RALLYE

Paris, August 28, 2009

HALF-YEAR FINANCIAL REPORT

Article 222-4 of the General Regulation of the AMF

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1 - STATEMENT BY THE PERSON RESPONSIBLE FOR THE HALF-YEAR FINANCIAL REPORT

I hereby declare that, to the best of my knowledge, the financial statements included in the half-year financial report have been prepared under generally accepted accounting principles and give a true and fair view of the assets, liabilities, financial position and results of the Rallye group, and that the interim management report includes a fair review of the material events that occurred in the first six months of the financial year and their impact on the interim accounts, a description of the principal risks and uncertainties for the remaining six months of the year and of the main related-party transactions.

Paris, August 27, 2009

Jean-Charles NAOURI
Chairman and CEO

2 – INTERIM MANAGEMENT REPORT

Significant events of the first half of 2009 and events subsequent to June 30, 2009

Rallye

Repayment of the Rallye bonds maturing on January 20, 2009

On January 20, 2009 Rallye repaid at maturity its bonds issued on January 20, 2004 and bearing interest at 5.375%, in accordance with the terms of the bond contracts. The repayment made by Rallye on January 20, 2009 for the 470,840 outstanding securities totaled €471 million.

Casino

Casino performed well during the first half of 2009, with organic growth of 1.3%, excluding gasoline and calendar effects. The performance reflected the resilience of the convenience formats in France and further sustained growth in international business.

There were several significant events at the beginning of 2009 for Casino:

Improved liquidity of the Casino group

During the first half of 2009, Casino issued two bonds for an aggregate €750 million, maturing in 2012 and 2013. The Casino group's liquidity position was further strengthened at the beginning of July 2009 through the issue of bonds for €750 million, maturing on January 30, 2015.

Casino contributes an Alcudia property portfolio to Mercialys and distributes Mercialys shares to Casino shareholders as dividends

On March 5, 2009, Casino announced plans to contribute an Alcudia real estate portfolio to Mercialys, comprising Casino property development projects and hypermarket sales and storage areas, for an aggregate value of €334 million. The transaction, which is a key milestone in the Alcudia program, is part of the strategy implemented by the Casino group since 2005 to enhance the value and cash-generating capacity of its real estate assets. It illustrates Casino's ability, through its property development division, to steadily generate a portfolio of high-value creating development projects and to improve return on capital employed in the hypermarkets business.
In exchange for the contribution, Mercialys issued new shares to Casino, increasing Casino's stake from 59.7% to 66.1%. The transaction enabled Mercialys to significantly expand its property portfolio and take advantage of the growth opportunities offered by these assets, while strengthening its financial structure.
Following Mercialys' initial public offering in 2005, and in order to maintain the company's legal status as a SIIC listed real estate holding company, Casino chose to give its shareholders a direct stake in Mercialys' development and in the value creation potential resulting from the contribution. Accordingly, Casino paid all its shareholders (ordinary and preferred shares) a dividend in Mercialys shares of one Mercialys share for every eight Casino shares held, alongside the ordinary cash dividend. Following the distribution of the stock dividend, the Group held approximately 50.4% of the share capital and voting rights of Mercialys and intends to remain a long term majority shareholder of Mercialys. Rallye held approximately 7.6% of the share capital and voting rights of Mercialys.

Conversion of preferred shares into ordinary shares, effective as at June 15, 2009

At the special meeting of holders of preferred non-voting shares and the combined ordinary and extraordinary general meeting of Casino shareholders held on May 19, 2009, resolutions were adopted for the compulsory conversion of the 14,589,469 preferred non-voting shares outstanding into 12,505,254 ordinary shares with voting rights (with Casino waiving its rights attached to six preferred shares) on the basis of six ordinary shares for seven preferred shares. The transaction resulted in a capital reduction of €3,188,848.95, reflecting Casino's aim to streamline its capital structure and enhance its stock market profile by increasing the number of ordinary shares in the free float.

Issue of a call option on 5% of Super de Boer shares to the benefit of Casino

On April 2, 2009, Casino announced that it had signed an agreement with ING giving Casino a call option on the 5% stake held by ING in Super de Boer. The call option may be exercised at any time until June 30, 2010 at a strike price of €5 per share. Casino's call option on the 6.2% stake held by ING, RBS and Rabobank in Super de Boer expired on March 31, 2009.

Increase in Casino's stake in CBD in May 2009

At their general meeting on April 30, 2009, CBD's shareholders approved the issue to Casino of 2.2 million preferred shares at BRL32.32 per share, for an aggregate BRL71 million (€24 million). The issue increased Casino's stake in CBD to approximately 35.4%.
The issue was carried out in accordance with the agreement signed in May 2005 with the Diniz family. Under the terms of the agreement, at the end of 2006, Casino transferred to CBD the goodwill arising from its successive investments in the company, enabling CBD to deduct the related amortization from its tax expense, as allowed under Brazilian tax and securities legislation.

Franprix-Leader Price: the Court of Arbitration rules in favor of the operational takeover by Casino

The Court of Arbitration called upon to settle the dispute between Casino and the Baud family, issued its decision on July 2, 2009 and found that Casino had legitimate grounds for removing the members of the Baud family from the executive bodies of the companies Franprix and Leader Price. The Court of Arbitration also found that the operational takeover of Franprix and Leader Price by Casino was justified.

The Court of Arbitration confirmed that a multiple of 14 times the average 2006 and 2007 earnings of the Franprix and Leader Price businesses would apply to compute the value of the Baud family's remaining interest in Franprix and Leader Price, which is respectively 5% and 25%. This corresponds to the amount reported by Casino in its previous financial statements.

The Court rejected all of the Baud family's claims, including the application of a multiple of 16 times earnings and various claims for damages. As provided for in the agreement and following the ruling of the Court of Arbitration, the final price of the stake held by the Baud family, who exercised their put option on April 28, 2008, will be calculated using a multiple of 14 by an independent expert appointed solely to settle the remaining disagreements between the parties. Pending the conclusions of the expert and based on the 2006 and 2007 financial statements, which have been adjusted to correct the misstatements and errors made by the former executives, Casino believes that the final amount should be close to €425 million (including late payment interest), which was recognized in current financial liabilities at June 30, 2009.

Groupe GO Sport

Groupe GO Sport's profitability improved during the first half of 2009, with positive EBITDA of +€3.8 million and current operating income up €8.4 million.

The improvement in sales performance reported by GO Sport since the second half of 2008 continued, confirming the trend. At Courir, a new Chief Executive Officer, Jacques Krauze, was appointed in July 2009 and will be in charge of banner revitalization.

Net sales

As at June 30, 2009, Rallye's consolidated net sales totaled €13.8 billion, down 2.7% from the first half of 2008. The breakdown per business was as follows:

(In €millions)	06/30/2009	06/30/2008	Change
Casino	13,447	13,810	-2.6%
Groupe GO Sport	339	348	-2.8%
Other (*)	3	8	-
Total	13,789	14,166	-2.7%

(*) Corresponds to the holding activity and investment portfolio

Casino's net sales were down 2.6% to €13.4 billion. However, Casino continued to expand during the first half of 2009 with 1.3% organic sales growth (excluding gasoline and calendar effects) driven by buoyant international business.

In France, Casino's organic sales declined 4.2% (down 2.4% excluding gasoline). The convenience formats (Monoprix, Casino supermarkets, the mini-markets and Franprix) continued to perform well, reflecting their strong positioning in line with consumer expectations.

International business reported strong organic growth with net sales up 5% driven by robust performance in South America and Asia, which now account for 30% of the Casino group's net sales.

Groupe GO Sport posted net sales of €339 million, down 1.4% from the first half of 2008, on a same-store basis and at constant exchange rates. In France, the sales of the GO Sport brand were up 0.9% on a like-to-like basis, confirming the trend of improved business since the second half of 2008, and reflecting the success of the action plan set at the end of 2007. Courir reported a 10.2% drop in net sales on a like-to-like basis, after a sharp 11.8% increase in the first half of 2008 compared with 2007. Net sales in Poland were up 2.6% on a same-store basis and at constant exchange rates.

Current operating income

The Group's current operating income totaled €470 million, down 9.3% from the first half of 2008. The breakdown by business activity was as follows:

(In €millions)	06/30/2009	06/30/2008	Change
Casino	488	538	-9,1%
Groupe GO Sport	(6)	(15)	-
Other (*)	(12)	(5)	-
Total	470	518	-9,3%

(*) Corresponds to the holding activity and investment portfolio

Casino's current operating income decreased 9.1% (down 6.4% on an organic basis). In France, Casino recorded current operating income of €339 million, down 11.8% and 9.8% on an organic basis. Outside France, current operating income totaled €150 million, down 2.6% but up 1.9% on an organic basis.

Groupe GO Sport posted current operating losses of €6.1 million as at June 30, 2009, an improvement of €8.4 million compared with the first half of 2008, due to the success of the action plan. The related cost-cutting measures also resulted in a significant increase in EBITDA to €3.8 million in the first half of 2009.

Net income, Group share

(In €millions)	06/30/2009	06/30/2008
Current operating income	470	518
Cost of net financial debt	(241)	(264)
Other financial income and expenses	(2)	(47)
Net income from continuing operations	82	118
Net income from discontinued operations	(2)	(3)
Net income	80	114
Net income - Group share	(37)	(53)

Current operating income amounted to €470 million, down 9.3%.

The net income, Group share as at June 30, 2009, was a loss of €37 million compared with a loss of €53 million as at June 30, 2008.

Shareholders' equity

Shareholders' equity, Group share totaled €1,538 million as at June 30, 2009, compared with €1,506 million as at December 31, 2008, mainly due to:

- an attributable net loss of €37 million for the first six months of 2009, and
- a €43 million payment for the outstanding amount of the 2008 dividend
- and the recognition of foreign currency translation gains of €122 million.

Financial structure at holding level

The Rallye holding level comprises Rallye and its wholly-owned subsidiaries that hold shares in Casino, Groupe GO Sport and the investment portfolio.

Net debt at Rallye holding level

As at June 30, 2009, the fair value of Rallye's assets at holding level was €3,365 million, comprising Casino shares worth €2,578 million, Groupe GO Sport shares of €39 million, Mercialys shares worth €135 million, the investment portfolio of €582 million and various other assets worth €31 million.

The net debt of the Rallye holding level amounted to €2,678 million as at June 30, 2009 and was covered 1.3 times by assets at fair value. The coverage rate was stable compared with December 31, 2008.

Debt comprised bonds and bank borrowings of €2,749 million, which were offset by monetary investments and cash equivalents of €71 million.

Investment portfolio at Rallye holding level

Rallye's investment portfolio is recognized at fair value with value adjustments in shareholders' equity. As at June 30, 2009, it was worth €582 million compared with €622 million as at December 31, 2008. It comprises financial investments with a market value[1] of €361 million and real estate programs recorded at a historical cost[2] of €221 million. The decrease in value of the portfolio during the first half of 2009 was due to a fall in the net value investments of €12 million, comprising a €22 million decrease in the value of real estate programs, a €10 million appreciation in the value of financial investments (call for funds on existing lines) and impairment of €28 million for investments.

Parent company net income

Rallye parent company recorded net sales of €2.8 million as at June 30, 2009, compared with €2.3 million for the first six months of 2008.

Net income generated by Rallye totaled €6.4 million compared with €116.1 million as at June 30, 2008.

Rallye's Board of Directors has decided to pay an interim dividend of €0.80 per share. The payment will be made on October 2, 2009.

Main transactions with related parties

The transactions with related parties are described in Rallye's reference document for fiscal year 2008, filed with the French market authorities on April 29, 2009 under registration number D.09-337. They mainly concern the ordinary transactions with companies held between 33.34% and 50% over which the Group exercises significant influence. They are either proportionately consolidated or accounted for by the equity method. These transactions are performed on the basis of market prices.

The transactions with related parties that are natural persons (directors, executives and members of their families) during the period are immaterial.

As at June 30, 2009, Foncière Euris directly and indirectly held 57.67% of Rallye's share capital and 71.57% of voting rights.

The only transaction of the first half-year between Rallye and Foncière Euris concerned the payment of the outstanding amount of the 2008 dividend for €25.2 million.

Rallye receives strategic guidance and assistance from Euris, the Group's parent company, under an agreement signed in 2003.

[1] The fair value of investments is their carrying value recorded in the consolidated financial statements (fair value - IAS 39), which is generally based on external valuations (General Partners) or ongoing transactions.
[2] The real estate programs are recorded at historical cost and are not re-measured to fair value prior to their disposal (IAS 40).

Relations with related parties, including the remuneration of management, remained comparable to those for the previous year, with no unusual items in nature or amount recorded during the period.

Main contingencies and uncertainties for the second half of 2009

The Group's exposure to business risks is described in Rallye's reference document for fiscal year 2008, which was filed with the French Financial Market Authorities on May 29, 2009, under registration number D.09-337.

Developments and outlook

Rallye has strong liquidity with €1 billion of undrawn, immediately available confirmed credit lines. The Group has no bonds maturing before October 2011 and its financing is perfectly secure.

Rallye holds an asset portfolio with considerable value creation potential:

Casino has shown that it is capable of adapting to a more challenging environment and has proven the effectiveness of its business model, which is built around:

- the priority expansion of convenience, discount and e-business formats in France;
- an international presence focused in high potential markets;
- a proactive strategy to enhance the value of property assets.

Casino intends to continue and step up implementation of its action plans, with three strategic objectives:

1. strengthening banners' shopper appeal by:
    - further developing its own brand,
    - optimizing pricing strategy, and
    - deeply transforming the hypermarket operating model in France;

2. maintaining margins by:
    - improving purchasing conditions, and
    - further implementing cost-cutting plans, which should result in savings of over €300 million in 2010 (of which €150 million by the end of 2009);

3. enhancing financial flexibility by
    - improving free cash flow [3] generation by:
        - reducing inventories by the equivalent of 2 days in 2009 and an additional day in 2010,
        - implementing a more selective approach to capital expenditure (gross capex of around €800 million in 2009 and €850 million in 2010),
    - implementing a €1 billion asset disposal program by the end of 2010.

Casino thereby confirms its target of improving its net financial debt/EBITDA ratio by the end of 2009 and reducing the ratio to less than 2.2x by the end of 2010.

Groupe GO Sport, encouraged by the strong sales posted by the GO Sport banner since the second half of 2008, will continue implementing the rationalization and differentiation measures initiated in the course of 2007, which are starting to bear fruit. At Courir, a new CEO, Jacques Krauze, was appointed in July 2009 to boost operations.

[3] Free cash flow = cash flow from recurring operations before tax minus capex, plus changes in WCR, minus income tax paid and net interest expense paid

With regard to the investment portfolio, further disposals will be made both of Private Equity (depending on market conditions) and commercial real estate assets. Negotiations on additional disposals are currently underway for an aggregate amount of approximately €80 million.

Rallye also holds a liquid stake in Mercialys, valued at €102 million as at August 27, 2009, taking into account the disposals completed since June 2009 of €65 million.

Rallye thus confirms its commitment to reduce its net debt and significantly improve its financial structure ratios over the next two years.

3 – HALF-YEAR CONSOLIDATED FINANCIAL STATEMENTS AS AT JUNE 30, 2009

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at June 30, 2009

ASSETS (In €millions)	Notes	June 30, 2009	December 31, 2008 Restated (*)
Goodwill	6	7,421	7,207
Intangible assets	6	731	722
Property, plant and equipment	6	5,932	5,963
Investment property	6	1,385	1,304
Interests in associated companies		125	137
Non-current financial assets		867	915
Non-current hedging financial assets		155	123
Deferred tax assets		144	131
Total non-current assets		**16,760**	**16,502**
Inventories		2,794	2,860
Trade receivables		1,470	1,601
Other assets		1,324	1,311
Current tax credit		80	83
Other current financial assets		75	163
Cash and cash-equivalents	7	1,164	2,311
Total current assets		**6,907**	**8,329**
Assets held for sale		295	237
TOTAL ASSETS		**23,962**	**25,068**

LIABILITIES AND SHAREHOLDERS' EQUITY (in €millions)		June 30, 2009	December 31, 2008 Restated (*)
Share capital		127	127
Reserves and undistributed net income		1,412	1,379
Shareholders' equity attributable to owners of the parent		**1,539**	**1,506**
Non-controlling interest		4,571	4,506
Shareholders' equity		**6,110**	**6,012**
Provisions		398	364
Non current financial liabilities	10	7,619	7,457
Other non current liabilities		84	95
Deferred tax liabilities		386	397
Total non current liabilities		**8,487**	**8,313**
Provisions		244	205
Trade payables		3,640	4,698
Current financial liabilities	10	2,646	2,782
Current tax due		49	24
Other current liabilities		2,659	2,907
Total current liabilities		**9,238**	**10,616**
Liabilities related to assets held for sale		127	127
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**23,962**	**25,068**

(*) See note 2.4

CONSOLIDATED INCOME STATEMENT
As at June 30, 2009

(In €millions)	Notes	June 30, 2009	June 30, 2008 Restated (*)
CONTINUING OPERATIONS			
Net sales	12 and 13	13,789	14,166
Full purchase cost of goods sold		(10,288)	(10,604)
Gross margin		**3,501**	**3,562**
Other income	13	85	87
Selling costs	14	(2,542)	(2,596)
General and administrative expenses	14	(574)	(535)
Current operating income	12	**470**	**518**
Other income and expenses from operations	15	(69)	(11)
Operating income		**401**	**507**
Cost of net financial debt		(241)	(264)
Other financial income		101	132
Other financial expenses		(104)	(179)
Income before tax		**157**	**196**
Income tax expense		(78)	(85)
Income from associated companies		2	7
Net income from continuing operations, attributable to:		**81**	**118**
Equity owners of the parent		(36)	(52)
Non-controlling interest		117	170
DISCONTINUED OPERATIONS			
Net income from discontinued operations, attributable to:		**(1)**	**(3)**
Equity owners of the parent		(1)	(2)
Non-controlling interest			(1)
Net income from discontinued operations, attributable to:		**80**	**114**
Equity owners of the parent		**(37)**	**(54)**
Non-controlling interest		117	168
Total consolidated net income per share, attributable to equity owners of the parent (in €)			
Basic		(0.91)	(1.28)
Diluted		(0.91)	(1.28)
Net income per share from continuing operations, attributable to equity owners of the parent (in €)			
Basic		(0.89)	(1.23)
Diluted		(0.89)	(1.23)

(*) See note 2.4

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
As at June 30, 2009

(In €millions)	June 30, 2009	June 30, 2008 Restated (*)
Net income for the period	**80**	**114**
Foreign currency translation differences for foreign operations	270	(44)
Available-for-sale financial assets	(14)	5
Efficient portion of gains or losses on hedging instruments	(9)	1
Defined benefit plan actuarial gains and losses	2	2
Tax on components of comprehensive income	(1)	
Other components of comprehensive income, net of tax	**248**	**(36)**
Comprehensive income attributable to:	**328**	**78**
Equity owners of the parent	**68**	**(48)**
Non-controlling interest	260	126

CONSOLIDATED STATEMENT OF CASH FLOWS
As at June 30, 2009

(In €millions)	June 30, 2009	June 30, 2008 Restated (*)
Net income attributable to equity owners of the parent	(37)	(54)
Net income attributable to non-controlling interest	117	168
Total consolidated net income	**80**	**114**
Depreciation, amortization and provisions	451	341
Unrealized gains and losses from changes in fair value	(26)	66
Calculated income and expenses relative to stock options and assimilated instruments	7	6
Other calculated income and expenses	26	25
Depreciation, amortization, provisions and other non-cash items	**458**	**438**
Income from asset divestments	(56)	(19)
Income from associated companies	(3)	(7)
Dividends from associated companies	6	13
Cash flow	**485**	**539**
Cost of net financial debt (changes in fair value and amortization excluded)	227	243
Income tax expense (including deferred tax)	77	86
Cash flow before cost of net financial debt and income tax	**790**	**868**
Tax paid	(60)	(164)
Change in the working capital requirement (1)	(966)	(966)
Net cash used in operating activities (A)	**(236)**	**(262)**
Purchase of property, equipment and intangible assets	(497)	(566)
Sale of property, equipment and intangible assets	68	18
Purchase of financial investments	(11)	(71)
Sale of financial investments	27	24
Changes in loans and advances granted	(3)	1
Impact of changes in scope of consolidation (2)	(37)	(222)
Net cash used in investing activities (B)	**(453)**	**(816)**
Dividends paid to shareholders of the parent company	(42)	(44)
Dividends paid to minority shareholders of consolidated companies	(185)	(165)
Dividends paid to TSSDI – perpetual super subordinated securities holders	(16)	(53)
Cash decrease/increase in capital	15	54
Cash received on stock options exercise		4
Purchase and sale of treasury stock	6	(51)
Purchase and sale of financial securities	47	26
Debt issuance	1,182	1,959
Debt redemption	(1,453)	(1,572)
Net financial interest paid	(281)	(232)
Net cash used in financing activities (C)	**(727)**	**(74)**
Impact of currency fluctuations (D)	37	
Change in cash and cash equivalents (A+B+C+D)	**(1,379)**	**(1,152)**
Net opening balance	1,872	2,154
Net closing balance	493	1,002
Change in cash and cash equivalents	**(1,379)**	**(1,152)**

(*) See note 2.4

(1) Change in WCR

(In €millions)	June 30, 2009	June 30, 2008 Restated (*)
Inventories	133	(175)
Trade payables	(1,116)	(615)
Trade receivables and assimilated accounts	137	93
Receivables from the banking business	32	(42)
Financing of the banking business	(18)	22
Other	(134)	(249)
Change in the working capital requirement	**(966)**	**(966)**

(*) See note 2.4

(2) Impact of changes in the scope of consolidation

(In €millions)	June 30, 2009	June 30, 2008 Restated (*)
Sale price of securities, of which:	**18**	**42**
Mercialys (change in scope)	15	*37*
Vindemia (Mauritius)		*1*
Easydis Service		*3*
Easy Holland BV	3	
Purchase price of securities, of which:	**(70)**	**(256)**
Dilux and Challin (newly consolidated)	*(23)*	
Exito sub-group (change in scope - Carulla)	*(2)*	
CBD (change in scope - Miravalles shares)	*(2)*	
Franprix - Leader Price (newly consolidated)	*(30)*	
Miscellaneous	*(11)*	
Exito		*(12)*
Casino	*(2)*	(34)
Franprix Leader Price (newly consolidated)		(49)
Franprix Leader Price (changes in scope)		(87)
SCI La Dlane		(17)
Super de Boer		(56)
CBD		(2)
Cash balance of acquired or sold subsidiaries, of which:	**15**	**(7)**
Groupe Casino Limited and EMC Limited	7	
Franprix - Leader Price sub-group	5	*3*
CBD sub-group (change in scope)	3	*(6)*
Easydis Service		*1*
Vindemia (Mauritius)		*(1)*
Super de Boer		*(4)*
Impact of changes in the scope of consolidation	**(37)**	**(222)**

(*) See note 2.4

STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY
As at June 30, 2009

(In €millions)	Share capital	Reserves related to share capital (1)	Treasury shares	Reserves and consolidated net income	Cash flow hedging reserve	Translation differences reserve	Actuarial differences reserve	Fair value of previously held assets and liabilities reserve	Available-for-sale financial assets reserve	**Shareholders' equity attributable to the owners of the parent**	Non-controlling interest	**Total shareholders' equity**
As January 1, 2008	**128**	**1,322**	**(19)**	**220**	**(1)**	**175**	**1**	**44**	**72**	**1,942**	**4,466**	**6,408**
Change in accounting method (2)				(2)						**(2)**	(3)	**(5)**
Income and expenses recognized directly in shareholders' equity						(1)			6	**5**	(41)	**(36)**
Half-year net income				(54)						**(54)**	168	**114**
Total recognized income and expenses	**0**	**0**	**0**	**(54)**	**0**	**(1)**	**0**	**0**	**6**	**(49)**	**127**	**78**
Transactions on capital	1		15	(15)						**1**	38	**39**
Transactions on treasury shares			(1)							**(1)**	(38)	**(39)**
Dividends paid				(44)						**(44)**	(165)	**(209)**
Changes in scope										**0**	15	**15**
Miscellaneous changes				(5)						**(5)**	(27)	**(32)**
As at June 30, 2008 Restated (2)	**129**	**1,322**	**(5)**	**102**	**(1)**	**174**	**1**		**78**	**1,842**	**4,413**	**6,255**
As at January 1, 2009 Restated (2)	**127**	**1,309**	**(19)**	**49**	**(5)**	**(43)**	**3**	**44**	**41**	**1,506**	**4,506**	**6,012**
Income and expenses recognized directly in shareholders' equity					(3)	122			(14)	**105**	143	**248**
Half-year net income				(37)						**(37)**	117	**80**
Total recognized income and expenses	**127**	**1,309**	**(19)**	**12**	**(8)**	**79**	**3**	**44**	**27**	**68**	**260**	**328**
Transactions on capital										**0**	(4)	**(4)**
Transactions on treasury shares			5							**5**	2	**7**
Dividends paid				(42)						**(42)**	(345)	**(387)**
Changes in scope (3)										**0**	162	**162**
Miscellaneous changes				2						**2**	(10)	**(8)**
As at June 30, 2009	**127**	**1,309**	**(14)**	**(28)**	**(8)**	**79**	**3**	**44**	**27**	**1,539**	**4,571**	**6,110**

(1) Reserves related to share capital = issue premiums, contribution premiums, merger premiums, statutory reserves
(2) The Group implemented a change in accounting method in accordance with IFRIC 13 (see note 2.4 c.)
(3) The increase in non-controlling interest mainly reflects the distribution of Mercialys shares by Casino, Guichard-Perrachon (see note 3)

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
As at June 30, 2009

NOTE 1: GENERAL INFORMATION

Rallye is a corporation registered in France and listed on the Euronext Paris stock exchange, Eurolist compartment B. The company and its subsidiaries are denominated below the "Group" or the "Rallye group".
The consolidated financial statements for the six-month period ended June 30, 2009, which have been subjected to a limited review by the Statutory Auditors, reflect the financial position of the company and its subsidiaries and joint ventures and the Group's interests in associated companies.

On August 27, 2009, the Board of Directors approved and authorized the issue of the half-year consolidated financial statements of the Rallye group for the six-month period ended June 30, 2009.

NOTE 2: BASIS OF PREPARATION AND ACCOUNTING METHODS

2.1. Declaration of compliance

Pursuant to European regulation no. 1606/2002 of July 19, 2002, the consolidated financial statements of the Rallye group for the six-month period ended June 30, 2009 have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and adopted by the European Union as at period-end.

The accounting standards are available on the European Commission's website:
http://ec.europa.eu/internal_market/accounting/ias/index_en.htm
and include the international standards (IAS and IFRS) and the interpretations issued by the Standing Interpretations Committee (SIC) and International Financial Reporting Interpretations Committee (IFRIC).

2.2. Basis of preparation

The condensed half-year consolidated financial statements have been prepared in compliance with IAS 34 "Interim Financial Reporting".

The half-year consolidated financial statements should be read in conjunction with the Group's consolidated financial statements for the year ended December 31, 2008, as presented in the reference document filed with the French Financial Markets Authority (AMF) on April 29, 2009 under registration number D.09-0337.
The Rallye group's consolidated financial statements as at December 31, 2008 are available for viewing at the Company's finance department located at 32, rue de Ponthieu, Paris 75008, or on the company's website at www.rallye.fr.

The financial statements are presented in millions of euros, i.e. in the Group's functional and reporting currency. The schedules present figures rounded individually to the nearest million euros. The calculations performed on the basis of rounded figures may differ from the aggregates or sub-totals presented.

2.3. Accounting methods

The accounting methods used to prepare the interim financial statements are identical to those used to prepare the consolidated financial statements for the fiscal year ended December 31, 2008, after including or with the exception of the newly-adopted standards, amendments and interpretations described below.

a. New accounting standards and interpretations effective for periods beginning on or after January 1, 2009

The following amended standards, new standards and interpretations are mandatory for fiscal year 2009:

- Revised IAS 1– Presentation of Financial Statements;
- IFRS 8 – Operating Segments;
- IFRIC 13 – Customer Loyalty Programs;
- Amendment to IAS 23 – Borrowing Costs;
- Amendment to IAS 40 – Investment Property;
- Amendment to IFRS 2 – Vesting Conditions and Cancellations;
- Amendment to IAS 1 and IAS 32 – Puttable Instruments and Obligations Arising on Liquidation;
- IFRIC 16 – Hedges of a Net Investment in a Foreign Operation;
- IFRIC 15 – Agreements for the Construction of Real Estate (adopted by the European Union subsequent to June 30, 2009).

The new standards and interpretations issued by the IASB have no material effect on the Group's financial statements. Details on the application of standards IAS 1, IFRS 8, revised IAS 23, the amendment to IAS 40 and the interpretation of IFRIC 13 are provided in note 2.4.

b. New accounting standards and interpretations adopted by the European Union as at June 30, 2009 and mandatory in future periods

- Revised IAS 27 – Consolidated and Separate Financial Statements (mandatory for accounting periods beginning on or after July 1, 2009);
- Revised IFRS 3 – Business Combinations (applicable to business combinations when the acquisition date is effective in accounting periods beginning on or after July 1, 2009);
- IFRIC 12 – Service Concession Arrangements (applicable to accounting periods beginning on or after March 29, 2009);
- Amendment to IFRS 5 – Partial disposal of an investment in a subsidiary resulting in a loss of control (applicable to accounting periods beginning on or after July 1, 2009).

The Group did not opt for the early application of any of the new standards and interpretations. When mandatory, the amended versions of IAS 27 and IFRS 3 should not have any effect on the consolidated financial statements, with the exception of the treatment of puts on minority interests, which is currently being assessed. However, the standards and interpretations will affect subsequent acquisitions made by the Group. The application of IFRIC 12 will have no effect on the Group's financial position. The application of the amendment to IFRS 5 will only be applied on a prospective basis from the date of its first application by the Group.

c. New standards and interpretations not yet adopted by the European Union

The following standards and interpretations issued by the IASB have not yet been adopted by the European Union:

- Amendments to IFRIC 9 and IAS 39 – Reassessment of Embedded Derivatives and Financial Instruments: Recognition and Measurement (effective for annual periods ended on or after June 30, 2009);
- Amendment to IAS 39 – Financial Instruments: Recognition and Measurement "exposures qualifying for hedge accounting" (effective for accounting periods beginning on or after July 1, 2009);
- Amendment to IFRS 2 – Share-based Payment: group cash-settled share-based payment arrangements (effective for accounting periods beginning on or after January 1, 2010);
- IFRIC 17 – Distributions of Non-cash Assets to Owners (effective for accounting periods beginning on or after July 1, 2009);
- IFRIC 18 - Transfers of Assets from Customers (effective for accounting periods beginning on or after July 1, 2009);
- IFRS 7 – Improvements for disclosures to financial instruments (effective for accounting periods beginning on or after January 1, 2009);
- Annual improvements to IFRS (April 16, 2009), effective mainly for accounting periods beginning on or after January 1, 2010.

2.4. Changes to previously reported financial statements

a. IAS 1 – Presentation of Financial Statements – revised version

The Group has applied the revised version of IAS 1 "Presentation of Financial Statements", which has been mandatory since January 1, 2009. The changes concern the terminology and structure of the financial statements:

- The balance sheet is renamed the "Statement of Financial Position";
- Items of income and expense are presented in a Statement of Comprehensive Income, which comprises two separate statements: an income statement and statement of comprehensive income.
  Comprehensive income includes both income and components of other comprehensive income comprising:
    - foreign currency translation differences for foreign operations,
    - net change in fair value of available-for-sale financial assets,
    - effective portion of gains or losses on hedging instruments,
    - net change in fair value,
    - defined benefit plan actuarial gains and losses
- The titles 'minority interests' and 'Group share' are replaced by the terms 'non-controlling interest' and 'attributable to equity owners of the parent'.

b. IFRS 8 – Operating Segments

IFRS 8 "Operating Segments", which has been mandatory since January 1, 2009, requires information on the Group's operating segments. It replaces the provisions of IAS 14 "Segment Reporting" determining primary segments (business) and secondary segments (geographical area). Segment reporting reflects management's perspective and should therefore be based on the internal reporting system.
The effects of this standard, which will be applied retrospectively, are presented in note 12.

c. IFRIC 13 – Customer Loyalty Programs

Since January 1, 2009, the Group has applied the new standard IFRIC 13 "Customer Loyalty Programs" for the preparation of its financial statements. The standard sets out the accounting treatment for customer loyalty awards granted upon an initial sale and to be used in subsequent sales.

IFRIC 13 requires estimating the fair value of the amount of the award granted to customers at the time of sale and deducting it from the revenue recognized for the sale.
When the award is used by the customer, the Group recognizes the initially deferred revenue and the cost of the award either as cost of goods sold (for exchange vouchers) or as a reduction in revenue (for purchase vouchers).

The Group has two main types of loyalty program under IFRIC 13:

- a points program enabling customers to accrue points on purchases in the Group's stores. Customers can redeem the points for purchase or gift vouchers;
- a purchase voucher program.

Previously, the Group recognized a provision for the costs incurred for awards granted to customers. The implementation of this new interpretation results in the recognition at fair value of the award granted (that is its fair value for the customer) instead of its cost. Therefore, the implementation of IFRIC 13 mainly effects the Group's presentation in the statement of financial position of loyalty programs, which will now be recognized as deferred income rather than as a provisioned expense. In the income statement, they will now be deducted from revenue or charged to cost of goods sold, as appropriate, whereas previously they were recognized as marketing expenses.

Due to the retrospective application of this interpretation, the financial information previously reported has been modified and is presented below in millions of euros:

As at January 1, 2008:	
Net increase in deferred tax assets	3
Net increase in deferred income	68
Decrease in trade payables	13
Decrease in provision for contingencies and charges	47
Net decrease in total shareholders' equity	5

As at December 31, 2008:	
Net increase in deferred tax assets	4
Net increase in deferred income	64
Decrease in trade payables	9
Decrease in provision for contingencies and charges	45
Net decrease in total shareholders' equity	6

For the six-month period ended June 30, 2008:	
Net decrease in sales	(3)
Net decrease in cost of goods sold	7
Net increase in gross margin	4
Net decrease in other revenue	(8)
Net decrease in selling costs	2
Net decrease in current operating income	(2)
Net decrease in tax expense	1
Net decrease in net income from continuing operations	(1)

d. Revised IAS 23 – Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets must now be capitalized as part of the qualifying asset, whereas the company had the choice of expensing them in the previous accounting period.

e. Amendment to IAS 40 – Investment Property

In accordance with the amendment to IAS 40, properties under construction or development for future use as investment properties are now recognized in the line item 'investment property' in the statement of financial position.

Following the retrospective implementation of this interpretation, the financial information previously reported has been modified and is presented below in millions of euros:

As at January 1, 2008 (in €millions):	
Decrease in property, plant and equipment	(105)
Increase in investment property	105

As at December 31, 2008 (in €millions):	
Decrease in property, plant and equipment	(159)
Increase in investment property	159

2.5. Use of estimates and judgments

The preparation of the financial statements requires senior management to use estimates, judgments and assumptions that may have an impact on the amounts of assets, liabilities, income and expenses reported in the financial statements, as well as on the data included in the notes to the financial statements.
As assumptions are inherently uncertain, actual results may differ from those estimates. The Group regularly revises its estimates and assumptions in order to take into account past experience and include factors deemed to be relevant given the prevailing economic conditions.

The estimates and assumptions made on the basis of information available as at the date of the financial statements relate in particular to:
- trade cooperation,
- provisions,
- puts on non-controlling interests and earn-out agreements on company acquisitions,
- impairment of non-current assets and goodwill,
- deferred tax,
- fair value of investment property and the accounting treatment of investment property purchases: at each transaction, the Group assesses, based on the assets and existing business, whether the purchase is analyzed as a business combination or as the purchase of an individual asset,
- the assessment of materiality or durability of the impairment of available-for-sale financial assets,
- fair value of derivatives including those relating to hedging instruments.
- financial assets and liabilities.

The main transaction requiring the Group to adopt a particular accounting position concerned the distribution of Mercialys shares (see note 3).

NOTE 3: SIGNIFICANT EVENTS

- Further implementation of the strategy to enhance the value of property assets by contributing Alcudia assets to Mercialys.

On March 5, 2009, Casino announced plans to contribute an Alcudia real estate portfolio to Mercialys, comprising Casino property development projects and hypermarket sales and storage areas, for an aggregate value of €334 million. The transaction, which is a key milestone in the Alcudia program, is part of the strategy implemented by the Group since 2005 to enhance the value and cash-generating capacity of its real estate assets.
In exchange for the contribution, Mercialys issued 14.2 million new shares to Casino, increasing Casino's stake from 59.7% to 66.1%.

As the contribution constitutes an inter-company transaction, it was cancelled out in Casino's financial statements.

- Distribution to Casino, Guichard-Perrachon shareholders of a dividend in Mercialys shares

At their combined annual general meeting on May 19, 2009, the shareholders of Casino, Guichard-Perrachon approved the distribution of a combined dividend comprising a cash component (€2.57 per share for preferred shares and €2.53 per share for ordinary shares), and a stock dividend of Mercialys shares on the basis of one Mercialys share for eight shares held (ordinary or preferred) with dividend rights. After the stock dividend distribution, Casino held approximately 50.4 % of Mercialys' share capital and voting rights. The Financial Markets Authority (AMF) was informed of the transaction in a prospectus filed on April 21, 2009, which also included information on the conversion of preferred non-voting shares into ordinary shares.

The distribution to shareholders of shares in a subsidiary without loss of control is not specifically mentioned in currently effective accounting standards. In November 2008, IFRIC issued an interpretation on non-cash asset distributions to owners (IFRIC 17), which states that transactions in a subsidiary's shares that do not give rise to a controlling interest do not fall within the scope of the interpretation. However, the interpretation specified that this type of transaction should be accounted for in compliance with the new provisions of revised IAS 27[4], which will be applicable for Casino from January 1, 2010.

The Group decided that the non-cash distribution of Mercialys shares should be treated as a reduction in the percentage interest in a subsidiary without the loss of control. Pursuant to the rules described in note 1.8 "Business combinations" of the "Accounting rules and principles" section of the notes to the consolidated financial statements as at December 31, 2008, such a transaction would result in the recognition of income equal to the difference between the proceeds of the disposal and the net book value of the interests transferred.

The Group continued to apply the accounting principle used to date in the event of the partial disposal of an investment without a loss of control. The distribution to shareholders other than Rallye and its subsidiaries generated proceeds of €78 million, which are presented in the line item "Other income and expenses from operations" in the income statement. The proceeds correspond to the difference between the transfer price of Mercialys shares determined on the basis of the share price on the date preceding Casino's ex-dividend date (€22) and the net book value of the interests transferred.

[4] Revised IAS 27 "Consolidated and Separate Financial Statements", effective for accounting periods beginning on or after July 1, 2009, which will be applied for the first time by the Group for fiscal year 2010, specify that a change in the percentage interest in a company without loss of control should be recognized as a change in equity without any effect on the income statement.

- Improvement in Casino's stock market profile by the conversion of preferred stock into ordinary shares

On March 4, 2009, the Board of Directors of Casino, Guichard-Perrachon unanimously approved the proposed conversion of preferred non-voting shares into ordinary shares on the basis of six ordinary shares for seven preferred shares. The transaction reflects Casino's aim to streamline its capital structure and increase the number of ordinary shares in the free float.

- Monoprix

On December 22, 2008, Casino and Galeries Lafayette signed an amendment to their March 2003 strategic agreement suspending the exercise of their respective put and call options on Monoprix shares for three years.
As a result, Casino's call on 10% of Monoprix's outstanding shares and Galeries Lafayette's put on 50% of Monoprix's capital will only be exercisable from January 1, 2012. The other terms and conditions of exercise and the other provisions of the March 2003 strategic agreement remain unchanged.
Consequently, as at June 30, 2009, Monoprix remains proportionately consolidated and the value of the options is presented under off-balance sheet commitments in the notes to the consolidated financial statements as at December 31, 2008.

- Call on 5% of the share capital of Super de Boer

On April 1, 2009, Casino and ING entered into an agreement giving Casino a call on the 5% stake held by ING in Super de Boer. This call may be exercised at any time until June 30, 2010 at a strike price of €5 per share.
Casino's call on the 6.2% stake held by ING, RBS and Rabobank in Super de Boer expired on March 31, 2009.

NOTE 4: CONSOLIDATION SCOPE

The main developments during the period were as follows:

- as at June 30, 2009, following the contribution of assets and distribution of Mercialys shares to the shareholders of Casino, Guichard-Perrachon, Casino held 50.89% of the share capital and voting rights of Mercialys and Rallye held 6.87%;
- disposal of the entire 30% stake in Easy Holland BV, which held the company Easy Colombia. The disposal generated a loss of €28 million;
- the other changes in scope concerned the sub-group Franprix-Leader Price for €30 million (generating goodwill of €18 million) and the acquisition of the companies Dilux and Challin (supermarket businesses) for €23 million (generating goodwill of €27 million).

NOTE 5: BUSINESS SEASONALITY

The Group's business is slightly seasonal, with increased business activity during the second half and particularly during the month of December.

NOTE 6: GOODWILL, INTANGIBLES, PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTY

Goodwill was up €214 million compared with December 31, 2008, due to exchange rate gains of €187 million during the period, reflecting the appreciation of the Brazilian real.

During the first half of 2009, acquisitions of intangibles, property, plant and equipment and investment property amounted to €381 million compared with €546 million as at June 30, 2008.

As required due to the current economic and financial crisis, as at June 30, 2009, the Group performed impairment tests on the goodwill allocated to Cash Generating Units and fixed assets. Some CGU showed indications of impairment. However, as the results of the 2008 annual tests showed that their value in use was greater than their carrying cost, the updated test results did not give rise to the recognition of impairment losses as at June 30, 2009.

NOTE 7: CASH, CASH EQUIVALENTS AND NET FINANCIAL DEBT

The breakdown of the aggregates "Cash and cash equivalents" and "Net financial debt" is as follows:

(In €millions)	June 30, 2009	December 31, 2008
Cash equivalents	524	1,450
Cash	640	861
Cash and cash equivalents	**1,164**	**2,311**
Spot and confirmed credit lines	(81)	(22)
Bank overdraft	(590)	(417)
Net cash and cash equivalents	**493**	**1,872**
Financial debt (excluding bank overdraft)	**9,363**	**9,514**
Net financial debt	**8,870**	**7,642**

The line item "Cash" includes €49 million in cash received through the securitization of receivables under the financial asset disposal provisions of IAS 39, compared with €161 million as at December 31, 2008.

As at June 30, 2009, like December 31, 2008, cash equivalents comprised term deposits, euro-denominated money market mutual funds and similar instruments.

NOTE 8: DIVIDEND DISTRIBUTION

At their general meeting on June 3, 2009, the shareholders decided on a dividend payment of €1.83 per share. An interim dividend of €0.80 was paid in October 2008.

NOTE 9: SHARE-BASED PAYMENT

The terms and conditions of the programs and methods used to calculate the fair value of the options are stated in the consolidated financial statements for the year ended December 31, 2008, note 1.22.4 of the "Accounting rules and principles".

Rallye's Board of Directors dated April 27, 2009 decided to allocate 310,521 Rallye stock options and 199,768 bonus Rallye shares to the executives and employees of the Group.

The terms and assumptions used to measure the value of the new stock option plan decided by the Board of Directors on April 27, 2009, are as follows:

- valuation model: Trinomial
- strike price of the stock option: €14.24,
- expected volatility: 39.81%,
- estimated duration: 5.5 years,
- risk-free interest rate: 2.84%.

On this basis, the fair value of a stock option amounted to €1.55.

With regard to the bonus share program, the value of the shares reflects the share price at the attribution date less the cost of restricting the shares including the payment of dividends during the restriction period, which corresponds to €9.72 per bonus share.

During the first half of 2009, Rallye finally allocated 33,044 shares associated with the stock bonus plan set up in June 2006 to the beneficiary shareholders at that date.

NOTE 10: LOANS AND BORROWINGS

During the first half of 2009, the main transactions performed by the Group were as follows:

- Casino Guichard-Perrachon repaid the 2013 and 2014 bond issues early for nominal amounts of €1 million and €174 million respectively. In accordance with the terms and conditions of the bond contracts, the net payments (including accrued interest) were €1 million and €171 million, respectively.

- Repayments were made on the indexed bonds 2004-2009 and on two bonds issued in 2009 for €37 million and €1,030 million, respectively.

- On February 9, 2009, the Group implemented a €500 million bond issue. The bond matures on August 9, 2012. The bonds redeem at 100% of face value and bear interest at 7.875% (effective interest rate of 7.938%). This bond has been hedged. After hedging, the cost of the bond amounted to 3 month Euribor + 516.5 basis points.

- On May 29, 2009, an additional tranche of the 2013 bond was issued for a nominal amount of €250 million. The additional tranche has the same characteristics as the initial tranche and has been hedged. The average effective interest rate is 6.271%. After hedging, the cost of the bond is 3M Euribor + 310 basis points.

NOTE 11: CONTINGENT ASSETS AND LIABILITIES

- Dispute with the Baud family

The Court of Arbitration called upon to settle the dispute between Casino and the Baud family issued its decision on July 2, 2009 and found that Casino had legitimate grounds for removing the members of the Baud family from the executive bodies of the companies Franprix and Leader Price. The Court of Arbitration also found that the operational takeover of Franprix and Leader Price by Casino was justified.

The Court of Arbitration confirmed that a multiple of 14 times the average 2006 and 2007 earnings of the Franprix and Leader Price businesses would apply to compute the value of the Baud family's remaining interest in Franprix and Leader Price, which is respectively 5% and 25%. This corresponds to the amount reported by Casino in its previous financial statements.

The Court rejected all of the Baud family's claims, including the application of a multiple of 16 times earnings and various claims for damages. With regard to Casino's claims for damages, the Court ruled that it is the responsibility of Franprix and Leader Price to petition the courts for compensation damages, including by instituting criminal proceedings against members of the Baud family for misappropriation of company assets.

As provided for in the agreement and following the Court's decision, the final price of the Baud family's stake (mainly held by the Belgian company Baudinter), upon which the put option was exercised on April 28, 2008, will be calculated on the basis of a multiple of 14 by an independent expert appointed solely to settle the remaining disagreements between the parties. Pending the conclusions of the expert and based on the 2006 and 2007 financial statements, which have been adjusted to correct the misstatements and errors made by the former executives, Casino believes that the final amount should be close to €425 million (including €12 million late payment at that date), which was recognized in current financial liabilities as at June 30, 2009 (€420 million as at December 31, 2008). This amount corresponds to the put option calculated on the basis of the contract terms and conditions and differs from the amount requested by the Baud family of €475 million, which was calculated incorrectly and contested by Casino.

Moreover, due to the Court ruling and as the Baud family has exercised its put option, Casino now wholly owns Franprix and Leader Price. The net income attributable to the equity owners of the parent for the period ended June 30, 2009 thus includes the entire earnings generated by the Franprix and Leader Price sub-groups during the first half, as well as the adjustment of the share of earnings for the period from April 29, 2008 to December 31, 2008, which was initially allocated to non-controlling interests and amounted to €17 million. Although the financial statements for 2006 and 2007 were not approved, the dividend rights attached to the Franprix and Leader Price stock options, which are contested by Casino, were recognized, as a conservative measure, in other current liabilities for €67 million.

- With regard to Geimex, which owns the Leader Price brand outside mainland France and the overseas territories and departments, and is owned 50% by Casino and 50% by the Baud family, in connection with the dispute between the two shareholders over the organization and running of the company, a provisional administrator was appointed in May 2008 by the Paris commercial court, particularly to prepare the financial statements for 2006 and 2007. The financial statements will be submitted to the annual general meeting of shareholders before September 30, 2009.

Geimex is proportionately consolidated in the Group's financial statements. Casino's interests in the company amount to €73 million including goodwill of €60 million.

- Dispute with the Super de Boer pension fund

In the Netherlands, the main pension scheme of the subsidiary Super de Boer comprises a defined benefit plan managed by the independent pension fund "Stichting Pensioenfonds SDB". The Dutch regulator, De Nederlandse Bank (DNB), requires the company to finance the pension fund 125% (measured under local GAAP), or to have a fifteen-year financing plan in place to attain this level of coverage. If the level of financing falls below 105%, in principle, a refinancing plan must be set up over a three-year period to reach the target coverage. The financial crisis has negatively impacted the majority of Dutch pension funds, which are required to increase their financing rate. As the statutory coverage rate was 86.2% as at December 31, 2008, on April 1, 2009 the pension fund presented a refinancing plan to the DNB. The plan includes a number of measures that should enable the fund to attain the minimum coverage ratio within a five-year period. As Super de Boer does not agree with the measures envisaged by the funds, as a preventive measure it has terminated the contract with the fund as of January 1, 2010. Negotiations between the two parties are currently underway to attempt to reach an agreement on a new refinancing plan and continue the contractual relationship. The financial impact of the termination and of the refinancing plan cannot be assessed to date.

- Damage in Madagascar

During the events in the first quarter of 2009 in Madagascar, the subsidiary Vindémia incurred losses resulting from the total or partial destruction of assets, theft of goods and operating losses. The effect of the damage on the consolidated financial statements as at June 30, 2009, was an expense of €3 million. Nevertheless, the assessment of the damage essentially concerned the cost of rebuilding and replacing the fixed and current assets and the compensation for operating losses, which have been estimated to date at €18 million. The damage to goods, operating losses and related expenses are covered by an insurance policy. The amount that may be paid in compensation under the policy is currently being assessed and depends on the assumptions concerning reconstruction. The compensation payment was recognized as a contingent asset as at June 30, 2009.

NOTE 12: SEGMENT INFORMATION

The application by Rallye of IFRS 8 replacing IAS 14 as at June 30, 2009 did not give rise to any significant change in the presentation of segment information.

Segment information reflects the perspective of management and is prepared on the basis of the internal reporting system used by the executive in charge of operations (the Chairman and CEO) for resource allocation and to measure performance.
The reporting data are prepared in compliance with the Group's accounting principles.
The Group has three operating segments:
- Food and general retailing;
- Sporting goods retailing;
- Holding business and investment portfolio.

The performance of each segment is assessed on the basis of current operating income.
The information required by IFRS 8 will be reported in the consolidated financial statements for the year ended December 31, 2009. For the purposes of 2009 half-year reporting and for the first application of IFRS 8, the Group has limited segment reporting to information similar to that presented in the half-year financial report for 2008, as there have been no material changes in segment assets since the last annual financial statements.

External net sales:

(In €millions)	Food and general retailing	Sporting goods retailing	Holdings / Financial investments	Total
As at June 30, 2009	13,447	339	3	**13,789**
As at June 30, 2008	13,810	348	8	**14,166**

Current operating income:

(In €millions)	Food and general retailing	Sporting goods retailing	Holdings / Financial investments	Total
As at June 30, 2009	488	(6)	(12)	**470**
As at June 30, 2008	538	(15)	(5)	**518**

NOTE 13: REVENUE

(In €millions)	June 30, 2009	June 30, 2008
Net sales	13,789	14,166
Other income	85	87
Revenue	**13,874**	**14,253**

NOTE 14: NATURE OF EXPENSES

As at June 30, 2009:

(In €millions)	Logistics *	Selling costs	General and administrative expenses	Total
Personnel expenses	(185)	(1,151)	(310)	**(1,646)**
Other expenses	(362)	(1,107)	(218)	**(1,687)**
Depreciation and amortization	(20)	(284)	(46)	**(350)**
Total	**(567)**	**(2,542)**	**(574)**	**(3,683)**

As at June 30, 2008:

(In €millions)	Logistics *	Selling costs	General and administrative expenses	Total
Personnel expenses	(178)	(1,173)	(294)	**(1,645)**
Other expenses	(367)	(1,144)	(199)	**(1,709)**
Depreciation and amortization	(19)	(279)	(42)	**(340)**
Total	**(563)**	**(2,596)**	**(535)**	**(3,694)**

(*) Logistics is included in the Cost of goods sold

NOTE 15: OTHER INCOME AND EXPENSES FROM OPERATIONS

(In €millions)	June 30, 2009	June 30, 2008
Total other income from operations	107	32
Total other expenses from operations	(176)	(43)
	(69)	**(11)**
Detail by nature		
Income from asset disposals	**49**	**26**
Of which: capital gain on the sale of Mercialys securities (1)	78	23
Of which: capital loss on the sale of Easy Colombia	(28)	
Miscellaneous	(1)	3
Other income and expenses from operations	**(118)**	**(37)**
Net impairment losses of assets (2)	(29)	(2)
Provisions and expenses for restructuring (3)	(42)	(11)
Provisions and expenses for litigation	(20)	(3)
Provisions and expenses for risks	(40)	(14)
Risks related to the TRS Exito transaction	6	
Miscellaneous	7	(7)
Total	**(69)**	**(11)**

(1) See note 3

(2) Losses reflect impairment of available-for-sale financial assets for €23 million

(3) The restructuring expense for the first half of 2009 mainly reflects Convenience stores and Franprix – Leader Price

NOTE 16: RELATED PARTIES WITH CONTROL OVER THE GROUP

As at June 30, 2009, Foncière Euris directly and indirectly held 57.67% of share capital and 71.56% of voting rights.

Rallye receives advice from its majority shareholder Foncière Euris through the company Euris, which has ultimate control and with whom an agreement to provide strategic guidance was concluded in 2003.
Relations with related parties were similar to those in 2008 and no unusual transaction in nature or amount was performed during the period.
The main transaction of the six-month period between Rallye and Foncière Euris concerned the payment of the outstanding amount of the 2008 dividend for €25.2 million.

NOTE 17: SUBSEQUENT EVENTS

- Bond issue

On July 3, 2009, the company issued a bond of €750 million, maturing on January 30, 2015. The bond redeems at 100% of face value. The nominal interest rate of the bond is 5.50%. The bond has been hedged. After hedging, the cost of the bond is 1M Euribor + 257.5 basis points.

- Acquisition of Ponto Frio

On June 8, 2009, CBD announced the acquisition of a 70.24 % stake in Globex and its brand Ponto Frio, which is specialized in household electrical appliances and computing. The acquisition requires the approval of the Brazilian antitrust authority. It also requires the approval of shareholders, which was obtained on July 6.

The acquisition price amounted to BRL824 million (€302 million) of which BRL373 million (€137 million) were paid in cash on July 8, 2009. The outstanding payment of BRL451 million (€165 million) adjusted on the basis of changes in the Brazilian interbank interest rate (*Certificado de Deposito Interbancario*) is due on July 7, 2013. However, in compliance with the purchase agreement, the former majority shareholders of Globex have opted for payment of the remaining amount by the issue of class B preferred shares on the basis of the price plus 10%, for a guaranteed share price of BRL40. Consequently, the former majority shareholders of Globex received BRL373 million in cash and in September 2009, when CBD issues stock, they will receive 12.4 million class B preferred shares along with a certificate guaranteeing the share price of BRL40. The class B preferred shares do not have voting rights but confer the right to a fixed dividend of BRL0.01 per share. They will be automatically converted into class A preferred shares on the basis of one for one according to a pre-determined schedule between September 2009 and January 2011. In relation to the conversion, if required, CBD will pay the negative difference between the guaranteed share price of BRL40 per share adjusted for changes in the Brazilian interbank deposit certificate interest rate and the weighted average price of class A preferred shares in the fifteen days of stock market listing preceding the conversion.

In addition, CBD has issued an exchange proposal to acquire the outstanding shares of Globex at a share price equivalent to 80% of the purchase price per share paid to the majority shareholders. The exchange offer will be paid in cash, through a 45.3% payment upon acceptance of the offer and 54.7% four years later. Alternatively, the minority shareholders may subscribe to CBD's stock issue under the conditions mentioned above. In this case, the price will also be increased 10%.

If all the minority shareholders subscribe to CBD's stock issue and Casino exercises its preferential subscription rights, CBD will issue 16.6 million preferred shares, which will result in a maximum dilution of Casino's stake in CBD of 3.5%.

4 – STATUTORY AUDITORS' REPORT ON THE INTERIM FINANCIAL INFORMATION FOR THE FIRST HALF OF 2009

Period from January 1 to June 30, 2009

To the Shareholders,

In accordance with the assignment entrusted to us by your General Meetings and in accordance with the requirements of Article L. 451-1-2 III of the Monetary and Financial Code, we have:
- performed a limited review of the accompanying condensed half-year consolidated financial statements of Rallye for the six-month period ended June 30, 2009, and
- verified the information contained in the interim management report.

These condensed half-year consolidated financial statements were prepared under the responsibility of the Board of Directors. Our role is to draw conclusions on these financial statements, based on our limited review.

1. Conclusions on the financial statements

We conducted our limited review in accordance with the professional standards applicable in France. A limited review consists mainly of making inquiries, primarily with persons responsible for financial and accounting matters, and applying analytical and other review procedures. A limited review is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in France. Consequently, the assurance that the financial statements, taken as a whole, are free of any material misstatements is of a moderate level relative to the assurance that would be provided in the framework of an audit.

Based on our limited review, we did not find any material misstatements which could call into question the conformity, in all material respects, of the condensed half-year consolidated financial statements with the IAS 34 standard of the IFRS as adopted by the European Union for interim financial reporting.

Without qualifying the conclusion expressed above, we draw your attention to:

- the adoption of the new standards and interpretations that the group has applied since January 1, 2009 and which are described in notes 2.3 and 2.4 of the notes to the condensed interim consolidated financial statements,
- the accounting treatment chosen by the group to account for the distribution of a dividend in Mercialys shares to the shareholders of Casino, Guichard-Perrachon, as described in note 3 of the notes to the condensed interim consolidated financial statements.

2. Specific verification

We have also verified the information provided in the interim management report commenting the condensed consolidated half-year financial statements which were subjected to our limited review.

We have no comments to make as to its fairness or compliance with the condensed half-year consolidated financial statements.

Paris-La Défense and Neuilly-sur-Seine, August 27, 2009
The Statutory Auditors

KPMG Audit
Department of KPMG S.A.
Catherine CHASSAING

ERNST & YOUNG et Autres
Henri-Pierre NAVAS