: Exito, Big C and GPA for €41 million, €23 million and €20 million, respectively).
(4) The €499 million negative impact in 2016 primarily corresponded to the disposal of businesses in Vietnam and Thailand details in note 3.1.1. In 2015, the €157 million positive impact corresponded to the measurement of non-controlling interests in Disco based on the acquisition-date fair value (note 3.2.1).
(5) The €641 million negative impact in 2016 mainly reflected (i) exercise of the call option on Monoprix mandatory convertible bonds (-€502 million impact, note 2); (ii) the public tender offer for Cnova shares (-€193 million impact, note 2) and (iii) the acquisitions of Exito and GPA shares described in notes 3.1.2 and 3.1.3, offset by (iv) creation of the Viva Malls real estate trust in Colombia (€113 million impact, note 3.1.7) In 2015, the negative impact of €38 million primarily reflected (i) the recognition of the put option granted on Disco shares (-€90 million impact, note 3.2.1); (ii) the change in put options granted to owners of non-controlling interests in Franprix - Leader Price (-€15 million impact), offset by (iii) the change in the ownership interest of Monoprix in its subsidiary Simonop'1 (€72 million impact, note 3.2.6).
(6) See note 12.2

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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INFORMATION ABOUT THE CASINO, GUICHARD-PERRACHON GROUP

Casino, Guichard-Perrachon ("the Company") is a French *société anonyme*, listed in compartment A of Euronext Paris. The Company and its subsidiaries are hereinafter referred to as "the Group" or "the Casino Group". The Company's registered office is at 1, Cours Antoine Guichard, 42008 Saint-Etienne, France.

The consolidated financial statements for the year ended 31 December 2016 reflect the accounting situation of the Company and its subsidiaries, as well as the Group's interests in associates and joint ventures.

The 2016 consolidated financial statements of Casino, Guichard-Perrachon were approved for publication by the Board of Directors on 6 March 2017.

Note 1 Significant accounting policies

1.1 Accounting standards

Pursuant to European Commission regulation 1606/2002 of 19 July 2002, the consolidated financial statements of the Casino Group have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), as adopted by the European Union on the date of approval of the financial statements by the Board of Directors and applicable at 31 December 2016.

These standards are available on the European Commission's website (http://ec.europa.eu/internal_market/accounting/ias/index_en.htm).

The accounting policies set out below have been applied consistently in all periods presented, after taking account of the new standards, amendments to existing standards and interpretations listed below.

These amendments to existing standards and interpretations had no material impact on the Group's financial performance or position.

New standards, amendments to existing standards and interpretations adopted by the European Union and mandatory as from the financial year beginning on 1 January 2016

The European Union has adopted the following standards, amendments to existing standards and interpretations that are applicable in the case of the Group as from the financial year beginning on 1 January 2016. These new standards, amendments and interpretations presented below which are applicable by the Group do not have a material impact on its consolidated financial statements and are to be applied on a prospective basis unless otherwise indicated.

- Annual Improvements to IFRSs - 2010-2012 Cycle, concerning in particular the following standards:

  - IFRS 2 - Share-based Payment
    These amendments provide a clearer definition of "vesting conditions" by separately defining "performance condition" and "service condition".

  - IFRS 3 – Business Combinations:
    These amendments clarify that changes in the fair value of contingent consideration which are not adjustments in the measurement period are to be recognised in profit or loss.

  - IFRS 8 - Operating Segments
    These amendments are applicable on a retrospective basis. They require entities to disclose in the notes to the financial statements the judgements made by management in applying the aggregation criteria to operating segments.

- IAS 24 - Related Party Disclosures
  These amendments are applicable on a retrospective basis. They clarify that are included among related parties entities, the case of an entity providing key management personnel services to the reporting entity or to the parent of a reporting entity. In this case, the reporting entity is not required to provide details of the compensation it pays to key management personnel pursuant to IAS 24.17, but must indicate the amount of fees paid to the entity that provides the service.

▪ Amendments to IAS 1 - Disclosure Initiative
  These amendments clarify requirements in two areas:
  - applying the materiality concept: the amendment states that materiality applies to the whole financial statements including the accompanying notes, and that including information that is not material can obscure useful information;
  - applying professional judgement: the amendment makes minor changes to certain prescriptive language that is perceived as impeding the exercise of judgements.

1.2 Basis of preparation and presentation of the consolidated financial statements

1.2.1 Basis of measurement

The consolidated financial statements have been prepared using the historical cost convention, with the exception of the following:

▪ assets and liabilities acquired in a business combination, which are measured at fair value in accordance with IFRS 3;
▪ derivative financial instruments and available-for-sale financial assets, which are measured at fair value. The carrying amounts of assets and liabilities hedged by a fair value hedge which would otherwise be measured at cost are adjusted for changes in fair value attributable to the hedged risk.

The consolidated financial statements are presented in millions of euros. The figures in the tables have been rounded to the nearest million euros and include individually rounded data. Consequently, the totals and sub-totals shown may not correspond exactly to the sum of the reported amounts.

1.2.2 Use of estimates and judgements

The preparation of consolidated financial statements requires management to make judgements, estimates and assumptions that may affect the reported amounts of assets and liabilities and income and expenses, as well as the disclosures made in certain notes to the consolidated financial statements. Due to the inherent uncertainty of assumptions, actual results may differ from the estimates. Estimates and assessments are reviewed at regular intervals and adjusted where necessary to take into account past experience and any relevant economic factors.

The main judgements, estimates and assumptions are based on the information available when the financial statements are drawn up and concern the following:
▪ classification and measurement of Via Varejo's net assets in accordance with IFRS 5 (note 3.5);
▪ assessment of the control exercised over Viva Malls in Colombia (note 3.1.7);
▪ impairment of non-current assets and goodwill (note 10.5);
▪ recoverable amounts of deferred tax assets (note 9);
▪ provisions for risks – particularly tax and employee-related risks – and recognition and measurement of the recoverable amount of tax credits (VAT or similar) (notes 5.1 and 13).

1.3 Restatement of comparative information

The table below shows the impact of discontinued operations (note 3.5.2), and the revised presentation of non-recourse factoring costs within net financial income/(expense) (note 11.3).

(€ millions)	2015 reported	Non-recourse factoring costs(i)	Discontinued operations(ii)	2015 restated
Net sales	46,145	-	(10,833)	**35,312**
Trading profit	1,446	-	(449)	**997**
Operating profit	967	-	(320)	**648**
Net financial income (expense)	(818)	-	237	**(581)**
Finance costs, net	*(569)*	*304*	24	***(240)***
Other financial income and expenses, net	*(249)*	*(304)*	*213*	***(340)***
Profit before tax	150	-	*(83)*	**67**
Income tax (expense) gain	(61)	-	48	**(13)**
Net profit from continuing operations	**154**	**-**	**(43)**	**111**
Net profit from discontinued operations	**4**	**-**	**43**	**47**
Consolidated net profit	**158**	**-**	**-**	**158**
Attributable to owners of the parent	*(43)*	-	-	**(43)**
Attributable to non-controlling interests	*201*	-	-	**201**

(i) Including €53 million related to continuing operations and €251 million related to discontinued operations (exclusively Via Varejo and Cnova Brazil).

(ii) Corresponding to the non-food/e-commerce businesses in Brazil (Via Varejo and Cnova Brazil) and Group operations in Asia.

Note 2 Significant events of the year

Significant events of the year included:

- **Disposal of operations in Thailand and Vietnam in first-half 2016**

The Group's operations in Thailand and Vietnam were sold during the first half of 2016 as part of the deleveraging plan announced in late 2015 (note 3.1.1).

- **Rating downgrade**

On 21 March 2016, Standard & Poor's announced the downgrade of Casino's rating from BBB- to BB+ outlook stable. The downgrade followed Standard & Poor's announcement on 15 January 2016 that it was placing the BBB- rating under CreditWatch in the context of the Group's problems in emerging markets and notably Brazilian recession.
The rating downgrade resulted in a 125-bps step-up in the annual coupon paid on the Group's bonds, applicable for each bond as from the first annual interest period beginning after 21 March 2016. This clause added €15 million to finance costs for 2016. The 2017 increase is estimated at €63 million, taking into account the bonds bought back in 2016 (see below). Casino debt documentation does not include any rating-based acceleration clause and there is no covenant related to Casino's rating.

On 14 December 2016, Fitch Ratings changed the outlook for Casino's BBB- rating to negative. This change has no financial impact for the Group.

- **Exercise of the call option on Monoprix mandatory convertible bonds**

On 3 May 2016, Casino exercised its call option on all of the mandatory convertible bonds issued by Monoprix in December 2013 and subscribed by Crédit Agricole CIB. The transaction took place on 10 May 2016 at a strike price of €508 million (€500 million nominal value and €8 million interest), leading to the recognition of financial income of €13 million under "Net finance costs" and to a €502million reduction in equity (with €419 million deducted from non-controlling interests and €83 million from equity attributable to owners of the parent).

- **Financial agreement with the Baud family and acquisition of control of Geimex**

On 25 May 2016, Casino and the Baud family came to a financial agreement to end their legal dispute that had been ongoing since 2007. Pursuant to this agreement and after approval of France's anti-trust authorities, on 18 October 2016 the Casino Group acquired the Baud family's 50% stake in Geimex, owner of international rights to the Leader Price brand and previously jointly owned by both parties, for €45 million excluding transaction costs (note 3.1.6).

- **Bond buybacks**

The following buyback offers were launched in 2016 for bonds representing a total nominal amount of €978 million:

- Two offers were launched in June and September 2016 for bonds due in August 2019, January 2023, February 2025 and August 2026. A total of €871 million worth of bonds were tendered to these offers and were bought back and cancelled on 15 June and 30 September 2016, respectively.
- During the first half of the year, the Group also purchased on the market €108 million worth of bonds included in these issues (€13 million due in January 2023, €42 million due in February 2025 and €53 million due in August 2026).

The impact on the consolidated financial statements was as follows:

- Decrease in gross financial debt, including fair value hedges component: €1,015 million (note 11.2.1);
- Decrease in hedging instruments with a positive fair value: €37 million (note 11.2.1);
- Recognition in "Finance costs, net" of a €33 million pre-tax gain (before taking into account future savings in interest) (note 11.3.1).

- **Interim dividend**

On 30 November 2016, the Company paid an interim dividend of €171 million (note 12.9).

- **Creation of two non-food central purchasing organisations with the Conforama Group**

On 19 September 2016, Casino and Conforama announced the creation of a joint non-food central purchasing organisation named Mano, to optimise their respective purchases in France.
Shortly afterwards, on 30 November 2016, the two groups announced the creation of an international purchasing organisation named SICA that will include also other brands of Steinhoff International group.
The two organisations will be up and running by the time the 2017 commercial negotiations begin. The impact of the Group's investment in these new companies on the 2016 consolidated statement of financial position and income statement was not material.

- **Planned disposal of Via Varejo**

On 23 November 2016, the Group announced that it had approved GPA's decision to start negotiations for the sale of its investment in Via Varejo. The transaction's scope is the whole of the Latam Electronics operating segment including Cnova Brazil which operates the e-commerce business in Brazil. Following this decision, in accordance with IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations:

- The assets and liabilities held for sale have been reclassified in the consolidated statement of financial position under "Assets held for sale" for €6,039 million and "Liabilities associated with assets held for sale" for €4,404 million. The €1,635 million net asset value at 31 December 2016 includes an impairment loss of €461 million recorded to reduce the carrying amount of the disposal group to its fair value less costs to sell, as estimated by reference to the stock-exchange price at the year-end (note 3.5.2).
- Via Varejo's 2016 net profit is reported in the consolidated income statement under "Net profit from discontinued operations", net of the impairment loss referred to above.
- The consolidated income statement and statement of cash flows for the year ended 31 December 2015 have been restated on the same basis (note 3.5).
- The tables included in operating lease commitments and contingent liabilities notes (respectively note 7.3 and note 13.3) do not take into account Via Varejo activities for the year 2016. If necessary, specific information for Via Varejo was given in a footnote.

- **Reorganisation of the e-commerce business and launch of a cash tender offer for Cnova NV ordinary shares**

On 6 December 2016, the Company launched a voluntary tender offer on the U.S. market and Euronext for all of the outstanding Cnova NV shares not already held, at a price of USD 5.5 per share. The Group companies that hold Cnova NV shares did not participate in the offer, which therefore applied to 10.37% of the 344.5 million outstanding shares, representing a maximum potential investment of USD 197 million. An amount of €219 million was placed in escrow as a guarantee for the Company's obligations under the offer (note 11.1).

The impact on the consolidated financial statements included recognition of a €187 million financial liability under "Current put options granted to owners of non-controlling interests" and a corresponding adjustment to equity (note 3.4.1). This liability corresponded to the euro-equivalent value at 31 December 2016 of the maximum potential amount payable for shares tendered to the offer. The offer costs, in the amount of €6 million net of tax, were recorded as a deduction from equity.
On 31 January 2017, the Group announced final results of the tender offer and that it had acquired 31.7 million shares, representing 9.2% of Cnova NV's capital for €163 million. Following this operation, the Group now holds 98.88% of Cnova NV's capital and 99.41% of the voting rights, leaving a free float of 1.12% of the capital and 0.59% of the voting rights.

The offer followed the business merger on 31 October 2016 between Cnova Brazil and Via Varejo, and Via Varejo's subsequent acquisition of the entire capital of Cnova Brazil from Cnova NV in exchange for its own interest in Cnova NV and €12 million in cash. The recovered shares were considered as cancelled by Cnova NV on 31 December 2016. The reorganisation diluted the Casino Group's interest in Cnova Brazil from 55.35% to 14.38%. Its impact on the consolidated financial statements included a €44 million increase in equity attributable to owners of the parent and a corresponding decrease in non-controlling interests to reflect the changes in the percentage interests in Cnova NV and Cnova Brazil, and the recognition in the income statement, under "Profit from discontinued operations", of- €25 million in costs and tax effects related to the reorganisation.

Note 3 Scope of consolidation

Accounting principles

Basis of consolidation

The consolidated financial statements include the financial statements of all material subsidiaries, joint ventures and associates over which the parent company exercises control, joint control or significant influence, either directly or indirectly (see list of consolidated companies in note 16).

Subsidiaries

Subsidiaries are companies controlled by the Group. Control exists when the Group (i) has power over the entity, (ii) is exposed or has rights to variable returns from its involvement with the entity, and (iii) has the ability to affect those returns through its power over the entity.
The consolidated financial statements include the financial statements of subsidiaries from the date when control is acquired to the date at which the Group no longer exercises control. All controlled companies are fully consolidated in the Group's statement of financial position, regardless of the percentage interest held.

Potential voting rights

Control is assessed by taking potential voting rights into account, but only if they are substantive; that is, if the entity has the practical ability to exercise its rights with respect to the exercise price, date and terms. The Group may own share warrants, share call options, debt or equity instruments that are convertible into ordinary shares or other similar instruments that have the potential, if exercised or converted, to give the Group voting power or reduce another party's voting power over the financial and operational policies of an entity. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has control of another entity. Potential voting rights are not currently exercisable or convertible when, for example, they cannot be exercised or converted until a future date or until the occurrence of a future event.

Joint ventures

A joint venture is a joint arrangement in which the parties that exercise joint control over an entity have rights to its net assets. Joint control involves the contractually agreed sharing of control over an entity, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.
Joint ventures are accounted for in the consolidated financial statements using the equity method.

Associates

Associates are companies in which the Group exercises significant influence over financial and operational policies without having control. They are accounted for in the consolidated financial statements using the equity method.

Equity method of accounting

The equity method provides that an investment in an associate or a joint venture be recognised initially at acquisition cost and subsequently adjusted by the Group's share in profit or loss and, where appropriate, in other comprehensive income of the associate or joint venture. Goodwill related to these entities is included in the carrying amount of the investment. Any impairment losses and gains or losses on disposal of investments in equity-accounted entities are recognised in "Other operating income and expenses".
Profits/losses from internal acquisitions or disposals with equity-accounted associates are eliminated to the extent of the Group's percentage interest in these companies. In the absence of any guidance in IFRS concerning cases where the amount to be eliminated is greater than the carrying amount of the investment in the equity-accounted company, the Group has elected to cap the amount eliminated from the accounts in the transaction year and to deduct the uneliminated portion from its share of the equity-accounted company's profits in subsequent years. The Group follows a transparent approach to accounting for associates under the equity method and takes into account, if relevant, its final percentage interest in the associate for the purpose of determining the proportion of profit (loss) to be eliminated.
In the absence of any standard or interpretation covering dilution of the Group's interest in a subsidiary of an equity-accounted company, the dilution impact is recognised in the Group's share of the profit (loss) of the equity-accounted investee.

Business combinations

As required by IFRS 3 revised, the consideration transferred (acquisition price) in a business combination is measured at the fair value of the assets transferred, equity interests issued and liabilities incurred on the date of the transaction. Identifiable assets acquired and liabilities assumed are measured at their acquisition-date fair values.

Acquisition-related costs are recognised in "Other operating expenses", except for those related to the issue of equity instruments.
Any excess of the consideration transferred over the fair value of the identifiable assets acquired and liabilities assumed is recognised as goodwill. At the date when control is acquired and for each business combination, the Group may elect to apply either the partial goodwill method (in which case, the amount of goodwill is limited to the portion acquired by the Group) or the full goodwill method. Under the full goodwill method, non-controlling interests are measured at fair value and goodwill is recognised on the full amount of the identifiable assets acquired and liabilities assumed.
Business combinations completed prior to 1 January 2010 were accounted for using the partial goodwill method, the only method applicable prior to publication of the revised version of IFRS 3.

In the case of an acquisition achieved in stages (step acquisition), the previously-held interest is remeasured at fair value as at the date control is acquired. The difference between the fair value and carrying amount of the previously-held interest is recognised directly in profit or loss (under "Other operating income" or "Other operating expenses").
The provisional amounts recognised on the acquisition date may be adjusted retrospectively if the information needed to revalue the assets acquired and the liabilities assumed corresponds to new information obtained by the buyer and concerns facts and circumstances that existed as of the acquisition date. Goodwill may not be adjusted after the measurement period (not exceeding 12 months from the date when control is acquired). Any subsequent acquisitions of non-controlling interests do not give rise to the recognition of additional goodwill.

Any contingent consideration is included in the consideration transferred at its acquisition-date fair value, whatever the probability that it will become due. Subsequent changes in the fair value of contingent consideration due to facts and circumstances that existed as of the acquisition date are recorded by adjusting goodwill if they occur during the measurement period or directly in profit or loss for the period under "Other operating income" or "Other operating expenses" if they arise after the measurement period, unless the obligation is settled in equity instruments. In that case, the contingent consideration is not remeasured subsequently.

Intra-group transfers of shares in consolidated companies

In the absence of any guidance in IFRS on the accounting treatment of intra-group transfers of shares in consolidated companies leading to a change in percentage interest, the Group applies the following principle:

- the transferred shares are maintained at historical cost and the gain or loss on the transfer is eliminated in full from the accounts of the acquirer;
- non-controlling interests are adjusted to reflect the change in their share of equity, and a corresponding adjustment is made to consolidated reserves, without affecting profit or total equity.

Foreign currency translation

The consolidated financial statements are presented in euros, which is the functional currency of the Group's parent company. Each Group entity determines its own functional currency and all of their financial transactions are measured in that currency.

The financial statements of subsidiaries that use a different functional currency from that of the parent company are translated using the closing rate method, as follows:

- assets and liabilities, including goodwill and fair value adjustments,are translated into euros at the closing rate, corresponding to the spot exchange rate at the reporting date;
- income statement and cash flow items are translated into euros using the average rate of the period unless significant variances occur.

The resulting translation differences are recognised directly within a separate component of equity. When a foreign operation is disposed of, the cumulative differences recognised in equity on translation of the net investment in the operation concerned at successive reporting dates are reclassified to profit or loss. Because the Group applies the step-by-step method of consolidation, the cumulative translation differences are not reclassified to profit or loss if the foreign operation disposed is part of a sub-group. This reclassification will occur only at the disposal of the sub-group.

Foreign currency transactions are translated into euros using the exchange rate on the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated at the closing rate and the resulting translation differences are recognised in the income statement under "Foreign currency exchange gains" or "Foreign currency exchange losses". Non-monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate applicable on the transaction date.

Exchange differences arising on translation of the net investment in a foreign operation are recognised in the consolidated financial statements as a separate component of equity and reclassified to profit or loss on disposal of the net investment.

Exchange differences arising on translation of (i) foreign currency borrowings hedging a net investment denominated in a foreign currency or (ii) permanent advances made to subsidiaries are also recognised in equity and reclassified to profit or loss on disposal of the net investment.

3.1 Transactions affecting the scope of consolidation in 2016

3.1.1 Disposal of operations in Asia

- **Disposal of operations in Thailand**

On 14 January 2016, the Group announced its intention to sell its stake in its subsidiary Big C Supercenter PCL ("Big C"), a company listed in Thailand. Big C was sold on 21 March 2016 to BJC, a TCC group subsidiary. The proceeds from the sale amounted to €3,066 million net of disposal costs, generating an after-tax gain of €2,314 million (note 3.5).
As part of the transaction, Cnova sold its economic interests in Cdiscount Thailand to the BJC group for €28 million net of disposal costs (including repayment of a €6 million loan), realising an after-tax gain of €27 million (note 3.5).

- **Disposal of operations in Vietnam**

On 29 April 2016, the Group announced that it had sold Big C Vietnam to the Central group for an enterprise value of €1 billion. As the decision to dispose of operations in Vietnam was made before the end of 2015, the assets and liabilities of the E-commerce and Retail businesses in Vietnam were classified as held for sale at 31 December 2015. The proceeds amounted to €875 million net of disposal costs, generating an after-tax gain of €524 million (note 3.5).

Following the disposal of its operations in Thailand and Vietnam, representing the entire "Asia" operating segment and part of the "E-commerce" operating segment, the Group has presented the net after-tax profit of its Thai and Vietnamese operations as well as the capital gain on the disposal of these businesses on a separate line of the income statement ("Net profit from discontinued operations"),.

The consolidated income statement for the year ended 31 December 2015 has been restated in order to present discontinued operations separately from continuing operations (notes 1.3 and 3.5).

3.1.2 Acquisition of Exito shares

Between 1 March and 28 March 2016, the Group acquired 2.4 million shares in its subsidiary Exito for a total of USD 11 million (€10 million) (note 4.3), increasing its stake in the company to 55.30% from 54.77% previously. These transactions had a €6 million positive impact on equity attributable to owners of the parent and a €17 million negative impact on non-controlling interests.

3.1.3 Acquisition of GPA shares

In June 2016, the Group acquired 970 thousand preference shares, representing approximately 0.4% of GPA's capital, for €11 million (note 4.3). These transactions had a €6 million positive impact on equity attributable to owners of the parent and a €17 million negative impact on non-controlling interests.

3.1.4 Changes in scope relating to Franprix-Leader Price subgroup

As part of the continuation of the franchisee redeployment projects at Franprix-Leader Price, the subsidiary sold a group of Franprix and Leader Price stores to two master franchisees during the year that were loss-making under the integrated management mode. The Group sold a 51% interest in the stores, generating a -€61 million net loss recognised in "Other operating expenses" (note 6.5). If the transactions had been completed on 1 January 2016, (i) net sales for the year would have been reduced by €33 million, (ii) trading profit would have been increased by €13 million, (iii) other operating expenses would have been increased by €9 million (comprising impairment losses of €4.5 million and a €4.5 million revaluation of the retained interest) and (iv) the Group's share of profit (loss) of equity-accounted investees would have been reduced by €6 million.
In addition, Franprix-Leader Price has various call options on the stores (note 3.4.2).

Some master franchisees also acquired a 49% interest in a group of profit-making Franprix and Leader Price stores. These disposals, without loss of control, had no material impact on equity attributable to owners of the parent.

Furthermore, Franprix-Leader Price also acquired controlling interests in various groups during the year. The amounts disbursed for these acquisitions totalled €32 million and generated provisional goodwill of €35 million. Since the sub-groups acquired were previously equity-accounted in the Casino Group's consolidated financial statements, the remeasurement of the interests previously-held generated a €3 million gain.
The contribution of these groups to consolidated net sales and pre-tax profit for the period from the acquisition date to the 2016 year-end amounted to €23 million and -€11 million, respectively.
If the acquisitions had been completed on 1 January 2016, net sales for the year would have been increased by €16 million and pre-tax profit would have been reduced by €1 million.

3.1.5 Loss of control of a group of Casino supermarkets

In line with its franchisee redeployment strategy, during the second half of 2016 Distribution Casino France sold a 51% stake in a group of 12 Casino supermarkets that were loss-making under the integrated management system to a master franchisee. The net loss on the sale amounted to €34 million and was recorded in "Other operating expenses" (note 6.5). If the transaction had been completed on 1 January 2016, (i) net sales for the year would have been reduced by €14 million, (ii) trading profit would have been increased by €9 million, (iii) other operating expense would have been increased by €1 million and the Group's share of profit (loss) of equity-accounted investees would have been reduced by €3 million.
Distribution Casino France has a call option on the group of stores that is exercisable in 2019 (note 3.4.2).

3.1.6 Acquisition of control of Geimex

Following signature of a settlement agreement, the Group acquired control of Geimex (note 2). Geimex was previously jointly controlled and was accounted for by the equity method on a 50% basis in the Group accounts until 31 October 2016. The purchase price amounts to €45 million, leading to the recognition of provisional goodwill of €69 million. The transaction costs amount to €1 million.
The change in accounting method from the equity method at 50% to full consolidation resulted in the recognition, in accordance with IFRS 3, of a €16 million gain from re-measurement of previously-held interest which was recognised in "Other operating income".
Geimex's contribution to consolidated net sales and consolidated net profit for the period from 31 October to 31 December 2016 amounted to €25 million and €1 million respectively (excluding the gain from re-measurement at fair value of the previously-held interest). If control of Geimex had been acquired on 1 January 2016, it would have added €148 million to net sales and €1 million to consolidated net profit.

3.1.7 Creation of the Viva Malls real estate trust in Colombia

On 15 July 2016, Exito created a Colombian real estate trust named Viva Malls to hold all of the Viva brand shopping centres and malls. On 22 December 2016, Exito and Fondo Inmobiliario Colombia (FIC), a private equity fund managed by Fiduciara Bancolombia, signed an agreement providing for the acquisition by FIC of a 49% stake in the trust's capital. FIC's total capital commitment amounts to COP 773 billion (€245 million), of which €124 million excluding expenses had been paid as of 31 December 2016 and €121 million will be paid over the next 18 months. FIC's stake in Viva Malls was based on the total value attributed to the trust's real estate assets of COP 1,600 billion (€506 million). Following this transaction, Exito owns 51% of Viva Malls.

The trust's governance is specified in the agreement between the parties. Exito is the majority partner and FIC has rights with respect to certain business decisions concerning such matters as acquisitions and disposals in excess of a certain amount or the method of setting budgets and business plan targets. The agreement also states that Exito is the sole provider of property management, administrative and marketing services for Viva Malls and that it is paid an arm's length fee for these services. A review of the substance of FIC's rights under the agreement confirms that their effect is solely to protect FIC's investment and that, consequently, Viva Malls is controlled by Exito.

The transaction has been accounted for as a transaction between shareholders, leading to a €3 million reduction in equity attributable to owners of the parent (including -€6 million in costs) and a €115 million increase in non-controlling interests (net of -€5 million in costs)

3.2 Transactions affecting the scope of consolidation in 2015

3.2.1 Acquisition of control of the Uruguayan subsidiary Disco

The Disco subgroup in Uruguay was previously jointly controlled by the Group through its subsidiary Exito which held a 62.49% stake. This subgroup was therefore accounted for using the equity method until 31 December 2014. Following the signing of a contractual agreement, initially with a two-year term, granting it more than 75% of the voting rights and exclusive control over strategic decisions, Exito acquired control of the Disco subgroup with effect from 1 January 2015. On 29 December 2016, the agreement was extended until 30 June 2019. It will then be rolled over automatically until 30 June 2021 unless either party gives notice of its intention to withdraw from the agreement before 31 December 2018.

The change in accounting method from the equity method at 62.49% (percentage of Éxito's holding) to full consolidation (no change in the percentage of interest) resulted in the recognition of a €262 million gain from the re-measurement of the interest previously held which was recognised under "Other operating income" (see note 6.5).

The measurement of identifiable assets and liabilities at fair value resulted in the recognition of €304 million in goodwill that was allocated to the Uruguay CGU. There were no changes in fair value at 1 January 2016.

The Disco subgroup's contribution to consolidated net sales and consolidated net profit (excluding the gain from re-measurement at fair value of the previously-held interest) for the period from 1 January to 31 December 2015 amounted to €436 and €33 million respectively. The costs related to the acquisition of control were not material.

Furthermore, the Group has granted a put option on 29.8% of Disco's capital to the family shareholders. The option is exercisable until 21 June 2021. The exercise price is based on Disco's average consolidated EBITDA or net profit for the previous two years and the subgroup's net debt, with a floor price of USD 41 million plus interest of 5% p.a. The put option is recognised in the consolidated statement of financial position for an amount of €115 million at 31 December 2016 (note 3.4.1) (31 December 2015: €90 million).

3.2.2 Exercise of the call option on Super Inter stores

On 15 April 2015, Éxito exercised a call option that enabled it to acquire 29 Super Inter stores operated by Éxito since October 2014, as well as the Super Inter brand. The acquisition price was COP 343,920 million (€124 million) of which COP 284,173 million (€99 million) had been paid as of 31 December 2015. There was no change in the fair value of the assets and liabilities between 2015 and the date when the call option was exercised, on 15 April 2016. Goodwill recognized on the acquisition amounted to €95 million.

3.2.3 Changes in scope concerning the Franprix-Leader Price subgroup

In 2015, Franprix – Leader Price acquired control of various subgroups. The total purchase price paid was €53 million, generating goodwill of €55 million.

If these acquisitions had been completed on 1 January 2015, net sales would have been increased by €66 million and pre-tax profit would have been reduced by €3 million.

Furthermore, as part of its franchisee redeployment project, during 2015 Franprix-Leader Price sold a 51% stake in a group of Franprix and Leader Price stores that were loss-making under the integrated management system to two master franchisees. The net loss on the sales amounted to €58 million and was recorded in "Other operating expenses".
If these disposals had been carried out on 1 January 2015, net sales would have been reduced by €51 million and there would have been no impact on pre-tax profit.
At the same time, the two master franchisees acquired a 49% interest in a group of profit-making Franprix and Leader Price stores. These disposals without loss of control reduced equity attributable to owners of the parent by €52 million and increased non-controlling interests by the same amount.

3.2.4 Asset exchange agreement between Éxito and Cafam

On 23 February 2015, Exito and La Caja de Compensación Familiar – CAFAM entered into an agreement providing for:

- The acquisition by Éxito of stores owned by Cafam but operated by Éxito since September 2010. The acquisition price paid was €44 million, generating an equivalent amount of deductible goodwill.
- The sale to Cafam of drugstores owned by Éxito, some of which had been operated by Cafam since September 2010, for a total of €27 million recognised under "Other operating income".
- Termination of the operating contract that had been signed in September 2010.

The costs related to the acquisition of control of the stores were not material.

3.2.5 Acquisition of non-controlling interests in Lanin

On 26 February 2015, following the exercise of put options, the Group acquired all the non-controlling interests in Lanin (3.18%), a holding company that owns all the shares in Devoto, an operator of stores in Uruguay. The amount disbursed for this acquisition was €17 million (note 4.3).

3.2.6 Creation of SCI Simonop'1 and entrance to the capital of investors

In October 2015, Monoprix and two of its subsidiaries created SCI Simonop'1. Subsequently, on 22 December 2015, Monoprix and its two subsidiaries transferred to SCI Simonop'1 eleven property assets housing Monoprix supermarkets valued at €138 million. On the same date, 49% of Simonop'1 shares were sold to three property investment companies managed by Ciloger for a total price of €73 million (note 4.3). The transaction had the effect of increasing consolidated equity by €72 million (including a €4 million increase in equity attributable to owners of the parent).

3.3 Investments in equity-accounted investees

3.3.1 Significant associates and joint ventures

The following table presents the condensed financial statements (on a 100% basis) for the three main investees accounted for by the equity method. These condensed financial statements prepared in accordance with IFRS correspond to the investees' published financial statements as restated where appropriate, for the adjustments made by the Group, for example fair value adjustments on the date control is acquired or lost, adjustments to bring the investee's accounting policies into line with Group policies, or adjustments to eliminate gains and losses on intra-group acquisitions and disposals for the portion corresponding to the Group's percentage interest in the investee :

(€ millions)	2016			2015		
	Mercialys (i)	**Banque du Groupe Casino**	**FIC (ii)**	**Mercialys (i)**	**Banque du Groupe Casino**	**FIC (ii)**
Country	**France**	**France**	**Brazil**	France	France	Brazil
Business	**Real**	**Banking**	**Banking**	Real estate	Banking	Banking
Type of relationship	**Associate**	**Joint venture**	**Associate**	Associate	Joint venture	Associate
% interest and voting rights (iii)	**40%**	**50%**	**50%**	40%	50%	50%
Net sales	**192**	**136**	**290**	172	122	302
Net profit from continuing operations	**94**	**3**	**61**	87	2	61
Other comprehensive income	**-**	**-**	**-**	-	-	-
Total comprehensive income	**94**	**3**	**61**	**87**	**2**	**61**
Non-current assets	**2,923**	**22**	**13**	2,797	25	9
Current assets (iv)	**149**	**864**	**1,184**	117	826	903
Non-current liabilities	**(1,263)**	**(6)**	**(4)**	(1,243)	(2)	(4)
Current liabilities	**(386)**	**(779)**	**(889)**	(239)	(756)	(712)
of which credit activities-related liabilities	***-***	***(759)***	***(889)***	*-*	*(738)*	*(712)*
Net assets	**1,423**	**101**	**303**	**1,432**	**94**	**197**
Of which net assets attributable to owners of the parent	***1,317***	***101***	***303***	*1,326*	*94*	*197*
Share of net assets	**530**	**51**	**151**	**534**	**47**	**98**
Goodwill	**20**	**33**	**-**	20	33	-
Elimination of share of intra-group margins	**(184)**	**-**	**-**	(177)	-	-
IFRS 5 reclassifications	**-**	**-**	**(42)**	-	-	-
Other adjustments (v)	**-**	**-**	**(17)**	-	-	(14)
Investments in equity-accounted investees (note 3.3.3)	**366**	**84**	**92**	**376**	**80**	**84**
Dividends received from associates	**37**	**-**	**-**	**61**	**-**	**41 (vi)**

(i) As at 31 December 2016, the Group held 40.22% of the capital of Mercialys. The Group considers that it exercises significant influence over the financial and operating policies of the Mercialys Group. This position is based on an analysis of the votes cast at recent Shareholders General Meetings of Mercialys (showing that Casino and its related parties do not control shareholder decisions at General Meetings), the absence of a majority vote on strategic decisions at meetings of the company's Board of Directors, which is mostly made up of independent directors, and the governance rules stipulating that Casino's representatives on the Mercialys Board may not take part in decisions concerning transactions carried out with the Group and business contracts entered into between the Group and Mercialys on an arm's length basis.

(ii) The main associate of the GPA subgroup is FIC which was set up by GPA in partnership with Banco Itaú Unibanco S.A. (Itaú Unibanco) to finance purchases of GPA's customers. Associates of the GPA subgroup are accounted for using the equity method as GPA exercises significant influence over their operating and financial policies. The data presented above only concern FIC as the other associates are not material.

(iii) The percentage interest corresponds to that held by Casino, except in the case of FIC, where it corresponds to the interest held by the GPA subgroup.

(iv) The current assets and liabilities of Banque du Groupe Casino and FIC primarily concern their consumer finance business.

(v) Corresponding to the reserve allocated to Itaú Unibanco in FIC's bylaws that is deducted for the purpose of determining the value of the Group's investment in FIC.

(vi) Of which €11 million in dividends classified under "Net profit from discontinued operations".

3.3.2 Other investments in associates and joint ventures

At 31 December 2016, the carrying amounts of investments in other associates and joint ventures stood at €41 million and €41 million, respectively (note 3.3.3). The aggregate amounts of key financial statement items for these associates and joint ventures are not material. Dividends received from these associates and joint ventures amounted to €2 million in 2016 (2015: €26 million).

3.3.3 Changes in investments in equity-accounted investees

(€ millions)	As at 1 January	Impairment loss	Share of profit (loss) for the year	Dividends	IFRS 5 reclassifications	Other	As at 31 December
Associates							
GPA Group associates (FIC & BINV)	122	-	30 [iii]	(34)	-	(30)	88
Mercialys	457	-	34	(61)	-	(55) [i]	376
Franprix - Leader Price Group associates	21	-	(9)	-	-	(2)	10
Other	35	-	1	(1)	-	-	35
Joint ventures							
Disco [ii]	129	-	-	-	-	(129)	-
Banque du Groupe Casino	80	-	1	-	-	(1)	80
Geimex	50		3	(25)	-	-	28
Other	3	-	5	-	-	4	12
2015	**897**	**-**	**66 [iii]**	**(121)**	**-**	**(213)**	**629**
Associates							
GPA Group associates (FIC & BINV)	**88**	**-**	**28 [iii]**	**(7)**	**(42) [iv]**	**26**	**92**
Mercialys	**376**	**-**	**35**	**(37)**	**-**	**(8) [i]**	**366**
Franprix – Leader Price Group associates	**10**	**-**	**(40)**	**-**	**-**	**32**	**2**
Other	**35**	**-**	**-**	**(2)**	**-**	**6**	**39**
Joint ventures							
Banque du Groupe Casino	**80**	**-**	**1**	**-**	**-**	**3**	**84**
Geimex [v]	**28**	**-**	**-**	**-**	**-**	**(28)**	**-**
Exito Group joint ventures (Tuya) [vi]	**-**	**-**	**3**	**-**	**-**	**25**	**28**
Other	**12**	**-**	**1**	**-**	**-**	**1**	**13**
2016	**629**	**-**	**28 [iii]**	**(46)**	**(42)**	**57**	**625**

(i) The negative amounts of €8 million in 2016 and €55 million in 2015 correspond mainly to the neutralisation of gains on sales of property assets by Casino to Mercialys for the portion corresponding to Casino's percentage interest in Mercialys.
(ii) Disco has been fully consolidated since the date the Group acquired control (1 January 2015).
(iii) Of which €8 million share of profit of associates classified in discontinued operations respectively in 2016 and 2015.
(iv) The investments in BINV and FIC held by Via Varejo have been reclassified as "Assets held for sale".
(v) Geimex has been fully consolidated since 1 November 2016 (note 3.1.6).
(vi) Tuya was set up in partnership with Bancolombia to manage the banking services offered to customers of the stores in Colombia, primarily the possibility of acquiring a store card. The partnership structure changed in October 2016 when Exito became a 50% shareholder of Tuya.

3.3.4 Impairment losses on investments in equity-accounted investees

With the exception of Mercialys, associates and joint ventures are privately-held companies for which no quoted market prices are available to estimate their fair value.
The fair value of the investment in Mercialys at the reporting date was €712 million, determined using the market price on 31 December 2016 (31 December 2015: €691 million). This value does not reflect any impairment. Mercialys' EPRA NNNAV at 31 December 2016 amounted to €1,861 million on a 100% basis.
The impairment tests carried out at 31 December 2016 and 31 December 2015 did not result in the recognition of any impairment loss.

3.3.5 Share of contingent liabilities of equity-accounted investees

As at 31 December 2016 and 31 December 2015, none of the Group's associates and joint ventures had any material contingent liabilities.

3.3.6 Related party transactions (equity-accounted investees)

The related party transactions shown below mainly concern transactions carried out in the normal course of business on arm's length terms with companies over which the Group exercises significant influence (associates) or joint control (joint ventures) that are accounted for in the consolidated financial statements using the equity method.

(€ millions)	2016				2015			
	Associates		Joint ventures		Associates		Joint ventures	
	Transaction	Balance	Transaction	Balance	Transaction	Balance	Transaction	Balance
Loans	**32**	**52**	**-**	**-**	21	21	-	-
Receivables	**32**	**85**	**(2)**	**1**	44	52	(15)	3
Payables	**-**	**5**	**(3)**	**2**	(12)	5	(4)	5
Expenses	**109 (i)**	**-**	**49**	**-**	73 (i)	-	55	-
Income	**737 (ii)**	**-**	**29**	**-**	468 (ii)	-	25	-

(i) Of which rental revenue excluding occupancy costs for the 79 leases signed with Mercialys for €59 million in 2016 (2015: 105 leases for €42 million). At 31 December 2016, future minimum lease payments due to Mercialys on property assets amounted to €117 million, including €60 million due within one year.

(ii) Of which income related to property development transactions with Mercialys reported in "Other revenue" for €77 million (2015: €303 million) and with a master franchisee for €53 million. Income of €737 and €468 million also include for an amount of €577 and €132 million respectively in 2016 and 2015 Franprix – Leader Price sales of goods to equity-accounted master franchisees.

<u>**Transactions with Mercialys**</u>

Casino has entered into various agreements with Mercialys:

- Leases: Casino leases units in certain shopping centres from Mercialys, for which the rent is included in the above table.
- Asset management agreement: Casino provides rental management services for nearly all Mercialys properties. In 2016, the related management fees amounted to €6 million (2015: €5 million).
- Partnership agreement: this agreement was approved by the Board of Directors on 22 June 2012 and an addendum was signed on 12 November 2014. The partnership's fundamental principle whereby Casino develops and manages a pipeline of projects that Mercialys acquires to feed its business growth has been maintained in the new agreement. The original agreement concerned a pipeline of projects identified in advance and offering satisfactory visibility. The new agreement enables Mercialys to propose new projects that will be examined by Casino and tracked during monitoring committee meetings.
  Casino will not undertake any work until the order is reconfirmed by Mercialys once the necessary permits have been obtained and leases have been signed on units representing at least 60% of projected rental revenues or signed leases.
  The acquisition price of projects developed by Casino was calculated under the original agreement on the basis of (i) a rent capitalization rate determined using a grid that is updated twice a year by reference to the rates used to value Mercialys' portfolio and (ii) projected rental revenues from the project. Under the new agreement, the projected internal rate of return (IRR) – within the range of 8% to 10% – may also be taken into account for pricing purposes.
  The principle whereby the upside and downside are shared equally between Casino and Mercialys has been maintained to take into account the actual conditions in which the assets will be marketed. For example, the price will be increased or reduced by 50% of any positive (upside) or negative (downside) difference between the actual rents negotiated during the marketing process and the rents projected at the outset. The contracts require the parties to meet during the pre-acquisition process.
  In exchange for the exclusive partnership, Mercialys has undertaken not to invest in any operations that could lead to a material increase in competition in the catchment area of any of the Casino Group's food stores.
  Mercialys has extended the partnership agreement with Casino for a further three years, until end-2020.
- Support services agreement: the Group provides administrative, accounting, IT and real estate support services to Mercialys. In 2016, the related fees amounted to €2 million (2015: €2 million).

- Consulting services agreement: Mercialys makes available to Casino the services of its team of real estate portfolio enhancement specialists. This agreement had no material impact in 2016 or 2015.
- Exclusive sale mandate: Casino seeks buyers for real estate assets on behalf of Mercialys. In 2016, the related fees amounted to €1 million (2015: €2 million).
- Current account and cash management agreement: Casino has provided Mercialys with a €50 million confirmed line of credit expiring in December 2019 at an annual interest rate based on the Euribor plus a spread ranging from 40 bps to 95 bps depending on the amount borrowed under the facility. The Group also charges a 38-bps commitment fee (40% of the maximum 95-bps spread) on undrawn amounts. This agreement had no material impact in 2016 or 2015.

Under the partnership agreement between Casino and Mercialys and in line with the asset sales carried out in 2014 and 2015, during 2016 Casino sold property development projects (including two Monoprix sites) to Mercialys for a total of €77 million. Based on each project's percentage of completion, the sale led to the recognition of €62 million in "Other income" and a €29 million positive contribution to EBITDA after eliminating a portion corresponding to the Group's percentage interest in Mercialys.

Mercialys also entered into an agreement with OPPCI SEREIT France under which it transferred to SCI Rennes – Anglet the buildings housing two hypermarkets, a shopping mall and a mid-sized store that were developed by Casino and sold to Mercialys in 2014. SCI Rennes – Anglet is 30%-owned by Mercialys and 70% by OPPCI SEREIT France. The transaction led to the recognition in "Other income" of €15 million – corresponding to the additional fraction of 70% of the property development profit that had previously been eliminated on a 40% basis – and to an €11 million contribution to EBITDA.
The Group also has a call option exercisable on 31 July 2018, at its initiative and subject to certain conditions, on either (i) the property assets held by SCI Rennes – Anglet, valued at a fixed price of €64 million or (ii) the SCI Rennes – Anglet shares held by OPPCI SEREIT France, valued at the company's market value (NAV), based on the property portfolio's appraisal value of €64 million excluding transfer costs.

Transactions with other related parties

In connection with its property trading business, on 21 December 2016 the Group sold a portfolio of ten Leader-Price store premises to a master franchisee for €53 million recorded in "Other income" generating a positive contribution in EBITDA of €5 million.

3.3.7 Commitments to joint ventures

As at 31 December 2016 and 31 December 2015, there were no material commitments to joint ventures.

3.4 Commitments related to the scope of consolidation

3.4.1 Put options granted to owners of non-controlling interests - "PUTs options"

Accounting principle

The Group has granted put options to the owners of non-controlling interests in some of its subsidiaries. The exercise price may be fixed or based on a predetermined formula. In accordance with IAS 32, obligations under these PUTs options on non-controlling interests in fully consolidated subsidiaries are recognised as ”financial liabilities”; fixed price options are recognised at their discounted present value and variable price options at fair value ; furthermore, these options may be exercisable at any time or on a specified date. Since 2015, PUTs options are presented on a separate line of the consolidated statement of financial position, "Put options granted to owners of non-controlling interests".

IAS 27 revised, which is effective for annual periods beginning on or after 1 January 2010, and subsequently IFRS 10, effective for annual periods beginning on or after 1 January 2014, describe the accounting treatment of acquisitions of additional shares in subsidiaries. The Group has decided to apply two different accounting methods for these PUTs options, depending on whether they were granted before or after the effective date of IAS 27 revised, as recommended by France's securities regulator (Autorité des Marchés Financiers):

- PUTs options granted before the effective date of IAS 27 revised are accounted for using the goodwill method whereby the difference between the PUTs options liability and the carrying amount of the non-controlling interests is recognised in goodwill. In subsequent years, this liability is remeasured and any changes adjust goodwill.
- PUTs options granted since IAS 27 revised came into effect are accounted for as transactions between shareholders, with the difference between the PUTs options liability and the carrying amount of the non-controlling interests recognised as a deduction from equity. In subsequent years, this liability is remeasured and any changes adjust equity.

PUTs options can be analysed as follows at 31 December 2016:

(€ millions)	% Group interest	Commitment to non-controlling interests	Fixed or variable exercise price	Non-current liabilities (iii)	Current liabilities (iv)
Franprix – Leader Price (i)	49.00% to 70.00%	30.00% to 51.00%	F/V	41	29
Exito (Disco) (ii)	62.49%	29.82%	V	-	115
Casino Guichard-Perrachon (Cnova NV) (iii)	89.63%	10.37%	F	-	187
Other				-	10
Total PUTs options liabilities				**41**	**341**

(i) The exercise price of these put options on non-controlling interests in subsidiaries of the Franprix-Leader Price subgroup is generally based on net profit. A 10% increase or decrease in the indicator would not have a material impact. The options expire between 2016 and 2031.
(ii) Option exercisable until 21 June 2021.
(iii) Concerns the public tender offer for Cnova NV shares (note 2).
(iv) As at 31 December 2015, PUTs options liabilities amounted to €151 million, of which current liabilities of €102 million. The increase in 2016 was mainly due to the public tender offer for Cnova NV shares (note 2) for €187 million.

3.4.2 Off-balance sheet commitments

Accounting principle

Under the terms of the option contracts, the exercise price of written put and call options may be determined using earnings multiples of the companies concerned. In this case, the options are valued based on the latest published earnings for options exercisable at any time and earnings forecasts or projections for options exercisable as of a given future date. In many cases, the put option written by the Group is matched by a call option written by the other party ; in these cases, the value shown corresponds to that of the written put.

PUTs options on non-controlled companies stood at €5 million as at 31 December 2016 (31 December 2015: €19 million), and concerned the Franprix – Leader Price subgroup exclusively.

The Group has been granted the following call options in connection with transactions carried out with Mercialys:

- call option on 100% of the assets or 100% of the shares of Hyperthetis Participations, exercisable between 30 September 2020 and 31 March 2022 at the higher of the fair value of the underlying and a guaranteed minimum IRR;
- call option on a property asset previously sold to Immosiris, exercisable between 31 March 2021 and 30 September 2022 at the higher of the fair value of the underlying and a guaranteed minimum IRR;
- call option exercisable on 31 July 2018, at its initiative and subject to certain conditions, on either (i) the property assets held by SCI Rennes – Anglet, valued at a fixed price of €64 million or (ii) the SCI Rennes – Anglet shares held by OPPCI SEREIT France, valued at the company's market value (NAV), based on the property portfolio's appraisal value of €64 million excluding transfer costs.

Lastly, in connection with the transactions carried out with master franchisees describe in notes 3.1.4 and 3.1.5, the Group has call options on stores that are exercisable between 2019 and 2022 at prices based on a percentage of the improvement in EBITDA.

The total value of these call options was €423 million as at 31 December 2016 (31 December 2015: €311 million).

3.5 Non-current assets held for sale and discontinued operations.

Accounting principle

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and their fair value less costs to sell. A non-current asset or disposal group is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this condition to be met, the asset or disposal group must be available for immediate sale in its present condition and its sale must be highly probable. Management must be committed to a plan to sell the asset which, in accounting terms, should result in the conclusion of a sale within one year of the date of this classification. Considering these caracteristics, net assets held for sale attributable to owners of the parent of the selling subsidiary are presented as a deduction from net debt (note 11).

Property, plant and equipment and intangible assets classified as held for sale are no longer depreciated or amortised.

A discontinued operation is either a component of an entity that has been disposed of or operation that is classified as held for sale and:

- represents a separate major line of business or a geographical area of operations or is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations, or
- is a subsidiary acquired exclusively with a view to resale.

An operation represents a separate major line of business when it constitutes a reportable segment. It is classed as discontinued if the criteria for classifying the related assets as "held for sale" have been met or when it has already been disposed of. Classification as a discontinued operation occurs when the operation is disposed of or on a prior date when it fulfils the criteria for classification as held for sale.

When an operation is classified as discontinued, the comparative income statement and statement of cash flows are restated as if the operation had fulfilled the criteria for classification as discontinued as from the first day of the comparative period. Discontinued operations are presented on a separate line of the consolidated income statement, "Profit from discontinued operations", which includes the net profit or loss of the discontinued operation up to the date of disposal, and if appropriate, any impairment loss recognised to write down the net assets held for sale to their fair value less costs to sell and/or any after-tax disposal gains or losses.

3.5.1 Assets held for sale and liabilities associated with assets held for sale

(€ millions)	Notes	31 December 2016		31 December 2015	
		Assets	Liabilities	Assets	Liabilities
Via Varejo subgroup	3.5.2	**6,039**	**4,404**	-	-
Vietnam subgroup	3.5.2	**-**	**-**	507	184
Other		**81**	**-**	31	-
Total		**6,120**	**4,404**	**538**	**184**
Net assets		**1,716**		354	
Of which attributable to owners of the parent of the selling subsidiary	*11.2*	***768***		*315*	

The increase in this item reflects the transactions described in notes 2 and 3.1.1.

3.5.2 Discontinued operations

Following the transactions described in note 2, discontinued operations mainly consist of operations in Thailand and Vietnam and Via Varejo (including Cnova Brazil in the table below). Profit from discontinued operations breaks down as follows:

(€ millions)	2016 [(i)]	*Of which Via Varejo [(ii)]*	2015	*Of which Via Varejo*
Net sales	**6,757**	***6,009***	10,833	*6,842*
Expenses	**(6,990)**	***(6,280)***	(10,745)	(7,000)
Gain on disposal of discontinued operations	**2,893**	**-**	-	-
Disposal price	*4,054*	-	-	-
Disposal costs	*(92)*	-	-	-
Carrying amount of net assets sold	*(1,160)*	-	-	-
Other items of comprehensive income (loss) reclassified to profit or loss, net of tax	*91*	-	-	-
Impairment loss resulting from the measurement of Via Varejo at fair value less costs to sell [(iii)]	**(461)**	***(461)***	-	-
Net profit before tax from discontinued operations	**2,198**	***(732)***	**88**	***(158)***
Income tax expense	**(46)**	***(9)***	(50)	2
Share of profits of equity-accounted investees	**8**	***8***	8	*8*
Net profit from discontinued operations	**2,161**	***(734)***	**47**	***(148)***
Attributable to owners of the parent	***2,645***	***(226)***	*21*	*(97)*
Attributable to non-controlling interests	***(484)***	***(508)***	*26*	*(50)*

(i) Mainly corresponding to the two months of business up to the date of disposal of operations in Thailand on 21 March 2016, the four months of business up to the date of disposal of operations in Vietnam on 29 April 2016 and 12 months of business for Via Varejo.
(ii) Via Varejo reported EBITDA and trading profit amount to €251 million and of €184 million respectively in 2016.
(iii) The fair value of Via Varejo (including Cnova Brazil) is estimated at €1,656 million (before estimated costs to sell of €20 million), based on the share price of BRL 10.75 as at 31 December 2016 plus an estimated control premium. This value was confirmed by an independent valuation performed by the banks retained by the Group to assist with the sale process.
This value is classified in level 3 hierarchy. The 20% increase or decrease in the estimated fair value would reduce or increase the impairment loss by €295 million (at constant exchange rates).

Earnings per share of discontinued operations are presented in note 12.10.

Other comprehensive income of discontinued operations – mainly operations in Thailand and Vietnam as Via Varejo had no impact – are presented below:

(€ millions)	2016	2015
Items that may be subsequently reclassified to profit or loss	**(148)**	**34**
Foreign currency translation adjustments	**(178)**	34
Net investments hedges in foreign operations	**47**	-
Income tax effects	**(17)**	-
Items that will never be reclassified to profit or loss	**5**	**(1)**
Actuarial gains and losses	**6**	(1)
Income tax effects	**(1)**	-
Other comprehensive income (loss) of discontinued operations	**(143)**	**34**

The impacts on the Group's consolidated statement of financial position of the disposal of operations in Thailand and Vietnam and the reclassification of Via Varejo as "Assets held for sale" are presented below:

(€ millions)	2016		2015 (iii)
	Thailand and Vietnam (i)	Via Varejo (ii)	
Goodwill, intangible assets, property, plant and equipment, and investment property	1,940	1,908	184
Non-current fair value hedges – assets (v)	-	17	-
Other non-current assets	161	1,087	107
Total non-current assets	**2,100**	**3,013**	**291**
Current fair value hedges – assets (v)	-	26	-
Other current assets	451	1,827	87
Cash and cash equivalents (v)	118	1,174	129
Assets held for sale (Vietnam) (iv)	460	-	-
Current assets	**1,029**	**3,026**	**216**
TOTAL ASSETS	**3,130**	**6,039**	**507**
Non-current financial liabilities (v)	145	57	36
Other non-current liabilities	78	792	-
Total non-current liabilities	**223**	**848**	**36**
Current financial liabilities (v)	355	402	30
Trade payables	486	1,529	94
Other current liabilities	202	1,625	24
Liabilities associated with assets held for sale (Vietnam) (vi)	144	-	-
Total current liabilities	**1,187**	**3,555**	**148**
TOTAL LIABILITIES	**1,410**	**4,404**	**184**
Net assets	**1,719**	**1,636**	**323**
Of which net assets attributable to owners of the parent	***1,160***	***697***	***289***
Of which net assets attributable to non-controlling interests	***559***	***939***	***34***
Consideration received in cash net of costs paid	3,962	-	-
Cash and cash equivalents sold	225	-	-
Net cash inflow	**3,737**	**-**	**-**

(i) At the date on which control was lost for each discontinued operation
(ii) Including Cnova Brazil
(iii) Reflects the breakdown of assets held for sale and associated liabilities of the Vietnam subgroup's Retail and E-commerce operations at 31 December 2015.
(iv) Of which €107 million of cash and cash equivalents
(v) At 31 December 2016, Via Varejo had cash and cash equivalents of €1,174 million and debt (net of fair value hedges assets) of €416 million, representing a net cash position of €758 million.
(vi) Including borrowings and financial liabilities of €64 million

3.5.3 Irregularities at the Cnova Brazil subsidiary

Investigations into the irregularities were completed in June 2016 and an additional net loss of €35 million was recorded under "Profit from discontinued operations" following the Group's decision to dispose of Via Varejo. The net loss mainly comprised €16 million of impairment on intangible assets, €10 million in cut-off adjustments and €5 million of scrapped tangible assets. The Group considers that the portion of adjustments corresponding to corrections of prior year errors were not sufficiently material to justify restating previously published financial statements.

Note 4 Additional disclosures related to the consolidated statement of cash flows

Accounting principle

The statement of cash flows is prepared using the indirect method starting from consolidated net profit (loss) and is organised in three sections:

- Cash flows from operating activities, including taxes, transaction costs for acquisitions of control, dividends received from associates and joint ventures and payments received in respect of government grants.
- Cash flows from investing activities, including acquisitions of control (excluding acquisition costs), losses of control including transaction costs, acquisitions and disposals of investments in non-consolidated companies and of associates and joint ventures (including transaction costs), contingent consideration paid for business combinations up to the liability determined during the measurement period and, and acquisitions and disposals of fixed assets (including transaction costs and deferred payments), excluding finance leases.
- Cash flows from financing activities, including new borrowings and repayments of borrowings, issues of equity instruments, transactions between shareholders (including transaction costs and any deferred payments), net interest paid (cash flows related to finance costs and non-recourse factoring costs), treasury share transactions and dividend payments. This category also includes cash flows from trade payables requalified as debt.

4.1 Reconciliation of changes in operating working capital to changes in the corresponding items in the statement of financial position

(€ millions)	Notes	2015	Cash flows from operating activities	Cash flows from operating activities, discontinued operations	Other cash flows	Changes in scope of consolidation	Effect of movements in exchange rates	IFRS 5 reclass.	Reclass. and other	2016
Goods inventories	6.6	(4,602)	48	48	-	318	(488)	891	(2)	(3,786)
Property development work in progress	6.6	(281)	139	-	-	11	(5)	-	(69)	(204)
Trade payables	B/S	8,073	438	(166)	-	(503)	776	(1,529)	(150)	6,939
Trade receivables	6.7	(911)	(21)	(228)	-	92	(65)	254	(1)	(880)
Trade receivables from credit activity	6.7	(377)	(120)	112	-	-	(98)	483	-	-
Liabilities of credit activity	6.10	574	137	-	-	-	164	(875)	-	-
Other (receivables)/ payables	6.8.1 / 6.9 / 6.10	623	19	(134)	223	(19)	(17)	230	(135)	791
TOTAL		3,099	640	(368)	223	(100)	268	(546)	(357)	2,859

(€ millions)	Notes	2014	Cash flows from operating activities restated	Cash flows from operating activities, discontinued operations	Other cash flows	Changes in scope of consolidation	Effect of movements in exchange rates	IFRS 5 reclass.	Reclass. and other	2015
Goods inventories	6.6	(5,074)	(342)	90	-	(20)	690	54	1	(4,602)
Property development work in progress	6.6	(237)	65	-	-	(6)	14	-	(116)	(281)
Trade payables	B/S	8,324	837	310	-	63	(1,034)	(94)	(333)	8,073
Trade receivables	6.7	(882)	(64)	(2)	-	(30)	56	12	-	(911)
Trade receivables from credit activity	6.7	(631)	107	3	-	-	144	-	-	(377)
Liabilities of credit activity	6.10	893	(108)	-	-	-	(211)	-	-	574
Other (receivables)/payables	6.8.1 / 6.9 / 6.10	(31)	215	87	(103)	26	5	5	419	623
TOTAL		**2,362**	**710**	**488**	**(103)**	**32**	**(337)**	**(24)**	**(29)**	**3,099**

4.2 Effect on cash and cash equivalents of changes in scope of consolidation resulting in acquisition or loss of control

(€ millions)	2016	2015
Amount paid for acquisitions of control	**(89)**	(241)
Cash/(bank overdrafts) related to acquisition of control	**(6)**	37
Amount received from losses of control	**1**	41
(Cash)/bank overdrafts related to losses of control	**(22)**	3
Effect of changes in scope of consolidation resulting in acquisition or loss of control	**(116)**	**(160)**

In 2016, the net effect of these transactions on the Group's cash and cash equivalents resulted mainly from the acquisition of control of Geimex (cash outflow of €44 million) (note 3.1.6) and the acquisition of various controlling interests in the Franprix – Leader Price subgroup (cash outflow of €37 million of which amount paid of €32 million for these acquisitions) (note 3.1.4).

In 2015, the impact of these transactions on cash and cash equivalents mainly comprised:
- acquisition of control of Super Inter (cash outflow of €124 million) (note 3.2.2);
- acquisition of controlling interests in various subgroups by Franprix – Leader Price (cash outflow of €53 million);
- Disco cash acquired (€49 million) (note 3.2.1);
- assets exchange under the agreement with Cafam (cash outflow of €17 million) (note 3.2.4).

4.3 Impact on cash and cash equivalents of transactions with non-controlling interests not resulting in a change of control

(€ millions)	Notes	2016	2015 restated
Exito – Viva Malls	3.1.7	**115**	-
Acquisition of GPA shares	3.1.3	**(11)**	-
Acquisition of Exito shares	3.1.2	**(10)**	-
Monoprix: Simonop	3.2.6	**-**	73
Lanin/Devoto	3.2.5	**-**	(17)
Payment of Sendas debt		**-**	(21)
Other		**5**	(11)
Effect on cash and cash equivalents of transactions with non-controlling interests		**99**	**23**

4.4 Reconciliation between change in cash and cash equivalents and change in net debt

(€ millions)	Notes	2016	2015 restated
Change in cash and cash equivalents		**2,253**	**(2,663)**
Additions to borrowings (i)		**(995)**	(2,993)
Repayments of borrowings (i)		**1,955**	4,349
Non-cash changes in debt (i)		**(323)**	171
Change in net assets held for sale attributable to owners of the parent		***44***	-
Change in other financial assets		***(51)***	*88*
Effect of changes in scope of consolidation		***(1)***	*(13)*
Change in cash flow and fair value hedges		***(125)***	*70*
Change in accrued interest		**(172)**	*14*
Interest on Monoprix mandatory convertible bonds	11.3.1	**13**	*11*
Other		**(32)**	*1*
Effect of movements in exchange rates (i)		**(297)**	490
Change in debt of discontinued operations		**113**	304
Change in net debt		**2,706**	**(340)**
Net debt at beginning of period		**6,073**	5,733
Net debt at end of period	11.2	**3,367**	6,073

(i) These impacts relate exclusively to continuing operations

4.5 Reconciliation of provision expense

(€ millions)	Notes	2016	2015 restated
Goodwill impairment	10.1.2	**(2)**	(3)
Impairment of intangible assets	10.2.2	**(15)**	(21)
Impairment of property, plant and equipment	10.3.2	**(98)**	(93)
Impairment of investment property	10.4.2	**-**	-
Net additions to provisions for risks and charges	13.1	**(189)**	(21)
Total provision expense		**(304)**	**(138)**
Provision expense reported under "Profit from discontinued operations"		**88**	13
Provision expense adjustment in the statement of cash flows		**(216)**	**(125)**

4.6 Reconciliation of acquisitions of fixed assets

(€ millions)	Notes	2016	2015 restated
Additions to and acquisitions of intangible assets	10.2.2	**198**	202
Additions to and acquisitions of property, plant and equipment	10.3.2	**968**	1,283
Additions to and acquisitions of investment property	10.4.2	**79**	79
Changes in amounts due to suppliers of fixed assets		**27**	(58)
New finance leases		**(31)**	(14)
Capitalised borrowing costs (IAS 23)	10.3.3	**(15)**	(5)
Effect of discontinued operations		**(66)**	(266)
Cash used in acquisitions of intangible assets, property, plant and equipment and investment property		**1,160**	**1,222**

4.7 Reconciliation of disposals of fixed assets

(€ millions)	Notes	2016	2015 restated
Disposals of intangible assets	10.2.2	**22**	13
Disposals of property, plant and equipment	10.3.2	**285**	282
Disposals of investment property	10.4.2	**-**	-
Reclassification of disposals of property development assets		**-**	(113)
Gains (losses) on disposal of non-current assets		**1**	3
Changes in receivables related to non-current assets		**15**	(23)
Reclassification of non-current assets as "Assets held for sale"		**51**	(1)
Effect of discontinued operations		**(5)**	(11)
Cash from disposals of intangible assets, property, plant and equipment and investment property		**368**	**150**

4.8 Reconciliation of dividends paid to non-controlling interests

(€ millions)	2016	2015 restated
Dividends paid and payable to non-controlling interests (note 12.8)	**(85)**	(94)
Payment during the year of dividends accrued at the prior year-end	**1**	(70)
Effect of movements in exchange rates	**5**	(6)
Effect of discontinued operations	**-**	82
Dividends paid to non-controlling interests as presented in the statement of cash flows	**(78)**	**(88)**

4.9 Reconciliation of net interest paid

(€ millions)	Notes	2016	2015 restated
Net finance costs reported in the income statement	**11.3.1**	**(324)**	**(240)**
Neutralisation of unrealized exchange gains and losses		**5**	(62)
Neutralisation of amortisation of debt issuance / redemption costs and premiums		**31**	28
Neutralisation of interest rate adjustment on Monoprix mandatory convertible bonds	11.3.1	**(13)**	(11)
Capitalised borrowing costs	10.3.3	**(15)**	(4)
Change in accrued interests and in fair value hedges of borrowings (i)		**229**	(30)
Non-recourse factoring costs	11.3.2	**(78)**	(53)
Interest paid, net as presented in the statement of cash flows		**(165)**	**(371)**

(i) Including in particular the impact of unwinding and modification of interest rate swaps in the France perimeter for an amount of €150 million.

Note 5 Segment information

Accounting principle

In accordance with IFRS 8 - Operating Segments, segment information is disclosed on the same basis as the Group's internal reporting system as used by the chief operating decision maker (the Chairman and Chief Executive Officer) in deciding how to allocate resources and in assessing performance.

Following the disposal of operations in Thailand and Vietnam (note 3.1.1) and the business merger between Cnova Brazil and Via Varejo followed by their reclassification as "Assets held for sale" (note 2), the Group's reportable segments are now:

- France Retail: reportable segment comprising retail operating segments in France (mainly the Casino, Monoprix, Franprix–Leader Price and Vindémia subgroups banners)
- Latam Retail: reportable segment comprising food retailing operating segments in Latin America (mainly the GPA food banners and the Exito, Disco–Devoto and Libertad subgroups banners).
- E-commerce: reportable segment comprising Cdiscount and the Cnova NV holding company.

The operating segments included in France Retail and Latam Retail have similar businesses in terms of product type, assets and human resources required for operations, customer profile, distribution methods, marketing offer and long-term financial performance.

The reportable segments therefore reflect pure retail activities and retail-related activities. Given the dual strategy and the interconnection between retail and real estate, the operating segments include real estate asset management activities, property development activities and energy-related activities.

Management assesses the performance of these segments on the basis of net sales and trading profit (which includes the allocation of holding company costs to all of the Group's business units) and EBITDA. EBITDA is defined as trading profit plus current depreciation and amortisation expense.

Segment assets and liabilities are not specifically reported internally for management purposes and are therefore not disclosed in the Group's IFRS 8 segment information.

Segment information is determined on the same basis as the consolidated financial statements.

5.1 Key indicators by reportable segment

(€ millions)	France Retail	Latam Retail	E-commerce	2016
External net sales	**18,939**	**15,247**	**1,843**	**36,030**
EBITDA	**872 (i)**	**816 (ii)**	**10**	**1,697**
Current depreciation and amortisation expense (note 6.4)	**(364)**	**(278)**	**(21)**	**(663)**
Trading profit / (loss)	**508**	**538 (ii)**	**(11)**	**1,034**

(i) Of which €87 million for property development transactions carried out in France
(ii) Of which BRL 288 million (€75 million) for Latam Retail of cumulative PIS/COFINS tax credits recognised in 2016 as a deduction from "Cost of goods sold" in the accounts of GPA (of which €68 million in relation to prior years) ; the element supporting the recognition and utilisation on future periods of such credits were obtained during the year.

(€ millions)	France Retail	Latam Retail	E-commerce	2015 restated
External net sales	18,890	14,714	1,708	35,312
EBITDA	726 (i)	980	(17)	1,689
Recurring depreciation and amortisation expense (note 6.4)	(389)	(281)	(21)	(692)
Trading profit / (loss)	337	698	(39)	997

(i) Of which €167 million for property development transactions carried out in France

5.2 Key indicators by geographical area

(€ millions)	France	Latin America	Other regions	Total
External net sales for 2016	**20,771**	**15,252**	**7**	**36,030**
External net sales for 2015 (restated)	20,578	14,726	7	35,312

(€ millions)	France	Latin America	Asia	Other regions	Total
Non-current assets as at 31 December 2016 (i)	**11,770**	**10,151**	**-**	**47**	**21,968**
Non-current assets as at 31 December 2015 (i)	12,099	10,143	2,066	43	24,351

(i) Non-current assets include goodwill, intangible assets, property, plant and equipment, investment property, investments in associates and joint ventures as well as long-term prepaid expenses.

Note 6 Activity data

6.1 Total revenue

Accounting principle

Revenue is composed of two parts: net sales and other income.

Net sales include sales by the Group's stores, e-commerce sites, self-service restaurants and warehouses, as well as financial services revenues, rental revenues, consumer finance revenues and other miscellaneous services rendered by establishments.

"Other income" consists of income from the property development and property trading businesses, miscellaneous service revenues, incidental revenues and revenues from secondary activities, including travel package sales commissions, franchising fees and revenues from energy efficiency activities.

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts, volume rebates and sales taxes. It is recognised as follows:

- revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods are transferred to the buyer (in most cases when legal title is transferred), the amount of the revenue can be measured reliably and it is probable that the economic benefits of the transaction will flow to the Group;
- revenue from the sale of services, such as extended warranties, services directly related to the sale of goods and services rendered to suppliers are recognised in the period during which they are performed. When a service is combined with various commitments, such as volume commitments, the Group analyses facts and legal patterns in order to determine the appropriate timing of recognition. Accordingly, revenue may either be recognised immediately (the service is considered as having been performed) or deferred over the period during which the service is performed or the commitment fulfilled.

If payment is deferred beyond the usual credit period and is not covered by financing, the revenue is discounted and the impact of discounting, if material, is recognised in financial income over the deferral period.

Award credits granted to customers under loyalty programmes are recognised as a separately identifiable component of the initial sales transaction. The corresponding revenue is deferred until the award credits are used by the customer.

(€ millions)	2016	2015 restated
Net sales	**36,030**	35,312
Other income	**542**	526
Total revenue	**36,572**	**35,838**

6.2 Cost of goods sold

Accounting principle

Gross margin

Gross margin corresponds to the difference between "Net sales" and the "Cost of goods sold".

"Cost of goods sold" comprises the cost of purchases net of discounts, commercial cooperation fees and any tax credits associated with the purchases, changes in retail inventories and logistics costs.

Commercial cooperation fees are measured based on contracts signed with suppliers. They are billed in instalments over the year. At each year-end, an accrual is recorded for the amount receivable or payable, corresponding to the difference between the value of the services actually rendered to the supplier and the sum of the instalments billed during the year.

Change in inventories

Changes in inventories, which may be positive or negative, are determined after taking into account any impairment losses. Changes in inventories related to property development and property trading business activities are included in "Selling expenses".

Logistics costs

Logistics costs correspond to the cost of logistics operations managed or outsourced by the Group, comprising all warehousing, handling and freight costs incurred after goods are first received at one of the Group's stores or warehouses. Transport costs included in suppliers' invoices (e.g. for goods purchased on a "delivery duty paid" or "DDP" basis) are included in purchase costs. Outsourced transport costs are recognised under "logistics costs".

(€ millions)	2016	2015 restated
Purchases and change in inventories	**(25,958)**	(25,414)
Logistics costs	**(1,406)**	(1,400)
Cost of goods sold	**(27,364)**	**(26,814)**

6.3 Expenses by nature and function

Accounting principle

Selling expenses

Selling expenses consist of point-of-sale costs, property development and property trading business costs and changes in inventories.

General and administrative expenses

General and administrative expenses correspond to overheads and the cost of corporate units, including the purchasing and procurement, sales and marketing, IT and finance functions.

Pre-opening and post-closure costs

When they do not meet the criteria for capitalisation, costs incurred prior to the opening or after the closure of a store are recognised in operating expense when incurred.

(€ millions)	Logistics costs(*)	Selling expenses	General and administrative expenses	2016
Employee benefits expense	**(486)**	**(3,158)**	**(766)**	**(4,410)**
Other expenses	**(883)**	**(3,216)**	**(408)**	**(4,507)**
Depreciation and amortisation expense (note 6.4)	**(37)**	**(497)**	**(129)**	**(663)**
Total	**(1,406)**	**(6,871)**	**(1,303)**	**(9,580)**

(€ millions)	Logistics costs(*)	Selling expenses	General and administrative expenses	2015 restated
Employee benefits expense	(504)	(3,178)	(720)	**(4,402)**
Other expenses	(854)	(3,119)	(361)	**(4,334)**
Depreciation and amortisation expense (note 6.4)	(42)	(520)	(130)	**(692)**
Total	**(1,400)**	**(6,817)**	**(1,210)**	**(9,427)**

(*) Logistics costs are reported in the consolidated income statement under "Cost of goods sold".

A competitiveness and employment tax credit (CICE) was introduced in France, corresponding to a tax credit (refundable if not used within three years) based on a percentage of salaries that do not exceed 2.5x the French minimum wage (SMIC). The rate was 6% in 2016 (9% for Vindémia), rising to 7% for salaries paid as from 1 January 2017. The Group recognised in 2016 this CICE income of €96 million (2015: €93 million) as a deduction from employee benefits expense and sold without recourse its receivable for €88 million net of the discount (2015: €88 million).

6.4 Depreciation and amortisation

(€ millions)	Notes	2016	2015
Amortisation of intangible assets	10.2.2	**(136)**	(140)
Depreciation of property, plant and equipment	10.3.2	**(600)**	(709)
Depreciation of investment property	10.4.2	**(10)**	(35)
Lease payments for land use		**(2)**	(13)
Total depreciation and amortisation expense		**(747)**	**(897)**
Depreciation and amortisation expense reported under "Profit from discontinued operations"		**84**	205
Depreciation and amortisation expense of continuing operations	**6.3**	**(663)**	**(692)**

6.5 Other operating income and expenses

Accounting principle

This caption covers two types of items:

- Income and expenses arising from major events occurring during the period that would distort analyses of the Group's recurring profitability. They are defined as significant items of income and expense that are limited in number, unusual or abnormal, whose occurrence is rare. Examples include restructuring costs and provisions and expenses for litigation and risks.
- Income and expenses which, by definition, are not included in an assessment of a business unit's recurring operating performance, such as gains and losses on disposals of non-current assets, impairment losses on non-current assets, and income/expenses related to changes in the scope of consolidation (for example, transaction costs and fees for acquisitions of control, gains and losses from disposals of subsidiaries, remeasurement at fair value of previously-held interests).

(€ millions)	**2016**	**2015 restated**
Total other operating income	**242**	498
Total other operating expenses	**(867)**	(846)
	(625)	**(349)**
Breakdown by type		
Gains and losses on disposal of non-current assets (vi)	**13**	21
Net impairment losses of assets (i) (vi)	**(49)**	(28)
Net income/(expense) related to changes in scope of consolidation (ii) (vi)	**(154)**	72
Gains and losses on disposal of non-current assets, net impairment losses of assets and net income (expense) related to changes in scope of consolidation	**(190)**	**65**
Restructuring provisions and expenses (iii) (vi)	**(252)**	(252)
Provisions and expenses for litigation and risks (iv) (vi)	**(123)**	(123)
Other (v)	**(60)**	(39)
Other operating income and expenses	**(435)**	**(414)**
Total net other operating income (expenses)	**(625)**	**(349)**

(i) Impairment losses recognised in 2016 mainly concerned isolated store assets in the France Retail segment (mainly Franprix –Leader Price and Distribution Casino France for €28 million) and the E-commerce segment for €10 million. In 2015, impairment loss primarily concerned isolated assets in the France Retail and E-commerce segments for €15 million and €10 million, respectively.

(ii) In 2016, the €154 million net expense related to changes in the scope of consolidation concerned the France Retail segment for €143 million, primarily reflecting changes in the Franprix – Leader Price subgroup for €72 million (including €59 million for the transactions described in note 3.1.4) and Distribution Casino France for €34 million (note 3.1.5), and transaction costs of €19 million, partly offset by the €16 million effect of measuring at fair value the previously-held interest in Geimex when the Group acquired control of this company (note 3.1.6). The €72 million net income recognised in 2015 included the €262 million positive effect of measuring at fair value the previously-held interest in Disco when the Group acquired control of this company (note 3.2.1), costs of -€56 million for the reorganisation of operations in Latin America, and the effects of changes in consolidation scope in the France Retail segment, together with related expenses, for a total of -€125 million (mainly €58 million for the transaction at Franprix – Leader Price described in note 3.2.3 and €48 million in development fees).

(iii) Restructuring provisions and expenses for 2016 mainly concerned the France Retail segment for €207 million (including employee costs of €58 million, rent of closed stores of €25 million, external costs of €57 million and impairment losses and scrapped assets of €67 million) and GPA for €26 million. Restructuring provisions and expenses for 2015 mainly concerned the France Retail segment for €195 million (including employee severance costs of €50 million, store closure costs of €70 million and costs of €71 million for deployment of the new concept) and GPA for €31 million.

(iv) Provisions and charges for litigation and risks concerned GPA for an amount of €106 million, mainly covering tax risks. In 2015, provisions and expenses for litigation and risks concerned the Latam Retail segment (primarily GPA) for €92 million and the France Retail segment for €28 million. The largest single item concerned the litigation with Morzan Empreendimentos (€113 million).

(v) Including €43 million related to the 2015 tax on retail space (TaSCom) payable in France. Following the introduction of new tax rules which led to a change in the period in which this levy is recognised, the TaSCom due for 2015 was recognised in full at the beginning of 2016 (in "Other operating expenses") and the TaSCom for 2016 was recognised on a straight line basis over the year (in "Trading profit").

(vi) Reconciliation of the breakdown of asset impairment losses with the tables of assets movements:

(€ millions)	Notes	2016	2015 restated
Goodwill impairment losses	10.1.2	**(2)**	(3)
Impairment (losses)/reversals on intangible assets, net	10.2.2	**(15)**	(20)
Impairment (losses)/reversals on property, plant and equipment, net	10.3.2	**(98)**	(93)
Impairment (losses)/reversals on other assets, net		**(1)**	(7)
Total net impairment losses		**(116)**	**(122)**
Net impairment losses of discontinued operations		**-**	2
Net impairment losses of continuing operations		**(116)**	**(119)**
Of which presented under "Restructuring provisions and expenses" (*)		***(58)***	*(48)*
Of which presented under "Net impairment (losses)/reversals of assets"		***(49)***	*(28)*
Of which presented under "Net income/(expense) related to changes in scope of		***(8)***	*(46)*
Of which presented under "Gains and losses on disposal of non-current assets"		***(1)***	5

(*) Of which €32 million concerning Franprix – Leader Price, €12 million concerning Distribution Casino France and €12 million concerning Monoprix in 2016

6.6 Inventories

Accounting principle

Inventories are measured at the lower of cost and probable net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Provisions for impairment of inventories is recognised if the probable net realisable value is lower than cost. This analysis is made taking into account the business unit's operating environment and the type, age and turnover characteristics, and sales pattern of the products concerned.

The cost of inventories is determined by the first-in-first-out (FIFO) method, except for inventories held by the GPA subgroup which uses the weighted average unit cost method, primarily for tax reasons. As GPA's inventory turnover rate is very high, inventory values would not be materially different if the FIFO method was applied. The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing them to their present location and condition. Accordingly, logistics costs are included in the carrying amount together with supplier discounts deducted from "Cost of goods sold". The cost of inventories also includes gains or losses on cash flow hedges of future inventory purchases initially accumulated in equity.

For its property development and property trading businesses, the Casino Group recognises assets and projects in progress in inventories.

(€ millions)	2016	2015
Goods	**3,842**	4,676
Property assets	**247**	319
Gross amount	**4,089**	**4,995**
Accumulated impairment losses on goods	**(56)**	(73)
Accumulated impairment losses on property assets	**(43)**	(38)
Accumulated impairment losses	**(99)**	**(111)**
Net inventories	**3,990**	**4,884**

6.7 Trade receivables

Accounting principle

Trade receivables are current financial assets (note 11) initially recognised at fair value and subsequently measured at amortised cost less any impairment losses. The fair value of trade receivables usually corresponds to the amount on the invoice. An impairment loss is recognised for trade receivables as soon as a probable loss emerges. Trade receivables can be sold to banks and continue to be carried as assets in the statement of financial position for as long as all the related risks and rewards are not transferred to a third party.

6.7.1 Breakdown of trade receivables

(€ millions)	2016	2015
Trade receivables	**957**	1,005
Accumulated impairment losses on trade receivables	**(76)**	(95)
Trade receivables from credit activity (Via Varejo)	**-**	435
Accumulated impairment losses on trade receivables from credit activity (Via Varejo)	**-**	(59)
Net trade receivables	**880**	**1,287**

6.7.2 Accumulated impairment losses on trade receivables

(€ millions)	2016	2015
Accumulated impairment losses on trade receivables		
As at 1 January	**(95)**	(95)
Additions	**(137)**	(57)
Reversals	**144**	53
Changes in scope of consolidation	**1**	-
Reclassified as "Assets held for sale"	**15**	-
Other reclassifications	**(2)**	-
Effect of movements in exchange rates	**(3)**	3
As at 31 December	**(76)**	**(95)**
Accumulated impairment losses on consumer finance receivables		
As at 1 January	**(59)**	(73)
Additions	**(17)**	(5)
Reversals	**3**	-
Changes in scope of consolidation	**-**	-
Reclassified as "Assets held for sale"	**90**	-
Other reclassifications	**-**	-
Effect of movements in exchange rates	**(17)**	19
As at 31 December	**-**	**(59)**

The criteria for recognising impairment losses are presented in note 11.5.3 "Counterparty Risk".

6.8 Other current assets

6.8.1 Breakdown of other current assets

(€ millions)	Notes	2016	2015
Other receivables		**1,151**	1,165
Financial assets held for cash management purposes and short-term financial investments	11.2	**32**	71
Financial assets arising from a significant disposal of non-current assets	11.2	**7**	12
Tax and employee-related receivables in Brazil	6.9	**158**	208
Current accounts of non-consolidated companies		**31**	40
Accumulated impairment losses on other receivables and current account	6.8.2	**(29)**	(35)
Fair value hedges - assets	11.5.1	**34**	231
Derivatives not qualifying for hedge accounting and cash flow hedges - assets	11.5.1	**23**	27
Prepaid expenses		**135**	139
Other current assets		**1,542**	**1,857**

Other receivables primarily include tax and employee-related receivables and receivables from suppliers. Prepaid expenses mainly concern purchases, rent, other occupancy costs and insurance premiums.

6.8.2 Accumulated impairment losses on other receivables and current accounts

(€ millions)	2016	2015
As at 1 January	**(35)**	(74)
Additions	**(29)**	(23)
Reversals	**32**	62
Changes in scope of consolidation	**-**	-
Reclassified as "Assets held for sale"	**4**	-
Other reclassifications and movements	**-**	(2)
Effect of movements in exchange rates	**-**	2
As at 31 December	**(29)**	**(35)**

6.9 Other non-current assets

(€ millions)	Notes	2016	2015
Available-for-sale financial assets (AFS)		**37**	40
Non-current fair value hedges - assets	11.5.1	**257**	418
Other financial assets		**495**	623
Loans		***145***	*97*
Non-hedge derivatives - assets	*11.5.1*	***12***	*-*
Loans and advances to non-consolidated companies and others		***84***	*91*
Legal deposits paid by GPA	*13.2*	***193***	*229*
Other non-current receivables		***62***	*206*
Tax and employee-related receivables in Brazil (see below)		**184**	567
Prepaid expenses		**106**	209
Other non-current assets		**1,080**	**1,858**

GPA has a total of €342 million in tax receivables (of which €184 million for the non-current portion), corresponding primarily ICMS (VAT) for €159 million, PIS/COFINS (VAT) and INSS (employer social security contributions). The subsidiary estimates that the main tax receivable (ICMS) will be recovered in the following periods:

(€ millions)	2016
Within one year	**54**
In one to five years	**89**
In more than five years	**16**
Total	**159**

GPA recognises ICMS and other tax credits when it has formally established and documented its right to use the credits and expects to use them within a reasonable period. These credits are recognised as a deduction from the cost of goods sold (note 6.2).

6.10 Other liabilities

(€ millions)	2016			2015		
	Non-current portion	Current portion	Total	Non-current portion	Current portion	Total
Derivative instruments - liabilities (note 11.5.1) (i)	**343**	**1**	**344**	251	268	519
Accrued tax and employee-related liabilities	**173**	**1,443**	**1,616**	142	1,586	1,728
Sundry liabilities	**33**	**879**	**912**	40	1,169	1,208
Amounts due to suppliers of fixed assets	**60**	**263**	**324**	20	299	319
Current account advances	**-**	**10**	**10**	-	4	4
Liabilities of credit activity (Via Varejo) (ii)	**-**	**-**	**-**	39	535	574
Deferred income (iii)	**9**	**199**	**208**	295	265	560
TOTAL	**618**	**2,795**	**3,413**	**786**	**4,126**	**4,912**

(i) Primarily comprises the fair value of total return swaps (TRS) and forward instruments (note 11.3.2).
(ii) Reclassified as "Liabilities associated with assets held for sale"
(iii) Including in 2015, deferred income of BRL 777 million (€180 million) recognised in the Via Varejo subsidiary following collection of an advance payment of BRL 850 million (€264 million) in 2014, related to an agreement for the exclusive sale of extended warranties with Zurich Minas Brasil Seguros S.A. Via Varejo also received a BRL 704 million (€163 million) advance in 2015 under the renegotiated agreement with Bradesco for the issue of Casas Bahia store cards. The amount recorded in deferred income at 31 December 2015 was BRL 699 million (€162 million). Impact of these two operations have been reclassified as "Liabilities associated with assets held for sale" in accordance with IFRS 5.

6.11 Off-balance sheet commitments

Accounting principle

To the best of Management's knowledge, as at 31 December 2016 there were no off-balance sheet commitments likely to have a material effect on the Group's current or future financial position other than those described below.

The completeness of this information is checked by the Finance, Legal and Tax departments, which also participate in drawing up contracts that are binding on the Group.

Commitments entered into in the ordinary course of business mainly concern the Group's operating activities except for undrawn confirmed lines of credit, which represent a financing commitment.

Off-balance sheet commitments involving entities included in the scope of consolidation are presented in note 3.4.2 and lease commitments in note 7.

6.11.1 Commitments given

The amounts disclosed in the table below represent the maximum (undiscounted) potential amounts that might have to be paid under guarantees issued by the Group. They are not netted against sums which might be recovered through legal action or counter-guarantees received by the Group.

(€ millions)	2016	2015
Assets pledged as collateral (i)	**252**	205
Bank guarantees given (ii)	**2,139**	1,966
Guarantees given in connection with disposals of non-current assets (iii)	**35**	248
Other commitments	**64**	57
Total commitments given (iv)	**2,491**	**2,476**
Due:		
Within one year	***130***	*381*
In one to five years	***2,347***	*2,060*
In more than five years	***13***	*35*

(i) Assets pledged, mortgaged or otherwise given as collateral. Concerns GPA for €252 million (31 December 2015: €202 million), mainly in connection with the tax disputes described in note 13.2
(ii) As at 31 December 2016, includes bank guarantees given by GPA, mainly in connection with the tax disputes described in note 13.2 for €2,057 million (31 December 2015: €1,826 million including Cnova Brazil for €30 million).
(iii) Including €200 million in relation to the issue of Monoprix mandatory convertible bonds as at 31 December 2015 (note 12.6).
(iv) Including €34 million of bank guarantees given by Big C Thailand as at 31 December 2015.

6.11.2 Commitments received

The amounts disclosed in the table below represent the maximum (undiscounted) potential amounts in respect of commitments received.

(€ millions)	2016	2015
Bank guarantees received	**75**	85
Secured financial assets	**80**	78
Undrawn confirmed lines of credit (note 11.2.3)	**4,342**	4,515
Other commitments	**64**	40
Total commitments received (i)	**4,560**	**4,719**
Due:		
Within one year	***704***	*858*
In one to five years	***3,724***	*3,230*
In more than five years	***132***	*630*

(i) Including €204 million in confirmed, undrawn lines of credit available to Big C Thailand as at 31 December 2015.

Note 7 Leases

Accounting principle

At the inception of an agreement, the Group determines whether the agreement is or contains a lease agreement. The Group's lease agreements are recognised in accordance with IAS 17 which distinguishes between finance leases and operating leases.

Finance lease agreements

Lease agreements for property, plant and equipment that transfer nearly all the risks and benefits inherent to ownership are classified as finance leases.
Leased assets are initially recorded at the lower of the fair value of the asset and the present value of the minimum lease payments. After initial recognition, the assets are depreciated over their expected useful life in the same way as other assets in the same category, or over the lease term if shorter, unless the Group has a reasonable certainty that it will obtain ownership at the end of lease.
Minimum finance lease payments are apportioned between interest's expense and the reduction of the outstanding liability. The finance charge is allocated to each period covered by the lease agreement so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Operating leases

The other lease agreements are classified as operating leases and are not recognised in the Group's statement of financial position.
Payments made under operating leases are recognised as an expense in the income statement on a straight-line basis over the lease term. Incentives received from the lessor are an integral part of the total net rental expense and are recorded as a reduction of the rental expense over the lease term.
Operating lease commitments (note 7.3) correspond to fixed future minimum payments calculated over the non-cancellable term of operating leases.

Prepaid rents

In Vietnam and Thailand, the Group made lease payments in advance linked to the use of the land. These payments were initially recognised as prepaid expenses and recorded in profit or loss over the lease term.

7.1 Operating lease expenses

Rental expenses related to operating leases amounted to €875 million in 2016 (including €791 million for real estate leases, of which €532 million in the France Retail segment and €183 million in Brazil) and €874 million in 2015 (including €795 million for real estate leases, of which €557 million in the France Retail segment and €163 million in Brazil). This information only concerns continuing operations.

The amount of future operating lease payments and minimum lease payments to be received under non-cancellable sub-leases are presented in note 7.3.

7.2 Prepaid rents

Non-current prepaid expenses (note 6.9) included prepaid rents of €135 million as at 31 December 2015. They corresponded to the right to use lands in Thailand over an average period of 26 years, and with the cost recognised over the period of use.

7.3 Operating lease commitments (off-balance sheet)

Real estate leases where the Group is lessee

The Group has operating leases on properties used in the business that it does not own. Future minimum lease payments, corresponding to the payments due over the non-cancellable term of operating leases plus any lease termination penalties, break down as follows:

(€ millions)	Future minimum lease payments	
	2016	**2015**
Due within one year	**650**	764
Due in one to five years	**954**	1,018
Due beyond five years	**475**	682
Total	**2,079**	**2,464**
of which France	***1,361***	*1,294*
of which GPA food	***99***	*68*
of which Via Varejo (i)	***-***	*241*
of which Éxito	***491***	*453*
of which Uruguay	***75***	*98*
of which Thailand	***-***	*259*
of which E-commerce	***53***	*49*

(i) Minimum lease payments of Via Varejo discontinued operations non-included in the table above amount to €332 million as at 31 December 2016

Future minimum lease payments receivable under non-cancellable sub-leases amounted to €50 million as at 31 December 2016 (31 December 2015: €88 million, including €45 million for Thailand).

Equipment leases where the Group is lessee

The Group enters into operating leases on certain items of equipment that it does not wish to ultimately own. The future minimum lease payments under non-cancellable operating leases break down as follows:

(€ millions)	Future minimum lease payments	
	2016	**2015**
Due within one year	**94**	68
Due in one to five years	**275**	158
Due beyond five years	**67**	43
Total (i)	**435**	**269**

(i) Primarily equipment leases in the France Retail segment

Future minimum lease payments receivable under non-cancellable sub-leases amounted to €8 million as at 31 December 2016 (31 December 2015: none).

Operating leases where the Group is lessor

The Group is also a lessor through its real estate business. Future minimum lease payments receivable under non-cancellable operating leases break down as follows:

(€ millions)	Future minimum lease payments	
	2016	**2015**
Due within one year	**56**	108
Due in one to five years	**95**	112
Due beyond five years	**59**	73
Total (i)	**210**	**294**

(i) Including, at 31 December 2015, €101 million of future minimum lease payments receivable in Thailand.

Conditional rental revenue received by the Group and recorded in the income statement in 2016 amounted to €15 million (2015: €12 million).

7.4 Finance lease expenses

Contingent rental payments related to finance lease recorded in the income statement amounted to €7 million in 2016 (2015: €1 million).

Future minimum lease payments under finance leases are presented in note 7.6.

7.5 Finance leases

The Group has finance lease agreements which break down as follows:

(€ millions)	2016			2015		
	Gross amount	Accumulated depreciation	Net	Gross amount	Accumulated depreciation	Net
Intangible assets	**102**	**(56)**	**47**	87	(44)	43
Land	**26**	**(2)**	**24**	29	(2)	27
Buildings	**186**	**(106)**	**81**	199	(109)	90
Equipment and other	**439**	**(415)**	**23**	497	(460)	37
Total	**754**	**(579)**	**175**	**812**	**(615)**	**197**

7.6 Finance lease commitments

The Group has finance leases agreement on real-estate assets and investment properties on one hand and on equipment items on the other hand. The table below compares future minimum lease payments under finance leases before and after discounting.

As at 31 December 2016, the Group had lease liabilities of €79 million (note 11.2), of which €18 million related to real estate assets and €61 million to equipment.

Finance leases on real estate where the Group is lessee

(€ millions)	2016		2015	
	Future minimum lease payments	Present value of future minimum lease payments	Future minimum lease payments	Present value of future minimum lease payments
Due within one year	**6**	**2**	5	3
Due in one to five years	**19**	**7**	17	9
Due beyond five years	**49**	**9**	38	7
Total future minimum lease payments	**73**	**18**	**60**	**19**
Interest expense	**(55)**		(42)	
Total present value of future minimum lease payments	**18**		**19**	

Finance leases on equipment where the Group is lessee

(€ millions)	2016		2015	
	Future minimum lease payments	Present value of future minimum lease payments	Future minimum lease payments	Present value of future minimum lease payments
Due within one year	**16**	**13**	17	13
Due in one to five years	**50**	**47**	50	40
Due beyond five years	**1**	**1**	10	9
Total future minimum lease payments	**67**	**61**	**78**	**62**
Interest expense	**(7)**		(16)	
Total present value of future minimum lease payments	**61**		**62**	

Note 8 Employee benefits expenses

8.1 Employee benefits expenses by function

Employee expenses are analysed by function in note 6.3.

8.2 Provisions for pensions and other post-employment benefits

Accounting principle

Provisions for pensions and other post-employment benefits

Group companies provide their employees with various employee benefit plans depending on local laws and practice.

- **Under defined contribution plans,** the Group pays fixed contributions into a fund and has no obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. Contributions to these plans are expensed as incurred.

- **Under defined benefit plans**, the Group's obligation is measured using the projected unit credit method based on the agreements effective in each company. Under this method, each period of service gives rise to an additional unit of benefit entitlement and each unit is measured separately to build up the final obligation. The final obligation is then discounted. The actuarial assumptions used to measure the obligation vary according to the economic conditions prevailing in the relevant country. The obligation is measured by independent actuaries annually for the most significant plans and for the employment termination benefit, and regularly for all other plans. Assumptions include expected rate of future salary increases, estimated average years of service, life expectancy and staff turnover rates.

  Actuarial gains and losses arise from the effects of changes in actuarial assumptions and experience adjustments (differences between results based on previous actuarial assumptions and what has actually occurred). All actuarial gains and losses arising on defined benefit plans are recognised immediately in other comprehensive income.

  Past service cost, corresponding to the increase in the benefit obligation resulting from the introduction of a new benefit plan or modification of an existing plan is expensed immediately.

  The expense in the income statement comprises:
  - service cost, i.e. the cost of services provided during the year, recognised in trading profit;
  - past service cost and the effect of plan curtailments or settlements, generally recognised in "Other operating income and expenses";
  - Interest cost, corresponding to the discounting adjustment to the projected benefit obligation net of the return on plan assets, recorded in "Other financial income and expenses". Interest cost is calculated by applying the discount rate defined in IAS 19 to the net obligation (i.e., the projected obligation less related plan assets) recognised in respect of defined benefit plans, as determined at the beginning of the year.

  The provision recognised in the statement of financial position is measured as the net present value of the obligation less the fair value of plan assets.

Provisions for other long-term employee benefits during service

- **Other in-service-long-term employee benefits**, such as jubilees, are also covered by provisions, determined on the basis of an actuarial estimate of vested rights as of the reporting date. Actuarial gains and losses on these benefit plans are recognised immediately in profit or loss.

8.2.1 Breakdown of provisions for pensions and other post-employment benefits and for long-term employee benefits

(€ millions)	2016 Non-current portion	2016 Current portion	2016 Total	2015 Non-current portion	2015 Current portion	2015 Total
Pensions	**263**	**10**	**273**	256	8	**264**
Jubilees	**36**	**1**	**37**	37	1	**38**
Bonuses for services rendered	**13**	**1**	**14**	14	-	**15**
Provisions for pensions and other post-employment benefits and for long-term employee benefits	**312**	**12**	**324**	**307**	**9**	**316**

8.2.2 Presentation of pension plans

DEFINED CONTRIBUTION PLAN

Defined contribution plans are plans in which the company pays regular contributions into a fund. The company's obligation is limited to the amount it agrees to contribute to the fund and it offers no guarantee that the fund will have sufficient assets to pay all of the employees' entitlements to benefits. This type of plan predominantly concerns employees of the Group's French subsidiaries, who are covered by the general social security system, which is administered by the French government.

In 2016, the cost of defined contribution plans – covering 87% of the Group's French subsidiaries – was €335 million (2015: €350 million cost excluding discontinued operations, covering 86% of French subsidiaries).

DEFINED BENEFIT PLAN

In certain countries, local laws or conventional agreements provide for the payment of a lump sum to employees either when they retire or at certain times post-retirement, based on their years of service and final salary at the age of retirement.

8.2.3 Main assumptions used in determining total defined benefit obligations (pension plans)

Defined benefit plans are exposed to risks concerning future interest rates, salaries and mortality rates.

The following table presents the main actuarial assumptions used to measure the projected benefit obligation:

	France 2016	France 2015	International 2016	International 2015
Discount rate	**1.7%**	2.2%	**1.7% - 7.8%**	2.0% - 7.5%
Expected rate of future salary increases	**1.5% - 2.0%**	1.5% - 2.0%	**1.9% - 3.5%**	1.31% - 10.0%
Retirement age	**62-64 years**	62-64 years	**57-65 years**	55-65 years

For French companies, the discount rate is determined by reference to the Bloomberg 15-year AA corporate composite index.

SENSITIVITY ANALYSIS

A 100-basis point increase (decrease) in the discount rate would have the effect of reducing the projected benefit obligation by 9.8% (increasing the projected benefit obligation by 14.7%).

A 100-basis point increase (decrease) in the expected rate of salary increases would have the effect of increasing the projected benefit obligation by 14.4% (reducing the projected benefit obligation by 9.7%).

8.2.4 Change in projected benefit obligations and plan assets

The following tables show a reconciliation of the projected benefit obligations of all Group companies to the provisions recognised in the consolidated financial statements for the years ended 31 December 2016 and 31 December 2015.

(€ millions)		France		International		Total	
		2016	2015	2016	2015	2016	2015
Projected benefit obligation as at 1 January		**269**	**252**	**26**	**31**	**295**	**284**
Items included in the income statement		**14**	**10**	**1**	**4**	**15**	**14**
Service cost		**14**	12	**1**	2	**14**	14
Interest cost		**5**	4	**1**	1	**6**	5
Past service cost		**-**	-	**-**	1	**-**	1
Curtailments/settlements		**(5)**	(6)	**-**	-	**(5)**	(6)
Items included in other comprehensive income		**17**	**32**	**2**	**-**	**19**	**32**
(1) Actuarial (gains) and losses related to:		**17**	32	**1**	1	**18**	33
(i) changes in financial assumptions		**11**	*(8)*	**1**	*1*	**12**	*(7)*
(ii) changes in demographic assumptions(*)		**5**	*37*	**-**	-	**5**	*37*
(iii) experience adjustments		**1**	*3*	**-**	-	**1**	*3*
(2) Effect of movements in exchange rates		**-**	-	**1**	(1)	**1**	(1)
Other		**(13)**	**(25)**	**(15)**	**(10)**	**(28)**	**(35)**
Paid benefits		**(12)**	(11)	**(1)**	(1)	**(12)**	(12)
Changes in scope of consolidation		**(2)**	(1)	**(15)**	-	**(2)**	(1)
Other movements		**1**	(13)	**-**	(9)	**1**	(22)
Projected benefit obligation as at 31 December	**A**	**288**	**269**	**14**	**26**	**302**	**295**
Weighted average duration of plans						**15**	**14**

(*) In 2015, the impact was primarily the result of using revised staff turnover rates

(€ millions)		France		International		Total	
		2016	2015	2016	2015	2016	2015
Fair value of plan assets as at 1 January		**31**	**35**	-	**-**	**31**	**35**
Items included in the income statement		**-**	**-**	-	**-**	**-**	**-**
Interest on plan assets		**-**	-	-	-	**-**	-
Items included in other comprehensive income		**1**	**1**	-	**-**	**1**	**1**
Actuarial (losses) gains (experience adjustments)		**1**	1	-	-	**1**	1
Effect of movements in exchange rates		**-**	-	-	-	**-**	-
Other		**(3)**	**(5)**	-	**-**	**(3)**	**(5)**
Paid benefits		**(3)**	(5)	-	-	**(3)**	(5)
Changes in scope of consolidation		**-**	-	-	-	**-**	-
Other movements		**-**	-	-	-	**-**	-
Fair value of plan assets as at 31 December	**A-B**	**29**	**31**	-	**-**	**29**	**31**

(€ millions)		France		International		Total	
		2016	2015	2016	2015	2016	2015
NET POST-EMPLOYMENT BENEFIT OBLIGATION	**A-B**	**259**	**238**	**14**	**26**	**273**	**264**
Unfunded projected benefit obligation under funded plans		**79**	71	**-**	**-**	**79**	71
Projected benefit obligation under funded plans		**108**	103	**-**	-	**108**	103
Fair value of plan assets		**(29)**	(31)	**-**	-	**(29)**	(31)
Projected benefit obligation under unfunded plans		**180**	**166**	**14**	**26**	**194**	**192**

Plan assets consist mainly of units in fixed-rate bond funds.

RECONCILIATION OF PROVISIONS RECORDED IN THE STATEMENT OF FINANCIAL POSITION

(€ millions)	France		International		Total	
	2016	2015	2016	2015	2016	2015
As at 1 January	**238**	**218**	**26**	**31**	**264**	**249**
Expense for the year	**14**	10	**1**	4	**15**	14
Actuarial gains or losses recognised in equity	**16**	31	**1**	1	**18**	32
Effect of movements in exchange rates	**-**	-	**1**	(1)	**1**	(1)
Paid benefits	**(7)**	(6)	**(1)**	(1)	**(7)**	(7)
Partial reimbursement of plan assets	**-**	-	**-**	-	**-**	-
Changes in scope of consolidation	**(2)**	(1)	**(15)**	-	**(16)**	(1)
Other movements	**(1)**	(13)	**-**	(9)	**(1)**	(22)
As at 31 December	**259**	**238**	**14**	**26**	**273**	**264**

BREAKDOWN OF EXPENSE FOR THE YEAR

(€ millions)	France		International		Total	
	2016	2015	2016	2015 restated	2016	2015 restated
Service cost	**14**	12	**1**	2	**14**	14
Interest cost (i)	**5**	4	**1**	1	**6**	5
Past service cost	**-**	-	**-**	1	**-**	1
Curtailments/settlements	**(5)**	(6)	**-**	-	**(5)**	(6)
Expense for the year	**14**	**10**	**1**	**4**	**15**	**14**
Expense for the year of discontinued operations	**-**	-	**-**	(2)	**-**	(2)
Expense for the year of continuing operations	**14**	**10**	**1**	**2**	**15**	**12**

(i) Reported under "Other financial income and expenses"

UNDISCOUNTED FUTURE CASH FLOWS

(€ millions)		Undiscounted cash flows					
	Statement of financial position	2017	2018	2019	2020	2021	Beyond 2021
Post-employment benefits	**273**	**9**	**5**	**10**	**12**	**18**	**833**

8.3 Share-based payment

Accounting principle

Share-based payments

Management and selected employees of the Group receive stock options (options to purchase or subscribe for shares) and free shares.

The benefit represented by stock options, measured at fair value on the grant date, constitutes additional compensation. The fair value of the options at the grant date is recognised in "Employee benefits expense" over the option vesting period or in "Other operating expenses" when the benefit relates to a transaction that is also recognised in "Other operating income and expenses" (note 6.5). The fair value of options is determined using the Black & Scholes option pricing model, based on the plan attributes, market data (including the market price of the underlying shares, share price volatility and the risk-free interest rate) at the grant date and assumptions concerning the probability of grantees remaining with the Group until the options vest.

The fair value of free shares is also determined on the basis of the plan attributes, market data at the grant date and assumptions concerning the probability of grantees remaining with the Group until the shares vest. If the free shares are not subject to any vesting conditions, the cost of the plan is recognised in full on the grant date. Otherwise it is deferred and recognised over the vesting period as and when the vesting conditions are met. When free shares are granted to employees in connection with a transaction affecting the scope of consolidation, the related cost is recorded in "Other operating income and expenses".

Free shares are granted to certain company managers and store managers. In certain cases, the shares vest in tranches, subject to the attainment of a performance target for the period concerned. In all cases, the shares are forfeited if the grantee leaves the Group before the end of the vesting period.

8.3.1 Impact of share-based payments on earnings and equity

The total net expense of share-based payment plans recorded in the income statement was €15 million in 2016 (2015: €7 million), including €8 million for Casino, Guichard-Perrachon and €7 million for GPA. The impact on equity was an increase for the same amount.

8.3.2 Casino, Guichard-Perrachon stock option plans

As at 31 December 2016, no Casino, Guichard-Perrachon stock options were outstanding. The last two stock option plans expired in 2015.

8.3.3 Free share plans

FREE SHARE PLAN FEATURES AND ASSUMPTIONS

Date of plan	Vesting date	Number of free shares authorised	Of which number of performance shares (i)	Number of vested shares at 31 December 2016	Share price (ii)	Fair value of the share (in €) (ii)
15 December 2016	15 December 2018	**11,418**	**-**	**11,418**	46.42	41.70
15 December 2016	15 December 2017	**2,629**	**-**	**2,629**	46.42	41.52
14 October 2016	14 October 2019	**20,859**	**-**	**20,859**	41.96	32.53
14 October 2016	1 July 2019	**3,477**	**3,477**	**3,477**	41.96	32.52
14 October 2016	1 July 2018	**3,477**	**3,477**	**3,477**	41.96	34.77
14 October 2016	31 March 2019	**870**	**-**	**870**	41.96	35.68
14 October 2016	31 March 2018	**939**	**-**	**939**	41.96	37.01
14 October 2016	14 October 2018	**33,157**	**-**	**33,157**	41.96	35.69
14 October 2016	14 October 2017	**77,525**	**-**	**77,525**	41.96	35.69
14 June 2016	14 January 2019	**9,780**	**-**	**9,780**	49.98	43.70
14 June 2016	14 June 2018	**15,007**	**-**	**13,185**	49.98	43.70
13 May 2016	13 May 2019	**25,800**	**25,800**	**25,800**	53.29	31.89
13 May 2016	13 May 2020	**7,178**	**7,178**	**7,178**	53.29	34.45
13 May 2016	13 May 2018	**100,685**	**99,909**	**99,909**	53.29	34.38
13 May 2016	13 January 2019	**17,610**	**-**	**17,610**	53.29	43.89
13 May 2016	13 May 2018	**57,735**	**-**	**54,970**	53.29	47.04
13 May 2016	13 January 2018	**52,176**	**-**	**52,176**	53.29	45.11
13 May 2016	13 November 2017	**70,491**	**-**	**69,424**	53.29	44.63
13 May 2016	13 May 2017	**70,413**	**-**	**70,413**	53.29	46.33
6 May 2014	6 May 2019	**3,750**	**1,556**	**1,556**	90.11	69.28
6 May 2014	6 May 2017	**36,672**	**10,884**	**10,884**	90.11	67.34
6 May 2014	6 May 2017	**3,046**	**-**	**3,046**	90.11	71.12
6 May 2014	6 May 2018	**1,139**	**-**	**1,139**	90.11	76.79
18 October 2013	18 October 2017	**2,705**	**-**	**1,932**	83.43	70.09
18 October 2013	18 October 2018	**7,857**	**-**	**5,281**	83.43	66.27
TOTAL				**598,634**		

(i) Performance conditions mainly concern organic sales growth and the level of trading profit or EBITDA of the company that employs the grantee.
(ii) Weighted average.

CHANGES IN FREE SHARES

Free share grants	2016	2015
Unvested shares as at 1 January	**117,055**	**166,864**
Free share rights granted	**581,226**	5,331
Free share rights cancelled	**(44,264)**	(33,144)
Shares issued	**(55,383)**	(21,996)
Unvested shares as at 31 December	**598,634**	**117,055**

8.3.4 Features of GPA stock option plans

The exercise price of Silver stock options corresponds to the average of the last 20 closing prices for GPA shares quoted on Bovespa, less a 20% discount. Silver options are exercisable for a fixed number of shares and Gold options (A7 Series) for a variable number of shares, depending on the company's return on capital employed (ROCE). Gold options may not be exercised independently from Silver options.

Name of plan	Grant date	Exercise period start date	Expiry date	Number of options granted (in thousands)	Option exercise price (in reals)	Number of options outstanding as at 31 December 2016 (in thousands)
C3 Series	30 May 2016	30 May 2019	30 November 2019	823	37.21	**785**
B3 Series	30 May 2016	30 May 2019	30 November 2019	823	0.01	**630**
C2 Series	29 May 2015	1 June 2018	30 November 2018	337	77.27	**282**
B2 Series	29 May 2015	1 June 2018	30 November 2018	337	0.01	**230**
C1 Series	30 May 2014	30 May 2017	30 November 2017	239	83.22	**144**
B1 Series	30 May 2014	30 May 2017	30 November 2017	239	0.01	**154**
A7 Series – Silver	15 March 2013	31 March 2016	31 March 2017	358	80.00	**85**
A7 Series – Gold	15 March 2013	31 March 2016	31 March 2017	358	0.01	**84**
					29.21	**2,394**

MAIN ASSUMPTIONS USED TO VALUE STOCK OPTIONS

GPA uses the following assumptions to value its plans:

- dividend yield: 0.96%, 1.37% and 2.5%
- projected volatility: 22.09%, 24.34% and 30.2%
- risk-free interest rate: 11.7%, 12.72% and 13.25%.

The average fair value of outstanding stock options at 31 December 2016 was BRL 43.06.

The table below shows changes in the number of outstanding options and weighted average exercise prices in the years presented:

	2016		2015	
	Number of outstanding options (in thousands)	Weighted average exercise price (in reals)	Number of outstanding options (in thousands)	Weighted average exercise price (in reals)
Options outstanding as at 1 January	**1,267**	**39.57**	1,128	38.16
Of which vested options	***2***	***64.13***	*6*	*54.69*
Options granted during the period	**1,645**	**18.61**	674	38.64
Options exercised during the period	**(374)**	**13.39**	(418)	32.62
Options cancelled during the period	**(144)**	**40.40**	(117)	45.53
Options outstanding as at 31 December	**2,394**	**29.21**	1,267	39.57
Of which, vested options	***169***	***80.00***	*2*	*64.13*

8.3.5 Features of Cnova equity instruments

On 19 November 2014, Casino granted stock appreciation rights (SARs) to certain Cnova managers, entitling them to a cash payment equal to the difference, at the end of the four-year vesting period, between a) the lower of 220% of the IPO price and the market price on the vesting date and b) 120% of the IPO price. SARs are cash-settled share-based payment transactions. The expense for the period is not material.

At the same date, Cnova granted 1.3 million deferred free shares, without conditions, to certain managers. The shares will be received on the fourth anniversary of the grant date.

8.4 Gross remuneration and benefits of the members of the Group Executive Committee and the Board of Directors

(€ millions)	**2016**	**2015**
Short-term benefits excluding social security contributions (i)	**25**	**27**
Social security contributions on short-term benefits	**3**	**3**
Termination benefits for key executives	**-**	**-**
Share-based payments (ii)	**1**	**1**
Total	**29**	**31**

(i) Gross salaries, bonuses, discretionary and statutory profit-sharing, benefits in kind and directors' fees.
(ii) Expense recognised in the income statement in respect of stock option and free share plans.

The members of the Group Executive Committee are not entitled to any specific supplementary pension benefits.

Note 9 Income tax

Accounting principle

Income tax expense corresponds to the sum of the current taxes due by the various Group companies, adjusted for deferred taxes.
Substantially all qualifying French subsidiaries are members of the tax group headed by Casino, Guichard-Perrachon and file a consolidated tax return.
Current tax expense reported in the income statement corresponds to the tax expense of the parent company of the tax group and of companies that are not members of a tax group.
Deferred tax assets correspond to future tax benefits arising from deductible temporary differences, tax loss carryforwards and certain consolidation adjustments that are expected to be recoverable.
Deferred tax liabilities are recognised in full for:

- taxable temporary differences, except where the deferred tax liability results from recognition of a non-deductible impairment loss on goodwill or from initial recognition of an asset or liability in a transaction which is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or the tax loss; and
- taxable temporary differences related to investments in subsidiaries, associates and joint ventures, except when the Group controls the timing of the reversal of the difference and it is probable that it will not reverse in the foreseeable future.

Deferred taxes are recognised using the balance sheet approach and in accordance with IAS 12. They are calculated by the liability method, which consists of adjusting deferred taxes recognised in prior periods for the effect of any enacted changes in the income tax rate.
The Group reviews the probability of deferred tax assets being recovered on a periodic basis for each tax entity. This review may, if necessary, lead to the derecognition of deferred tax assets recognised in prior years. The probability for recovery is assessed based on a tax plan indicating the level of projected taxable profits.
The taxable profit used in the assessment is based on that generally obtained over a five-year period. The assumptions underlying the tax plan are consistent with those used in the medium-term business plans and budgets prepared by the Group's entities and approved by management.

The French corporate value-added tax (*Cotisation sur la Valeur Ajoutée des Entreprises* - CVAE) which is based on the value-added reflected in the separate financial statements, is included in "Income tax expense" in the consolidated income statement.

When payments to holders of equity instruments are deductible for tax purposes, the tax effect is recognised by the Group in the income statement.

9.1 Income tax expense

9.1.1 Analysis of income tax expense

(€ millions)	2016			2015 restated		
	France	International	Total	France	International	Total
Current income tax	(30)	(82)	(112)	(14)	(104)	(118)
Other taxes (CVAE)	(67)	-	(67)	(64)	-	(64)
Deferred taxes	129	16	145	180	(11)	168
Total income tax benefit (expense) recorded in the income statement	**32**	**(66)**	**(34)**	**102**	**(115)**	**(13)**
Income tax on items recognised in "Other comprehensive income" (note 12.7.2)	**-**	**(17)**	**(16)**	14	-	14
Income tax on items recognised in equity	**-**	**(26)**	**(26)**	2	2	4

9.1.2 Tax proof

(€ millions)	2016		2015 restated	
Profit before tax and share of profits of equity-accounted investees	**50**		**67**	
Theoretical income tax expense [i]	**(17)**	**-34.43%**	**(23)**	-34.43%
Reconciliation of theoretical income tax expense to actual income tax expense				
Impact of differences in foreign tax rates	**4**	**7.5%**	51	76.0%
Gains or losses on remeasurement of previously-held interests pursuant to transactions resulting in the acquisition or loss of control and sales of shares	**1**	**2.2%**	64	96.3%
Recognition of previously unrecognised tax benefits on tax losses and other deductible temporary differences	**4**	**8.0%**	43	64.1%
Unrecognised deferred tax assets/ valuation allowances on recognised deferred tax assets on tax loss carry-forwards or other deductible temporary differences (ii)	**(47)**	**-95.3%**	(118)	-175.8%
Modification of income tax rate to 28.92% from 2020 (iii)	**51**	**102.0%**	-	-%
CVAE net of income tax	**(44)**	**-88.9%**	(42)	-62.5%
Non-deductible interest expense (iv)	**(16)**	**-31.4%**	(24)	-36.0%
Non-taxable CICE (v)	**33**	**66.6%**	32	47.9%
3% surtax on distributed earnings	**(16)**	**-31.8%**	(11)	-15.8%
Tax on gain neutralised from disposals of property assets to Mercialys	**(4)**	**-7.1%**	(22)	-32.2%
Deductible interest on perpetual deeply subordinated bonds	**17**	**34.1%**	29	42.8%
CREE tax (Exito)	**(7)**	**-15.0%**	(22)	-32.7%
Other	**7**	**14.4%**	28	42.3%
Actual income tax expense / Effective tax rate	**(34)**	**-69.2%**	**(13)**	**-19.9%**

(i) The reconciliation of the effective tax rate paid by the Group is based on the current French rate of 34.43%. This rate does not take into account the transitional 10.7% surtax due in 2015 by French companies with revenues in excess of €250 million.

(ii) In 2016, this concerned the E-commerce segment (mainly Cdiscount France) for €48 million. The reported amount for 2015 included €85 million concerning the E-commerce segment and €59 million concerning Segisor and related to the reorganisation of the Group's businesses in Latin America.

(iii) Following adoption of the 2017 Finance Act (as at 20 December 2016) relating to income tax rate progressive modification, differed taxes have been calculated with income tax rate applicable when temporary differences will occur, it means with a rate of 28.92% in 2020.

(iv) Tax laws in some countries cap the deductibility of interest paid by companies. In France, since the 2012 amended Finance Act, companies are required to add back 25% of interest expense to their taxable profit. In the case of the Group, this measure increased income tax expense by €16 million in 2016 (2015: €24 million).

(v) See Note 6.3.

9.2 Deferred taxes

9.2.1 Change in deferred tax assets

(€ millions)	2016	2015
As at 1 January	**490**	**366**
(Expense)/benefit for the year	**(39)**	157
Impact of changes in scope of consolidation	**(18)**	7
IFRS 5 reclassifications	**141**	(3)
Effect of movements in exchange rates and reclassifications	**34**	(53)
Changes in deferred tax assets recognised directly in equity	**(13)**	16
As at 31 December	**596**	**490**

The deferred tax (expense)/benefit net of deferred tax liabilities (note 9.2.2) of discontinued operations was a benefit of €14 million in 2016 (2015: expense of €12 million).

9.2.2 Change in deferred tax liabilities

(€ millions)	2016	2015
As at 1 January	**1,225**	**1,423**
Expense/(benefit) for the year	**(169)**	(24)
Impact of changes in scope of consolidation	**(54)**	20
IFRS 5 reclassifications	**(38)**	-
Effect of movements in exchange rates and reclassifications	**135**	(194)
Changes in deferred tax liabilities recognised directly in equity	**(4)**	-
As at 31 December	**1,094**	**1,225**

9.2.3 Deferred tax assets and liabilities by source

(€ millions)	Net amount	
	2016	2015
Intangible assets	**(845)**	(970)
Property, plant and equipment	**(241)**	(541)
of which finance leases	**(9)**	*(48)*
Inventories	**17**	65
Financial instruments	**164**	93
Other assets	**(114)**	(29)
Provisions	**108**	161
Regulated provisions	**(162)**	(182)
Other liabilities	**54**	76
of which finance lease liabilities	**(4)**	*10*
Tax loss carryforwards	**519**	592
Net deferred tax assets (liabilities)	**(499)**	**(735)**
Deferred tax assets recognised in the statement of financial position	**596**	490
Deferred tax liabilities recognised in the statement of financial position	**1,094**	1,225
Net	**(499)**	**(735)**

The tax saving realised by the Casino, Guichard-Perrachon tax group amounted to €280 million in 2016 (2015: €323 million).

Deferred tax assets recognised for tax loss carryforwards are primarily related to Casino Guichard-Perrachon and GPA, for €377 million and €33 million respectively at 31 December 2016. Recovery of these assets is considered probable in light of these companies' projected taxable profits and the tax options chosen by their management. The recovery plan will run respectively for Casino, Guichard-and GPA until 2025 and 2018.

9.2.4 Unrecognised deferred tax assets

As at 31 December 2016, unrecognised deferred tax assets for tax loss carryforwards amounted to €522 million, representing an unrecognised deferred tax effect of €150 million (31 December 2015: €511 million, representing an unrecognised deferred tax effect of €168 million). The loss carryforwards mainly concern Ségisor, the Franprix –Leader Price subgroup and Cdiscount.

Expiry dates of unrecognised tax loss carryforwards

(€ millions)	2016	2015
Within one year	**2**	3
In one to two years	**-**	6
In two to three years	**-**	14
In more than three years	**5**	38
Without maturity	**143**	107
Total	**150**	**168 (i)**

(i) Including €31 million concerning discontinued operations

Note 10 Intangible assets, property, plant and equipment, and investment property

Accounting principle

The cost of fixed assets corresponds to their purchase cost plus transaction expenses including tax. For intangible assets, property, plant and equipment, and investment property, these expenses are added to the assets' carrying amount and follow the same accounting treatment.

10.1 Goodwill

Accounting principle

At the acquisition date, goodwill is measured in accordance with the accounting principle applicable to "Business combinations", described in note 3. It is allocated to the cash generating unit or groups of cash generating units that benefit from the synergies of the combination, based on the level at which the return on investment is monitored for internal management purposes. Goodwill is not amortised. It is tested for impairment at each year-end, or whenever events or a change of circumstances indicate that it may be impaired. Impairment losses on goodwill are not reversible. The methods used by the Group to test goodwill for impairment are described in the "Impairment of non-current assets" section in note 10.5. Negative goodwill is recognised directly in the income statement for the period of the business combination, once the identification and measurement of the acquiree's identifiable assets, liabilities and contingent liabilities have been verified.

10.1.1 Breakdown by business line and geographical area

(€ millions)	2016 Net	2015 Net restated (i)
France Retail	**5,670**	**5,606**
Hypermarkets, supermarkets and convenience stores	*1,420*	*1,446*
Franprix–Leader Price	*2,582*	*2,563*
Monoprix	*1,301*	*1,300*
Indian Ocean	*176*	*176*
Geimex	*69*	*-*
Other	*121*	*121*
E-commerce (France)	**56**	**57**
Latam Retail	**3,869**	**3,206**
Argentina	*11*	*13*
Brazil (GPA food)	*2,932*	*2,333*
Colombia	*573*	*525*
Uruguay	*354*	*335*
Latam Electronics (Via Varejo and Cnova Brazil)	**-**	**718**
Asia	**-**	**764**
Casino Group	**9,595**	**10,351**

(i) Following the business merger between Cnova Brazil and Via Varejo, E-commerce activities of Cnova Brazil have been integrated into Latam Electronics (note 5)

10.1.2 Movements for the year

(€ millions)	2016	2015
Carrying amount as at 1 January	**10,351**	**11,009**
Goodwill recognised during the year (i)	**113**	528
Impairment losses recognised during the year	**(2)**	(3)
Goodwill written off on disposals (ii)	**(791)**	(13)
Effect of movements in exchange rates	**856**	(1,167)
Goodwill reclassified as "Assets held for sale" (iii)	**(903)**	(4)
Other reclassifications and movements	**(30)**	-
Carrying amount as at 31 December	**9,595**	**10,351**

(i) The €113 million increase as at 31 December 2016 was attributable to the acquisition of control of Geimex (note 3.1.6) for €69 million and to acquisitions of controlling interests by Franprix – Leader Price for €35 million (note 3.1.4). The €528 million increase as at 31 December 2015 reflected acquisition of a controlling interest in Disco for €304 million (note 3.2.1), exercise of the call option for additional Super Inter stores for €95 million (note 3.2.2), acquisitions of controlling interests in various subgroups by Franprix – Leader Price for €55 million (note 3.2.3) and the Éxito/Cafam assets exchange for €44 million.
(ii) In 2016, goodwill written off on disposals mainly concerned operations in Thailand.
(iii) Goodwill reclassified as "Assets held for sale" in 2016 mainly concerned Via Varejo.

10.2 Other intangible assets

Accounting principle

Intangible assets acquired separately by the Group are initially recognised at cost and those acquired in business combinations are initially recognised at fair value. Intangible assets consist mainly of purchased software, software developed for internal use, trademarks, patents and lease premiums. Trademarks that are created and developed internally are not recognised in the statement of financial position. Intangible assets are amortised on a straight-line basis over their estimated useful lives, as determined separately for each asset category. Capitalised development costs are amortised over three years and software over three to ten years. Indefinite life intangible assets (including lease premiums and purchased trademarks) are not amortised, but are tested for impairment at each year-end or whenever there is an indication that their carrying amount may not be recovered.

An intangible asset is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from derecognition of an asset is determined as the difference between the net sale proceeds, if any, and the carrying amount of the asset. It is recognised in profit or loss ("Other operating income and expenses") when the asset is derecognised.

Residual values, useful lives and amortisation methods are reviewed at each year-end and revised prospectively if necessary.

10.2.1 Breakdown of other intangible assets

(€ millions)	2016			2015		
	Gross amount	Accumulated amortisation and impairment	Net	Gross amount	Accumulated amortisation and impairment	Net
Concessions, trademarks, licences and banners	**1,812**	**(34)**	**1,777**	2,114	(31)	2,083
Lease premiums	**789**	**(23)**	**766**	945	(38)	907
Software	**1,117**	**(695)**	**423**	1,083	(616)	466
Other	**195**	**(53)**	**142**	357	(191)	167
Intangible assets	**3,913**	**(804)**	**3,109**	**4,499**	**(877)**	**3,622**

10.2.2 Movements for the year

(€ millions)	Concessions, trademarks, licences and banners	Lease premiums	Software	Other intangible assets	Total
As at 1 January 2015	**2,501**	**1,061**	**522**	**205**	**4,289**
Changes in scope of consolidation	59	1	-	(2)	58
Additions and separately acquired assets	3	21	99	80	202
Assets disposed of during the year	-	(7)	-	(6)	(13)
Amortisation for the year	(3)	(2)	(110)	(26)	(140)
Impairment (losses)/reversals, net	-	(9)	(11)	-	(21)
Effect of movements in exchange rates	(477)	(151)	(81)	(27)	(737)
Intangible assets reclassified as "Assets held for sale"	-	-	(5)	-	(5)
Other reclassifications and movements	1	(8)	52	(57)	(11)
At 31 December 2015	**2,083**	**907**	**466**	**167**	**3,622**
Changes in scope of consolidation	**-**	**(7)**	**(7)**	**(2)**	**(15)**
Additions and separately acquired assets	**1**	**5**	**109**	**84**	**198**
Assets disposed of during the year	**(1)**	**(14)**	**(6)**	**(1)**	**(22)**
Amortisation for the year	**(2)**	**(1)**	**(113)**	**(21)**	**(136)**
Impairment (losses)/reversals, net	**(0)**	**(4)**	**(11)**	**-**	**(15)**
Effect of movements in exchange rates	**351**	**114**	**65**	**18**	**548**
Intangible assets reclassified as "Assets held for sale"	**(656)**	**(223)**	**(112)**	**(82)**	**(1,072)**
Other reclassifications and movements	**1**	**(11)**	**31**	**(21)**	**-**
At 31 December 2016	**1,777**	**766**	**423**	**142**	**3,109**

Internally-generated intangible assets (mainly information systems developments) represented €31 million in 2016 (2015: €34 million).

Intangible assets as at 31 December 2016 included trademarks and lease premiums with an indefinite life, carried in the statement of financial position for €1,771 million and €766 million respectively. These assets are allocated to the following groups of CGUs:

(€ millions)	2016	2015
Latam Retail	**1,533**	**1,247**
of which Brazil (GPA food) (i)	***1,313***	*1,045*
of which Colombia	***185***	*170*
of which Uruguay	***34***	*32*
Latam Electronics (Via Varejo)	**-**	**698**
France Retail	**994**	**1,027**
of which Casino France	***73***	*78*
of which Franprix – Leader Price	***60***	*74*
of which Monoprix (i)	***861***	*875*
Other	**10**	**9**

(i) Trademarks and lease premiums are allocated to the following GPA food banners in Brazil and Monoprix banners in France:

(€ millions)	2016		2015	
	Trademarks	Lease premiums	Trademarks	Lease premiums
GPA Food	**975**	**338**	**776**	**269**
Pão de Açúcar	304	105	242	80
Extra	523	220	416	178
Assaí	148	11	118	9
Other	-	2	-	2
Monoprix	**572**	**289**	**572**	**303**
Monoprix	552	268	552	285
Naturalia	14	20	14	18
Monshowroom	6	-	6	-

Intangible assets were tested for impairment as at 31 December 2016 using the method described in note 10.5 "Impairment of non-current assets." The test results are presented in the same note.

10.3 Property, plant and equipment

Accounting principle

Property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.
Subsequent expenditures are recognised in assets if they satisfy the recognition criteria of IAS 16. The Group examines these criteria before incurring the expenditure.

Land is not depreciated. All other items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives for each category of assets, with generally no residual value. The main useful lives are as follows:

Asset category	Depreciation period (years)
Land	-
Buildings (structure)	50
Roof waterproofing	15
Fire protection of the building structure	25
Land improvements	10 to 40
Building fixtures and fittings	5 to 20
Technical installations, machinery and equipment	5 to 20
Computer equipment	3 to 5

"Roof waterproofing" and "Fire protection of the building structure" are classified as separate items of property, plant and equipment only when they are installed during major renovation projects. In all other cases, they are included in the "Building (structure)" category.

Property, plant and equipment are derecognised on disposal or when no future economic benefits are expected from their use or disposal. The gain or loss arising from derecognition of an asset is determined as the difference between the net sale proceeds, if any, and the carrying amount of the asset. It is recognised in profit or loss ("Other operating income and expenses") when the asset is derecognised.

Residual values, useful lives and depreciation methods are reviewed at each year-end and revised prospectively if necessary.

10.3.1 Breakdown of property, plant and equipment

(€ millions)	2016 Gross amount	2016 Accumulated depreciation and impairment	2016 Net	2015 Gross amount	2015 Accumulated depreciation and impairment	2015 Net
Land and land improvements	**2,133**	**(95)**	**2,038**	2,197	(94)	2,103
Buildings, fixtures and fittings	**5,085**	**(1,851)**	**3,234**	5,652	(2,105)	3,546
Other	**7,599**	**(4,748)**	**2,851**	8,152	(5,032)	3,120
Property, plant and equipment	**14,816**	**(6,694)**	**8,123**	**16,001**	**(7,231)**	**8,769**

10.3.2 Movements for the year

(€ millions)	Land and land improvements	Buildings, fixtures and fittings	Other	Total
As at 1 January 2015	**2,299**	**3,993**	**3,351**	**9,643**
Changes in scope of consolidation	79	59	38	176
Additions and separately acquired assets	23	143	1,117	1,283
Assets disposed of during the year	(75)	(73)	(135)	(282)
Depreciation for the year	(1)	(191)	(518)	(709)
Impairment (losses)/reversals, net	(1)	(1)	(91)	(93)
Effect of movements in exchange rates	(177)	(529)	(291)	(997)
Property, plant and equipment reclassified as "Assets held for sale"	-	(17)	(117)	(134)
Other reclassifications and movements (ii)	(46)	161	(234)	(118)
At 31 December 2015	**2,103**	**3,546**	**3,120**	**8,769**
Changes in scope of consolidation (i)	**(174)**	**(466)**	**(150)**	**(790)**
Additions and separately acquired assets	**50**	**134**	**783**	**967**
Assets disposed of during the year	**(33)**	**(77)**	**(176)**	**(285)**
Depreciation for the year	**(5)**	**(164)**	**(431)**	**(600)**
Impairment (losses)/reversals, net	**(2)**	**(9)**	**(87)**	**(98)**
Effect of movements in exchange rates	**125**	**397**	**227**	**749**
Property, plant and equipment reclassified as "Assets held for sale"	**(24)**	**(211)**	**(216)**	**(452)**
Other reclassifications and movements (ii)	**(2)**	**84**	**(220)**	**(138)**
At 31 December 2016	**2,038**	**3,234**	**2,851**	**8,123**

(i) Mainly reflecting disposal of the Group's operations in Thailand.
(ii) Primarily -€56 million concerning the property development business (2015: -€54 million).

Property, plant and equipment were tested for impairment as at 31 December 2016 using the method described in note 10.5 "Impairment of non-current assets." The test results are presented in the same note.

10.3.3 Capitalised borrowing costs

Accounting principle

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale (typically more than six months) are capitalised in the cost of that asset. All other borrowing costs are recognised as an expense in the period in which they are incurred. Borrowing costs are interest and other costs incurred by an entity in connection with the borrowing of funds.

Interest capitalised during the year ended 31 December 2016 amounted to €15 million, reflecting an average interest rate of 8.4% (2015: €5 million of which €1 million for discontinued operations at an average rate of 13.1%). The increase in the capitalised amount in 2016 compared to the prior year concerned operations in Colombia.

10.4 Investment property

Accounting principle

Investment property is property held by the Group to earn rental revenue or for capital appreciation or both. The shopping malls owned by the Group are classified as investment property.

Subsequent to initial recognition, they are measured at historical cost less accumulated depreciation and any accumulated impairment losses. Their fair value is disclosed in the notes to the consolidated financial statements. Investment property is depreciated over the same useful life and according to the same rules as owner-occupied property.

10.4.1 Breakdown of investment property

(€ millions)	2016			2015		
	Gross amount	Accumulated depreciation and impairment	Net	Gross amount	Accumulated depreciation and impairment	Net
Investment property	**473**	**(62)**	**411**	**1,031**	**(260)**	**771**

10.4.2 Movements for the year

(€ millions)	2016	2015
As at 1 January	**771**	**667**
Changes in scope of consolidation (i)	**(427)**	32
Additions and separately acquired assets	**79**	79
Assets disposed of during the year	**-**	-
Depreciation for the year	**(10)**	(35)
Impairment (losses)/reversals, net	**-**	-
Effect of movements in exchange rates	**26**	(32)
Investment properties reclassified as "Assets held for sale"	**-**	(44)
Other reclassifications and movements	**(28)**	105
As at 31 December	**411**	**771**

(i) Mainly reflecting disposal of the Group's operations in Thailand in 2016.

As at 31 December 2016, investment properties totalled €411 million, of which 65% (€265 million) concerned Éxito. Investment properties as at 31 December 2015 amounted to €771 million, of which 55% concerned Big C Thailand and 24% concerned Exito.

Amounts recognised in the income statement in respect of rental revenue and operating expenses on investment properties were as follows in 2016:

(€ millions)	2016	2015 restated
Rental revenue from investment properties	**65**	55
Directly attributable operating expenses on investment properties		
- that generated rental revenue during the year	**(18)**	(16)
- that did not generate rental revenue during the year	**(14)**	(9)

FAIR VALUE OF INVESTMENT PROPERTY

The main investment properties as at 31 December 2016 were held by Exito.
The fair value of investment property as at 31 December 2016 was €672 million (31 December 2015: €2,006 million, including €1,510 million for properties held by Big C Thailand). For most investment properties, fair value is determined on the basis of valuations carried out by independent external appraisers. In accordance with international valuation standards, they are based on market value as confirmed by market indicators, representing a level 3 fair value input.

10.5 Impairment of non-current assets

Accounting principle

The procedure to be followed to ensure that the carrying amount of assets does not exceed their recoverable amount (recovered by use or sale) is defined in IAS 36.
Tangible and intangible assets are tested for impairment as there is an indication that their carrying amount may not be recoverable and at least, annually at the end of the year for goodwill and indefinite life intangible assets.

Cash Generating Units (CGUs)

A cash generating unit is the smallest identifiable group of assets that includes the asset and that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.
The Group has defined its cash generating units as follows:

- for hypermarkets, supermarkets and discount stores, each store is treated as a separate CGU;
- for other networks, each network represents a separate CGU.

Impairment indicators

Apart from the external sources of data monitored by the Group (economic environment, market value of the assets, etc.), the impairment indicators used are based on the nature of the assets:

- land and buildings: loss of rent or early termination of a lease;
- operating assets related to the business (assets of the cash generating unit): ratio of net carrying amount of store assets divided by sales (including VAT), higher than a defined level determined separately for each store category;
- assets allocated to administrative activities (headquarters and warehouses): site closure or obsolescence of equipment used at the site.

Recoverable amount

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. It is generally determined separately for each asset. When this is not possible, the recoverable amount of the group of CGUs to which the asset belongs is used.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal. In the retail industry, fair value less costs to sell is generally determined on the basis of a sales or EBITDA multiple.

Value in use is the present value of the future cash flows expected to be derived from continuing use of an asset plus a terminal value. It is determined internally or by external experts on the basis of:

- cash flow projections contained usually in business plans covering three years. Cash flows beyond this projection period are usually estimated over a period of three years by applying a growth rate as determined by Management (generally constant);
- a terminal value determined by applying a perpetual growth rate to the final year's cash flow projection.

The cash flows and terminal value are discounted at long-term after-tax market rates reflecting market estimates of the time value of money and the specific risks associated with the asset.

Impairment losses

An impairment loss is recognised when the carrying amount of an asset or the CGU to which it belongs is greater than its recoverable amount. Impairment losses are recorded as an expense under "Other operating income and expenses".

Impairment losses recognised in a prior period are reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. However, the increased carrying amount of an asset attributable to a reversal of an impairment loss may not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Impairment losses on goodwill cannot be reversed.

10.5.1 Movements for the year

Impairment losses recognised in 2016 on goodwill, intangible assets and property, plant and equipment totalled €115 million, of which €58 million arose from restructuring operations (mainly in the France Retail segment) and €49 million corresponded to individual assets (mainly in the France Retail and E-commerce segments).

Following the tests carried out in 2015, impairment losses totalling €115 million were recognised on goodwill, intangible assets and property, plant and equipment excluding discontinued operations (of which €88 million arose from restructuring operations and consolidation scope changes in the France Retail segment, €15 million corresponded to individual assets in the France Retail segment and €10 million concerned capitalised software development costs in France).

10.5.2 Goodwill impairment losses

Annual impairment testing consists of determining the recoverable amounts of the cash generating unit (CGU) or groups of CGUs to which the goodwill is allocated and comparing them with the carrying amounts of the relevant assets. Goodwill arising on the initial acquisition of networks is allocated to the groups of CGUs in accordance with the classifications presented in note 10.1.1. Some goodwill may also occasionally be allocated directly to CGUs.

For internal valuations, annual impairment testing generally consists of determining the recoverable amount of each CGU based on value in use, in accordance with the principles described in note 10.1. Value in use is determined by the discounted cash flows method, based on after-tax cash flows and using the following rates.

Assumptions used for internal calculations of 2016 values in use

Region	2016 perpetual growth rate (i)	2016 after-tax discount rate (ii)	2015 perpetual growth rate (i)	2015 after-tax discount rate (ii)
France (retail) (iii)	**1.7%**	**5.6%**	1.5%	5.5%
France (other businesses) (iii)	**1.7% to 2.2%**	**5.6% to 7.2%**	1.5% to 2%	5.5% to 7.3%
Argentina	**8.5%**	**17.1%**	10.2%	17.7%
Brazil (iv)	**6.0%**	**12.4% and 11.6% (vi)**	5.5%	11.3% to 13.6%
Colombia (iv)	**3.0%**	**8.9%**	3.5%	8.5%
Uruguay	**6.6%**	**13.2%**	8.5%	15.8%
Indian Ocean (v)	**1.7% to 5.5%**	**5.6% to 14.2%**	1.5% to 5.2%	5.5% to 13.0%

(i) The inflation-adjusted perpetual growth rate ranges from 0% to +1.5% depending on the nature of the CGU's business/banner and CGU's country.
(ii) The discount rate corresponds to the weighted average cost of capital (WACC) for each country. WACC is calculated at least once a year during the annual impairment testing exercise by taking account of the sector's levered beta, a market risk premium and the Group's cost of debt.
(iii) For the French businesses, the discount rate also takes account of the CGU's type of business/banner and the associated operational risks.
(iv) As at 31 December 2016, the market capitalisation of the listed subsidiaries GPA, Éxito and Cnova was €4,247 million, €2,107 million and €1,785 million, respectively. With the exception of Cnova, these market capitalisations were less than the carrying amount of the subsidiaries' net assets. Impairment tests on GPA and Exito goodwill were performed based on their value in use (see below).
(v) The Indian Ocean region includes Reunion, Mayotte, Madagascar and Mauritius. The discount rates used reflect the risks inherent in each of these regions.
(vi) Discount rate applied to cash flows is 12.4% for the business plan period of three years and is 11.6% beyond to take into account inflation and interest rate assumptions for the considered years of flows

No impairment loss was recognised as at 31 December 2016 from the annual goodwill impairment test conducted at the end of the year.

With the exception of Franprix – Leader Price, in view of the positive difference between value in use and carrying amount, the Group believes that on the basis of reasonably foreseeable events, any changes in the key assumptions set out above would not lead to the recognition of an impairment loss. The Group considers reasonably foreseeable changes in key assumptions to be a 100-basis point increase in the discount rate or a 25-basis point decrease in the perpetual growth rate used to calculate terminal value or a 50-basis point decrease in the EBITDA margin for the cash flow projection used to calculate the terminal value. Applying this sensitivity test to the Codim CGU (the France Retail subsidiary in Corsica) resulted in a recoverable amount close to the carrying amount of the net assets.

The recoverable amount of the Franprix – Leader Price CGU was determined by reference to its value in use, calculated from cash flow projections based on three-year financial budgets approved by executive management, extrapolation of projections over a period of three years and a 5.6 % discount rate (2015: 5.5%).

The cash flow projections for the budget period were based on the following assumptions:

- Ongoing development of the Mandarine concept at Franprix and development of a new concept at Leader Price.
- Ongoing deployment of a banner strategy based on a balance between integrated management stores and franchisees.
- The profitability of the two banners will increase, led by larger product volumes and optimised store and upstream function cost bases. Franprix – Leader Price expects this strategy to lift EBITDA margin to a level in line with its historical high by the end of 2020.

Management believes that a change in a key assumption could result in a carrying amount greater than the recoverable amount. The table below shows the change in each of the key assumptions that would be required for the estimated recoverable amount of the Franprix – Leader Price CGU to be the same as its carrying amount (including €2,582 million in goodwill).

Change required for the Franprix – Leader Price CGU's carrying amount to be the same as its recoverable amount	31 December 2016 (i)	31 December 2015
After-tax discount rate (5.6%)	**+100 bps**	+100 bps
Perpetual growth rate net of inflation (0%)	**-120 bps**	-110 bps
EBITDA margin used for the annual cash flow projection	**-120 bps**	-130 bps

(i) With a reasonable 100-bps increase in the discount rate, or/and a 50-bps decrease in the EBITDA margin used for the cash flow projection, the carrying amount of the Franprix – Leader Price CGU would exceed its recoverable amount by between zero and €250 million.

10.5.3 Trademark impairment losses

The recoverable amounts of trademarks were estimated at the year-end using the "discounted cash flows" method. The main trademarks concern GPA. In light of the less favourable economic environment in Brazil, the Extra banner's trademark was considered to be the most exposed to a risk of impairment. However, the tests carried out as at 31 December 2016 did not reveal any evidence that the trademark's carrying amount might not be recoverable.

The table below shows the change in each of the key assumptions that would be required for the estimated recoverable amount of the Extra trademark to be the same as its carrying amount:

Change required for the Extra trademark's carrying amount to be the same as its recoverable amount	31 December 2016 (i)
Perpetual growth rate net of inflation (1.5%)	**-110 bps**
After-tax discount rate (12.4% and 11.6%) (ii)	**+60 bps**
EBITDA margin used for the annual cash flow projection	**-50 bps**

(i) With a reasonable 100-bps increase in the discount rate, or/and a 50-bps decrease in the EBITDA margin used for the cash flow projection and/or a 25-bps decrease in the perpetual growth rate, the carrying amount of the Extra CGU (including the trademark) would exceed its recoverable amount by between zero and €424 million.

(ii) Discount rate applied to cash flows is 12.4% for the business plan period of three years and is 11.6% beyond to take into account inflation and interest rate assumptions for the considered years of flows

Note 11 Financial structure and finance costs

Accounting principle

Financial assets

With the exception of assets measured at fair value through profit or loss, all financial assets are initially recognised at fair value.

Financial assets are classified as current if they are due in less than one year and non-current if they are due in more than one year.

The Group does not own any financial assets qualified as held-to-maturity financial assets.

Financial assets at fair value through profit or loss

A financial asset is classified as a financial asset at fair value through profit or loss if it is classified as held for trading or designated as such on initial recognition. These assets are initially recognised at fair value and any subsequent changes in fair value, taking into account interest and dividends, are recorded in profit or loss.
The Group can thus designate its short-term investments at fair value on initial recognition.

Loans and receivables

Loans and receivables are financial assets issued or acquired by the Group in exchange for cash, goods or services that are paid, delivered or rendered to a debtor. They are measured at amortised cost using the effective interest method. Long-term loans and receivables that are not interest-bearing or that bear interest at a below-market rate are discounted when the amounts involved are material. Any impairment losses are recognised in the income statement.
This category primarily includes trade receivables, liquid assets as well as other loans and receivables.

Available-for-sale financial assets

Available-for-sale financial assets correspond to all other financial assets. They are measured at fair value. Gains and losses arising from re-measurement at fair value are recognised in other comprehensive income until the asset is sold, collected or otherwise disposed of or until there is evidence of material or other-than-temporary impairment of the asset. In these cases, gains and losses that were previously recognised in other comprehensive income are reclassified to profit or loss.
Impairment losses on available-for-sale equity instruments are irreversible and any subsequent increases in fair value are recognised directly in other comprehensive income.
Any subsequent increase in fair value of available-for-sale debt instruments is recognised in the income statement to the extent of the impairment loss previously recognised in profit or loss
This category mainly comprises investments in non-consolidated companies.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and short-term investments.
To be classified as cash equivalents under IAS 7, investments must be:

- short-term investments;
- highly liquid investments;
- readily convertible to known amounts of cash;
- subject to an insignificant risk of changes in value.

Usually, the Group use interest bearing bank accounts or term deposits of less than three months.

Derecognition of financial assets

Financial assets are derecognised in the following two cases:

- the contractual rights to the cash flows from the financial asset have expired, or
- the contractual rights have been transferred. In this latter case:
  - if substantially all the risks and rewards of ownership of the financial asset have been transferred, the asset is derecognised in full;
  - if substantially all the risks and rewards of ownership are retained by the Group, the financial asset continues to be recognised in the statement of financial position for its total amount.

The Group has set up receivables discounting programmes with banks. These programmes generally meet the conditions for derecognition of financial assets under IAS 39 described above. The Group considers as insignificant the risk of discounted receivables being cancelled by credit notes or being set off against liabilities. The main receivables discounting programmes relate to GPA. The programmes are set up with banks and credit card issuers and correspond for the most part to sales of credit card receivables (in Brazil, it takes several weeks for vendors to receive settlement of credit card transactions). The contract terms do not include any rights of subrogation or related obligations and the risks and rewards of ownership of the receivables are transferred to the bank or credit card issuer which controls them.
The other receivables discounting programmes have been set up in France and concern trade and tax receivables. In this case also, the risks and rewards of ownership of the receivables are transferred to the bank.

Financial liabilities

Financial liabilities are classified as current if they are due in less than one year and non-current if they are due in more than one year.

Financial liabilities recognised at amortised cost

Borrowings and other financial liabilities at amortised cost are initially measured at the fair value of the consideration received, and subsequently at amortised cost, using the effective interest method. Transaction costs and issue and redemption premiums directly attributable to the acquisition or issue of a financial liability are deducted from the liability's carrying amount. The costs are then amortised over the life of the liability by the effective interest method.
Within the Group, some loans and other financial liabilities at amortised cost are hedged.

Several subsidiaries have set up reverse factoring programmes with financial institutions to enable their suppliers to collect receivables more quickly in the ordinary course of the purchasing process.
The accounting policy for these transactions depends on whether or not the characteristics of the liabilities concerned have been changed. For example, when trade payables are not substantially modified (term and due date, consideration, face value) they continue to be recorded under "Trade payables". Otherwise, they are qualified as financing transactions and are included in financial liabilities under "Trade payables – structured program".

Financial liabilities at fair value through profit or loss

These are financial liabilities intended to be held on a short-term basis for trading purposes. They are measured at fair value and gains and losses arising from remeasurement at fair value are recognised in the income statement. The Group does not recognise any financial liabilities at fair value through profit or loss.
The accounting treatment of “put options granted to owners of non-controlling interests” is described in note 3.4.1.

Derivative financial instruments

All derivative instruments are recognised in the statement of financial position and measured at fair value.

Derivative financial instruments that qualify for hedge accounting: recognition and presentation

In accordance with IAS 39, the Group applies hedge accounting to:

- Fair value hedges (for example, swaps to convert fixed rate debt to variable rate). In this case, the debt is recognised at fair value up to the amount of the hedged risk and any change in fair value is recognised in profit or loss. Gains and losses arising from remeasurement at fair value of the derivative are also recognised in profit or loss. If the hedge is entirely effective, the loss or gain on the hedged debt is offset by the gain or loss on the derivative;
- Cash flow hedges (for example, swaps to convert floating rate debt to fixed rate or to change the borrowing currency, and hedges of budgeted purchases billed in a foreign currency). For these hedges, the ineffective portion of the change in the fair value of the derivative is recognised in profit and loss and the effective portion is recognised in other comprehensive income and subsequently reclassified to profit or loss on a symmetrical basis with the hedged cash flows in terms of both timing and classification (i.e. in trading profit for hedges of operating cash flows and in net financial income and expense for other hedges);
- Hedges of net investments in foreign operations. For these hedges, the effective portion of the change in fair value attributable to the hedged foreign currency risk is recognised net of tax in other comprehensive income and the ineffective portion is recognised directly in financial income or expense. Gains or losses accumulated in other comprehensive income are reclassified to profit or loss on the date of liquidation or disposal of the net investment.

Hedge accounting may only be used if:

- the hedging relationship is clearly defined and documented at inception; and
- the effectiveness of the hedge can be demonstrated at inception and throughout its life.

DERIVATIVE FINANCIAL INSTRUMENTS THAT DO NOT QUALIFY FOR HEDGE ACCOUNTING: RECOGNITION AND PRESENTATION

When a derivative financial instrument does not qualify or no longer qualifies for hedge accounting, successive changes in its fair value are recognised directly in profit or loss for the period under "Other financial income and expenses".

Definition of net debt

Net debt corresponds to loans and other borrowings including derivatives designed as hedges (liabilities) and trade payables – structured program, less (i) cash and cash equivalents, (ii) financial assets held for cash management purposes and as short-term investments, (iii) derivatives designed as hedges (assets), (iv) financial assets arising from a significant disposal of non-current assets and (v) net assets held for sale attributable to owners of the parent of the selling subsidiary.

11.1 Net cash and cash equivalents

(€ millions)	2016	2015
Cash equivalents	2,429	2,951
Cash	3,321	1,637
Cash and cash equivalents	**5,750**	**4,588**
Bank overdrafts (note 11.2.3)	(136)	(183)
Net cash and cash equivalents	**5,614**	**4,405**

As at 31 December 2016, cash and cash equivalents are not subject to any material restrictions, except for the €219 million placed in escrow when the public tender offer for Cnova NV shares was launched (note 2). Bank guarantees are presented in note 6.11.1.

11.2 Financial liabilities

Financial liabilities amounted to €10,215 million as at 31 December 2016 (31 December 2015: €11,735 million), as follows:

(€ millions)	Notes	2016 Non-current portion	2016 Current portion	2016 Total	2015 Non-current portion	2015 Current portion	2015 Total
Bonds (i)	11.2.2	**6,165**	**804**	**6,969**	7,458	370	7,828
Other borrowings	11.2.3	**1,479**	**1,601**	**3,080**	2,064	1,506	3,570
Trade payables – structured program (ii)		**-**	**-**	**-**	-	245	245
Finance lease	7.6	**63**	**16**	**79**	65	15	81
Fair value hedges and cash flow hedges - liabilities (iii)	11.5.1	**26**	**61**	**87**	7	4	11
Financial liabilities		**7,733**	**2,482**	**10,215**	**9,594**	**2,140**	**11,735**
Fair value hedges and cash flow hedges - assets (iv)	11.5.1	**(257)**	**(34)**	**(291)**	(418)	(258)	(675)
Other financial assets	6.8.1	**-**	**(39)**	**(39)**	-	(83)	(83)
Net assets held for sale attributable to owners of the parent of the selling subsidiary	3.5	**-**	**(768)**	**(768)**	-	(315)	(315)
Cash and cash equivalents	11.1	**-**	**(5,750)**	**(5,750)**	-	(4,588)	(4,588)
Cash and cash equivalents, other financial assets and net assets held for sale		**(257)**	**(6,591)**	**(6,848)**	**(418)**	**(5,244)**	**(5,662)**
NET DEBT		**7,476**	**(4,109)**	**3,367**	**9,177**	**(3,104)**	**6,073**

(i) Of which bond issues totalling €6,269 million in France and €700 million at GPA as at 31 December 2016.
(ii) Corresponding to the Via Varejo reverse factoring programme described in the "Accounting principle" section of note 11.
(iii) Of which €80 million in Brazil, €5 million in Colombia and €3 million in France as at 31 December 2016.
(iv) Of which €257 million in France, €31 million in Brazil and €3 million in Colombia as at 31 December 2016.

Breakdown of net debt by operating segment

(€ millions)	2016 Financial debt (i)	2016 Cash and cash equivalents	2016 Net assets classified under IFRS 5 attributable to owners of the parent	2016 Net debt	2015 Financial debt (i) (iv)	2015 Cash and cash equivalents (iv)	2015 Net assets classified under IFRS 5 attributable to owners of the parent (iv)	2015 Net debt (iv)
France Retail	**6,884**	**(3,614)**	**(70)**	**3,200**	**7,787**	**(1,681)**	**(24)**	**6,081**
Latam Retail	**2,973**	**(1,939)**	**(1)**	**1,032**	**2,231**	**(1,236)**	**(2)**	**993**
of which GPA food	*1,713*	*(1,492)*	**-**	***221***	*1,091*	*(864)*	*-*	*227*
of which Exito (ii)	*1,259*	*(447)*	***(1)***	***810***	*1,140*	*(372)*	*(2)*	*766*
Latam Electronics	**-**	**-**	**(697)**	**(697)**	**429**	**(1,549)**	**-**	**(1,119)**
Asia	**-**	**-**	**-**	**-**	**559**	**(188)**	**(225)**	**146**
of which Thailand	*-*	*-*	**-**	**-**	*306*	*(60)*	*-*	*246*
of which Vietnam (iii)	*-*	*-*	**-**	**-**	*253*	*(128)*	*(225)*	*(100)*
E-commerce (iii)	**28**	**(196)**	**-**	**(168)**	**36**	**(64)**	**(1)**	**(29)**
Total	**9,885**	**(5,750)**	**(768)**	**3,367**	**11,042**	**(4,718)**	**(252)**	**6,073**
Big C Vietnam and Cdiscount Vietnam net debt reclassified as "Held for sale" (iii)	-	-	-	-	(66)	129	(63)	-
Net debt	**9,885**	**(5,750)**	**(768)**	**3,367**	**10,976**	**(4,588)**	**(315)**	**6,073**

(i) Financial liabilities net of fair value hedges and cash flow hedges derivative assets and other financial assets.
(ii) Exito excluding GPA, including Argentina and Uruguay
(iii) In light of the Big C Vietnam disposal process (announced to the market on 15 December 2015), the Group decided to apply IFRS 5 to its Vietnamese businesses (including Cdiscount Vietnam) as at 31 December 2015. The net cash position of these two businesses (€63 million as at 31 December 2015) was therefore reclassified as "Assets held for sale" in accordance with IFRS 5.
(iv) Following the business merger between Cnova Brazil and Via Varejo, E-commerce activities of Cnova Brazil have been integrated into Latam Electronics (note 5)

11.2.1 Change in financial liabilities

(€ millions)	2016	2015
Financial liabilities at beginning of period	*11,735*	*13,686*
Fair value hedges - assets	*(675)*	*(567)*
Financial liabilities at beginning of period (including hedging instruments)	**11,059**	**13,119**
New borrowings (i)	**1,577**	3,201
Repayments of borrowings (ii)	**(2,826)**	(4,911)
Change in fair value of hedged debt	**46**	(45)
Effect of movements in exchange rates	**528**	(500)
Change in scope of consolidation (iii)	**(534)**	26
Financial liabilities associated with non-current assets held for sale	**(349)**	(66)
Other and reclassifications (iv)	**423**	236
Financial liabilities at end of period (including hedging instruments)	**9,924**	**11,059**
Financial liabilities at end of period	*10,215*	*11,735*
Fair value hedges - assets	*(291)*	*(675)*

(i) New borrowings in 2016 mainly included the following: (a) net increase in short-term commercial paper for €97 million; (b) new borrowings by Exito for €224 million, the Brazilian subsidiaries for €458 million (including €106 million for GPA and €353 million for Cnova Brazil), and Big C Thailand for €207 million, and (c) a bond issue by GPA for €262 million together with two promissory notes issues for €260 million. In 2015, new borrowings primarily comprised the following: (a) drawdowns on lines of credit by Casino, Guichard-Perrachon for €625 million, (b) new borrowings by the Brazilian subsidiaries for €743 million, and (c) new borrowings by Éxito in connection with the reorganisation of operations in Latin America for €1,785 million.

(ii) In 2016, repayments of borrowings mainly concerned Casino, Guichard-Perrachon for €1,384 million (including (a) €978 million in bond buybacks (note 2), and (b) redemption of a €386 million bond issue) and GPA for €993 million (including (a) €385 million of trade payables – structured program, (b) €528 million in miscellaneous debt repayments, and (c) €130 million in repayments of promissory notes. In 2015, repayments of borrowings mainly concerned Casino, Guichard-Perrachon for €2,327 million (including redemption of a bond issue for €750 million, an €869 million reduction in borrowings under the short-term commercial paper programme and repayments of borrowings and drawdowns for €707 million), GPA for €1,144 million, Big C Thailand for €333 million and Exito for €633 million.

(iii) Including, as at December 31, 2016, a negative €502 million following the disposal of operations in Thailand and a negative €67 million relating to the disposal of operations in Vietnam (note 3.5.2)

(iv) Including €238 million in reverse factored trade payables in 2016 (2015: €285 million).

11.2.2 Breakdown of bonds

(€ millions)	Principal	Interest rate (ii)	Effective interest rate (ii)	Issue date	Maturity date	2016 (iii)	2015 (iii)
CGP bonds in euros (i)	**5,981**					**6,269**	**7,620**
2016 bond	-	F: 4.47	4.58%	October 2011	April 2016	**-**	387
2017 bond	552	F: 4.38	5.27%	February 2010	February 2017	**552**	552
2018 bond	508	F: 5.73	6.48%	May 2010	November 2018	**527**	538
2019 bond	850	F: 4.41	4.04%	August 2012 April 2013	August 2019	**884**	1,050
2020 bond	600	F: 3.99	5.21%	March 2012	March 2020	**631**	638
2021 bond	850	F: 5.98	6.38%	May 2011	May 2021	**919**	906
2023 bond	758	F: 3.31	4.45%	January 2013 April 2013	January 2023	**833**	1,084
2024 bond	900	F: 3.25	5.41%	March 2014	March 2024	**932**	903
2025 bond	450	F: 2.33	3.60%	December 2014	February 2025	**448**	649
2026 bond	514	F: 4.05	4.09%	August 2014	August 2026	**543**	914
GPA bonds in BRL (i)	**703**					**700**	**208**
2017 bond	146	V: 108.0% CDI	V: 108.0% CDI	August 2016	January 2017	**146**	-
2019 bond	262	V: 107.0% CDI	V: 107.0% CDI	September 2014	September 2019	**262**	208
2019 bond	295	V: 97.5% CDI	V: 97.5% CDI	December 2016	December 2019	**291**	-
Total bonds						**6,969**	**7,828**

(i) Corresponds to the principal of the bonds outstanding as at 31 December 2016.

(ii) F (Fixed rate) - V (Variable rate) - CDI (Certificado de Depósito Interbancario). The interest rates for bond issues in euros take into account Casino's rating downgrade (note 2) except for the 2020, 2023, 2024 and 2025 issues which will be affected from the 1st quarter 2017

(iii) The amounts above include the remeasurement component relating to fair value hedges. They are presented excluding accrued interest.

11.2.3 Other borrowings

In € millions	Principal	Type of rate	Issue date	Maturity date	2016	2015
France						
Commercial paper (Casino, Guichard-Perrachon)	522	Fixed	(i)	(i)	**522**	424
Other Franprix-Leader Price borrowings	134	Variable/Fixed (iv)	2010 to 2016	2018 to 2023	**85**	74
Monoprix	-	Variable	December 2013	(iii)	**-**	21
Other					**31 (viii)**	26
International						
GPA	749	Variable (vi)/Fixed (v)	June 2010 to December 2016	January 2017 to May 2027	**744**	902
Via Varejo	-				**-**	182
Big C Thailand	-	Variable	July 2015 to December 2015	December 2016 to July 2019	**-**	305
Éxito	1,267	Variable (iv)	August 2015 to August 2016	December 2018 to August 2025	**1,241**	1,182
Other						2
Bank overdrafts (vi)					**136**	183
Accrued interest (vii)					**321**	269
Total other borrowings					**3,080**	**3,570**

(i) Commercial paper is short-term financing generally with a maturity of less than three months.
(ii) Of which fixed-rate loans amounting to €4 million as at 31 December 2016 (31 December 2015: €10 million)
(iii) Corresponds to the debt component of the Monoprix mandatory convertible bonds reimbursed in May 2016.
(iv) Most of GPA and Éxito's variable-rate loans pay interest at rates based, respectively, on the CDI and IBR.
(v) Of which fixed-rate loans amounting to €15 million as at 31 December 2016 (31 December 2015: €4 million)
(vi) Overdrafts are mostly in France.
(vii) The amount reported for accrued interest is for all financial liabilities including bonds. As at 31 December 2016, accrued interest primarily relate to Casino, Guichard-Perrachon for €157 million and to GPA for €156 million (31 December 2015: Casino, Guichard-Perrachon for €174 million and GPA for €88 million).
(viii) Of which €17 million in relation to Cdiscount.

CONFIRMED BANK CREDIT LINES 2016

(€ millions)	Interest rate	Expiry date: Within one year	Expiry date: In more than one year	Amount of the facility	Drawdowns
Casino, Guichard-Perrachon syndicated credit lines (i)	**Variable (i)**	**-**	**2,149**	**2,149**	**-**
Casino, Guichard-Perrachon bilateral credit lines	**Variable (ii)**	**150**	**850**	**1,000**	**-**
Other confirmed bank credit lines (iv)	**Variable (iii)**	**505**	**688**	**1,193**	**-**
	Total	**655**	**3,687**	**4,342**	**-**

(i) Syndicated credit lines comprise a €1,200 million line expiring in February 2021 and a USD 1 billion line expiring in July 2018, both at Euribor plus a spread that varies depending on the amount borrowed and the Group's net debt/EBITDA ratio.
(ii) The interest rates on the bilateral credit lines correspond to Euribor plus a spread. For some, the spread varies depending on the amount borrowed (lines totalling €250 million) and/or the Group's net debt/EBITDA ratio (lines totalling €250 million).
(iii) Interest on the other lines is based on a reference rate (depending on the currency of the credit line) plus a spread. For some of them, the spread varies depending on the subsidiary's net debt/EBITDA ratio (lines totalling €370 million) and/or the amount borrowed (lines totalling €450 million).
(iv) The other confirmed bank credit lines concern Monoprix (€610 million), GPA (€394 million) and Éxito (€190 million).

11.3 Net finance costs and other financial income and expenses, net

In 2016, the Group reviewed the presentation of non-recourse factoring costs within net financial income / (expense). These costs, which were included in "Net finance costs", will now be included in "Other financial income and expenses". The Group believes that this voluntary change of presentation improves the quality of its financial disclosures, as it permits direct reconciliations between "Net finance costs" and "Net debt". The reclassification qualifies as a change in accounting method and has therefore been applied retrospectively, leading to a restatement of 2015 figures..

Accounting principle

Net finance costs

Net finance costs correspond to all income and expenses generated by cash and cash equivalents and financial liabilities during the period, including income from cash and cash equivalents, gains and losses on disposals of cash equivalents, interest expense on financial liabilities, gains and losses on interest rate hedges (including the ineffective portion) and related currency effects, and trade payable – structured program costs.

Other financial income and expenses

This item corresponds to financial income and expenses that are not included in net finance costs.

It includes dividends received from non-consolidated companies, non-recourse factoring costs, discounting adjustments (including to provisions for pensions and other post-employment benefit obligations), gains and losses arising from remeasurement at fair value of equity derivatives, and impairment losses and realised gains and losses on financial assets other than cash and cash equivalents. Exchange gains and losses are also recorded under this caption, apart from (i) exchange gains and losses on cash and cash equivalents and financial liabilities, which are presented under net finance costs, and (ii) the effective portion of accounting hedges of operating transactions, which are included in trading profit.

Financial discounts for prompt payments are recognised in financial income for the portion corresponding to the normal market interest rate and as a deduction from cost of goods sold for the supplement.

11.3.1 Net finance costs

(€ millions)	2016	2015 restated (i)
Gains (losses) on disposals of cash equivalents	-	-
Income from cash and cash equivalents	110	128
Income from cash and cash equivalents	**110**	**128**
Interest expense on borrowings after hedging (ii)	(427)	(363)
Interest expense on finance lease liabilities	(8)	(5)
Finance costs	**(434)**	**(369)**
Net finance costs	**(324)**	**(240)**

(i) Following the change in presentation of non-recourse factoring costs within net financial income (expense), the financial statements of 2016 have been restated. Consequently, the line "Interest expense on borrowings after hedging" at 31 December 2015 has been restated by €53 million (excluding discontinued operations).

(ii) In 2016, income of €13 million was recognised following exercise of the call option on the mandatory convertible bonds issued by Monoprix (note 2). In addition, the bond buybacks described in note 2 led to the recognition of a €33 million gain in 2016 (not including the effect of future interest savings). In 2015, income of €11 million was recognised following an agreed reduction in the interest rate on the Monoprix mandatory convertible bonds (6-month Euribor plus 410 bps).

11.3.2 Other financial income and expenses

(€ millions)	2016	2015 restated (i)
Investment income	-	-
Foreign currency exchange gains (other than on borrowings)	40	94
Discounting and accretion adjustments	2	2
Gains on remeasurement to fair value of non-hedge derivatives instruments (i)	185	8
Other financial income	58	58
Financial income	**286**	**162**
Foreign currency exchange losses (other than on borrowings)	(38)	(35)
Discounting and accretion adjustments	(12)	(15)
Losses on remeasurement to fair value of non-hedge derivatives instruments (i)	(116)	(335)
Losses on remeasurement to fair value of financial assets at fair value through profit or loss	-	-
Non-recourse factoring costs (i)	(78)	(53)
Other financial expenses	(77)	(65)
Financial expenses	**(321)**	**(503)**
Total other financial income and expenses	**(35)**	**(340)**

(i) Non-recourse factoring costs were previously reported under "Interest expense on borrowings after hedging" (note 11.3.1)

(ii) The net gain of €69 million reported in 2016 mainly reflects (a) positive fair value adjustments to the GPA TRS (€30 million) and GPA forward (€15 million including impact of forward renegotiating and costs included), and (b) the positive fair value adjustment to the Big C Thailand TRS (€23 million) which was unwound during the year. In 2015, the net expense of €327 million was primarily due to negative fair value adjustments to the Big C Thailand TRS (€17 million); the GPA TRS (€162 million) and the GPA forward (€154 million).

The Group entered into Total Return Swap (TRS) and forward contracts on GPA and Big C Thailand shares. The contracts do not allow physical delivery of the shares and are cash-settled instruments. The documentation states that when the contracts expire, the shares will be sold on the market by the banking counterparties, and the Group will receive or pay the difference between the sale proceeds and the amount paid by the counterparties to purchase the shares at the contracts' inception. The Group retains the economic benefits of ownership of the shares (exposure to changes in the subsidiaries' share prices and collection of dividends) but does not have legal title to the shares and cannot exercise the related voting rights. Details of the contracts are as follows:

- In December 2011, the Group entered into a 2.5-year TRS with a financial institution on 7.9 million GPA American Depositary Receipts (ADRs). On 23 December 2016, the contract's maturity was extended to June 2018 and the interest rate was set at 3-month Euribor plus 269.5 bps. This TRS is a derivative instrument measured at fair value through profit or loss. As at 31 December 2016, it related to 7.8 million ADRs (2.9% of GPA's capital) representing a notional amount of €332 million, and had a negative fair value of €209 million (31 December 2015: 7.8 million ADRs, a notional amount of €332 million and a negative fair value of €247 million).

- At the end of December 2012, the Group entered into a 2-year forward contract on 5.8 million GPA shares. On 28 July 2016, the maturity was extended and the notional amount was reduced by USD 105 million (€95 million), resulting in a cash payment made by the Group on the same day. The interest rate currently corresponds to 3-month Libor plus 276 bps and the contract expires in February 2018. This forward is a derivative instrument measured at fair value through profit or loss. As at 31 December 2016, it related to 5.8 million shares (2.2% of GPA's capital) representing a notional amount of USD 239 million (€227 million), and had a negative fair value of €134 million (31 December 2015: 5.8 million shares, a notional amount of USD 338 million (€310 million) and a negative fair value of €248 million).

- In 2012, the Group entered into a TRS with a financial institution on 20.6 million Big C Thailand shares. The TRS was settled in 2016, leading to the recognition of €23 million in "Other financial income" corresponding to the net cash settlement on the TRS for €2 million and the positive change of fair value for €21 million. As at 31 December 2015, the TRS's notional amount was €127 million and its fair value was a negative €21 million.

These instruments' fair value is determined based on the estimated settlement price on 31 December, using the share price on that date. The instruments had a negative fair value of €343 million as at 31 December 2016 (2015: negative fair value of €516 million) (note 11.5.1).

11.4 Fair value of financial instruments

Accounting principle

Fair value measurements are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- quoted prices in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2);
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

The fair value of financial instruments traded in an active market is the quoted price on the reporting date. A market is considered as active if quoted prices are readily and regularly available from an exchange, dealer, broker, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. These instruments are classified as Level 1.

The fair value of financial instruments which are not quoted in an active market (such as over-the-counter derivatives) is determined using valuation techniques. These techniques use observable market data wherever possible and make little use of the Group's own estimates. If all the inputs required to calculate fair value are observable, the instrument is classified as Level 2.

If one or more significant inputs are not based on observable market data, the instrument is classified as Level 3.

11.4.1 Financial assets and liabilities by category of instrument

FINANCIAL ASSETS

The following table shows financial assets by category.
The Group does not hold assets that would be classified in the categories "financial assets at fair value through profit or loss" or "held-to-maturity financial assets".

(€ millions)	Total financial assets	Breakdown by category of instrument				
		Held-for-trading financial assets	Hedging instruments	Loans and receivables	AFS - measured at fair value	AFS - measured at cost
As at 31 December 2016						
Other non-current assets (i)	**787**	**12**	**257**	**481**	**35**	**2**
Trade receivables	**880**	**-**	**-**	**880**	**-**	**-**
Other current assets (i)	**979**	**2**	**54**	**922**	**-**	**-**
Cash and cash equivalents	**5,750**	**23**	**-**	**5,727**	**-**	**-**
As at 31 December 2015						
Other non-current assets (i)	1,081	-	418	623	36	4
Trade receivables	1,287	-	-	1,287	-	-
Other current assets (i)	1,218	-	258	961	-	-
Cash and cash equivalents	4,588	181	-	4,407	-	-

(i) Excluding non-financial assets.

FINANCIAL LIABILITIES

The following table shows financial liabilities by category.

(€ millions)	Total financial liabilities	Breakdown by category of instrument		
		Liabilities at amortised cost	Liabilities associated with puts on non-controlling interests	Derivative instruments
As at 31 December 2016				
Bonds	**6,969**	**6,969**	**-**	**-**
Other borrowings and financial liabilities	**3,167**	**3,080**	**-**	**87**
Put options granted to owners of non-controlling interests	**382**	**-**	**382**	**-**
Finance lease	**79**	**79**	**-**	**-**
Trade payables	**6,939**	**6,939**	**-**	**-**
Other liabilities (i)	**2,166**	**1,822**	**-**	**344**
As at 31 December 2015				
Bonds	7,828	7,828	-	-
Other borrowings and financial liabilities	3,826	3,815	-	11
Put options granted to owners of non-controlling interests	151	-	151	-
Finance lease	81	81	-	-
Trade payables	8,073	8,073	-	-
Other liabilities (i)	3,290	2,771	-	519

(i) Excluding non-financial liabilities.

11.4.2 Fair value hierarchy for assets and liabilities

The tables below compare the carrying amount and fair value of consolidated financial assets and liabilities, other than those for which the carrying amount corresponds to a reasonable approximation of fair value such as trade receivables, trade payables, cash and cash equivalents and bank overdrafts. The fair value of investment property is presented in note 10.4 and the fair value of Via Varejo's net assets held for sale in note 3.5.2.

As at 31 December 2016 (€ millions)	Carrying amount	Fair value	Fair value hierarchy		
			Market price = Level 1	Models with observable inputs = Level 2	Models with unobservable inputs = Level 3
Assets	**361**	**361**	**-**	**313**	**48**
Available-for-sale financial assets (i)	**35**	**35**	**-**	**-**	**35**
Fair value hedges - assets (ii)	**291**	**291**	**-**	**291**	**-**
Other derivatives instruments - assets	**35**	**35**	**-**	**23**	**12**
Liabilities	**10,940**	**11,435**	**6,964**	**4,276**	**195**
Bonds (iii)	**6,969**	**7,470**	**6,778**	**692**	**-**
Other borrowings and finance lease liabilities (iv)	**3,158**	**3,152**	**-**	**3,152**	**-**
Fair value hedges - liabilities (ii)	**87**	**87**	**-**	**87**	**-**
Other derivatives instruments - liabilities	**344**	**344**	**-**	**344**	**-**
Put options granted to owners of non-controlling interests (v)	**382**	**382**	**186**	**-**	**195**

31 December 2015 (€ millions)	Carrying amount	Fair value	Fair value hierarchy: Market price = Level 1	Models with observable inputs = Level 2	Models with unobservable inputs = Level 3
Assets	**712**	**712**	**-**	**675**	**36**
Available-for-sale financial assets (i)	36	36	-	-	36
Fair value hedges - assets (ii)	648	648	-	648	-
Other derivatives instruments - assets	27	27	-	27	-
Liabilities	**12,405**	**12,375**	**7,609**	**4,614**	**151**
Bonds (iii)	7,828	7,817	7,609	208	-
Other borrowings and finance leases (iv)	3,896	3,877	-	3,877	-
Fair value hedges - liabilities (ii)	11	11	-	11	-
Other derivatives instruments - liabilities (ii)	519	519	-	519	-
Put options granted to owners of non-controlling interests (v)	151	151	-	-	151

(i) The fair value of available-for-sale financial assets is generally measured using standard valuation techniques. If their fair value cannot be determined reliably, they are not included in this note.

(ii) Derivative financial instruments are valued (internally or externally) on the basis of the widely used valuation techniques for this type of instrument. Valuation models are based on observable market inputs (mainly the yield curve) and counterparty quality. Derivatives held as fair value hedges are almost fully backed by borrowings.

(iii) The fair value of bonds is based on the latest quoted price on the reporting date.

(iv) The fair value of other borrowings has been measured using other valuation techniques such as the discounted cash flow method, taking into account the Group's credit risk and interest rate conditions at the reporting date.

(v) The fair value of put options granted to owners of non-controlling interests is measured by applying the contract's calculation formulae and is discounted, if necessary; these formulae are considered to be representative of the fair value and notably use EBITDA multiples.

11.5 Financial risk management objectives and policies

The main risks associated with the Group's financial instruments are market risk (currency risk, interest rate risk and equity risk), counterparty risk and liquidity risk.

Financial risk monitoring and management is the responsibility of the Corporate Finance department, which is part of the Group Finance department. This team manages all financial exposures in coordination with the finance departments of the Group's main subsidiaries and reports to executive management. It has issued a Good Financial Practice Guide governing all financing, investment and hedging transactions carried out by Group entities.

The Group uses derivative financial instruments such as interest rate swaps, currency swaps and forward currency transactions to manage its exposure to interest rate risks and currency risks. These instruments are mainly over-the-counter instruments contracted with first-class bank counterparties. Most of these transactions or derivative instruments qualify for hedge accounting.
However, like many other large corporates, the Group may take very small, strictly controlled speculative positions as part of its hedging policy, for more dynamic and flexible management of its interest rate positions.

11.5.1 Breakdown of derivative financial instruments

The table below shows a breakdown of derivative financial instruments by type of hedged risk and accounting classification:

(€ millions)	Note	2016	Interest rate risk	Currency risk	Other market risks	2015
Derivatives - assets						
Derivatives at fair value through profit or loss	6.8 – 6.9	**15**	**-**	**2**	**12**	-
Cash flow hedges	6.8 – 11.2	**21**	**-**	**21**	**-**	27
Fair value hedges	6.8 – 6.9 - 11.2	**291**	**257**	**34**	**-**	648
Total derivatives - assets		**326**	**257**	**57**	**12**	**675**
of which non-current		***269***	***254***	***2***	***12***	*418*
of which current		***57***	***2***	***55***	***-***	*258*
Derivatives - liabilities						
Derivatives at fair value through profit or loss	6.10	**343**	**-**	**-**	**343**	519
Cash flow hedges	6.10	**1**	**-**	**1**	**-**	-
Fair value hedges	11.2	**87**	**3**	**84**	**-**	11
Total derivatives - liabilities		**431**	**4**	**85**	**343**	**530**
of which non-current		***369***	***-***	***26***	***343***	*257*
of which current		***62***	***4***	***59***	***-***	*273*

As at 31 December 2016, the fair value hedge derivatives presented a net positive balance of €203 million. The total included “interest rate risk” derivatives in France with a positive fair value of €253 million and “currency risk” derivatives in Brazil and Colombia with negative fair values of €49 million and €1 million, respectively. All the currency derivatives are backed by bank borrowings or bonds denominated in a currency other than the borrower entity's functional currency. The ineffective portion of these fair value hedges is not material.

As at 31 December 2016, the cash flow hedge reserve included in equity had a credit balance of €19 million (31 December 2015: credit balance of €27 million). These derivatives are related to France perimeter and were acquired to hedge goods purchases billed in currencies other than the euro (mainly the US dollar). The ineffective portion of these cash flow hedges is not material.

Derivative instruments that do not qualify for hedge accounting under IAS 39 had a negative fair value of €328 million as at 31 December 2016 (31 December 2015: negative fair value of €519 million). They included TRSs and forward contracts with a negative fair value of €343 million as at 31 December 2016 (31 December 2015: negative fair value of €516 million) (note 11.3.2).

The fair value calculation as at 31 December 2016 took into account the credit valuation adjustment (CVA) and the debit valuation adjustment (DVA) in accordance with IFRS 13. The impact of these adjustments is not material.

11.5.2 Market risk

INTEREST RATE RISK

The Group's objective is to manage its exposure to the risk of interest rate changes and optimise its financing cost. Its strategy therefore consists of dynamic debt management by monitoring and, where necessary, adjusting its hedging ratio based on forecast trends in interest rates.

Various derivative instruments are used to manage interest rate risks. The main instruments are interest rate swaps. Group financial policy consists of managing finance costs by combining variable and fixed-rate derivative instruments. These instruments do not always qualify for hedge accounting; however all interest-rate instruments are contracted in line with the above risk management policy.

Specifically, Casino, Guichard-Perrachon's debt is mainly composed of fixed-rate bonds (principal amount of €5,981 million as at 31 December 2016). This bond debt may be hedged through fixed-to-variable rate swaps generally contracted at the issue date; all of these hedges qualify for hedge accounting.
During 2016, the Group unwound interest rate swaps hedging the bonds that were bought back and cancelled during the year. Casino also decided to increase its fixed rate exposure by unwinding interest rate swaps which reduced by €2 billion the variable rate exposure of the Group.
As at 31 December 2016, Casino, Guichard-Perrachon had a portfolio of 30 interest rate swaps with a dozen of bank counterparties, representing a variable rate exposure on a total notional amount of €3,022 million. The swaps expire at various dates between 2021 and 2026.
As a result, as at 31 December 2016, 49% of Casino, Guichard-Perrachon's bond debt was at fixed rates of interest and 51% was at variable rates.

SENSITIVITY TO A CHANGE IN INTEREST RATES

Sensitivity to rate changes is calculated as shown in the table below.

(€ millions)	Notes	2016	2015 restated
Casino, Guichard Perrachon variable-rate bonds (1)		**3,022**	6,396
Brazil variable-rate bonds (2)	11.2.2	**703**	209
Other variable-rate borrowings and financial liabilities (3) (4) (5)	11.2.3	**2,218**	2,864
Finance lease	7.6	**79**	81
Total variable-rate bonds, other borrowings and financial liabilities		**6,021**	**9,549**
Cash and cash equivalents	11.1.1	**(5,750)**	(4,588)
Net variable-rate position		**272**	**4,961**
100-bps change in interest rate		**3**	50
Net finance costs	11.3.1	**324**	241
Impact of change on net finance costs		**0.8%**	**20.6%**

(1) Corresponding to fixed-rate bonds for a notional amount of €5,981 million (2015: €7,346 million) (note 11.2.2), covered by an interest rate hedge on a net notional amount of €3,022 million as at 31 December 2016 (2015: €6,396 million).
(2) Principal amount
(3) Excluding accrued interest.
(4) Including borrowings in Brazil originally denominated in dollars or euros for BRL 2,458 million (€717 million) converted to reals and variable interest rates by means of cross-currency swaps (2015: BRL €3,171 million, representing €735 million).
(5) Including borrowings in Colombia originally denominated in dollars for COP 1,249 million (€395 million) of which 44% converted to pesos and variable interest rates by means of cross-currency swaps.

Assuming the net debt structure and management policy are constant, a 100-bps annual increase (decrease) in rates across the yield curve would lead to a 0.8% (€3 million) increase (decrease) in finance costs. For the purposes of the analysis, all other variables, particularly exchange rates, are assumed to be constant.

EXPOSURE TO CURRENCY RISK

Due to its geographical diversification, the Group is exposed to currency translation risk; in other words, its statement of financial position and income statement, and consequently its financial ratios, are sensitive to movements in exchange rates on consolidation of the financial statements of its foreign subsidiaries outside the euro zone. It is also exposed to currency risk on transactions not denominated in euros.

The Group's policy in this respect is to hedge highly probable budgeted exposures, which mainly involve purchases made in a currency other than its functional currency and particularly purchases in US dollars. Substantially all budgeted purchases are hedged using instruments with the same maturities as the underlying transactions. All borrowings denominated in a currency other than the borrower's functional currency are fully hedged.

The Group's net exposure based on notional amounts after hedging mainly concerns the US dollar (excluding the functional currencies of entities), as shown below:

(€ millions)	Total exposure 2016	Of which USD	Total exposure 2015
Exposed trade receivables	**(18)**	**(8)**	(20)
Exposed other financial assets	**(90)**	**(64)**	(118)
Exposed trade payables	**166**	**145**	158
Exposed put options granted to owners of non-controlling interests	**115**	**115**	90
Exposed financial liabilities	**881**	**831**	1,202
Gross exposure payable/(receivable)	**1,054**	**1,019**	**1,311**
Hedged trade receivables	**-**	**-**	-
Hedged other financial assets	**(15)**	**(15)**	(33)
Hedged trade payables	**72**	**67**	25
Hedged put options granted to owners of non-controlling interests	**-**	**-**	-
Hedged financial liabilities	**882**	**832**	787
Net exposure payable/(receivable)	**115**	**136**	**532**
Hedges of future purchases	**276**		**275**

As at 31 December 2015, the net statement of financial position exposure of €532 million mainly concerned the US dollar.

SENSITIVITY OF NET EXPOSURE AFTER CURRENCY HEDGING

A 10% appreciation of the euro as at 31 December 2016 against the currencies included in the Group's exposure would lead to an increase of profit for the amounts indicated in the following table. For the purposes of the analysis, all other variables, particularly interest rates, are assumed to be constant.

(€ millions)	2016	2015
US dollar	**14**	54
Other currencies	**(2)**	(1)
Total	**12**	**53**

A 10% depreciation of the euro against those currencies as at 31 December 2016 and 2015 would have produced the opposite effect.

BREAKDOWN OF CASH AND CASH EQUIVALENTS BY CURRENCY

(€ millions)	2016	%	2015	%
Euro	**3,048**	**53%**	1,134	25%
US dollar	**77**	**1%**	94	2%
Brazilian real	**2,180**	**38%**	2,893	63%
Thai baht	**-**	**-%**	122	3%
Colombian peso	**367**	**6%**	252	5%
Uruguayan peso	**33**	**1%**	39	1%
Other	**44**	**1%**	54	1%
Cash and cash equivalents	**5,750**	**100%**	**4,588**	**100%**

EXCHANGE RATES AGAINST THE EURO

Exchange rates against the euro	2016		2015	
	Closing rate	Average rate	Closing rate	Average rate
Brazilian real (BRL)	**3.4305**	**3.8561**	4.3117	3.7004
Colombian peso (COP)	**3,164.89**	**3,375.90**	3,456.08	3,048.25
Thai baht (THB)	**37.7260**	**39.0428**	39.2480	38.0278
Argentine peso (ARS)	**16.7318**	**16.3473**	14.0841	10.2584
Uruguayan peso (UYP)	**30.9120**	**33.3198**	32.5958	30.2896
US dollar (USD)	**1.0541**	**1.1069**	1.0887	1.1095
Vietnamese dong (VND)	**23,992.37**	**24,752.54**	24,479.42	24,056.41
Polish zloty (PLN)	**4.4103**	**4.3632**	4.2639	4.1841

EQUITY RISK

As at 31 December 2016, the Group did not hold any significant investments in listed companies other than interests in its subsidiaries or treasury shares.

The Group may use derivative instruments (e.g. total return swaps with no call option, forward contracts and call options) on shares to build a synthetic exposure to the shares of its listed subsidiaries (note 11.3.2). The carrying amount of these instruments corresponds to their estimated value as provided by a financial institution on the reporting date. These values take account of market data such as exchange rates, share prices and interest rates.

In addition, the Group does not hold any options or any derivatives backing its own shares. Its policy as regards cash management is to invest only in money market instruments that are not exposed to equity risk.

11.5.3 Counterparty risk

The Group is exposed to various aspects of counterparty risk through its operating activities, cash deposits and interest rate and currency hedging instruments. It monitors these risks regularly using several objective indicators, and diversifies its exposure by dealing with the least risky counterparties (based mainly on their credit ratings and their reciprocal commitments with the Group).

COUNTERPARTY RISK RELATED TO TRADE RECEIVABLES

Customer credit risk:
Group policy consists of checking the financial health of all customers applying for credit payment terms. Customer receivables are regularly monitored; consequently, the Group's exposure to bad debts is not material.

Trade receivables break down as follows by maturity:

(€ millions)	Receivables not yet due, not impaired	Past-due receivables on the reporting date, not impaired				Impaired receivables	Total
		Up to one month past due	Between one and six months past due	More than six months past due	Total		
2016	**721**	**79**	**15**	**26**	**119**	**117**	**957**
2015	698	93	50	24	167	140	1,005

The age of unimpaired past-due receivables can vary considerably depending on the type of customer, i.e. private companies, consumers or public authorities. Impairment policies are determined on an entity-by-entity basis according to customer type. As indicated above, the Group believes that its exposure to credit concentration risk is not material.

COUNTERPARTY RISK RELATED TO OTHER ASSETS

Other assets, mainly comprising tax receivables and repayment rights are neither past due nor impaired.

Credit risk on other financial assets – mainly comprising cash and cash equivalents, available-for-sale financial assets and certain derivative financial instruments – corresponds to the risk of failure by the counterparty to fulfil its obligations. The maximum risk is limited and equal to the instruments' carrying amount. The Group's cash management policy consists of investing cash and cash equivalents with first-class counterparties and in first-class rated instruments.

11.5.4 Liquidity risk

The Group's liquidity policy is to ensure, as far as possible, that it always has sufficient liquid assets to settle its liabilities as they fall due, in either normal or impaired market conditions.
The main methods used consist of:

- diversifying sources of financing: public and private capital markets, banks (confirmed and non-confirmed facilities), commercial paper, discounting of receivables;
- diversifying financing currencies: euro, the Group's other functional currencies, US dollar;
- maintaining a level of confirmed financing facilities significantly in excess of the Group's payment obligations at any times;
- limiting the amount of annual repayments and proactively managing the repayment schedule;
- managing the average maturity of financing facilities and, where appropriate, refinancing them before they fall due.

The liquidity analysis is performed both at the Casino, Guichard-Perrachon holding company level (taking into account the cash pooling among all wholly-owned French entities via cash-pooling agreements) and for each of the Group's international subsidiaries.

In addition, the Group carries out non-recourse receivables discounting without continuing involvement, within the meaning of IFRS 7, as well as reverse factoring.
Trade payables as at 31 December 2016 include payables totalling €1,034 million (of which €264 million and €770 million respectively related to France Retail and Latam retail) that are the subject to a reverse factoring agreement.

Most of the Group's debt is carried by Casino, Guichard-Perrachon and is not secured by collateral or any secured assets. Financing is managed by the Corporate Finance department. The main subsidiaries (GPA, Monoprix and Éxito) also have their own financing facilities, which are not secured by collateral or any security interests in assets and are not guaranteed by Casino (except for GPA loans borrowed from BNDES totalling €17 million as at 31 December 2016 that are secured by security interests in the financed assets and a guarantee issued by Wilkes, which is indirectly 50% owned by Casino and 50% by Éxito).

All subsidiaries submit weekly cash reports to the Group and all new financing facilities require prior approval from the Corporate Finance department.

As at 31 December 2016, the Group's liquidity position comprised:

- confirmed, undrawn lines of credit for a total of €4,342 million (of which €3,759 million for France);
- unrestricted cash of €5,750 million.

Casino, Guichard-Perrachon has a €9 billion Euro Medium Term Notes (EMTN) programme. Notes issued under the programme totalled €5,981 million as at 31 December 2016.

Furthermore, issuance under Casino, Guichard-Perrachon’s €2,000 million commercial paper programme amounted to €522 million as at 31 December 2016.

The Company's bond issues (other than deeply subordinated perpetual notes) have been rated BB+ by Standard & Poor's since 21 March 2016 and BBB- by Fitch Ratings with a negative outlook since 14 December 2016.
Standard & Poor's rating downgrade from BBB- to BB+ triggered application of the coupon step up clause providing for a 125-bps interest rate step up on bonds in the event of Casino, Guichard-Perrachon's debt being rated non-investment grade by at least one rating agency. The step-up is applicable for each issue as from the first annual interest period beginning after 21 March 2016. Application of the step up clause added €15 million to finance costs in 2016. Based on currently outstanding bond debt, the impact in 2017 is estimated at €63 million (note 2).
Bonds (other than for deeply subordinated perpetual bonds) also include a step down clause providing for a return to the original interest rate if Casino, Guichard Perrachon's investment grade rating by Standard & Poor's and Fitch Ratings is restored.

The Group's bank loan agreements and bond documentation include the usual *pari passu* negative pledge and cross default clauses.

Casino, Guichard-Perrachon's facility agreements generally contain a mandatory acceleration clause in the event of a change of control of the Company.

In addition, bonds issued by Casino, Guichard-Perrachon (except for two deeply subordinated perpetual bond issues) contain a discretionary acceleration clause applicable if the Company's long-term senior debt rating is downgraded to non-investment grade (or further downgraded if the rating is already non-investment grade), but only if this downgrade is due to a change of majority shareholder (i.e. if a third party other than Rallye or one of its related companies acquires more than 50% of Casino's voting rights).

Casino, Guichard-Perrachon debt covenants

At the reporting date, Casino, Guichard-Perrachon's debt was subject to the following hard covenants to be met at each year-end:

Type of covenant	Main types of debt subject to covenant	Frequency of tests	Result from the covenant as at 31 December 2016
Consolidated net debt (i)/Consolidated EBITDA (ii) < 3.5	▪ €1.2 billion syndicated line of credit ▪ USD 1 billion syndicated credit line ▪ Bilateral credit lines totalling €900 million	Annual	2.4
Consolidated net debt (i)/Consolidated EBITDA (ii) < 3.7	▪ Bilateral credit lines totalling €50 million		

(i) Net debt as defined in the loan agreements may differ from net debt presented in the consolidated financial statements (note 11.2). It corresponds to borrowings and financial liabilities including hedging instruments with a negative fair value, less (i) cash and cash equivalents, (ii) financial assets held for cash management purposes and short-term financial investments, (iii) derivatives with a positive fair value classified as hedges of debt and (iv) financial assets arising from a significant disposal of non-current assets.

(ii) EBITDA corresponds to trading profit plus recurring net depreciation and amortisation expense.

The Group considers that it will very comfortably fulfil its covenants over the next 12 months.

Casino, Guichard-Perrachon's bonds and commercial paper are not subject to any financial covenants.

Financing of subsidiaries subject to covenants

Most of the Group's other loan agreements – primarily concerning GPA, Éxito and Monoprix – contain hard covenants (see table below).

Subsidiary	Type of covenant	Frequency of tests	Main types of debt subject to covenant
Monoprix	Net debt/EBITDA < 2.5	Annual	▪ €370 million syndicated credit line ▪ Other confirmed credit lines totalling €240 million
GPA (i)	Net debt (ii) may not be higher than equity (iii) Consolidated net debt/EBITDA < 3.25	Quarterly/half-yearly/annual	▪ All bond issues and certain bank borrowings
Éxito	Consolidated net debt/Consolidated EBITDA < 3.5	Annual	▪ Bank borrowings (note 11.2.3)

(i) All of GPA's covenants are based on the GPA's consolidated financial statements.
(ii) Debt less cash, cash equivalents and trade receivables.
(iii) Consolidated equity (attributable to owners of the parent and non-controlling interests).

These covenants were respected as at 31 December 2016.

Exposure to liquidity risk

The table below presents a maturity schedule of financial liabilities as at 31 December 2016, including principal and interest and for undiscounted amounts. For derivative financial instruments, the table has been drawn up based on the contractual net cash inflows and outflows on instruments that settle on a net basis and the gross inflows and outflows on those instruments that require gross settlement. For interest rate instruments, when the amount payable or receivable is not fixed, the amount presented has been determined by reference to observed yield curves as at the reporting date.

For the TRSs and forward instruments described in note 11.3.2, the cash flows presented in the table below reflect the interest payable and the fair value of instruments as at the reporting date.

31 December 2016 (€ millions)	Due within one year	Maturity Due in one to two years	Due in two to three years	Due in three to five years	Due beyond five years	Total contractual cash flows	Carrying amount
Non-derivative financial instruments recognised in liabilities:							
Bonds and other borrowings	**2,723**	**1,248**	**1,749**	**2,151**	**3,869**	**11,740**	**10,049**
Put options granted to owners of non-controlling interests	**340**	**-**	**-**	**3**	**44**	**388**	**382**
Finance lease liabilities	**24**	**19**	**19**	**29**	**50**	**141**	**79**
Trade payables and other financial liabilities	**8,671**	**48**	**4**	**5**	**34**	**8,762**	**8,762**
Total	**11,758**	**1,315**	**1,771**	**2,188**	**3,997**	**21,030**	**19,270**
Derivative financial instruments assets/(liabilities):							
Interest rate derivatives							
Derivative contracts - received	**176**	**125**	**52**	**79**	**22**	**455**	
Derivative contracts - paid	**(126)**	**(67)**	**(1)**	**(2)**	**(1)**	**(197)**	
Derivative contracts - net settled	**-**	**-**	**-**	**-**	**-**	**-**	
Currency derivatives							
Derivative contracts - received	**232**	**82**	**-**	**-**	**-**	**314**	
Derivative contracts - paid	**(217)**	**(74)**	**-**	**-**	**-**	**(291)**	
Derivative contracts - net settled	**8**	**26**	**-**	**-**	**-**	**34**	
Other derivative instruments							
Derivative contracts - received	**-**	**-**	**-**	**-**	**-**	**-**	
Derivative contracts - paid	**(17)**	**(350)**	**-**	**-**	**-**	**(367)**	
Derivative contracts - net settled	**-**	**-**	**-**	**-**	**-**	**-**	
Total	**57**	**(259)**	**51**	**77**	**22**	**(52)**	**(105)**

31 December 2015 (€ millions)	Due within one year	Maturity Due in one to two years	Due in two to three years	Due in three to five years	Due beyond five years	Total contractual cash flows	Carrying amount
Non-derivative financial instruments recognised in liabilities:							
Bonds and other borrowings	2,264	1,601	1,660	2,499	5,435	13,460	11,643
Put options granted to owners of non-controlling interests	113	1	15	24	10	162	151
Finance lease liabilities	24	21	15	26	50	136	81
Trade payables and other financial liabilities	10,718	79	5	10	32	10,844	10,844
Total	**13,119**	**1,702**	**1,695**	**2,559**	**5,527**	**24,603**	**22,720**
Derivative financial instruments assets/(liabilities):							
Interest rate derivatives							
Derivative contracts - received	172	154	123	193	172	814	
Derivative contracts - paid	(53)	(37)	(37)	(87)	(144)	(357)	
Derivative contracts - net settled	-	-	-	-	-	-	
Currency derivatives							
Derivative contracts - received	240	85	-	-	-	325	
Derivative contracts - paid	(196)	(82)	-	-	-	(277)	
Derivative contracts - net settled	111	64	(2)	-	-	173	
Other derivative instruments							
Derivative contracts - received	1	1	1	1	3	7	
Derivative contracts - paid	(282)	(259)	(1)	(1)	(3)	(546)	
Derivative contracts - net settled	-	-	-	-	-	-	
Total	**(6)**	**(73)**	**84**	**106**	**28**	**139**	**145**

Note 12 Equity and earnings per share

Accounting principle

Equity is attributable to two categories of owner: the owners of the parent (Casino, Guichard-Perrachon shareholders) and the owners of the non-controlling interests in its subsidiaries. A non-controlling interest is the equity in a subsidiary not attributable, directly or indirectly, to a parent.

Transactions with the owners of non-controlling interests resulting in a change in the parent company's percentage interest without loss of control affect only equity as there is no change of control of the economic entity. Cash flows arising from changes in ownership interests in a fully consolidated subsidiary that do not result in a loss of control (including increases in percentage interest) are classified as cash flows from financing activities.

In the case of an acquisition of an additional interest in a fully consolidated subsidiary, the Group recognises the difference between the acquisition cost and the carrying amount of the non-controlling interests as a change in equity attributable to owners of Casino, Guichard-Perrachon. Transaction costs are also recognised in equity. The same treatment applies to transaction costs relating to disposals without loss of control. In the case of disposals of controlling interests involving a loss of control, the Group derecognises the whole of the ownership interest and, where appropriate, recognises any investment retained in the former subsidiary at its fair value. The gain or loss on the entire derecognised interest (interest sold and interest retained) is recognised in profit or loss under "Other operating income" or "Other operating expenses", which amounts to remeasuring the retained previously-held investment at fair value through profit or loss. Cash flows arising from the acquisition or loss of control of a subsidiary are classified as cash flows from investing activities.

Equity instruments and hybrid instruments

The classification of instruments issued by the Group in equity or debt depends on each instrument's specific characteristics. An instrument is deemed to be an equity instrument when the following two conditions are met: (i) the instrument does not contain a contractual obligation to deliver cash or another financial asset to another entity, or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity; and (ii) in the case of a contract that will or may be settled in the entity's own equity instruments, it is either a non-derivative that does not include a contractual obligation to deliver a variable number of the Company's own equity instruments, or it is a derivative that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

The Group also examines the special provisions of contracts to ensure the absence of an indirect obligation to buy back the equity instruments in cash or by delivering another financial asset or by delivering shares with a value substantially higher than the amount of cash or the other financial asset to be delivered.

In particular, instruments that are redeemable at the Group's discretion and for which the remuneration depends on the payment of a dividend are classified in equity.

When a "debt" component exists, it is measured separately and classified under "financial liabilities".

Equity transaction costs

External and qualifying internal costs directly attributable to equity transactions or transactions involving equity instruments are recorded as a deduction from equity, net of tax. All other transaction costs are recognised as an expense.

Treasury shares

Casino, Guichard-Perrachon shares purchased by the Group are deducted from equity at cost. The proceeds from sales of treasury shares are credited to equity with the result that any disposal gains or losses, net of the related tax effect, have no impact in the income statement for the period.

Options on treasury shares

Options on treasury shares are treated as derivative instruments, equity instruments or financial liabilities depending on their characteristics.

Options classified as derivatives are measured at fair value through profit or loss. Options classified as equity instruments are recorded in equity at their initial amount and changes in value are not recognised. The accounting treatment of financial liabilities is described in note 11.

12.1 Capital management

The Group's policy is to maintain a strong capital base in order to preserve the confidence of investors, creditors and the markets while ensuring the financial flexibility required to support the Group's future business development. The Group aims to continually optimise its financial structure by maintaining an optimum balance between net debt, EBITDA and equity. To this end, it may adjust the amount of dividends paid to shareholders, return part of the capital to shareholders, buy back its own shares or issue new shares. The Group may buy back occasionally its own shares in the market. The purpose of this is to allocate the shares to the liquidity contract and ensure active trading of its shares, to keep them, to allocate stock option plans, employee share ownership plans or free share plans for Group employees and corporate officers.

The policy objectives and management procedures are exactly the same as in previous years.

Apart from legal requirements, the Group is not subject to any external minimum capital requirements.

12.2 Share capital

As at 31 December 2016, the Company's share capital amounted to €169,825,404 (31 December 2015: €173,192,460). Share capital is composed of 110,996,996 ordinary shares issued and fully paid as at 31 December 2016. In 2016, 2,200,690 shares for an amount of €104 million were cancelled (2015: 22,485 shares issued upon exercise of stock options). Ordinary shares have a par value of €1.53.
Under the shareholder authorisations given to the Board of Directors, the share capital may be increased, immediately or in the future, by up to €60 million.

12.3 Share equivalents

The Group is committed to free share plans (note 8.3). The Group intends to cover those plans using existing shares.

12.4 Treasury shares

Treasury shares result from shareholder-approved buybacks of Casino Guichard-Perrachon SA shares. As at 31 December 2016, a total of 102,256 shares were held in treasury, representing €5 million. The shares were purchased primarily for allocation upon exercise of the rights under free share plans.

In January 2005, the Group entered into a liquidity contract with the Rothschild investment bank for a total of 700,000 Casino shares plus a contribution of €40 million in cash, in compliance with European Commission Regulation (EC) No. 2273/2003. The Group made additional contributions to the liquidity contract of (i) €30 million on 25 September 2015 and (ii) €50 million on 28 December 2015. The 700,000 shares were subsequently cancelled by decision of the Board of Directors on 14 June 2016.
As at 31 December 2016, no Casino Guichard-Perrachon SA shares were held in the liquidity account.
The cash earmarked for the liquidity contract is invested in money market mutual funds. These funds qualify as cash equivalents and are therefore included in net cash and cash equivalents in the consolidated statement of cash flows.

12.5 Perpetual deeply subordinated bonds (TSSDI)

At the beginning of 2005, the Group issued 600,000 perpetual deeply subordinated bonds (TSSDI) for a total amount of €600 million. The bonds are redeemable solely at the Group's discretion and interest payments are due only if the Group pays a dividend on its ordinary shares in the preceding 12 months. The bonds pay interest at the 10-year constant maturity swap rate plus 100 bps, capped at 9%. In 2016, the average coupon was 1.69%.

On 18 October 2013, the Group issued €750 million of perpetual hybrid bonds (7,500 bonds) on the market. The bonds are redeemable at the Group's discretion with the first time set for 31 January 2019. The bonds pay interest at 4.87% until that date, after which the rate will be revised every five years.

Given the specific characteristics in terms of maturity and remuneration, the bonds are carried in equity for the amount of €1,350 million. Issuance costs net of tax have been recorded as a deduction from equity.

12.6 Other equity instruments

On 27 December 2013, Monoprix issued €500 million worth of mandatory convertible bonds to CACIB. The bonds were convertible into Monoprix preferred stock. The bonds had a three-year life and paid interest at the 6-month Euribor plus 410 bps (note 11.3.1). The redemption parity was fixed.

Mandatory convertible bonds are compound financial instruments with a debt component recorded in "financial liabilities", corresponding to the discounted value of the interest payments over the life of the bonds, and an equity component, corresponding to the balance of the bonds' value net of transaction costs and tax, recorded in "non-controlling interests". As at 31 December 2015, the equity component amounted to €420 million (note 12.8) and the debt component to €21 million (note 11.2.3). The Group also had a call option on the mandatory convertible bonds which was exercised on 3 May 2016. The impact of buying back the bonds is presented in note 2.

12.7 Other information on additional paid-in capital, retained earnings and reserves

12.7.1 Foreign currency translation reserves

The foreign currency translation reserve corresponds to cumulative exchange gains and losses on translating the equity of foreign subsidiaries and receivables and payables included in the Group's net investment in these subsidiaries, at the closing rate.

FOREIGN CURRENCY TRANSLATION RESERVES BY COUNTRY AS AT 31 DECEMBER 2016

(€ millions)	Attributable to owners of the parent			Attributable to non-controlling interests			Total
	1 January 2016	Movements for the year	31 December 2016	1 January 2016	Movements for the year	31 December 2016	31 December 2016
Brazil	(1,795)	735	**(1,060)**	(2,879)	1,005	**(1,875)**	**(2,934)**
Argentina	(139)	(5)	**(144)**	(2)	(9)	**(11)**	**(154)**
Colombia	(272)	18	**(254)**	(291)	36	**(255)**	**(509)**
Uruguay	(4)	11	**7**	(26)	16	**(9)**	**(2)**
United States	19	-	**19**	1	-	**-**	**20**
Thailand	97	(97)	**-**	56	(56)	**-**	**-**
Poland	15	(5)	**10**	-	-	**-**	**10**
Indian Ocean	(8)	-	**(8)**	(3)	-	**(3)**	**(10)**
Vietnam	24	(24)	**-**	1	(1)	**-**	**-**
Hong Kong	1	-	**1**	-	-	**-**	**1**
Total foreign currency	**(2,061)**	**634**	**(1,427)**	**(3,143)**	**991**	**(2,152)**	**(3,580)**

FOREIGN CURRENCY TRANSLATION RESERVES BY COUNTRY AS AT 31 DECEMBER 2015

(€ millions)	Attributable to owners of the parent			Attributable to non-controlling interests			Total
	1 January 2015	Movements for the year	31 December 2015	1 January 2015	Movements for the year	31 December 2015	31 December 2015
Brazil	(827)	(967)	(1,795)	(1,436)	(1,444)	(2,879)	(4,674)
Argentina	(117)	(22)	(139)	-	(2)	(2)	(141)
Colombia	(67)	(206)	(272)	(83)	(208)	(291)	(563)
Uruguay	37	(42)	(4)	(2)	(23)	(26)	(30)
United States	12	7	19	-	1	1	20
Thailand	86	11	97	49	6	56	153
Poland	15	-	15	-	-	-	15
Indian Ocean	(6)	(1)	(8)	(3)	-	(3)	(10)
Vietnam	9	15	24	-	1	1	25
Hong Kong	1	1	1	-	-	-	1
Total foreign currency	**(858)**	**(1,204)**	**(2,061)**	**(1,474)**	**(1,668)**	**(3,143)**	**(5,204)**

12.7.2 Notes to the consolidated statement of comprehensive income

(€ millions)	2016	2015
Available-for-sale financial assets	**2**	-
Change in fair value	**1**	-
Reclassifications to profit or loss	**2**	-
Income tax (expense)/benefit	**-**	-
Cash flow hedges	**(2)**	-
Change in fair value	**3**	(1)
Reclassifications to profit or loss	**(7)**	1
Income tax (expense)/benefit	**1**	-
Net investment hedges	**31**	(2)
Change in fair value	**-**	(2)
Reclassifications to profit or loss	**47**	-
Income tax (expense)/benefit	**(17)**	-
Foreign currency translation reserves (note 12.7.1)	**1,625**	(2,872)
Foreign currency translation adjustments for the year	**1,534**	(2,898)
Reclassifications to profit or loss	**91**	23
Income tax (expense)/benefit	**-**	2
Actuarial gains and losses	**(10)**	(23)
Actuarial gains and losses for the year	**(10)**	(34)
Income tax (expense)/benefit	**-**	12
Total	**1,646**	**(2,897)**

12.8 Non-controlling interests

The following table provides detailed information on material non-controlling interests.

(€ millions)	GPA		Exito [(ii)]	Big C Thailand	Other[(iii)]	Total
	GPA Total [(i)]	o/w Via Varejo				
Country	Brazil	Brazil	Colombia	Thailand		
1 January 2015	**5,872**	**1,889**	**1,114**	**457**	**459**	**7,901**
% of ownership interests held by non-controlling interests [(iv)]	58.7%	82.1%	45.2%	41.4%		
% of voting rights held by non-controlling interests [(iv)]	0.06%	37.8%	45.2%	41.4%		
Net profit (loss)	(15)	52	133	76	7	**201**
Other comprehensive income (loss) [(v)]	(1,445)	(485)	(233)	6	1	**(1,671)**
Dividends paid/payable	(20)	-	(44)	(23)	(7)	**(94)**
Other movements	4	1	74	(2)	121	**200**
31 December 2015	**4,396**	**1,457**	**1,044**	**514**	**581**	**6,536**
% of ownership interests held by non-controlling interests [(iv)]	67.2%	85.8%	45.2%	41.4%		
% of voting rights held by non-controlling interests [(iv)]	0.06%	37.8%	45.2%	41.4%		
Net profit (loss)	(530)	(370)	39	10	(1)	**(482)**
Other comprehensive income (loss) [(v)]	1,092	358	-	(53)	(65)	**973**
Dividends paid / payable	(2)	-	(74)	-	(9)	**(85)**
Other movements [(vi)]	(140)	(11)	83	(470)	(426)	**(953)**
31 December 2016	**4,817**	**1,434**	**1,092**	**-**	**80**	**5,990**
% of ownership interests held by non-controlling interests [(iv)]	66.8%	85.6%	44.7%	-		
% of voting rights held by non-controlling interests [(iv)]	0.06%	37.4%	44.7%	-		
Average % of ownership interests held by the Group in 2016	33.1%	14.3%	55.2%	-		
% of ownership interests held by the Group as at 31 December 2016	33.2%	14.4%	55.3%	-		

(i) Including Via Varejo and Cnova (Cnova Brazil and Cdiscount) until 31 October 2016. Following the business merger between Cnova Brazil and Via Varejo described in note 2 and GPA's loss of control of Cnova, the Cnova businesses – consisting mainly of Cnova Brazil and Cdiscount – are presented respectively in the "Via Varejo" and "Others" columns at 31 December 2016.

(ii) Including Uruguay and Argentina.

(iii) Including Monoprix for €488 million as at 31 December 2015, of which €420 million corresponding to the equity component of the mandatory convertible bonds issued on 27 December 2013 to CACIB, net of issuance costs and tax (note 12.6) and €68 million corresponding to the sale of shares in SCI Simonop'1 to outside investors during the year (note 3.2.6).

(iv) The percentages of non-controlling interests set out in this table do not include the Group's own non-controlling interests in sub-groups.

(v) Other comprehensive income (loss) consists mainly of exchange differences arising on translation of foreign subsidiaries' financial statements

(vi) Negative impact of €953 million results mainly of loss of control of Big C Thailand for €(470) million, exercise of the call option on Monoprix mandatory convertible bonds for €(419) million, acquisition of Exito and GPA shares for €(34) million, change in value of Disco put on non-controlling interests for €(25) million and of reorganisation of the e-commerce business for €(44) million partially offset by investors entry in Viva Malls real estate trust in Columbia for €115 million.

GPA's capital consists of:

- 99,680 thousand ordinary shares with voting rights
- 166,396 thousand preference shares without voting rights but with the right to a preferred dividend.

Preferred shares do not carry voting rights, but instead entitle holders to the following rights and benefits: (i) a preferred right to a return of capital in the event of liquidation of the company, (ii) an annual non-cumulative preferred dividend of at least BRL0.08 per share; (iii) a second preferred dividend equal to 110% of the dividend paid on ordinary shares, as calculated including the non-cumulative dividend referred to in point (ii).

Casino has not granted any put options to holders of non-controlling interests in GPA. Under Brazilian securities regulations, preferred shareholders have withdrawal rights enabling them to ask GPA to buy back their shares at book value (i.e. net asset value per share) following the occurrence of certain specific events. These rights are described in detail on pages 104 *et seq* of GPA's annual report for 2015 on Form 20-F.

SUMMARISED FINANCIAL INFORMATION ON THE MAIN SUBSIDIARIES WITH SIGNIFICANT NON-CONTROLLING INTERESTS

The information presented in the table below is based on the IFRS financial statements, as adjusted, where applicable, to reflect the remeasurement at fair value on the date of acquisition or loss of control, and to align accounting policies with those applied by the Group. The amounts are shown before intragroup eliminations.

(€ millions)	GPA		Exito (i)	
	2016	**2015 restated**	**2016**	**2015**
Net sales	**13,036**	11,760	**4,499**	4,673
Net profit from continuing operations	**-**	37	**60**	482
Net profit (loss) from discontinued operations	**(764)**	(159)	**-**	-
Net profit (loss)	**(764)**	**(122)**	**60**	**482**
Attributable to non-controlling interests in continuing operations	***-***	*40*	***39***	*133*
Attributable to non-controlling interests in discontinued operations	***(530)***	*(55)*	***-***	*-*
Other comprehensive income (loss)	**1,622**	(2,022)	**68**	(555)
Total comprehensive income (loss) for the year	**858**	**(2,143)**	**128**	**(74)**
Attributable to non-controlling interests	***562***	*(1,460)*	***39***	*(100)*
Non-current assets	**7,972**	8,966	**3,969**	3,602
Current assets	**9,505**	5,937	**1,237**	1,094
Non-current liabilities	**(2,216)**	(2,495)	**(1,249)**	(1,261)
Current liabilities	**(7,946)**	(5,965)	**(1,695)**	(1,261)
Net assets	**7,313**	**6,443**	**2,261**	**2,174**
Attributable to non-controlling interests	***4,817***	*4,396*	***1,092***	*1,044*
Net cash from operating activities	**407**	1,393	**406**	321
Net cash from/(used in) investing activities	**(207)**	(503)	**(199)**	(1,864)
Net cash from/(used in) financing activities	**(591)**	(949)	**(172)**	987
Effect of changes in exchange rates on cash and cash equivalents	**587**	(859)	**35**	(93)
Change in cash and cash equivalents	**195**	**(918)**	**70**	**(649)**
Dividends paid to the Group (ii)	**-**	*33*	**48**	*47*
Dividends paid to owners of non-controlling interests during the period (ii)	***(1)***	*88*	***68***	*50*

(i) Including Uruguay and Argentina.
(ii) GPA and Exito have an obligation to pay out 25% and 50% respectively of annual net profit in dividends.

12.9 Dividends

At the Annual General Meeting of 13 May 2016, the shareholders approved the payment of a €3.12 cash dividend per ordinary share for the 2015 financial year. This dividend was paid on 112,226,382 shares, representing a total payout of €350 million recorded as a deduction from equity (2015: €352 million corresponding to the 2014 dividend payout).

During its meeting on 28 July 2016, the Board of Directors decided to pay a 2016 interim dividend of €1.56 per share (corresponding to 50% of the 2015 annual dividend, unchanged in the last three years). The ex-dividend date for the interim dividend was 28 November 2016 and the dividend was paid on 30 November 2016. The interim dividend was paid on 109,360,668 shares, representing a total payout of €171 million recorded as a deduction from equity

The Board of Directors will propose a gross dividend €3.12 per ordinary share. Based on 110,996,996 shares as at
31 December 2016, the recommended dividend represents a provisional amount of €346 million. It will be adjusted in 2017 to take into account the treasury shares held on the payment date. The financial statements presented before appropriation of profit do not reflect this dividend, which is subject to shareholder approval at the next Annual General Meeting.

The coupon payable on perpetual deeply subordinated bonds is as follows:

(€ millions)	2016	2015
Coupons payable on perpetual deeply subordinated bonds (impact on equity)	**49**	**48**
Of which amount paid during the year	41	42
Of which amount payable in the following year	9	6
Impact on the statement of cash flows for the year	**47**	**48**
Of which coupons awarded and paid during the year	41	42
Of which coupons awarded in the prior year and paid during the reporting year	6	6

12.10 Earnings per share

Accounting principle

Basic earnings per share are calculated based on the weighted average number of shares outstanding during the period, excluding shares issued in payment of dividends and treasury shares. Diluted earnings per share are calculated by the treasury stock method, as follows:

- numerator: earnings for the period are adjusted for interest on mandatory convertible bonds and dividends on perpetual deeply subordinated bonds;
- denominator: basic number of shares is adjusted to include potential shares corresponding to dilutive instruments (equity warrants, stock options and free shares), less the number of shares that could be bought back at market price with the proceeds from the exercise of the dilutive instruments. The market price used for the calculation corresponds to the average share price for the year.

Equity instruments that will or may be settled in Casino, Guichard-Perrachon shares are included in the calculation only when their settlement would have a dilutive impact on earnings per share.

12.10.1 Number of shares

Diluted number of shares used for the calculation		2016	2015
Weighted average number of shares outstanding during the period			
Total ordinary shares		**112,352,914**	113,187,606
Ordinary shares held in treasury		**(1,167,864)**	(360,821)
Weighted average number of ordinary shares before dilution	**(1)**	**111,185,050**	**112,826,784**
Potential shares represented by:			
Stock options		**-**	24,531
Non-dilutive instruments (out of the money or covered by calls)		**-**	-
Weighted average number of dilutive instruments		**-**	**24,531**
Theoretical number of shares purchased at market price (i)		**-**	(21,985)
Dilutive effect of stock option plans		**-**	2,547
Free share plans		**-**	-
Total potential dilutive shares		**-**	2,547
Total diluted number of shares	**(2)**	**111,185,050**	**112,829,331**

(i) In accordance with the treasury stock method, the proceeds from the exercise of warrants and options are assumed to be used in the first instance to buy back shares at market price. The theoretical number of shares that would be purchased is deducted from the total shares that would be issued on exercise of the rights attached to the warrants and options. Any theoretical shares in excess of the number of shares resulting from the exercise of rights are not taken into account.

12.10.2 Profit attributable to ordinary shares

(€ millions)		2016			2015 restated		
		Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
Net profit (loss) attributable to owners of the parent		**33**	**2,645**	**2,679**	**(65)**	**21**	**(43)**
Dividend payable on deeply subordinated perpetual bonds		**(49)**	**-**	**(49)**	(48)	-	(48)
Net profit (loss) attributable to holders of ordinary shares	**(3)**	**(16)**	**2,645**	**2 ,629**	**(112)**	**21**	**(91)**
Net profit (loss) excluding non-controlling interests attributable to Monoprix mandatory convertible bonds		**(6)**	**-**	**(6)**	(43)	-	(43)
Net diluted profit (loss) attributable to holders of ordinary shares	**(4)**	**(22)**	**2,645**	**2,623**	**(156)**	**21**	**(134)**
Basic earnings per share attributable to owners of the parent (in €)	**(3)/(1) (i)**	**(0,14)**	**23.79**	**23.65**	**(0.99)**	**0.19**	**(0.81)**
Diluted earnings per share attributable to owners of the parent (in €)	**(4)/(1) (i)**	**(0,20)**	**23.79**	**23.59**	**(1.38)**	**0.19**	**(1.19)**

(i) Since the Group recorded a total comprehensive loss in 2015, the calculation of diluted earnings does not include dilutive potential ordinary shares in the denominator.

Note 13 Provisions

Accounting principle

A provision is recorded when the Group has a present obligation (legal or constructive) as a result of a past event, the amount of the obligation can be reliably estimated and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. Provisions are discounted when the related adjustment is material.
In accordance with the above principle, a provision is recorded for the cost of repairing equipment sold with a warranty. The provision represents the estimated cost of repairs to be performed during the warranty period, as estimated on the basis of actual costs incurred in prior years. Each year, part of the provision is reversed to offset the actual repair costs recognised in expenses.

A provision for restructuring expenses is recorded when the Group has a constructive obligation to restructure. This is the case when management has drawn up a detailed, formal plan and has raised a valid expectation in those affected that it will carry out the restructuring by announcing its main features to them before the period-end.

Other provisions concern specifically identified liabilities and expenses.

Contingent liabilities correspond to possible obligations that arise from past events and whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Group's control, or present obligations whose settlement is not expected to require an outflow of resources embodying economic benefits. Contingent liabilities are not recognised in the statement of financial position but are disclosed in the Notes to the financial statements.

13.1 Breakdown and movements of provisions

(€ millions)	1 January 2016(i)	Additions for 2016	Reversals (used) 2016	Reversals (not used) 2016	Change in scope of consolidation	Effect of movements in exchange rates	Reclassified as "Assets held for sale"	Other	31 December 2016
Claims and litigation	561	355 (ii)	(51)	(105)	(1)	156	(289)	1	**628**
Other risks and expenses	133	41	(35)	(11)	(1)	-	(3)	(3)	**121**
Restructuring	31	431	(28)	(9)	-	-	-	3	**29**
Total provisions	**725**	**428**	**(114)**	**(125)**	**(2)**	**156**	**(292)**	**1**	**778**
of which Non-current	*538*	*10*	*(2)*	*(19)*	*-*	*155*	*(281)*	*215*	***615***
of which Current	*187*	*418*	*(112)*	*(105)*	*(2)*	*2*	*(10)*	*(213)*	***163***

(i) A reclassification of presentation for €507 million from the category "other risks and expenses" (initiale generic classification) to the category "claims and litigation" has been done in the opening balance.
(ii) The €355 million addition mainly concerns provisions for tax litigation at GPA, including BRL 415 million (€108 million) for income tax, ICMS and PIS/COFINS tax and fines following a risk reassessment, and provisions for employee disputes.

Provisions for claims and litigation, and for other risks and expenses are composed of a multitude of provisions for employee-related disputes, property disputes (concerning construction or refurbishment work, rents, tenant evictions, etc.), tax disputes and business claims (trademark infringement, etc.).

More specifically, provisions for claims and litigation as at 31 December 2016 amounted to €628 million and mainly concerned GPA (note 13.2).

13.2 Breakdown of GPA provisions for risks and expenses (food only)

(€ millions)	PIS/Cofins/CPMF disputes (i)	Other tax disputes	Employee disputes	Civil litigation	Total
31 December 2016	**43**	**402**	**88**	**41**	**575**
31 December 2015	24	294	136	57	**511**

(i) VAT and similar taxes

In the context of litigation disclosed above and below in note 13.3, GPA (food only) is contesting the payment of certain taxes, contributions and payroll obligations. The legal deposits paid by GPA pending final rulings from the administrative courts on these various disputes are included in "Other non-current assets" (note 6.9). GPA has also provided various guarantees in addition to these deposits (note 6.11).

(€ millions)	2016			2015		
	Legal deposits paid (i)	Assets pledged as collateral (ii)	Bank guarantees (ii)	Legal deposits paid (i)	Assets pledged as collateral (ii)	Bank guarantees (ii)
Tax disputes	**53**	**248**	**2,002**	49	198	1,745
Employee disputes	**121**	**1**	**8**	165	1	9
Civil and other litigation	**19**	**3**	**48**	16	2	72
Total	**193**	**252**	**2,057**	**229**	**202**	**1,826**

(i) See note 6.9.
(ii) See note 6.11.1.

13.3 Contingent assets and liabilities

In the normal course of its business, the Group is involved in a number of legal or arbitration proceedings with third parties or with the tax authorities in certain countries (of which mainly GPA – see below – and for €43 million in respect of tax disputes of France Retail perimeter.

As stated in note 3.3.5, no associates or joint ventures have any significant contingent liabilities.

- **Defence proceedings initiated by the sellers of a controlling interest in Globex Utilidades SA**

On 14 August 2015, GPA and Wilkes were jointly ordered by an international court of arbitration to pay compensation to the former majority shareholder of Globex Utilidades SA – Morzan Empreendimentos – in settlement of a dispute that arose in connection with the acquisition of a controlling interest in this company, now named Via Varejo SA. The total cost of €113 million is borne equally between GPA and Wilkes, the holding company of GPA, including compensation, interest and legal fees, was reported under "Other operating expenses" in the 2015 income statement. The compensation was paid on 1 April 2016.

On 25 October 2016, the Brazilian regulator (CVM) ordered GPA to also pay compensation to Globex Utilidades SA's other shareholders, in an amount corresponding to 80% of the compensation paid to Morzan Empreendimentos. Based on a preliminary analysis by GPA, the compensation payable would amount to approximately BRL 150 million (€44 million). GPA and its advisors have examined the terms of CVM's notification in detail and are convinced that the arbitral award does not have the effects attributed to it by the CVM. GPA has therefore appealed to the CVM to revise its decision. Payment of the compensation is suspended pending the results of this appeal.

- **Class action against Cnova NV and the Group**

Cnova, certain of the current and former officers and directors, and the underwriters of its initial public offering, have been named as defendants in a securities class action lawsuit in the United States Federal District Court for the Southern District of New York asserting claims related to macro-economic situation in Brazil and emphasized by the irregularities identified at Cnova Brazil (note 3.5.3). Cnova may incur significant expenses (including, without limitation, substantial attorneys' fees and other professional advisor fees and obligations to indemnify certain current and former officers or directors and the underwriters of our initial public offering who are or may become parties to or involved in such matters. We are unable at this time to finalize the extent of our potential liability in these matters, if any, even if our insurances policies for such claims have been activated. Thus no reserve was provided for at December 31, 2016, except for the $1 million insurance deductible and some legal costs.

In a separate potential action the SEC might take, sanctions might be imposed as a result of the facts at issue in the internal review conducted by the Company and its advisors retained by our board of directors

- **Notices from CVM to Via Varejo and GPA**

On February 18, 2016, Via Varejo received a notice from CVM showing its different view regarding accounting treatment related to two operations realized in the year 2013. The first relates to the acquisition by GPA to Via Varejo of 6.2% Nova Pontocom shares (there was no effect related to this transaction in the Group consolidated financial statements) and the second relates to accounting treatment applied to takeover of Bartira following acquisition of additional 75% interest of Bartira. GPA and Via Varejo presented an appeal to CVM collegiate which was accepted on January 26, 2017 related to Bartira transaction; a comity of CVM will reconsider the initial collegiate decision related to this transaction. There is no effect related to this issue on consolidated financial statements ended at 31 December 2016.

- **GPA contingent liabilities**

(€ millions)	2016	2015
INSS (employer's social security contributions)	106	95
IRPJ - IRRF and CSLL (corporate income taxes)	307	477
PIS, COFINS and CPMF (VAT and similar taxes)	624	526
ISS, IPTU and ITBI (service tax, urban property tax and tax on property transactions)	48	83
ICMS (state VAT)	1,612	1,386
Civil litigation	210	192
Total	**2,907**	**2,760**

Contingent liabilities of Via Varejo classified in discontinued operations and non-included in the table above amount to €433 million as at 31 December 2016.

GPA employs consulting firms to advise it in tax disputes, whose fees are contingent on the disputes being settled in GPA's favour. As at 31 December 2016, the estimated amount was €36 million (31 December 2015: €10 million).

Note 14 Related party transactions

Related parties are:

- parent companies (mainly Rallye, Foncière Euris, Finatis and Euris);
- entities that exercise joint control or significant influence over the Company;
- subsidiaries (note 16);
- associates (primarily Mercialys) (note 3.3);
- joint ventures (note 3.3);
- members of the Board of Directors and Management Committee (note 8.4).

The Company has relations with all of its subsidiaries in its day-to-day management of the Group. The Company and its subsidiaries receive strategic advice from Euris, the ultimate holding company, under strategic advice and assistance agreements. The Company also receives other recurring services from Euris and Foncière Euris (provision of staff and premises). The expenses recorded during the year in respect of these agreements with Casino and its subsidiaries totalled €3.3 million, of which €2.5 million for strategic advisory services and €0.8 million for the provision of staff and premises.

Furthermore, Casino Group has carried out property development transactions with Foncière Euris Group generating a positive contribution in EBITDA of €34 million in 2016..

In connection with the deployment of its dual model associating retail activities and commercial real estate, Casino and its subsidiaries are involved in a number of property development operations with Mercialys (see note 3.3.6).

Related party transactions with individuals (directors, corporate officers and members of their families) are not material.

Note 15 Subsequent events

<u>Final results of the Group's public tender offer for Cnova NV shares</u>

The final results of the Group's public tender offer for Cnova NV shares were announced on 31 January 2017 (note 2).

The Company made his official request for delisting of its ordinary shares from the NASDAQ which became effective on March 3, 2017; since this date, U.S. public reporting obligations under the Exchange Act are currently suspended. The Company's ordinary shares will continue to be listed on the Euronext Paris for the time being.

<u>Assignment by the DGCCRF of EMCD</u>

On February 28, 2017, Minister of Finance took public its decision to assign Group Casino companies following an investigation led by the DIRECCTE of the France Central Region. It concerns a series of credit notes issue in 2013 and 2014 years by 41 suppliers for a total amount of €20.7 million and it relates to reimbursement of this amount to the relevant suppliers, plus a civil fine of €2 million. The group Casino reaffirms its position as for the licit character of these credit notes and makes sure that negotiation with industrialists takes place in a well-balanced and respectful framework of applicable terms. The Group intends to dispute the reasons of this assignment to the competent court.

Note 16 Main consolidated companies

As at December 31, 2016, the Casino Group comprised 1,804 consolidated companies. The main companies are listed below.

		2016			2015		
Company		**% control**	**% interest**	**Consolidation method**	**% control**	**% interest**	**Consolidation method**
Casino, Guichard-Perrachon SA				**Parent company**			**Parent company**
France - Retailing							
Casino Carburants		100	100	FC	100	100	FC
Casino Information Technology		-	-	-	100	100	FC
Casino Services		100	100	FC	100	100	FC
Distribution Casino France (DCF)		100	100	FC	100	100	FC
Distridyn		49.99	49.99	EM	49.99	49.99	EM
Easydis		100	100	FC	100	100	FC
EMC Distribution		100	100	FC	100	100	FC
Floréal		100	100	FC	100	100	FC
Geimex		100	100	FC	49.99	49.99	EM
Monoprix Group							
Les Galeries de la Croisette	(i)	100	100	FC	100	100	FC
Monoprix		100	100	FC	100	100	FC
Monoprix Exploitation	(i)	100	100	FC	100	100	FC
Monop'	(i)	100	100	FC	100	100	FC
Naturalia France	(i)	100	100	FC	100	100	FC
Société Auxiliaire de Manutention Accélérée de Denrées Alimentaires "S.A.M.A.D.A."	(i)	100	100	FC	100	100	FC
Simonop'1	(i)	100	51	FC	100	51	FC
Société L.R.M.D.	(i)	100	100	FC	100	100	FC
Franprix-Leader Price Group							
Cofilead		100	100	FC	100	100	FC
DBMH		100	100	FC	100	100	FC
Distribution Franprix		100	100	FC	100	100	FC
Distribution Leader Price		100	100	FC	100	100	FC
Distri Sud-Ouest (DSO)		100	100	FC	100	100	FC
Franprix Holding		100	100	FC	100	100	FC
Franprix-Leader Price		100	100	FC	100	100	FC
Franprix-Leader Price Finance		100	100	FC	100	100	FC
HLP Ouest		70	70	FC	60	60	FC
Holding Mag 2		49	49	EM	49	49	EM
Holdi Mag		49	49	EM	49	49	EM
Holdev Mag		49	49	EM	-	-	-
Gesdis		40	40	EM	-	-	-
Leader Price Exploitation		100	100	FC	100	100	FC
Norma		100	100	FC	100	100	FC
Parfidis		100	100	FC	100	100	FC
Pro Distribution		70	70	FC	60	60	FC
R.L.P.I.		100	100	FC	100	100	FC
Sarjel		60	60	FC	60	60	FC
Sédifrais		100	100	FC	100	100	FC
Sofigep		100	100	FC	100	100	FC

Company		2016 % control	2016 % interest	2016 Consolidation method	2015 % control	2015 % interest	2015 Consolidation method
Codim Group							
Codim 2		100	100	FC	100	100	FC
Hyper Rocade 2		100	100	FC	100	100	FC
Pacam 2		100	100	FC	100	100	FC
Property Group							
GreenYellow		98.75	98.75	FC	97.50	97.50	FC
L'immobilière Groupe Casino		100	100	FC	100	100	FC
Sudéco		100	100	FC	100	100	FC
Mercialys Group							
Mercialys (listed company)		40.22	40.22	EM	40.25	40.25	EM
Property development							
Plouescadis		100	100	FC	100	100	FC
Other businesses							
Banque du Groupe Casino		50	50	EM	50	50	EM
Casino Finance		100	100	FC	100	100	FC
Casino Restauration		100	100	FC	100	100	FC
Restauration Collective Casino		100	100	FC	100	100	FC
E-commerce							
Cnova NV Group (listed company)		**93.70**	**66.84**	**FC**	**93.39**	**55.19**	**FC**
Cdiscount Group		100	66.84	FC	99.81	55.08	FC
Cdiscount		100	66.95	FC	100	55.25	FC
C'nova Comercio Electronico	(vii)	-	-	-	100	55.19	FC
Cnova Finança		100	66.84	FC	100	55.19	FC
International - Poland							
Mayland		100	100	FC	100	100	FC
International - Thailand							
Big C Group (listed company)		-	-	-	58.55	58.55	FC
International - Brazil							
Wilkes		100	75.5	FC	100	77.39	FC
GPA Group (listed company)		**99.94**	**33.18**	**FC**	**99.94**	**32.76**	**FC**
Banco Investcred Unibanco S.A. (“BINV”)	(ii) (iv)	50	21.67	EM	50	21.67	EM
Financeira Itaú CBD S.A. – Crédito, Financiamento e Investimento (“FIC”)	(ii) (iv)	50	41.93	EM	50	41.93	EM
GPA Malls & Properties Gestão de Ativos e Serviços. Imobiliários Ltda. ("GPA M&P")	(ii)	100	100	FC	100	100	FC
Indústria de Móveis Bartira Ltda. ("Bartira")	(v)	100	100	FC	100	100	FC
Novasoc Comercial Ltda. ("Novasoc")	(ii) (iii)	99.98	10	FC	99.98	10	FC
Sendas Distribuidora S.A. ("Sendas")	(ii)	100	100	FC	100	100	FC
Via Varejo (listed company)	(ii)	62.56	43.34	FC	62.57	43.35	FC
C'nova Comercio Electronico	(v) (vii)	100	100	FC	-	-	-

Company		2016 % control	2016 % interest	2016 Consolidation method	2015 % control	2015 % interest	2015 Consolidation method
International - Colombia, Uruguay and Argentina							
Éxito Group (listed company)		**55.30**	**55.30**	**FC**	**54.77**	**54.77**	**FC**
Distribuidora de Textiles y Confecciones SA DIDETEXCO	(vi)	97.75	97.75	FC	97.75	97.75	FC
Trust Viva Malls	(vi)	51	51	FC	-	-	-
Trust Viva Villavincencio	(vi)	51	51	FC	51	51	FC
Tuya SA	(vi)	50	50	EM	-	-	-
Grupo Disco (Uruguay)	(vi)	75.10	62.49	FC	75.10	62.49	FC
Devoto (Uruguay)	(vi)	100	100	FC	100	100	FC
Libertad (Argentina)	(vi)	100	100	FC	100	100	FC
International - Indian Ocean							
Vindémia Distribution		100	99.98	FC	100	99.98	FC
Vindémia Logistique		100	100	FC	100	100	FC
International - Vietnam							
Cavi Ltd		-	-	-	100	100	FC
Cavi Real Estate Ltd		-	-	-	100	100	FC
Cavi Retail Ltd		-	-	-	100	100	FC
Espace BigC An Lac		-	-	-	100	80	FC
Espace BigC Hai Phong		-	-	-	100	100	FC
Espace Bourbon Than Long		-	-	-	100	65	FC
Espace Business Hue		-	-	-	100	100	FC
Viet Nhat Real Estate		-	-	-	100	100	FC
French and international holding companies							
Bergsaar BV		100	100	FC	100	100	FC
Casino Finance International		100	100	FC	100	100	FC
Casino International		100	100	FC	100	100	FC
Forézienne de participations		100	100	FC	100	100	FC
Géant Foncière BV		100	100	FC	100	100	FC
Géant Holding BV		100	100	FC	100	100	FC
Géant International BV		100	100	FC	100	100	FC
Gelase		100	55.30	FC	100	54.77	FC
Helicco		100	100	FC	100	100	FC
Intexa (listed company)		98.91	97.91	FC	98.91	97.91	FC
Marushka Holding BV		100	100	FC	100	100	FC
Saowanee		-	-	-	100	48.99	FC
Ségisor SA		100	77.65	FC	100	77.39	FC
Sonnat		100	100	FC	100	100	FC
Tevir SA		100	100	FC	100	100	FC
Tonquin BV		100	100	FC	100	100	FC

(i) The percentage interests correspond to the percentages held by the Monoprix subgroup.
(ii) The percentage interests correspond to the percentages held by the GPA subgroup.
(iii) Although GPA only owns 10% of Novasoc, it is fully consolidated as GPA controls 99.98% of the voting rights under the shareholders' agreement.
(iv) FIC and BINV finance purchases made by GPA's customers. These entities were created through a partnership between Banco Itaú Unibanco S.A ("Itaú Unibanco"), GPA, and Via Varejo. They are accounted for by the equity method as GPA exercises significant influence over their operating and financial policies.
(v) The percentage interests correspond to the percentages held by the Via Varejo subgroup.
(vi) The percentage interests correspond to the percentages held by the Éxito subgroup. On 27 April 2015, Exito signed a contractual agreement, initially with a two-year term, granting it more than 75% of the Disco voting rights and exclusive control over the subgroup's strategic decisions. On 29 December 2016, the agreement was extended until 30 June 2019. It will then be rolled over automatically until 30 June 2021 unless either party gives notice of its intention to withdraw from the agreement before 31 December 2018.
(vii) Cnova Comercio Electronico has been owned by Via Varejo since 31 October 2016 (note 2).

Note 17 Standards, amendments and interpretations published but not yet mandatory

Standards, amendments and interpretations adopted by the European Union as at the reporting date but not yet mandatory

The IASB has published the following standards, amendments to existing standards and interpretations, adopted by the European Union but not mandatory as at 1 January 2016 and which are applicable to the Group:

Standard (Group application date)	Description of the standard
IFRS 9 *Financial instruments* (1 January 2018)	This standard will be applicable retrospectively. IFRS 9 proposes a single, logical approach to the classification and measurement of financial assets which reflects the business model for managing them, as well as their contractual cash flows; a single, forward-looking impairment model based on expected rather than incurred losses; and a new approach to hedge accounting. The standard also requires more detailed disclosures in the notes to the financial statements.
IFRS 15 including amendment *Revenue from contracts with customers* (1 January 2018)	This standard will be applicable retrospectively. IFRS 15 establishes the principles for recognising revenue from contracts with customers (except for those covered by specific standards such as leases, insurance contracts and financial instruments). The core principle of IFRS 15 is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Clarifications to the standard published by the IASB have not yet been adopted by the European Union. These clarifications do not change the underlying principles of the standard, they simply introduce additional changes to the basis for conclusions and provide additional illustrative guidance. The amendments primarily address three topics: identifying performance obligations, principal versus agent considerations, and intellectual property licences.

The Group plans to apply IFRS 9 and IFRS 15 as from 1 January 2018. The potential impacts are currently being analysed and are not yet known.

Standards and interpretations not adopted by the European Union as at the reporting date

The IASB has published the following standards, amendments to standards and interpretations applicable to the Group which have not yet been adopted by the European Union:

Standard (application date for the Group subject to adoption by the EU)	Description of the standard
IFRS 16 *Leases* (1 January 2019)	This standard will be applicable retrospectively. IFRS 16 describes how lessors and lessees should recognise, measure, present and disclose leases. IFRS 16 replaces IAS 17 and the related interpretations.
Amendments to IFRS 2 *Classification and measurement of share-based payments* (1 January 2018)	These amendments will be applicable on a prospective basis. The amendments describe the accounting treatment of: - the effects of vesting conditions and non-vesting conditions on the measurement of cash-settled share-based payments: measurement of the liability for cash-settled share-based payments follows the same approach as used for equity-settled share-based payments; - share-based payments subject to withholding tax: the share-based payment is qualified as equity-settled in its entirety (including the withholding tax) provided that, in the absence of the withholding tax, the share-based payment would have been equity-settled in its entirety; - modifications of share-based payment transactions from cash-settled to equity-settled: the original liability recognised in respect of the cash-settled share-based payment is derecognised and the equity-settled share-based payment is recognised at the modification date fair value, with the difference between the two amounts recognised in profit or loss.
Amendments to IAS 12 *Recognition of deferred tax assets for unrealised losses* (1 January 2017)	These amendments will be applicable on a retrospective basis. The amendments clarify certain principles applicable to the recognition of deferred tax assets for unrealised losses on debt instruments measured at fair value. They are designed to address the diversity in practice around this issue.
Amendments to IAS 7 *Disclosure initiative* (1 January 2017)	These amendments will be applicable on a prospective basis. These amendments require entities to provide additional disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. To fulfil this obligation, entities will be required to provide disclosures on the following changes in liabilities arising from financing activities: (a) changes from financing cash flows; (b) changes arising from obtaining or losing control of subsidiaries or other businesses; (c) the effect of changes in foreign exchange rates; (d) changes in fair values; and (e) other changes.

Standard **(application date for the Group subject to adoption by the EU)**	**Description of the standard**
Amendments to IAS 40 *Transfers of investment property* (1 January 2018)	These amendments will be applicable on a prospective basis. These amendments provide guidance on transfers to or from investment properties. In addition, the list of evidence of a change of use has been designated as a non-exhaustive list of examples.
IFRIC 22 *Foreign currency transactions and advance consideration* (1 January 2018)	Companies will be allowed to apply this interpretation either retrospectively or prospectively. IFRIC 22 provides guidance on interpreting IAS 21 – The Effects of Changes in Foreign Exchange Rates It clarifies the exchange rate to be used for advance consideration.
IFRS Annual Improvements Cycles *2014-2016 cycle* (1 January 2017) for amendments to IFRS 12 (1 January 2018)	These amendments will be applicable retrospectively. The main standards concerned are: - IFRS 12 – Disclosure of Interests in Other Entities - IAS 28 – Investments in Associates and Joint Ventures

The adoption of IFRS 16 will affect primarily the accounting for the Group's operating leases stores and warehouses and will result in the recognition of almost all leases on balance sheet. An optional exemption exists for short-term and low-value leases assets. The standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. Operating lease expense will be replaced with financial interest and depreciation, so key metrics like trading profit and EBITDA will change. The Group believes that the consolidated income statement will also be affected because the total rental expense is generally higher at the beginning of the lease that is to say, a decreasing charge, unlike a straight-line charge under the current standard. Additionally, operating cash flows will be higher as cash payments for the principal portion of the lease liability and attached interest will be classified within financing activities.
The Group has started an initial assessment of the potential impact on the Group's financial information. As at 31 December 2016, the Group has off-balance sheet non-cancellable operating lease commitments (properties and equipment) of €2,514 million (see note 7.3) which mainly corresponds to properties, such as stores and warehouses used in its business that it does not own. However, given that the Group is still in an early assessment phase, it has not yet determined to what the extension (renewal or termination options) of its non-cancellable operating lease commitments (particularly the existence of the right of termination in the three-year commercial leases in France and the possibility to terminate lease arrangement in Brazil on payment of limited penalty of one to twelve months of rent) will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows.
IFRS 16 is mandatory for financial years commencing on or after 1 January 2019. The standard does not require a full retrospective application but allows a "simplified approach". Full retrospective application is optional. At this stage, the Group has not yet decided which transition approach to apply.
Finally, group has not yet decided as to the date of first application of the standard or to the method of transition, namely a retrospective approach simplified or full retrospective.

The other amendments are not expected to have any material impact on the Group's consolidated financial statements.

CASINO, GUICHARD-PERRACHON

Société Anonyme

1 cours Antoine Guichard
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Statutory auditors' report on the financial statements

Year ended December 31, 2016

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CASINO, GUICHARD-PERRACHON

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Statutory auditors' report on the financial statements

Year ended December 31, 2016

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 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 financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the financial statements.
This report also includes information relating to the specific verification of information given in the management report and in the documents addressed to shareholders.
This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

In compliance with the assignment entrusted to us by your shareholders' meeting, we hereby report to you, for the year ended December 31, 2016, on:

- the audit of the accompanying financial statements of CASINO, GUICHARD-PERRACHON Company,
- the justification of our assessments,
- the specific verification and information required by law.

These 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.

I. OPINION ON THE 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 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 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 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 financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at 31 December 2016 and of the results of its operations for the year then ended in accordance with French accounting principles.

Without qualifying our opinion, we draw your attention to paragraph "Changes in accounting methods" included in the note "Accounting policies", which set outs the consequences of the first application of the French ANC 2015-06 regulation regarding the recognition of "malis techniques" arising from merging operations.

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 matter:

Section 2 "Accounting policies" of the notes to the financial statements describes the methods of determination of the recoverable value of investments. The Note 6 "Investments" of the notes of the financial statements discloses the data related to this closing and the variation of investments. We examined the available documentation, assessed the reasonableness of the estimates and verified that the notes give adequate information on the assumptions used therein.

These assessments were made as part of our audit of the 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 PROCEDURES AND DISCLOSURES

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of Board of Directors and in the documents addressed to shareholders with respect to the financial position and the financial statements.

Concerning the information given in accordance with the requirements of article L.225-102-1 of the French Commercial Code *(code de commerce)* relating to remunerations and benefits received by the directors and any other commitments made in their favour, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your company from companies controlling your company or controlled by it. Based on this work, we attest the accuracy and fair presentation of this information.

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests and the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

Lyon and Neuilly-sur-Seine, March 9, 2017

The statutory auditors

French original signed by

ERNST & YOUNG ET AUTRES		DELOITTE & ASSOCIES	
Yvon SALAÜN	Sylvain LAURIA	Frédéric MOULIN	Gérard BADIN