



Financial and legal information 2007

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CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET

ASSETS

(In € millions)	Notes	2007	2006
Goodwill	3	7,230	6,588
Intangible assets	4	570	295
Property, plant and equipment	5	5,891	5,027
Investment property	6	1,187	874
Interests in associated companies	8	279	438
Non-current financial assets	11	1,015	838
Non-current hedging financial assets	20	66	88
Deferred tax assets	12	190	146
Total non-current assets		16,428	14,294
Inventories	13	2,638	2,031
Trade receivables	14	1,665	1,490
Other assets	15	1,243	1,025
Current tax credit		47	46
Other current financial assets	20	455	310
Cash and cash-equivalents	16	2,727	2,056
Assets held for sale	24	2	715
Total current assets		8,777	7,673
TOTAL ASSETS		25,205	21,967

LIABILITIES AND SHAREHOLDERS' EQUITY

(In € millions)	Notes	2007	2006
Share capital		128	118
Reserves and net income, Group's share		1,814	1,354
Shareholders' equity, Group's share		1,942	1,472
Minority interests		4,466	3,721
Total shareholders' equity	17	6,408	5,193
Provisions	18	310	246
Non current financial liabilities	20	7,394	6,983
Other non current liabilities	22	63	40
Deferred tax liabilities	12	423	338
Total non current liabilities		8,190	7,607
Provisions	18	227	169
Trade payables		4,582	3,813
Current financial liabilities	20	2,914	2,360
Current taxes due		124	46
Other current liabilities	23	2,760	2,429
Liabilities held for sale	24		350
Total current liabilities		10,607	9,167
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		25,205	21,967

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

(In € millions)	Notes	2007	2006
CONTINUING OPERATIONS			
Net sales	25	25,755	23,281
Other income		404	314
Total revenue		26,159	23,595
Cost of sales	26	(18,922)	(17,240)
Gross margin		7,237	6,355
Personnel expenses	27	(2,611)	(2,384)
External expenses	28	(2,625)	(2,285)
Depreciation, amortization and provisions		(740)	(641)
Current operating income		1,261	1,045
Other income and expenses from operations	29	161	(31)
Operating income		1,422	1,014
Cost of net financial debt	30	(468)	(340)
Other financial income	31	211	110
Other financial expenses	31	(207)	(85)
Income before tax		958	699
Income tax expense	32	(296)	(280)
Income from associated companies	33	18	6
Net income – continuing operations		680	425
<i>of which, Group's share</i>		<i>215</i>	<i>69</i>
<i>of which, minority interests</i>		<i>465</i>	<i>356</i>
DISCONTINUED OPERATIONS			
Net income – discontinued operations		154	174
<i>of which, Group's share</i>		<i>73</i>	<i>78</i>
<i>of which, minority interests</i>		<i>81</i>	<i>96</i>
Net income		834	599
<i>of which, Group's share</i>		<i>288</i>	<i>147</i>
<i>of which, minority interests</i>		<i>546</i>	<i>452</i>
Net income Group's share (in €)			
Before dilution	34	7.37	3.85
After dilution	34	7.35	3.84
Net income – continuing operations, Group's share (in €)			
Before dilution	34	5.51	1.81
After dilution	34	5.49	1.81
Net income – discontinued operations, Group's share (in €)			
Before dilution	34	1.86	2.03
After dilution	34	1.86	2.03

CONSOLIDATED FINANCIAL STATEMENTS

STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

(In € millions)	Share capital	Premiums	Treasury shares	Net income recognized directly in equity	Reserves and consolidated net income	Shareholders' equity Group's share	Minority interests	Total shareholders' equity
As at December 31, 2005	116	1,179	(112)	245	(67)	1,361	3,470	4,831
Income and expenses recognized directly in shareholders' equity				(77)		(77)	(111)	(188)
Consolidated net income for 2006					147	147	452	599
Total recognized income and expenses				(77)	147	70	341	411
Transactions on capital	2	11				13	4	17
Transactions on treasury shares			104	(28)		76	73	149
Dividends paid					(50)	(50)	(163)	(213)
Changes in scope							58	58
Miscellaneous changes		2				2	(62)	(60)
As at December 31, 2006	118	1,192	(8)	140	30	1,472	3,721	5,193
Income and expenses recognized directly in shareholders' equity					91	91	62	153
Consolidated net income for 2007					288	288	546	834
Total recognized income and expenses					379	379	608	987
Transactions on capital	10	130		14	13	167	9	176
Transactions on treasury shares			(11)			(11)	(7)	(18)
Dividends paid					(71)	(71)	(172)	(243)
Changes in scope ⁽¹⁾							359	359
Miscellaneous changes ⁽²⁾					6	6	(52)	(46)
As at December 31, 2007	128	1,322	(19)	154	357	1,942	4,466	6,408

(1) Changes in minority interests were mainly due to the materialization of minority interests in Exito following its full consolidation (€450 million), the deconsolidation of minority interests relating to the disposal of Casino USA (–€113 million), the increase in the Group's interest in Casino (–€70 million) and the new minority interests in Fonds Immobilier Promotion (FIP) of Poland (€56 million).

(2) The decrease in minority interests was mainly due to the reclassification made in the framework of the purchase commitments given to minority interests as part of the Asinco puts for €35 million (see note x of "Accounting Principles and Methods").

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF RECOGNIZED INCOME AND EXPENSES

(In € millions)	2007	2006
Change in cumulative translation adjustments	38	(206)
Actuarial gains and losses	9	1
Changes in fair value of available-for-sale assets ⁽¹⁾	16	17
Change in fair value of previously held assets and liabilities ⁽²⁾	90	
Income and expenses recognized directly in shareholders' equity	153	(188)
Net income for the year	834	599
Total income and expenses recognized for the period	987	411
<i>of which, Group's share</i>	<i>379</i>	<i>70</i>
<i>of which, minority interests</i>	<i>608</i>	<i>341</i>

(1) Net of tax.

(2) Net of tax. Concerns Exito – note 2.1.1.

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF CASH FLOWS

Cash flows relating to discontinued activities are described in note 24.

(In € millions)	2007	2006
Net income, Group's share	288	147
Minority interests	546	452
Total consolidated net income	834	599
Depreciation and amortization	644	583
Provisions/reversals	73	169
Unrealized gains and losses from changes in fair value	29	(34)
Calculated income and expenses relative to stock options and assimilated instruments	11	15
Other calculated income and expenses	79	53
Depreciation, amortization, provisions and other non-cash items	836	786
Income from asset divestments	(451)	(380)
Income from associated companies	(18)	(7)
Dividends from associated companies	17	12
Cash flow	1,218	1,010
Cost of net financial debt (changes in fair value and amortization excluded)	419	338
Income tax expense (including deferred tax)	311	295
Cash flow before cost of net financial debt and income tax	1,948	1,643
Tax paid	(255)	(289)
Change in the working capital requirement ⁽¹⁾	(79)	(192)
Net cash provided by operating activities (A)	1,614	1,162
Purchase of property, equipment and intangible assets	(1,155)	(1,034)
Sale of property, equipment and intangible assets ⁽²⁾	789	219
Purchase of financial investments	(67)	(41)
Sale of financial investments	51	53
Changes in loans and advances granted	(7)	(135)
Changes in scope of consolidation ⁽³⁾	(529)	958
Net cash used in/provided by investing activities (B)	(918)	20
Dividends paid to shareholders of the parent company	(71)	(36)
Dividends paid to minority shareholders of consolidated companies	(172)	(163)
Dividends paid to TSSDI – perpetual super subordinated securities holders	(45)	(45)
Cash decrease/increase in capital	221	4
Cash received on stock options exercise	28	5
Purchase and sale of treasury stock	(18)	149
Purchase and sale of financial securities	(22)	(71)
Debt issuance	2,169	610
Debt redemption	(1,768)	(2,094)
Net financial interest paid	(433)	(394)
Net cash provided by financing activities (C)	(111)	(2,035)
Impact of currency fluctuations (D)	(16)	(6)
Change in cash and cash equivalents (A + B + C + D)	569	(859)
Net opening balance (E)	1,571	2,444
Net opening balance of assets held for sale (F)	14	
Net opening balance of continuing activities	1,585	
Net closing balance		1,585
Net closing balance of assets held for sale (G)		(14)
Net closing balance of continuing activities (H)	2,154	1,571
Change in cash and cash equivalents (H-E-F-G)	569	(859)

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CONSOLIDATED STATEMENT OF RECOGNIZED INCOME AND EXPENSES

(1) Change in the operating working capital requirement.

(In € millions)	2007	2006
Inventories	(239)	(21)
Accounts payable	468	56
Accounts receivable	(49)	(186)
Receivables from the banking business	(83)	(68)
Financing of the banking business	50	73
Other	(226)	(46)
Change in the operating working capital requirement	(79)	(192)

(2) Including the sale of assets to AEW Immocommercial and Immocio OPCI funds for €376 million and 259 million, respectively (see note 5.2).

(3) Impact of changes in the scope of consolidation.

(In € millions)	2007	2006
Groupe Casino USA	297	
Far Eastern Geant (FEG)	17	
Leader Price Polska	10	
Mercialys	95	236
Mayland (ex. Géant Polska)		714
Feu Vert		89
Sale price	419	1,039
Exito	(358)	(22)
Banque Groupe Casino		(14)
Disco/Lanin	(10)	(15)
Carulla	(108)	
CBD (Rossi and Assai)	(35)	
Latic	(80)	
Vindémia	(107)	
Cdiscount	(14)	
Vegas Argentina	(63)	
Subgroup Franprix/Leader Price (including the acquisition of Sofigep/Distrileader)	(207)	(65)
Subgroup Monoprix		(30)
Subgroup Vindémia (acquisition of EBT)	(15)	
Acquisitions of Casino stocks	(110)	
Other	(39)	(41)
Purchase price	(1,146)	(187)
Leader Price (derecognition of short-term bank loans or lines of credit)		97
Far Eastern Geant (FEG) (derecognition of short-term bank loans or lines of credit)	17	
Exito	135	
Carulla	19	
Casino USA	(33)	
Latic	80	
Subgroup Franprix/Leader Price	(21)	
Other	1	9
Cash balance of acquired or sold subsidiaries	198	106
Impact of changes in the scope of consolidation	(529)	958

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Data in € millions)

ACCOUNTING PRINCIPLES AND METHODS

a. General information

Rallye is a corporation registered in France and listed on the Euronext Paris stock exchange, compartment A.

The company and its subsidiaries are hereafter designated as "the Group", or "the Rallye Group".

As at April 23, 2008, the Board of Directors has approved and authorized the publication of the consolidated financial statements of the Rallye Group for the year ended December 31, 2007. They shall be submitted to the Shareholders' Meeting for approval on June 4, 2008.

b. Basis for the preparation of the consolidated financial statements

Pursuant to European regulation no. 1606/2002 of July 19, 2002, the consolidated financial statements of the Rallye Group have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and adopted by the European Union as at the closure of accounts.

The consolidated financial statements were prepared according to the historical cost method, except for:

- land from companies within Casino's "centralized" perimeter (historical, core companies in France), Monoprix, and the Asinco warehouses (Franprix and Leader Price), for which the fair value as at January 1, 2004 was used as the presumed cost. The resulting revaluation was booked to shareholders' equity;
- certain asset revaluations carried out by the Laurus group during the transition to IFRS, which were retained in the Group financial statements;
- derivative financial instruments, available-for-sale financial assets and the securities portfolio, which were valued at fair value.

The consolidated financial statements for the year ended December 31, 2005 are included for reference.

The accounting methods described below were applied consistently to all the periods presented in the consolidated financial statements, taking into account or with the exception of the new standards and interpretations listed hereafter.

The new standards, amendments, and interpretations whose adoption has become mandatory for all accounting periods as from January 1, 2007 are as follows:

- IFRS 7 "Financial instruments: disclosures" requires to provide information on the effect of financial instruments on the financial position and performance of the Group, along with quantitative and qualitative information on the nature and scope of risks arising from the financial instruments used by the Group. The newly required disclosures have been included in the financial statements. Although they do not affect the company's performance or financial position, the comparative information was also reviewed;

- the amendment to IAS 1 "Presentation of the financial statements – capital disclosures" requires the Group to present new information enabling the users of financial statements to assess the Group's capital management objectives, policies and procedures. The new disclosures are provided in note 16.1;
- IFRIC 7 "Applying the restatement approach under IAS 29, financial reporting in hyperinflationary economies" does not apply to the financial statements of the Rallye Group;
- IFRIC 8 "Scope of IFRS 2 – share-based payment" states that IFRS 2 applies to all transactions involving the issue of equity instruments, where the identifiable consideration given is less than the fair value of the said share-based instruments. This interpretation does not have any impact on the Group's financial statements;
- IFRIC 9 "Reassessment of embedded derivatives" states that an entity must assess whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative when the entity first becomes a party to the contract or if the terms of a contract change and the expected future cash flows of the embedded derivative change significantly. This interpretation does not apply to the Group;
- IFRIC 10 "Interim financial reporting and impairment" prohibits the reversal of an impairment loss recognized at the closing date of an interim period in respect of goodwill or an investment in either an equity instrument or a financial asset carried at cost. IFRIC 10 applies prospectively from the date of the first application of IAS 36 and IAS 39, which is January 1, 2004. This interpretation has not had any impact on the Group's financial statements.

The new standards and interpretations subsequently applicable, adopted by the European Union, are as follows:

- IFRS 8 "Operating segments" requires information to be presented on the Group's operating segments. It replaces the provisions determining primary segments (business) and secondary segments (geographical area). The Group has not opted for the early implementation of this standard, which will become applicable from January 1, 2009. The potential effect on the notes to the Group's consolidated financial statements is currently being assessed;
- IFRIC 11 "IFRS 2 – Group and treasury share transactions" specifies how to account for share-based payment arrangements involving an entity's own equity instruments or equity instruments of its parent. The Group has not elected for the early application of this interpretation, which will become applicable from January 1, 2009.

The new standards and interpretations subsequently applicable, which have been published by IASB but have not yet been adopted by the European Union, are as follows:

- revised IAS 23 "Borrowing costs";
- revised IAS 1 "Presentation of financial statements";
- revised IFRS 3 "Business combinations";
- revised IAS 27 "Consolidated and separate financial statements";

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- amendment to IFRS 2 “ Vesting conditions and cancellations; ”
- IFRIC 12 “ Service concession arrangements ”;
- IFRIC 13 “ Customer loyalty programmes ”;
- IFRIC 14 “ The limit on a defined benefit asset, minimum funding requirements and their interaction ”.

The effects of these standards and interpretations are currently being assessed, particularly with regard to IFRIC 13 and the revised version of IAS 23 on the Group’s consolidated financial statements.

c. Use of estimates

The preparation of consolidated financial statements demands that senior management use estimates and assumptions that may have an impact on the assets, liabilities, income, and expenses figures included in the financial statements, as well as on some of the data included in the notes to the financial statements. Estimates and assumptions relate to matters that are inherently uncertain and actual results could differ from those estimates. The Group regularly revises its estimates and assumptions in order to take into account past experience and to include factors deemed to be relevant in light of prevailing economic conditions.

The estimates and assumptions made on the basis of available information as at the date accounts were closed relate in particular to:

- trade cooperation ;
- depreciation of inventories and doubtful accounts;
- provisions;
- commitments to buy back minority interests and earn-out agreements on the acquisition of companies;
- impairment of intangible assets and goodwill;
- impairment of investments in associates accounted for under the equity method;
- fair value of options purchased to cover employee share subscription plans;
- deferred taxes;
- fair value of real estate investments as reflected in the notes;
- financial assets and liabilities.

Additional information on the market sensitivity of financial assets and liabilities is presented in note 21.

d. Accounting policies applied by the Group in the absence of any specific authoritative guidance under IFRS

Certain accounting policies are pending the outcome of ongoing IFRIC and IASB analysis. In the absence of applicable standards and interpretations for the cases listed below, the Group opted for the accounting policies it deemed most appropriate. They are described in more details in the note on accounting principles and relate to:

- the acquisition of minority interests (note f);
- firm or conditional commitments to purchase minority interests (notes f and 20.4).

e. Methods of consolidation

Subsidiaries, joint companies and associates under the direct or indirect control of the parent company, or over which the latter exercises control, joint control or significant influence, are consolidated. Control exists when the company has the power to govern, directly or indirectly, the financial and operating policies of the entity in order to gain benefits from its business activities. Control is determined based on the percentage of existing and potential voting rights. Special-purpose entities are integrated based on a review of the Group’s exposure to the risks and rewards of ownership of the entity and may be consolidated as a result, even in the absence of voting rights.

Companies over which the Group exercises joint control, shared with a limited number of partners under a contractual arrangement, are consolidated under the proportional method. Associates over which the Group exercises significant influence are accounted for under the equity method. Goodwill related to these entities is included in the carrying amount of the investment.

f. Business combinations

When a company enters the scope of consolidation, its assets, liabilities and contingent liabilities that meet IFRS accounting criteria are recorded at their fair value as at the date of acquisition, except for assets held for sale, which are accounted for at their fair value less costs to sell. Only identifiable liabilities satisfying the recognition criteria in the acquired company’s financial statements are accounted for upon the combination. Thus, a restructuring program is not booked as a liability for the acquired company if the said company does not have an obligation, on the date of acquisition, to implement the said program. Adjustments in the value of assets and liabilities for acquisitions that are accounted for on a provisional basis (because expert assessments are being carried out, or additional information is expected) are accounted for as retroactive adjustments to goodwill, provided that they are made within twelve months of the acquisition date. Beyond this date, the effect of any adjustments is recognized directly in the income statement unless it involves the corrections of an error. And finally, minority interests are accounted for at the fair value of the net assets acquired.

The acquisition of minority interests is not currently covered by IFRS. The Group uses the pre-existing French rules. In the event that the Group acquires an additional interest in a subsidiary, the difference between the purchase price and the book value of the newly acquired minority interests, as recorded in the Group’s consolidated financial statements, is recorded as goodwill.

Conversely, sales of minority interests without loss of control are recorded as transactions with third parties and give rise to the recognition in income of the difference between proceeds from the sale and the net carrying amount of the interests sold.

g. End of fiscal year

With the exception of certain minor subsidiaries and Cdiscount, whose fiscal year ends on March 31, the fiscal year of all companies included in the consolidation scope have a fiscal year ending December 31.

h. Consolidated companies pertaining to a different business segment

The individual accounts of Banque du groupe Casino and Store Consumer Finance have been prepared in accordance with standards applicable to financial institutions, those of Casino Ré in accordance with standards applicable to insurance companies. In the consolidated financial statements, they are classified according to the general IFRS standards.

Customer loans are included in "Trade receivables", refinancing of customer loans in "Other current liabilities" and banking revenue in "Net sales".

i. Translation of the financial statements of foreign subsidiaries

The financial statements of foreign subsidiaries are translated into euros as follows:

- assets and liabilities are translated at the exchange rate prevailing at year-end;
- income and expenses items are translated at the average exchange rate for the period, when this rate is close to the exchange rates prevailing on the transaction dates;
- cash flows are translated at the average rate of exchange rate prevailing for the period, when this rate is close to the exchange rates prevailing on the transaction dates.

Translation differences (foreign exchange unrealized gains and losses) included in consolidated shareholders' equity result from:

- the impact of the difference between previous and current year-end exchange rates, on shareholders' equity;
- the impact of the difference between the average exchange and closing exchange rates on income and changes in shareholders' equity for the period.

j. Goodwill and intangible assets

Recognition criteria for intangible assets include:

- identifiability and separability;
- the existence of future economic benefits;
- control over those benefits.

Assets acquired as part of a business combination which do not meet these criteria are deemed to be goodwill.

Goodwill

At the acquisition date, the excess of the cost of acquisition of the shares of consolidated companies over the interest of the acquirer in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquired entity is recognized in goodwill. Goodwill is allocated to each of the cash-generating units or groups of units that benefit from the effects of the business combination, depending on the level at which corporate management monitors the profitability of the investment.

Goodwill is not amortized; it is tested for impairment annually, or whenever there is an indication that it might be impaired. Impairment losses on goodwill may not be reversed.

The method used by the Group to test goodwill for impairment is described in the section entitled "Impairment of assets".

Negative goodwill, corresponding to the negative differences between the cost of acquisition and the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquired entity, are recorded directly in income for the year.

Intangible assets

Intangible assets acquired separately by the Group are initially measured at acquisition cost, and those acquired through a business combination are recognized at fair value. Intangible assets consist mainly of purchased software, the cost of software developed for internal use, trademarks, patents, and entry fees paid upon the signature of lease contracts.

Trademarks that are created and developed internally are not recognized on the balance sheet.

Intangible assets are depreciated on a straight-line basis over their expected useful lives determined for each type of assets:

Type of assets	Amortization period
Development costs	3 years
Software	3 to 8 years
Acquired trademarks	
Lease premiums	

Intangible assets with indefinite useful lives are not amortized; they are tested annually for impairment or when an indication of impairment exists.

As lease premiums and trademarks can be renewed indefinitely, their useful lives cannot be determined and they are therefore not amortized.

k. Property, plant and equipment

Property, plant and equipment are measured at cost, less any accumulated depreciation and impairment losses.

Subsequent costs are capitalized if they meet IAS 16 recognition criteria. The criteria are assessed before the acquisition of an asset is incurred.

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Property, plant and equipment (excluding land, which is not depreciated) are depreciated over the estimated useful lives of each type of assets, with a residual value of zero:

Type of assets	Depreciation period
Land	
Buildings (building structure and brickwork)	20 to 40 years
Roof waterproofing and shell fire protection systems	15 years
Land improvements	10 to 20 years
Building improvements	5 to 10 years
Technical installations, machinery and equipment	3 to 10 years
Transportation equipment	5 years
Furniture, office and computer equipment	3 to 8 years

"Roof waterproofing and shell fire protection systems" components are only identified as separate property, plant and equipment items in the case of major renovations. In other cases, they are included in the "Building structure and brickwork" component.

l. Finance leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards inherent to ownership of the leased assets to the lessee, whether or not ownership is transferred at the term of the lease.

At the commencement of the lease term, the leased assets are recognized as tangible assets at the lower of fair value or the present value of the minimum lease payments.

Assets held by the Group under finance leases are recognized as assets in the consolidated balance sheet and income statement as if they had been acquired on credit. Consequently, the amounts originally financed by the lessor are included in property, plant and equipment and offset by a "loan" recorded as a liability. The amounts financed are recorded at the fair value of the leased assets or at the present value of the minimum future lease payments, under the terms of the lease.

Rental costs are eliminated in the income statement, and replaced by:

- a depreciation allowance for the leased assets; and
- a financial expense on the loan.

Assets held under finance leases are depreciated on a straight-line basis over their expected useful lives on the same basis as other similar assets, or, if the duration of the contract is shorter, they are depreciated over the period of the lease, unless there is a purchase option on the leased assets which is likely to be exercised.

m. Investment property

Investment property is real estate property held by the Group to earn rental income and/or for capital appreciation.

Investment property is accounted for and valued in accordance with the provisions of IAS 40.

Shopping malls owned by the Group are recognized as investment property.

After initial recognition, investment property is measured at cost less accumulated depreciation and any impairment losses.

Their fair value is disclosed in the notes. The depreciation methods and periods applied to investment property are identical to those used for property, plant and equipment.

The shopping malls held by Mercialis are subjected to appraisal by experts Atisreal and Galtier, in compliance with the real estate assessors' code of ethics set forth by the Royal Institution of Chartered Surveyors (RICS). Accordingly, each asset is appraised separately based on its fair value, using the valuation methods recommended by the French Securities and Exchange Commission (COB) and the French National Accounting Board (CNC) on the valuation of the property assets of publicly-traded companies.

Two approaches are implemented to determine the market value of each asset. The first, the income capitalization approach, consists of estimating the total real estate value based on the rate of return from rental income, by comparing the property's rental price with market prices for similarly rated property. The second approach, referred to as the discounted cash flow approach, is used to discount prospective future income, taking into consideration, year after year, expected rent increases, vacancy rates, and other projected factors, such as time to market and investments born by the lessor.

n. Cost of fixed assets

Expenditures (before tax) directly incurred to acquire assets are included in the acquisition cost of these assets. For tangible and intangible assets and investment property, these incidental costs increase the value of assets, and are accounted for in the same manner.

Borrowing costs directly attributable to the acquisition of property, plant and equipment are expensed in the period in which they are incurred.

o. Impairment of assets

IAS 36 sets out the procedures to be followed to ensure that the carrying amount of a company's assets does not exceed their recoverable amount, which is the amount which would be recovered through the use or sale of such assets.

Except for goodwill and intangible assets with an indefinite useful life, which must be tested for impairment at least once a year, the recoverable amount of an asset is reassessed whenever there is an indication that the asset may have lost some of its value. Available-for-sale financial assets are tested for impairment at each reporting date. The Group recognizes an impairment loss when there is an indication that the assets have lost some of their value.

Impairment indicators

In addition to the external information usually used by the Group in the monitoring process (the business environment, the market value of assets, etc.), various impairment indicators are looked at by the Group, depending on the type of assets:

- for real-estate assets (land and buildings): loss of rental income or termination of the lease;
- for operating assets related to on-going businesses (assets belonging to a cash-generating unit): the ratio of the net book value of store assets over gross sales exceeding a threshold set according to the type of store;
- for assets related to support activities (headquarters and warehouses): termination of operations on the site or obsolescence of the production 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 value in use.

Fair value less costs to sell is the amount obtainable from the sale of an asset under normal market conditions, in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

The recoverable amount of each asset is determined separately. When this is not possible, the recoverable amount of the cash generating unit (CGU) to which the asset belongs is estimated.

Value in use

Value in use is the present value of the future cash flows expected to be derived from the continued use of an asset and from its ultimate disposal at the end of its useful life.

It is determined using:

- the estimated future cash flows based on budgets or forecasts for a maximum five-year period, extrapolated by applying a constant or declining growth rate. The result of that calculation is discounted using the weighted average cost of capital of each cash generating unit;
- the terminal value, discounted using the same rate.

Cash generating units

The Rallye Group has defined its main subsidiaries as cash generating units.

A cash generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Impairment loss

An impairment loss is immediately recognized whenever the carrying amount of the asset, or of the CGU to which it belongs, exceeds its recoverable amount. Impairment losses are recorded as expenses under "Other income and expenses from operations". Impairment losses recognized for an asset 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 recognized. However, the increased carrying amount of an asset due to a reversal of an impairment loss may not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. Impairment losses on goodwill cannot be reversed.

p. Financial assets

Financial assets are classified in four categories according to their type and intended holding period:

- held-to-maturity investments;
- financial assets at fair value through profit or loss;
- loans and receivables;
- available-for-sale financial assets.

All purchases and sales of financial assets are recorded on their settlement dates.

Held-to-maturity investments

They are fixed income securities that the Group intends to hold to maturity. They are valued at amortized cost using the effective interest method. Amortized cost is calculated for the period from the acquisition of an investment to its maturity date, taking into account any premium or discount at the acquisition. Gains and losses are recognized in profit or loss when the assets are de-recognized or impaired and also through the amortization process. These assets are tested for impairment when there is an indication that the assets may have lost some of their value. An impairment loss is recognized if the carrying amount exceeds the estimated recoverable amount.

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Financial assets at fair value through profit or loss

They are financial assets held for trading. That is, they have been acquired for the purpose of being sold in the short run. They are measured at fair value and gains and losses arising from changes in fair value are recognized in income. Some assets may be classified on purpose in this category.

Loans and receivables

They are financial assets issued or acquired by the Group in exchange for cash, goods or services to a debtor. They are measured at amortized cost using the effective interest method. Long-term loans and receivables that are non-interest-bearing or that bear interest below the market rate are discounted when the amounts involved are material.

These assets are tested for impairment when there is an indication that the assets may have lost some of their value. An impairment loss is recognized if the carrying amount exceeds the estimated recoverable amount.

Trade receivables are recognized and measured at their initial invoice value, less appropriate allowances for irrecoverable amounts. They are booked as assets unless and until all the risks and rewards related to them are transferred to a third party.

Available-for-sale financial assets

They are financial assets that do not meet the criteria for classification in any of the other categories, and consist mainly of interests in non-consolidated companies and securities in the investment portfolio. They are stated at fair value. Changes in fair value are recognized in equity until the asset is disposed of, collected, or de-recognized in any other way, or until there is evidence that there has been a sustained and significant loss in the value of the asset. In such an event, the profit or loss that had been recognized directly in equity is removed from equity and recognized in profit or loss. Available-for-sale financial assets are tested for impairment when there is an indication that they may have lost some of their value.

The Group uses the following impairment indicators:

- a fall of ca. 50% in the value of a security as compared with the previous trading day ;
 - a 30% decrease continuing for a duration of over 24 months.
- If the available-for-sale asset is an equity instrument, an impairment loss cannot be reversed. Subsequent increases in fair value are recognized directly in equity.

If the available-for-sale financial asset is a debt instrument, any subsequent increase in fair value is recognized in the income statement, up to a maximum in the amount of the impairment previously recognized.

Derecognition

A financial asset is de-recognized in the two following cases:

- the contractual rights to the cash flows of the asset have expired; or
- the contractual rights have been transferred to a third party, under certain conditions.

If the assignor transfers substantially all the risks and rewards to a third party, the asset is fully de-recognized. If the assignor retains almost all the rights to the said risks and rewards, then the asset remains fully recognized. In other cases, the situation is analyzed to determine whether or not control has been transferred by the assignor:

- if control of the asset is not retained, it is de-recognized completely,
- if control over the transferred asset is retained, a portion of the transferred asset is recognized in the balance sheet to reflect the continuing involvement along with the associated liability.

The Group assigns receivables to financial institutions at a discount. It is assumed that there is no dilution risk attached to the corresponding receivables initially recognized in the balance sheet (risk of cancellation of the receivable as offset by credit notes issued or payments made in compensation). The assigned receivables relate to invoices issued for services rendered under contract between the Group and its suppliers, based on the amount of business it does with each supplier, respectively. The other risks and rewards attached to these receivables have been transferred to the assignee. Consequently, as substantially all of the risks and rewards had been transferred to the assignee at the balance sheet date, the receivables have been de-recognized.

q. Inventories

Inventories are stated at the lower of cost and net realizable value, determined in the Group by the first-in first-out (FIFO) method. Inventories comprise purchase costs, costs of conversion and other costs that have been incurred in bringing the inventories to their current location and condition. Accordingly, logistics costs and supplier discounts recognized in cost of goods sold are included in the valuation of inventories.

For its real estate business, the Group records property under construction as inventories.

r. Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term investments. To qualify as cash and cash equivalents in accordance with IAS 7, investments must fulfill four conditions. They must be:

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

s. Assets and liabilities held for sale

The Group must classify a non current asset, in the framework of the sale of a single asset (or a group of current and non current assets and liabilities, in the case of the disposal of a business activity), as being held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuous use.

When the assets held for sale comply with the principles set out in IFRS 5, the Group recognizes them at the lower of their carrying amount and fair value less costs to sell. Depreciation of these assets is then discontinued. Assets and liabilities held for sale are reported on a separate line of the balance sheet.

If such assets are investments in joint ventures or associated companies, the Group would cease to recognize its share of profit or loss in the entities once the investment reclassified under "Assets held for sale".

t. Shareholders' equity

Equity instruments and hybrid instruments

The accounting classification of equity instruments and hybrid instruments issued by the Group depends on an analysis of their specific characteristics.

When a financial instrument is made up of different components, the issuer must classify the various components separately based on whether they have the characteristics of debt or equity. Therefore, options allowing the bearer to convert debt into the issuer own equity instruments are classified in shareholders' equity in the consolidated balance sheet. Note that options which allow the bearer to convert debt into the shares of a consolidated subsidiary follow the same accounting treatment.

Allocation of the par value among the various components must be made at the time of issue. The value of the equity portion is calculated as the difference between the par value and the debt component, which equals the market value of a debt with similar characteristics but which may not be converted or exchanged. An instrument which is redeemable at the Group's discretion, and in which remuneration is contingent on the payment of a dividend, is classified as an equity instrument.

Transaction costs on shareholders' equity

External and internal costs (when eligible) which may be imputed directly to capital or equity instruments transactions are recorded, net of tax, against shareholders' equity. Other costs are recorded as current year expenses.

Treasury stock

Shares repurchased by the Group are deducted from equity at cost. The proceeds from the sale of treasury stock are credited directly to equity so that the capital gains and losses, net of the related tax effect, have no impact on profit or loss for the period.

Share-based payments

Group executive officers and certain employees are granted stock options and bonus shares. In accordance with IFRS 2 "Share-based payments", the fair value of the options at the grant date is recognized as personnel expenses in the income statement over the option vesting period. The Group uses the Black & Scholes and trinomial option pricing models to determine the fair value of options, based on the characteristics of the plan, market data at

the grant date, and assumptions concerning the probability that grant recipients remain with the Group until the options vest. The Group has carried out the valuation of all the options granted after November 7, 2002 which have not yet been vested. Since the options are settled in shares, they are recognized in equity.

With respect to bonus shares subject to performance conditions, the fair value is also based on the characteristics of the corresponding plan, market data at the grant date, and an assumption concerning the presence of grant recipients within the Group at the close of the vesting period. If a plan does not stipulate conditions for acquisition, then the full amount is expensed upon the granting of the plan; otherwise, the expense is recognized over the vesting period, depending on the realization of conditions.

u. Provisions

Pension and other post-employment benefit obligations

The Group has set up various pension plans for employees. Its pension plans and other post-employment benefits are classified as defined benefit plans, whereby the Group agrees to guarantee the payment of a defined amount or level of benefit. These obligations are recognized in the balance sheet at their net present value, at each balance sheet date, less the fair value of the assets dedicated to the given plan. Payments made to defined benefit plans, to which the Group has no obligation beyond the payment of contributions, are recognized as an expense in the period in which they are incurred.

In France, the Group has various retirement benefit schemes for its employees. The corresponding provision recorded in the consolidated balance sheet has been determined primarily by the projected unit credit method, and includes related payroll taxes. The payroll tax rate applied varies depending on the company and on the expected modes of retirement.

The impact of the French public welfare system financing law for 2008 is taken as a change in actuarial assumptions, and, as a result, is recognized directly against shareholders' equity.

Actuarial gains and losses arise due to discrepancies between the previous actuarial assumptions used and actual results, or due to the effects of changes in assumptions used in the calculation of commitments and related plan assets:

- employee turnover rate;
- rate of expected future salary increases;
- discount rate;
- mortality rate;
- expected yield on plan assets.

In accordance with the revised IAS 19, all actuarial gains and losses arising at each balance sheet date for post-employment benefits are recorded directly in shareholders' equity.

Awards payable to active employees for years of service are provisioned. The amount of the provision is determined based on the probability that an employee completes the required years of service for each award, and is discounted.

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Other provisions

A provision is recorded when the Group has a present obligation (legal or implicit) as a result of a past event, the amount of the obligation can be reliably estimated, and when 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 to cover the cost of providing after-sales service for equipment sold under warranty. The provision represents the expected cost of repairs to be performed during the warranty period, estimated on the basis of actual costs incurred in prior years. Each year, the provision is reversed to offset the actual repair costs recognized in expenses.

Provisions for restructuring costs are recognized whenever an implicit commitment has been made to third parties as a result of a management decision that has been formalized in a detailed restructuring plan and communicated to the parties concerned before the balance sheet closing date.

Other provisions correspond to specifically identified contingencies and expenses.

Contingent liabilities correspond to possible obligations arising from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not within the entity's control, or present obligations whose settlement is not expected to require an outflow of resources. Except for those arising from a business combination, contingent liabilities are not recognized in the balance sheet, but are disclosed in the notes to the financial statements.

v. Financial liabilities

The valuation of financial liabilities depends upon their classification under IAS 39.

Financial liabilities recognized at amortized cost

Borrowings and other financial liabilities are generally recognized at amortized cost using the effective interest method. In addition, in the case of hedge accounting (see note w), the hedged portion of the borrowing is reassessed at fair value. The fees and issue premiums, as well as the redemption premiums, are part of the amortized cost of borrowings and financial debts. They are stated as decreases or increases in the corresponding borrowings and, depending on the case, amortized according to the effective interest method.

Financial liabilities recognized at fair value through profit or loss

These are financial liabilities that are held for trading, that is, with a view to be settled in the short run. They are measured at fair value and gains and losses arising from changes in fair value are recognized in income.

w. Derivative financial instruments and hedge accounting

All derivative instruments (e.g. swaps, collars, floors and options) are recognized in the balance sheet at fair value. Subsequent changes in fair value are recognized in profit or loss.

In accordance with IAS 39, the Group uses hedge accounting for:

- fair value hedges (e.g. swaps to convert fixed rate to floating rate debt). In this case, the debt is measured at fair value, up to the amount of the risk covered, with gains and losses arising from subsequent measurement at fair value recognized in profit or loss on a symmetrical basis with the loss or gain on the hedge derivative. 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 (e.g., swaps to convert floating rate to fixed rate debt). The effective portion of the change in the fair value excluding accrued interest of the derivative is recognized in equity and reclassified in profit or loss on a symmetrical basis with the recognition of the hedged cash flows, and the ineffective portion is recognized in profit or loss.

Hedge accounting applies if:

- the hedging relation is clearly defined and documented on the date it is set up; and
- the effectiveness of the hedge can be demonstrated from its inception and while it is in place.

x. Put options granted to minority shareholders

The Group has granted put options on shares held by minority shareholders of some of its fully-consolidated subsidiaries.

In accordance with IAS 32, these options are recognized as "financial liabilities".

"Fixed-price" puts are recorded as financial liabilities at present value, and "variable-price" puts are recorded at fair value. At the time of initial recording, since the put does not immediately transfer the economic benefits associated with ownership of the underlying shares, the following method is applied:

- the liability is valued at the fair value of the shares under commitment;
- the purchase of additional shares is anticipated.

In the current absence of specific authoritative guidance on the accounting for these financial liabilities, the Group has applied the following method. Minority interests are reclassified as debt, and the difference between the present/fair value of these financial liabilities and the carrying value of the minority interests is recorded in goodwill, consistent with the method used by the Group to account for the repurchase of minority interests.

Certain estimates and assumptions are made for the valuation of the variable price puts. Changes in subsequent periods in the fair value of these financial liabilities as a result of revised estimates and assumptions are reflected in the financial statements.

The amount recorded in goodwill will be adjusted each year for changes in the option exercise price and in minority interests. This accounting treatment, which would be applied if the options were exercised today, best reflects the substance of the transaction. However, it may be changed if an interpretation or new standard is issued requiring the application of a different approach.

y. Definition of fair value

Fair value is defined as the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction, under normal market conditions.

The fair value of publicly-traded financial instruments is determined on the basis of their market price on the date the accounts were closed. The fair value of unlisted financial instruments, for which there exist listed instruments of similar nature and maturity date, is determined by referring to the market price of these instruments and making any necessary adjustments. For other unlisted instruments, fair value is determined by using valuation techniques, such as:

- the valuation models used for options;
- the discounted cash flow method, with models using assumptions based on market data;
- or by reference to recent transactions.

z. Classification of assets and liabilities as current or non-current

Assets that are to be liquidated, consumed or disposed of within a normal operating cycle or within twelve months following the balance sheet date, as well as assets held for sale, or cash and cash equivalents, are classified as "current assets". All other assets are classified as "non current assets". Liabilities to be paid within a normal operating cycle or within the expenses of the month following the balance sheet date are classified as "current liabilities". The Group's normal operating cycle is 12 months long. Deferred taxes are always recognized as non current assets or liabilities.

aa. Revenue

Revenue includes sales by the Group's stores, self-service restaurants and warehouses, as well as financial services revenues, rental income and service royalties.

Other income consists of incidental revenues and revenues from secondary activities, including commissions for the sale of travel packages and franchise payments.

ab. Gross margin

The cost of sales comprises the cost of purchases, net of discounts and trade cooperation payments, changes in inventory and logistics costs.

Logistics costs are the direct or subcontracted costs of the Group's logistics, storage, handling and transportation costs incurred after the first delivery of goods to one of the Group's sites, stores or warehouses. These costs, which were initially recognized as expenses – personnel costs, other expenses, depreciation and amortization expenses – have been reclassified under cost of sales.

Trade cooperation payments are measured based on suppliers' contracts. They are billed in installments over the year. At year end, the services rendered during the period are evaluated and compared with the installments billed, to determine the amount of invoices or credit notes to be issued.

Changes in inventory include positive and negative changes after taking depreciation into account.

ac. Pre-opening and post-closure costs

Costs incurred prior to opening or after closure are recognized as operating expenses when they arise.

ad. Other income and expenses from operations

This category records the impact of major events which took place during the accounting period, and which are likely to distort the understanding of the performance of the company's recurring business. Specifically, this refers to a limited number of transactions, which are unusual, abnormal, or infrequent, and which represent significant amounts.

ae. Cost of net financial debt

The cost of net financial debt is comprised of interest from the financial debt, revenues and gains and losses on the sale of cash equivalents, gains and losses on related interest- or exchange-rate hedges, and the changes in the fair value of derivative assets and liabilities used in fair value hedge accounting for the debt.

af. Other financial income and expenses

This item corresponds to financial income and expense that is not a component of net financial debt, and does not qualify as operating income or expense. It consists mainly of dividends from non-consolidated companies, gains and losses arising from changes in the fair value of financial assets other than cash and cash equivalents, and of derivatives not qualifying for hedge accounting, gains and losses on the sale of financial assets other than cash

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and cash equivalents, discounting adjustments (including provisions for pensions), and foreign exchange translation gains and losses on items other than the components of net financial debt. Cash discounts are recognized in financial income for the portion corresponding to the normal market interest rate and as a deduction from cost of goods sold for the remaining balance.

ag. Income tax

Income tax expense corresponds to the sum of the current tax due by the various Group companies, as adjusted for deferred tax.

Consolidated French subsidiaries that qualify for the common tax treatment of parent companies and their subsidiaries are generally included at various tax consolidation levels.

The sum of current tax payable corresponds to the tax due by the parent companies of the tax groups and tax due by companies that are not members of the tax group.

Deferred tax assets correspond to tax calculated and deemed recoverable on temporary differences, tax loss carry forwards and certain consolidation adjustments.

Deferred tax liabilities are recognized for:

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

Deferred taxes are recognized for temporary differences between the book value of assets and liabilities and their tax base. In accordance with IAS 12, they are not discounted.

The amount of tax calculated above may be affected by changes in the value of the tax asset or liability which may arise from subsequent changes in the corporate income tax rate (variable carry-forward method), from one year to another.

ah. Discontinued activities

A discontinued activity is a "component" that has either been disposed of, or is classified as "held for sale" by the Group and represents a separate major activity or geographical area of operations.

As indicated in note r, the amortization of assets and the recognition of the share of net income in joint ventures or associated companies will cease upon reclassification of those assets or investments under "Assets held for sale".

ai. Earnings per share

Earnings per share before dilution is calculated on the basis of the average number of common shares outstanding weighted according to the issue date during the period, less shares issued as dividends and treasury stock. Diluted earnings per share is calculated using the treasury stock method, by which the denominator of the EPS ratio is adjusted to account for the dilution impact of options and warrants. The method assumes that the proceeds from the exercise of the options and warrants are used by the firm to repurchase common shares on the open market, at the average market price for the period.

Share equivalents are only included in the above calculation if they have a dilution effect on earnings per share.

aj. Segment reporting

In compliance with IAS 14, the Group has determined that its primary segment reporting format is its business segments with secondary information reported geographically. This presentation is based on the Group's internal reporting systems and management structure.

Business segments correspond to the three main businesses operated by the Group – food and general retailing, sporting goods retailing and other activities.

Segment assets include goodwill, intangible assets, property, plant and equipment, and financial assets (with the exception of "Holdings in associated companies" for which separate information is provided), investment property, inventories, accounts receivable, outstanding discounts receivable, and prepaid expenses.

Segment liabilities include trade payables, pension commitments, provisions for contingent liabilities, as well as other debt.

Segment net income includes goodwill depreciation, but does not include other income and expenses from operations.

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Figures in the tables below are denominated in euros and rounded to the nearest million. Calculations based on rounded figures may differ slightly from reported aggregates and sub-totals.

Note 1. Scope of consolidation

During 2007, the following changes in the scope of consolidation took place:

1.1 Main entries

Company name	Activity	Country	Operation	Consolidation method
Latic	Holding	USA	Creation	Full
Vegas Argentina	Holding	Argentina	Acquisition	Full
Rossi	Retailing	Brazil	Acquisition	Full
Assai	Retailing	Brazil	Acquisition	Full
Carulla Vivero	Retailing	Colombia	Acquisition	Full
AEW Immocommercial	Real estate	France	Creation	Equity method

For more details, see note 2 « Business combinations » and note 5 « Property, plant and equipment ».

In addition, the Casino group signed an agreement with the real estate investment fund Whitehall, managed by Goldman Sachs, to develop shopping centers primarily in Poland. To that effect, new companies were incorporated: DTC Finance BV, DTC Développement 1 BV, DTC Développement 2 BV, DTC Développement 3 BV, Centrum Handlowe Pogoria, Centrum Handlowe Jantar and Espace Warszawa. The Group holds 25% of these companies, which were fully consolidated, since Casino holds the majority of voting rights and receives the majority of the real estate development margin.

1.2 Main exits

Company name	Activity	Country	Operation
FEG	Retailing	Taiwan	Sale
Casino USA	Retailing	USA	Sale

See note 24 « Discontinued activities and assets held for sale ».

1.3 Variation in ownership percentage with change in the consolidation method

Company name	Activity	Country	Variation in stake percentage	Consolidation method
Almacenes Exito	Retailing	Colombia	Increase (21.2%)	Equity method —> Full
Euristates Inc	Holding	USA	Increase (76.7%)	Equity method —> Full

See note 2 « Business combinations ».

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1.4 Main variation in ownership percentage without change in the consolidation method

Company name	Activity	Country	Variation in stake percentage	Consolidation method
Casino, Guichard-Perrachon	Retailing	France	Increase (1.46%)	Full
CBD	Retailing	Brazil	Decrease (0.18%)	Proportional
Vindémia	Retailing	Indian Ocean	Increase (30.00%)	Full
Cdiscount	Internet	France	Increase (12.01%)	Full
Cativen	Retailing	Venezuela	Increase (6.07%)	Full
Disco	Retailing	Uruguay	Increase (4.50%)	Proportional
Mercialys	Real estate	France	Increase (1.8%)	Full

The Group's stake in Disco increased from 57.99% to 62.49%. The shareholders' agreement between the Casino group and its partners was not amended. As a result, the joint ventures remained consolidated under the proportionate method.

Following the transaction described in note 6, Casino directly and indirectly owned 61.48% of Mercialys as at December 31, 2007. Subsequent to the year-end, on April 3, 2008, the group complied with the tax provisions "SIIC 4" regarding real estate investment companies. These provisions require the main shareholder's stake and voting rights to remain below the 60% threshold, for the real estate investment company to retain its "SIIC" tax status. The group thus sold a 1.81% stake, reducing its shareholding to 59.67% (see note 38 on post-balance sheet events).

The increase in the Group's ownership interest in Vindémia followed the exercise on July 3, 2007 of the Bourbon group's put on the remaining 30% interest for €144 million, of which €37 million was still unpaid as at December 31, 2007, subject to the settlement of the legal proceedings under way.

In addition, within the Asinco subgroup, the minority shareholders of Sofigep and Distrileader exercised their puts for 198 million increasing the Group's stake in these companies to 100%.

A list of major consolidated companies can be found in the end of the notes.

Note 2. Business combinations

2.1 Food and general retailing in Colombia

2.1.1 Almacenes Exito SA

During the first quarter of 2007, the Casino group bought individual shares, which increased its ownership interest in Almacenes Exito from 38.6% to 39.5%. During the second quarter, mainly on May 3, 2007, the Casino group acquired 26% of the share capital of Almacenes Exito SA, further increasing its stake to 65.5%. As at December 31, 2007, the Casino group held a 59.8% stake, as Casino partially subscribed to the capital increase on July 27, 2007 (a dilution profit of €11 million was recognized under "Other income and expenses from operations"). Almacenes Exito is a listed company incorporated under Colombian law. The Exito group is the leading food and general retailer in Colombia, trading through stores such as Exito, Pomona, and Ley.

The consolidated financial statements include the equity accounting of Exito from January 1, 2007 to April 30, 2007, and its full consolidation from May 1, 2007 to December 31, 2007.

The provisional fair value of the identifiable assets and liabilities of Exito at the acquisition date was as follows:

(In € millions)	Net book value ⁽¹⁾	Fair value adjustment ⁽¹⁾	Fair value recognized at the acquisition date ⁽¹⁾
Goodwill	138	(138)	
Intangible assets	10	179	189
Property, plant and equipment	528	300	828
Investment property	10	4	14
Non-current financial assets	64	26	90
Deferred tax assets		19	19
Non-current assets	750	389	1,140
Inventories	187	(1)	185
Trade receivables	8		8
Other assets	45	6	51
Current tax credit	8		7
Cash and cash equivalents	130		130
Current assets	378	5	382
Long-term provisions	5	3	9
Financial liabilities	159	(13)	146
Deferred tax liabilities	27	75	102
Non-current liabilities	191	66	256
Short-term provisions	6		6
Trade payables	146	16	162
Current financial liabilities	69	8	77
Current taxes due		5	4
Other current liabilities	121	9	129
Current liabilities	341	38	378
Net identifiable assets and liabilities	596	291	887
Net identifiable assets and liabilities, acquired portion			230
Goodwill			82
Cost of acquisition			312

(1) Net book values were measured in accordance with IFRS just before the acquisition. The fair values are based on the analysis and assessments made to date. They may be adjusted within a 12-month period, pursuant to IFRS 3. Adjustments may also be made subsequently.

The total acquisition cost of €312 million comprises the acquisition price of €294 million for the securities and directly attributable acquisition costs of €18 million.

The Casino group granted a put on 0.02% of the Exito shares. The fair value of the financial debt amounts to €0.4 million as at December 31, 2007; it gives rise to the recognition of goodwill for

€0.3 million (see note 20.4 on "Put options granted to minority shareholders").

As at December 31, 2007, the goodwill recognized in the Group's financial statements relating to Exito amounted to €79 million. It comprises previously-recognized goodwill of €8 million and provisional goodwill of €79 million relating to the acquisition (after

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accounting for currency translation losses of €3 million) and takes into account the derecognition of €8 million of goodwill due to the dilution effect of the capital increase on July 27, 2007.

The amount of provisional goodwill may be adjusted within the twelve-month allocation period authorized by IFRS 3, as the accounting appraisals have yet to be finalized.

The revaluation of the share of interests previously held gave rise to the provisional recognition of €90 million in shareholders' equity.

2.1.2 Carulla Vivero

The Exito group purchased a 77% ownership interest in Carulla Vivero during the first half of 2007. Carulla is also a food and general retailer in Colombia, trading under the trade names Carulla, Vivero, Merquefacil, Surtimax and Homemart.

The provisional fair value of the identifiable assets and liabilities of Carulla Vivero at the acquisition date is summarized below:

(In € millions)	Net book value ⁽¹⁾	Fair value adjustments ⁽²⁾	Fair value recognized at the acquisition date ⁽³⁾
Intangible assets	5	69	74
Property, plant and equipment	241	(27)	214
Non-current financial assets	3		3
Deferred tax assets	11	(1)	9
Non-current assets	260	40	300
Inventories	91	(4)	88
Trade receivables	11		11
Other assets	26	(12)	14
Current tax credit	3		3
Cash and cash equivalents	19		19
Current assets	151	(16)	135
Long-term provisions	2	1	2
Non-current financial liabilities	78	5	83
Deferred tax liabilities		17	17
Non-current liabilities	80	22	102
Short-term provisions			
Trade payables	78		78
Current financial liabilities	48		48
Current taxes due	1		1
Other current debts	34	7	42
Current liabilities	161	7	168
Net identifiable assets and liabilities	170	(5)	165
Net identifiable assets and liabilities, acquired portion			127
Goodwill			205
Cost of acquisition			332
Financial debt related to the acquisition of minority interests			139
Additional goodwill			101
Total goodwill			307

(1) The net book values correspond to those measured under Colombian GAAP just before the acquisition.

(2) The column "Fair value adjustments" includes the effects of the transition to IFRS of the financial statements prepared in Colombian GAAP, and the revaluation of the assets and liabilities at the acquisition date.

(3) The fair values may be adjusted within the allocation period authorized by IFRS 3.

The total acquisition cost of €332 million comprises the acquisition price of €322 million for the securities and costs directly attributable to the acquisition of €10 million.

Exito granted put options on 22.5% of the minority interests of Carulla Vivero. The financial debt as at April 30, 2007 amounted to €139 million and resulted in additional goodwill of €101 million. As at December 31, 2007, the financial debt amounted to €148 million (see note 20.4 on "Put options granted to minority shareholders").

As at December 31, 2007, total goodwill relating to Carulla Vivero amounted to €296 million after accounting for currency translation gains and losses and adjusting the fair value of the fixed component of financial debt (positive effect on goodwill of €10 million).

The amount of provisional goodwill may be adjusted within the twelve-month allocation period authorized by IFRS 3 as the accounting appraisals have yet to be finalized.

2.1.3 Impact on the Group's financial statements

The impact on the Group's cash is as follows:

(In € millions)	
Net cash acquired (translated at the date of acquisition)	151
Payments made	(644)
Net cash outflow	(493)

Since the acquisition date, the Exito group including Carulla Vivero has contributed €52 million to the total consolidated net income (including €7 million recognized as income from associated companies for the period from January 1 to April 30, and €45 million for the period from May 1 to December 31).

If the acquisition had occurred at the beginning of the period, the Group's net income from continuing operations would have reached €691 million, with net sales from continuing operations at €26,495 million.

2.2 DIY business - Vegas Argentina SA

On May 2, 2007, Casino announced that it had signed an agreement with Cencosud to set up a joint venture.

For that purpose, on June 29, 2007, the Group bought all of the shares of the company Vegas Argentina SA for US\$85 million. Through Easy Holland, which is 70% controlled by Cencosud, Vegas Argentina now owns 30% of Easy Colombia – the company set up to develop DIY business in Colombia.

The total acquisition cost of €64 million comprises a cash payment of €63 million and costs directly attributable to the acquisition of €1 million. The acquired assets amount to €11 million while goodwill was €53 million at the date of the acquisition, and €46 million at the accounts closing date, after translation differences. Vegas Argentina did not contribute significantly to the Group's net income. There would have been no change in the Group's net income and net sales had the acquisition occurred at the beginning of the period.

2.3 Food and general retailing in Brazil

2.3.1 Rossi

On August 2, 2007 the CBD group acquired 100% of Rossi supermarkets. Rossi operates a retail business in Brazil through five supermarkets.

The total cost of the acquisition amounted to €28 million (€10 million for a share of 34% of the cost), including the acquisition price of €26 million for the securities (€9 million for the 34% share) and costs directly attributable to the acquisition of €2 million (€1 million for 34%).

As at December 31, 2007, total goodwill for Rossi amounted to €11 million (€4 million for 34 %).

As the fair value measurements of the assets and liabilities have not yet been completed, the amount of provisional goodwill may be adjusted within the twelve-month allocation period authorized by IFRS 3.

2.3.2 Assai

On November 1, 2007, the CBD group acquired a 60% stake in Assai, which operates a combination of cash and carry and traditional retail businesses in Brazil through 14 stores.

The total acquisition cost of €82 million (€28 million for the Group's 34% share) breaks down into the cost of acquiring the shares for €79 million (€27 million for 34%) and other costs for €3 million (€1 million for 34%) directly attributable to the acquisition.

The CBD group granted a put on 40% of Assai's minority interests. Financial debt as at November 1, 2007 amounted to €84 million (€28 million for 34% share) and gave rise to additional goodwill of €82 million (€28 million for 34% share). As at December 31, 2007, financial debt amounted to €29 million for the 34% share (see note 20.4 "Put options granted to minority shareholders").

As at December 31, 2007, total goodwill for Assai amounted to €161 million (€55 million for the 34% share).

As the fair value measurements of the assets and liabilities have not yet been completed, the amount of provisional goodwill may be adjusted within the twelve-month allocation period authorized by IFRS 3.

2.3.3 Impact on the Group's financial statements

The impact on the Group's cash is as follows:

(In € millions)	
Net cash acquired	
Payments made	(37)
Net cash outflow	(37)

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Since their acquisition, Rossi and Assai have contributed –€1 million to the consolidated net income of the CBD group, recognized for its share.

If these acquisitions had taken place at the beginning of the financial year, the Group's net income from continuing operations would have been €682 million, and the sales from continuing operations would have amounted to €25,888 million.

Note 3. Goodwill

3.1 Breakdown

(In € millions)	2007			2006		
	Gross	Impair. losses	Net	Gross	Impair. losses	Net
Food and general retailing	7,236	(28)	7,208	6,593	(27)	6,566
France	5,206	(24)	5,182	5,163	(26)	5,137
Poland	2		2	2		2
South America	1,764		1,764	1,178		1,178
Argentina	40		40	46		46
Brazil	1,169		1,169	1,037		1,037
Colombia	435		435			
Uruguay	92		92	81		81
Venezuela	28		28	14		14
Thailand	79	(1)	78	74	(1)	73
Indian Ocean	185	(3)	182	176		176
Sporting goods retailing	22		22	22		22
France	22		22	22		22
TOTAL	7,258	(28)	7,230	6,615	(27)	6,588

3.2 Changes

(In € millions)	2007	2006
As at January 1, net accumulated value	6,588	6,816
Goodwill recorded for the year ⁽¹⁾	872	116
Impairment losses ⁽²⁾	(7)	(47)
De-recognition	(37)	(55)
Impact of foreign exchange gains and losses	58	(44)
Changes related to put options granted to minority shareholders ⁽³⁾	(260)	(75)
Reclassification and other entries	16	(65)
Classification as assets held for sale		(58)
As at December 31, net accumulated value	7,230	6,588

(1) In 2007, the Group increased its ownership interest in Exito, Cdiscount, Cativen, Casino, Disco, the Asinco subgroup and Vindémia, and acquired interests in Vegas Argentina, and in Rossi and Assai through CBD. The goodwill recognized during the period relates mainly to Exito (€420 million including Carulla - the goodwill converted at the year-end rate totaled €388 million - see note 2), Cdiscount (€19 million), Cativen (€17 million), Casino (€38 million), Vindémia (€45 million - see note 1), the Asinco subgroup (€189 million - see note 1), Vegas Argentina (€50 million - the goodwill converted at the closing rate amounted to €46 million - see note 2) and Rossi and Assai (€59 million - see note 2).

In addition, the Casino group increased its stake in Disco on August 8, 2007 from 57.99% to 62.49%, generating additional goodwill of €4 million.

(2) See note 7.2.1 "Goodwill impairment in the operating subsidiaries".

(3) Mainly concerns the change relating to the puts of the Asinco subgroup for –€223 million, including €154 million following the exercise of the Sofigep and Distreleader puts (see note 1) and the change in the Vindémia put of –€35 million following the exercise of the put on the remaining portion (see note 1).

Note 4. Intangible assets

4.1 Breakdown

(In € millions)	2007			2006		
	Gross	Depr./ impairment losses ⁽¹⁾	Net	Gross	Depr./ impairment losses ⁽¹⁾	Net
Concessions, trademarks, patents, banners	274	(22)	252	25	(17)	8
Lease premiums	137	(3)	134	123	(5)	118
Software	247	(121)	125	199	(95)	104
Other intangible assets	84	(26)	58	85	(20)	65
INTANGIBLE ASSETS	742	(172)	570	432	(137)	295

(1) Impairments of €8 million as at December 31, 2007 and €3 million as at December 31, 2006.

4.2 Changes

(In € millions)	Concessions, trademarks, patents, banners	Lease premiums	Software	Other intangible assets	Total
As at January 1, 2006, net accumulated value	9	92	119	107	327
Acquisitions by way of business combination				1	1
Increases and other acquisitions	7	25	14	22	68
Internally generated assets			1	27	28
Intangible assets de-recognized in the year	(3)			(38)	(41)
Amortization provisions (continuing activities)	(5)		(27)	(8)	(40)
Amortization provisions (discontinued activities)			(5)		(5)
Net impairment losses (continuing activities)		(2)		5	3
Impact of foreign exchange gains and losses			(3)		(3)
Reclassifications and other entries		4	31	(40)	(5)
Classification as "Assets held for sale"		(1)	(26)	(11)	(38)
As at December 31, 2006, net accumulated value	8	118	104	65	295
Acquisitions by way of business combination ⁽¹⁾	269	3	10	(1)	281
Increases and other acquisitions	38	18	12	27	95
Internally generated assets				19	19
Intangible assets de-recognized in the year	(6)	(5)	(27)	(23)	(61)
Amortization provisions	(6)		(31)	(9)	(46)
Net impairment losses			(5)		(5)
Impact of foreign exchange gains and losses	(9)		(1)	2	(8)
Reclassifications and other entries	(41)		62	(21)	
As at December 31, 2007, net accumulated value	252	134	125	58	570

(1) See note 2 for the main acquisitions.

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Note 5. Property, plant and equipment

5.1 Breakdown

(In € millions)	2007			2006		
	Gross	Depr./ impairment losses ⁽¹⁾	Net	Gross	Depr./ impairment losses ⁽¹⁾	Net
Land	1,419	(58)	1,361	1,230	(47)	1,183
Buildings	3,323	(988)	2,335	2,894	(967)	1,927
Other property, plant and equipment	4,850	(2,655)	2,195	4,356	(2,439)	1,917
PROPERTY PLANT AND EQUIPMENT	9,592	(3,701)	5,891	8,480	(3,453)	5,027

(1) Impairment of €79 million and €58 million were recognized respectively as at December 31, 2007 and 2006.

5.2 Changes

(In € millions)	Land	Buildings	Other property and equipment	Total
As at January 1, 2006, net accumulated value	1,255	2,432	1,974	5,661
Acquisitions by way of business combination	15	14	23	52
Increases and other acquisitions	88	163	675	926
Internally generated assets	(110)	(495)	(101)	(706)
Intangible assets de-recognized in the year	(6)	(110)	(364)	(480)
Amortization provisions (continuing activities)		(10)	(26)	(36)
Amortization provisions (discontinued activities)	(6)	(18)	(2)	(26)
Net impairment losses (continuing activities)		(4)	(11)	(15)
Impact of foreign exchange gains and losses	(12)	(27)	(23)	(62)
Reclassifications and other entries	27	55	(80)	2
Classification as "Assets held for sale"	(68)	(73)	(148)	(289)
As at December 31, 2006, net accumulated value	1,183	1,927	1,917	5,027
Acquisitions by way of business combination ⁽¹⁾	269	602	244	1,115
Increases and other acquisitions	33	187	744	964
Internally generated assets	(117)	(212)	(189)	(518)
Intangible assets de-recognized in the year	(8)	(138)	(417)	(563)
Amortization provisions	(6)	(3)	(13)	(22)
Net impairment losses	(3)	4	(5)	(4)
Impact of foreign exchange gains and losses	11	(30)	(87)	(106)
Reclassifications and other entries		(2)		(2)
As at December 31, 2007, net accumulated value	1,361	2,335	2,195	5,891

(1) See note 2 for the main acquisitions.

On December 21, 2007, the Group sold or contributed the premises of 156 convenience stores and 94 citymarkets located in towns and suburbs in France to the OPCI fund (Organisme de placement collectif dédié à l'immobilier – a regulated investment vehicle specialized in real estate) AEW Immocommercial for an aggregate asset value of €427 million. The Casino group then sold 82% of the share capital of the OPCI fund (the remaining 18% were accounted for by the equity method in the Group's financial statements; see note 8 "Investments in associates"). The Group implemented the provisions of IAS 17 on the capitalization of leases and SIC 12 on the control of assets by deconsolidating the assets and recognizing the resulting capital gain in the income statement. The capital gain on the disposal of the 82% stake in

the OPCI fund amounted to €169 million, net of transaction costs and before tax. The operating rent that Casino will pay AEW Immocommercial, estimated at €25 million for 2008, is variable and expressed as a percentage of the sales generated by the stores, with no guaranteed minimum amount or indexation to the construction cost index.

On December 19, 2007, the Group also sold the premises of 6 hypermarkets, 7 supermarkets and 6 warehouses located in the Reunion to the OPCI fund Immocio (Generali), generating capital gains before tax of €86 million. Vindémia holds 9-year renewable commercial leases. The rent is indexed to the construction cost index. In 2007, Groupe GO Sport sold the premises of 6 stores, generating a capital gain of €27.5 million.

5.3 Information on lease financing

(In € millions)	2007			2006		
	Gross	Depreciation	Net	Gross	Depreciation	Net
Land	81	(2)	79	89	(2)	87
Buildings	293	(119)	174	350	(133)	217
Other property, plant and equipment	669	(534)	135	620	(505)	115
LEASE-FINANCED FIXED ASSETS	1,043	(655)	388	1,059	(640)	419

Note 6. Investment property

6.1 Changes

(In € millions)	Gross	Depreciation	Impairment losses	Net
As at January 1, 2006	938	(145)		792
Acquisitions by way of business combination	1	(1)		
Increases and other acquisitions	50	(10)		39
Assets de-recognized in the year	(6)	3		(4)
Impairment losses (net)			(36)	(36)
Impact of foreign exchange gains and losses	3		(1)	3
Reclassifications and other entries	103	(9)		94
Classification as "Assets held for sale"	(15)	1		(14)
As at December 31, 2006	1,074	(163)	(37)	874
Acquisitions by way of business combination ⁽¹⁾	66	(1)		65
Increases and other acquisitions	112	(35)		77
Assets de-recognized in the year	(25)	2		(23)
Impairment losses (net)				
Impact of foreign exchange gains and losses	9	(2)	(2)	5
Reclassifications and other entries ⁽²⁾	189			189
Classification as "Assets held for sale"				
As at December 31, 2007	1,425	(199)	(39)	1,187

(1) See note 2 for the main acquisitions.

(2) Of which €141 million are related to the opening of the Alexanderplatz shopping center.

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Investment property is measured at cost less accumulated depreciation and impairment losses, if any.

As at December 31, 2007, the fair value of investment property recognized was €2,853 million, against €1,956 million as at December 31, 2006.

Fair value was determined for most investment property by independent experts, on the basis of an open market value, supported by market indicators, in accordance with international valuation standards.

On December 21, 2007, Vindemia sold or contributed five shopping malls located in the Reunion to Mercialys for €74 million, including registration fees. The price was paid in new shares for €60 million and in cash for €14 million.

6.2 Net rental income

(In € millions)	2007	2006
Rental income from investment property	175	138
Direct operating expenses for investment property which did not generate rental income during the period	(6)	(6)
Net rental income	168	132
Direct operating expenses on investment property which did generate rental income during the period	(38)	(32)

With the exception of the property transferred to Mercialys that is subject to the special tax regime governing SIIC listed real estate investment companies, and which the company has agreed to hold for five years, other property assets were not subject to any specific tax provisions. Failure to honor the five-year holding agreement or the legal provisions governing the SIIC status would generate a tax penalty of 25% of the contribution or acquisition value of the corresponding assets. As at December 31, 2007, the commitment, based on the contribution or acquisition values of the property, was worth €1,069 million, of which €850 million will be due in 2010, €78 million in 2011 and €118 million in 2012.

Note 7. Asset impairment

In accordance with IAS 36 "Asset impairment", goodwill and other non-financial assets were tested for impairment as at December 31, 2007 based on the method described in note o. on "Accounting principles and methods".

7.1 Goodwill impairment at holding level

The cash generating units (CGU) used are the Group's operating subsidiaries.

The values in use of the CGUs were calculated by discounting the after-tax expected future cash flows at the rates mentioned below.

No impairment was recognized on the recoverable value of the CGUs.

The parameters used to calculate the present value of future cash flows are as follows:

Business segment	Growth rate	End value (x EBITDA) ⁽¹⁾	Discount rate
Food and general retailing	2 – 10%	9.1	6.4%
Sporting goods retailing	2 – 3.2%	7.6	8.1%

(1) End value is calculated on a "perpetuity with growth" basis, using a cash flow forecast to which a growth rate of 2% has been applied.

7.2 Impairment in the operating subsidiaries

The CGUs used for the Group's businesses are the stores or chains. Impairment losses recognized on these CGUs were maintained at the holding level in order to reflect the Group's intrinsic value.

For all the assets, the management made the best possible estimate of the recoverable values or values in use. The assumptions used to calculate these estimates are given below.

The impairment tests performed in 2007 by the operating subsidiaries led to the recognition of asset impairment losses totaling €29 million net, of which €7 million were allocated to goodwill and a net amount of €22 million was allocated to other non-financial assets.

7.2.1 Goodwill impairment in the operating subsidiaries

The goodwill recorded for the subsidiaries mainly concerns the food and general retailing business. The values in use were determined by discounting the after-tax expected future cash flows at the rates mentioned below.

Parameters used to calculate the present value of future cash flows:

	Growth rate	End value (x EBITDA) ⁽¹⁾	Discount rate
Food and general retailing			
France	1.6 – 3.6%	9	6.7%
Latin America	5.5 – 19.7%	9.5	11.5 à 24.1%
Asia	3.20%	9	7.0 à 11.7%
Indian Ocean	2.80%	9	6.7 à 11.7%

(1) The end value is calculated using a multiple of EBITDA, as measured for comparable transactions.

An external appraisal was performed on business in Brazil, which concluded that impairment was not necessary.

Goodwill impairment for the year amounted to €7 million and concerned the assets of Vindémia (€3 million), Geimex (€2 million), and Distribution Casino France (€3 million).

7.2.2 Impairment on other non-financial assets in the operating subsidiaries

During 2007, the Casino group recognized net impairment losses of €18 million on other non-financial assets.

The impairment losses recognized for the year amounted to €24 million and mainly related to Asinco stores for €16 million and to Casino Information Technology for €5 million.

Some of the impairment losses recognized during previous years were reversed for €6 million, mainly relating to the real estate subgroup.

Note 8. Interests in associated companies

Laurus (the Netherlands), Financeira Itau CBD (Brazil) and the companies belonging to the subgroup RLP Investissement are consolidated under the equity method, since the Group owns less than a 50% stake, but exercises significant influence over them.

8.1 Consolidation and valuation of Laurus as at December 31, 2007

Laurus, which is 44.99% owned, is a special case. *De facto* and *de jure*, the company is not controlled by Casino as evidenced by the following:

- the governance status of Laurus NV as a "structure company" under Dutch corporate law. As such, the company is largely controlled by the supervisory board and the shareholders. Casino, with only 44.99% of voting rights, plays a limited role;

- the corporate governance agreement signed by Laurus and the Dutch banks, which is not a shareholders' agreement implementing concerted action. Instead, the agreement states that Casino may have two of the five seats on the supervisory board, as long as it does not hold more than 50% of voting rights. The other seats are held by independent members. Casino cannot appoint the CEO, but can nominate a candidate. The final appointment decision is made by the supervisory board as a whole;
- the shareholders' meeting is not authorized to revoke an individual member of the supervisory board, only the board as a whole. In such an event, the court of commerce is asked to appoint the new board members, of which only two of the five may be from Casino, as stipulated in the corporate governance agreement;
- the option held by Casino on 6.2% of the share capital and voting rights may only be exercised from January 1, 2008;
- Laurus is not economically dependent on Casino;
- under the terms of a technical assistance contract, Casino provides advisory services on retailing matters such as purchasing and logistics;
- Casino does not provide guarantees on credit given to Laurus NV by its suppliers or banks;
- Laurus NV is fully autonomous in operational terms.

The value of the Group's interest in Laurus as at December 31, 2007 has been determined in compliance with IAS 28, and on the basis of an appraisal by an investment bank, using the higher of fair value (defined as share price) and value in use (measured by discounted cash flows). The value obtained using the discounted cash flow method was compared with the carrying amount of the Laurus investment.

A €14 million impairment reversal of the interest resulted from this comparison and was recognized in the financial statements under "Other income and expenses from operations".

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This valuation is based on the net present value of Laurus' future cash flows as indicated in the Laurus business plan made by its executives (2007-2010) and in the analysts' consensus (2008-2009). The following financial assumptions were made: a growth rate of 1.5%; a discount rate of 8.5% (weighted average cost of capital), and an end value resulting from the capitalization in perpetuity of the expected cash flow for the last year of the plan.

8.2 Breakdown

(In € millions)	2007	2006
Associated companies of the CBD Group	12	8
Exito		210
Laurus	177	159
Associated companies of the Franprix & Leader Price group	59	59
Easy Holland BV	10	
AEW Immocommercial	18	
Other companies	2	2
TOTAL	279	438

8.3 Changes in associated companies

(In € millions)	Opening	Impair. losses	Net income of the year	Payment of dividends	Change in scope and foreign exchange	Closing
Changes in 2006						
Feu Vert	44		1	(2)	(44)	(1)
Associated companies of the CBD group			(9)		17	8
Exito	191		24	(8)	3	210
Laurus	258	(78)	(20)			160
Associated companies of the Franprix & Leader Price group	51		11	(3)		59
Other companies	7				(5)	2
TOTAL	551	(78)	7	(13)	(29)	438
Changes in 2007						
Associated companies of the CBD group	8		(4)		8	12
Exito (see note 2.1.1)	210		7	(8)	(210)	
Laurus	159	14	4			177
Associated companies of the Franprix & Leader Price group	59		9	(10)	1	59
Easy Holland BV (see note 2.2)			1		9	10
AEW Immocommercial (see note 5)					18	18
Other companies	2		1			3
TOTAL	438	14	18	(18)	(174)	279

8.4 Summary financial statements of the main associated companies, restated under IFRS

(In € millions, for the share of capital held)	Exito		Laurus	
	2007 ⁽¹⁾	2006	2007	2006
Share of capital held	38.62%	38.62%	44.99%	44.99%
Net sales	189	545	836	1,302
Net income	7	18	4	(20)
Non-current assets		272	324	331
Current assets		118	63	108
Assets held for sales			4	14
TOTAL ASSETS		391	391	454
Shareholders' equity		209	158	140
Non-current liabilities		48	56	77
Current liabilities		134	177	237
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		391	391	454

(1) Exito is fully consolidated as of May 2007.

As at December 31, 2007, the contribution of Laurus to consolidated shareholders' equity is negative, by –€147 million. Transactions with associated companies are reported in note 37.2.

8.5 Share price of investments in associates listed on the stock exchanges

(In € millions)	2007	2006
Exito ⁽¹⁾		435
Laurus	176	148
TOTAL	176	583

(1) Exito is fully consolidated as of May 2007.

The other companies are unlisted private entities. Consequently, a listed share price cannot be used to determine their fair value.

8.6 Share of contingent liabilities

There were no contingent liabilities to be recognized by associated companies.

Note 9. Interests in joint ventures

The companies Monoprix, Distridyn, Régie Média Trade, IRTS, C'Asia, dunnhumby France, Alexa and Loop 5 (Germany) and Geimex, in which the Group has a 50% interest, are all proportionately consolidated, since the Group exercises joint control over them.

The companies Banque du Groupe Casino, Grupo Disco de Uruguay, Wilkes and CBD Group are proportionately consolidated. Agreements between partners and the Casino group set forth the terms governing joint control of their activities.

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9.1 Summary financial statements of major joint ventures restated under IFRS

(In € millions)	Total 2007	Of which CBD	Of which Monoprix	Total 2006	Of which CBD	Of which Monoprix
Share of capital held		34.00%	50.00%		34.18%	50.00%
Revenue	5,666	1,947	2,104	5,509	1,807	1,974
Charges	(5,525)	(1,909)	(2,017)	(5,434)	(1,791)	(1,897)
Non-current assets	2,771	1,163	1,025	2,673	952	1,000
Current assets	1,942	793	359	1,829	696	340
TOTAL ASSETS	4,713	1,956	1,384	4,502	1,648	1,340
Shareholders' equity	1,917	877	546	1,897	782	518
Non-current liabilities	676	467	81	464	273	85
Current liabilities	2,120	612	757	2,141	593	737
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	4,713	1,956	1,384	4,502	1,648	1,340

9.2 Share in contingent liabilities

As at December 31, 2007, there are no unrecognized contingent liabilities in the joint ventures, with the exception of contingencies at CBD for €178 million (Casino share) deemed as possible but not probable, and for which therefore, no provision has been made.

Note 10. Fair value of financial instruments recognized as assets

The table below provides a comparison of the carrying amount of financial assets and liabilities recognized in the balance sheet with their fair value.

The fair value of listed financial instruments is based on their quoted stock market price at the balance sheet date.

The fair value of unlisted financial instruments is determined on the basis of the stock market price of listed instruments that are similar in nature, and is adjusted as appropriate. For other unlisted instruments, fair value is determined using valuation techniques such as those used for options or using the discounted cash flow method. The models use assumptions that are supported by market data.

10.1 Breakdown of financial instruments recognized as assets as at December 31, 2007

(In € millions)	12/31/2007		Breakdown by category of instruments				
	Book value	Fair value	Assets valued at fair value through profit or loss	Investments held to maturity	Loans and receivables	Available-for-sale financial assets	Other assets
Securities in the financial investment portfolio	506	506				506	
Other available-for-sale financial assets	213	213				213	
Available-for-sale financial assets	719	719				719	
Loans	62	62			62		
Non-current derivatives recognized as assets	23	23	23				
Prepaid rent	133	133			133		
Deposits, security pledges and other	11	11		11			
Receivables related to equity interests	67	67			67		
Non-current financial assets	1,015	1,015	9	11	262	733	
Non-current hedging financial assets	66	66	66				
Client receivables and related accounts	1,129	1,129			1,129		
Receivables from the credit business (Banque Casino)	536	536			536		
Trade receivables	1,665	1,665			1,665		
Other assets	1,243	1,243	48		1,045		150
Marketable securities and similar assets	287	287	254		33		
Derivatives recognized as assets (fair value hedging) and debt derivatives	168	168	168				
Other current financial assets	455	455	422		33		
Cash and cash equivalents	2,727	2,727	2,727				

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10.2 Breakdown of financial instruments recognized as assets as at December 31, 2006

(In € millions)	12/31/2006		Breakdown by category of instruments				Other assets
	Book value	Fair value	Assets valued at fair value through profit or loss	Investments held to maturity	Loans and receivables	Available-for-sale financial assets	
Securities in the financial investment portfolio	285	285				285	
Other available-for-sale financial assets	149	149				149	
Available-for-sale financial assets	434	434				434	
Loans	59	59			59		
Non-current derivatives recognized as assets	24	24	24				
Prepaid rent	93	93			93		
Deposits, security pledges and other	14	14		14			
Receivables related to equity interests	214	214			214		
Non-current financial assets	838	838	24	14	366	434	
Non-current hedging financial assets	88	88	88				
Client receivables and related accounts	1,035	1,035			1,035		
Receivables from the credit business (Banque Casino)	455	455			455		
Trade receivables	1,490	1,490			1,490		
Other assets	1,025	1,025	40		829		156
Marketable securities and similar assets	152	152	152				
Derivatives recognized as assets (fair value hedging) and debt derivatives	158	158	158				
Other current financial assets	310	310	310				
Cash and cash equivalents	2,056	2,056	2,056				

Note 11. Non-current financial assets

11.1 Breakdown of non-current financial assets

(In € millions)	2007	2006
Securities in the financial investment portfolio	506	284
Other available-for-sale assets	213	150
Available-for-sale financial assets (AFS)	719	434
Loans	62	59
Non-current derivative assets	23	24
Prepaid rent ⁽¹⁾	133	93
Deposits, security pledges and other	11	14
Receivables related to equity interests	67	214
NON-CURRENT FINANCIAL ASSETS	1,015	838

(1) Prepaid rent corresponds to the rights to the use of land in certain countries for an average period of thirty years. The cost is spread over the duration of the leases.

11.2 Changes in available-for-sale financial assets (AFS)

(In € millions)	2007	2006
As at January 1	434	350
Increases	304	183
Decreases ⁽¹⁾	(85)	(56)
Changes in fair value, gross of deferred tax ⁽²⁾	25	19
Impairment losses	(9)	(6)
Change in scope and foreign exchange	56	(49)
Other	(6)	(7)
As at December 31	719	434

(1) Decreases include disposals and capital redemption.

(2) Including fair value adjustments totaling €17 million, previously recognized in shareholders' equity, and recycled in income in 2007, as against €3 million in 2006.

Note 12. Deferred taxes

12.1 Changes in deferred tax assets

(In € millions)	2007	2006
Balance as at January 1	146	170
Income (expense) for the year (continuing activities)	24	23
Income (expense) for the year (discontinued activities)		(13)
Impact of changes in foreign exchange, scope and reclassifications	6	4
Changes recognized directly in equity	13	(5)
Classification as "Assets held for sale"		(32)
TOTAL	190	146

12.2 Changes in deferred tax liabilities

(In € millions)	2007	2006
Balance as at January 1	338	271
Income (expense) for the year	(5)	66
Impact of changes in foreign exchange, scope and reclassifications ⁽¹⁾	87	
Changes recognized directly in equity	2	2
TOTAL	423	338

(1) Mainly concerning Exitco.

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12.3 Origin of deferred tax assets and liabilities

(In € millions)	Assets		Liabilities		Net	
	2007	2006	2007	2006	2007	2006
Intangible assets	(15)	(8)	(53)	(1)	(68)	(9)
Property, plant and equipment	67	74	(404)	(416)	(337)	(342)
<i>of which financial lease contract</i>			(116)	(136)	(116)	(136)
Inventories	52	51	(1)	(3)	51	48
Financial instruments	(1)		(25)	(12)	(26)	(12)
Other assets	27	9	(27)	(26)		(17)
Provisions	40	27	31	29	71	56
Regulated provisions			(116)	(103)	(116)	(103)
Other liabilities	89	117	11	5	100	122
<i>of which loan taken on lease financing</i>	42	72			42	72
Tax loss carry forwards	91	65			91	65
Deferred tax assets (liabilities)	350	335	(583)	(527)	(233)	(192)
Deferred tax assets					190	146
Deferred tax liabilities					(423)	(338)
NET BALANCE					(233)	(192)

As at December 31, the Group had tax loss carry forwards with the following maturities:

(In € millions)	2007	2006
2007		4
2008	5	5
2009	6	6
2010 and more	80	50
TOTAL	91	65

Tax loss carry forwards were mainly generated by the following companies:

- Cdiscount;
- the subgroup CBD;
- the subgroup Euristates.

A deferred tax asset has been booked for these tax loss carry forwards because the companies expect to make a profit in future years or because tax options have been implemented. The deferred tax on consolidation restatements was essentially due to the restatement of property, plant and equipment at historical cost.

A schedule has been established for the recovery of the deferred tax receivable. The tax rates applied are those currently effective in each country, or the rate enacted for future years if there has been a change.

Note 13. Inventories

Inventories mainly comprise goods for sale.

(In € millions)	2007			2006		
	Gross	Depreciation	Net	Gross	Depreciation	Net
Food and general retailing	2,507	(46)	2,461	1,874	(41)	1,833
Sporting goods retailing	184	(9)	175	203	(7)	196
Other activities	2		2	2		2
TOTAL	2,693	(55)	2,638	2,079	(48)	2,031

Note 14. Trade receivables

14.1 Breakdown

(In € millions)	2007	2006
Trade and related accounts receivable	1,196	1,085
Depreciation from accounts receivable and similar accounts	(67)	(50)
Receivables from lending activities	584	498
Depreciation from lending activities	(48)	(43)
TRADE RECEIVABLES, NET VALUE	1,665	1,490

14.2 Depreciation of trade receivables

(In € millions)	2007	2006
Depreciation from accounts receivable and similar accounts		
Balance as at January 1	(50)	(40)
Allowance	(26)	(19)
Reversal		
Use	11	9
Change in scope	(2)	1
Foreign exchange differences		
Balance as at December 31	(67)	(50)
Depreciation from lending activities		
Balance as at January 1	(43)	(33)
Allowance	(15)	(18)
Reversal		
Use	12	14
Change in scope	(2)	(6)
Foreign exchange differences		
Balance as at December 31	(48)	(43)

The conditions governing the recording of provisions are set out in note 21.4 "Credit risks".

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14.3 Aging of trade receivables

(In € millions)	2007	2006
Trade and related accounts receivable	1,196	1,085
Receivables not yet due	965	908
Overdue by less than one month	100	66
Overdue by between one and six months inclusive	43	43
Overdue by more than six months	88	68
Allowance for uncollectible accounts	(67)	(50)
NET VALUE	1,129	1,035
Receivables from lending activities	584	498
Receivables not yet due	534	453
Overdue by less than one month	3	3
Overdue by between one and six months inclusive	10	9
Overdue by more than six months	37	33
Allowance for uncollectible accounts	(48)	(43)
NET VALUE	536	455

Note 15. Other assets

15.1 Breakdown

(In € millions)	2007	2006
Other receivables	1,001	857
Current accounts with non-consolidated companies	122	58
Depreciation of other receivables	(25)	(23)
Non-hedging asset derivatives	23	8
Prepaid expenses	120	125
OTHER ASSETS	1,243	1,025

Other receivables comprise mainly of tax and social receivables, as well as trade receivables. Prepaid expenses mainly include purchases, rents, rental fees, and insurance premiums booked during the current year but which concern periods subsequent to the year in question.

15.2 Depreciation of other receivables

(In € millions)	2007	2006
Balance as at January 1	(23)	(25)
Allowance	(5)	(3)
Reversal	1	
Use	2	4
Change in scope		
Foreign exchange differences		
Balance as at December 31	(25)	(23)

Note 16. Net cash, cash equivalents and financial debt

16.1 Breakdown of net financial debt

(In € millions)	2006	Increase Decrease	Change in fair value and other changes	2007
Cash equivalents	1,349	(510)	133	973
Cash	707	942	106	1,754
Gross cash and cash equivalents	2,056	432	239	2,727
Spot and confirmed credit lines	(99)	7		(92)
Short-term bank borrowings	(386)	118	(212)	(481)
Net cash and cash equivalents	1,571	557	27	2,154
Financial debt (excluding bank overdraft)	(8,460)	(240)	(514)	(9,214)
NET FINANCIAL DEBT	(6,889)	317	(487)	(7,060)

Gross cash and cash equivalents of the parent company and the 100%-owned companies totaled €174 million. Total 100%-presented cash and cash equivalents from companies in which there are minority interests amount to approximately €2,319 million. The balance includes cash and cash equivalents from proportionately integrated companies, in the amount of approximately €234 million (CBD, Banque du groupe Casino, Monoprix, Alexa). With the exception of proportionately integrated companies, for which the payment of dividends is subject to agreement by their partners, cash and cash equivalents for fully consolidated companies are entirely available to the Group since, despite the existence of minority interests, the Group has control over dividend policy.

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16.2 Breakdown of cash and cash equivalents by currency

(In € millions)	2007	%	2006	%
Euro	2,272	83	1,765	86
US Dollar	110	4	9	
Argentinian Peso	5		4	
Brazilian Real	144	5	166	8
Thai Baht	42	2	42	2
Colombian Peso	96	4	11	1
Vietnamese Dong	5		12	1
Uruguayan Peso	11		10	
Venezuelian Bolivar	31	1	18	1
Polish Zloty	3		1	
Other currencies	8		19	
GROSS CASH AND CASH EQUIVALENTS	2,727	100	2,056	100

Cash and cash equivalents include €163 million of cash received on the assignment of receivables that meet IAS 39 financial asset de-recognition criteria, as stated in the note on the accounting principles applicable to trade receivables.

As at December 31, 2007, cash equivalents comprised euro-denominated money market mutual funds and other marketable securities. To determine whether an investment qualifies as a cash equivalent, the Group complies with the notice of March 8, 2006 issued by the AFG-AFTE, which states that mutual funds are classified as cash equivalents under IAS 7 "Cash flow statement". This approach distinguishes between two categories:

- mutual funds classified by AMF in the category "euro-denominated money market funds", which are assumed, in practical terms, to fulfill the four criteria set out in the accounting principles;
- mutual funds other than those "euro-denominated money market funds", which meet all of the following legal, qualitative and quantitative criteria as prescribed by IAS 7.

Following the retrospective examination of its investments based on these criteria, the Group concluded that its marketable securities investments qualified as cash equivalents as at December 31, 2007.

Note 17. Shareholders' equity and minority interests

17.1 Capital management

The policy of the Group is to maintain a solid capital base in order to uphold the confidence of investors, creditors, partners and the financial markets and to support future business development.

The Group aims to maintain the number and variety of its shareholders and ensure that they receive appropriate levels of dividends.

In June 2005, Rallye entered into a liquidity agreement in accordance with the charter of ethics of the French Association of Investment Companies (AFEI), in order to boost trading on the company's shares.

In connection with a repurchase program approved by the Ordinary Shareholders' Meeting, Rallye is authorized to buy back the company's shares in order, in particular, to cover the requirements of the stock option plans, to allocate bonus shares to employees and management, to ensure trading on the market, to retain them in order to issue them subsequently as payment or in consideration in connection with acquisitions, and to cancel a certain number and amount of shares which cannot exceed 10% of share capital.

Pursuant to the authorizations given to the Board of Directors, the overall amount of capital increases which may be performed immediately or in the long term, other than by the incorporation of profit, reserves or premiums, should not exceed a nominal amount of €200 million.

17.2 Share capital and capital reserves

Share capital comprises 42,652,592 common shares with a par value of €128 million. The issue premium, merger premium and other additional paid-in capital amounted to €919 million, €363 million and €40 million, respectively.

17.3 Changes in share capital

Common shares issued and fully paid (par value of €3 per share):

	2007	2006
Number of shares as at January 1	39,211,028	38,807,587
Exercise of share warrants	314,300	186
Dividend payment in shares (balance for 2005)		403,255
OCEANE bond conversion ⁽¹⁾	3,127,264	
Number of shares as at December 31	42,652,592	39,211,028

(1) As at December 31, 2007, the conversion of 3,314,454 OCEANE bonds gave rise to the creation of 3,127,264 new shares and the transfer of 253,478 existing shares.

17.4 Other shareholders' equity

	2007	2006
Premium ⁽¹⁾	1,322	1,187
Treasury stocks ⁽²⁾	(42)	(21)
Equity instruments (TSSDI) ⁽³⁾	600	600
Other equity instruments ⁽⁴⁾	(24)	(23)
Reserve for employee stock options ⁽⁵⁾	67	56
Consolidated reserves ⁽⁶⁾	3,198	2,389
Translation difference ⁽⁷⁾	325	288
TOTAL OTHER SHAREHOLDERS' EQUITY	5,446	4,476

(1) Additional paid-in capital refers to the parent company's premiums on shares issued for cash or in connection with mergers or acquisitions.

(2) Treasury shares: as at December 31, 2007, the company held 405,828 of its own shares, for a total amount of €19 million.

During the year, the company:

- acquired 198,150 shares through the automatic exercise at maturity of 198,150 options to purchase Rallye shares (calls), intended to cover a Rallye share purchase plan granted by the company to Group executives and employees;
- acquired 426,606 shares and sold 409,506 shares in the framework of the liquidity contract, which included 54,100 shares as at December 31, 2007;
- sold 13,000 shares as a result of the exercise of share purchase options by option beneficiaries;
- acquired 253,478 Rallye shares following the exercise of Rallye share purchase options (calls) intended for the partial conversion of the Rallye OCEANE bond.

This transaction generated a capital loss of €2.1 million, which was allocated to shareholders' equity.

(3) Equity instruments (TSSDI): at the beginning of the year 2005, the Casino group floated €600 million in perpetual "super-subordinated" securities (TSSDI) on the market. The securities are redeemable solely at the Group's discretion, and interest payments are due only if the Group pays a dividend on its common stock in the preceding twelve months. Due to the specific duration and remuneration featured by these securities, the instrument is classified under shareholders' equity for an amount of €600 million. Issuing costs net of the tax effect were charged to shareholders' equity.

The dividend, at 7.5% in the first three years, then at the Constant Maturity Swap rate + 100 basis points, is recognized as a decrease in shareholders' equity net of tax effect.

(4) Other equity instruments: Rallye holds €6 million in calls purchased to cover share subscription option plans and allowing to purchase 649,830 Rallye shares.

(5) Reserve for employee stock options: this line item reports the accumulated effect of offsetting entries for share option expenses.

(6) Consolidated reserves include:

- the parent company's reserves after consolidation restatements;
- the Group's share of each subsidiary's restated shareholders' equity, decreased by the value of the shares held by the Group, and increased by goodwill if any;
- the accumulated effect of changes in accounting methods and correction of errors;
- the changes in fair value of financial assets held for sale; and
- the changes in fair value of derivatives used in cash flow hedging transactions.

(7) Translation differences: this account includes the Group's share of foreign exchange unrealized gains or losses, linked to the year-end evaluation of the shareholders' equity of foreign subsidiaries, and the portion of receivables and debts that are part of its net investment in its foreign subsidiaries.

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17.5 Translation reserve

(In € millions)	2007			2006		
	Group's share	Minority interests	Total	Group's share	Minority interests	Total
Brazil	159	164	323	101	113	214
Argentina	(14)	(15)	(29)	(5)	(5)	(10)
Colombia	2	(24)	(22)	13	14	27
Uruguay	6	7	13	5	6	11
Venezuela	(16)	(22)	(38)	(11)	(17)	(28)
United States	(1)	(11)	(12)		(9)	(9)
Taiwan				1	2	3
Thailand	17	34	51	9	17	26
Poland	22	24	46	27	31	58
Other	(1)	(6)	(7)		(4)	(4)
TOTAL TRANSLATION RESERVE	174	151	325	140	148	288

17.6 Share-based payments

Date of grant	06/04/2003	06/09/2004	06/08/2005	06/07/2006	10/01/2007
Date of maturity	12/04/2008	12/09/2009	12/08/2010	12/07/2011	03/31/2013
Number of initial beneficiaries	49	46	58	61	60
Number of options initially granted	380,980	314,550	224,084	254,120	181,127
Number of options relinquished by beneficiaries	53,050	12,500	7,500	5,250	320
Number of options exercised	304,300	10,000			
Number of options remaining in force at end of period	23,630	292,050	216,584	248,870	180,807
Strike in euros	29.51	41.38	40.16	36.84	48.73
Option valuation					
Fair value at the time of grant	5.50	8.51	8.64	7.20	10.16
Valuation model used	Trinomial	Trinomial	Trinomial	Trinomial	Trinomial
Volatility	29.51%	31.60%	31.60%	26.37%	26.08%
Option duration	5 years 1/2	5 years 1/2	5 years 1/2	5 years 1/2	5 years 1/2
Risk-free interest rate	2.98%	3.76%	2.60%	3.79%	4.23%
Planned dividend	4.00%	4.00%	0.00%	4.00%	4.00%

The above plans do not provide for early exercise of the options.

In June 2005, June 2006 and October 2007, Rallye also set up bonus share plans. The vesting of shares by the beneficiaries is subject to the realization by the company of a performance indicator, measured on a yearly basis, which determines the percentage of shares vested for the corresponding year. The total number of bonus shares vested equals the average of annual grants. The performance indicator used is the cover of net debt by assets.

The table below provides details of the bonus share plans granted:

Date of grant	06/08/2005	06/07/2006	10/01/2007
Date of maturity	06/08/2008	06/07/2009	01/01/2011
Number of initial beneficiaries	58	61	60
Number of shares initially granted	37,151	40,858	29,686
Number of shares relinquished by beneficiaries	1,875	1,312	80
Number of shares remaining in force at end of period	35,276	39,546	29,606
Option valuation			
Fair value at the time of grant	35.26	32.40	42.60
Option duration	3 years	3 years	3 years 1/4
Risk-free interest rate	2.21%	3.52%	4.15%

In 2007, the impact for share-based payments granted by Rallye on the income statement amounted to €3 million.

The impact of share-based payments granted by the Group's companies on the income statement amounted to €12 million in 2007. Changes in the number of options granted in connection with these plans are shown below, along with the average strike for the period:

	2007		2006	
	Weighted average strike (ln €)	Number of options	Weighted average strike (ln €)	Number of options
Outstanding at beginning of period	36.57	1,105,684	36.49	851,564
Granted over the period	48.73	181,127	36.84	254,120
Relinquished over the period	38.77	10,570		
Exercised over the period	29.89	314,300		
Expired over the period				
Outstanding at end of period	41.02	961,941	36.57	1,105,684
Exercisable at end of period	29.51	23,630		

17.7 Dividends

During 2007, Rallye paid:

- the balance of the 2006 dividend at €0.94 per share;
- an interim dividend of €0.80 per share.

The Board of Directors proposed that the dividend be set at €1.83 per share for 2007. The outstanding amount due is €1.03 per share, since an interim dividend of €0.80 per share was paid in October 2007.

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Note 18. Provisions

18.1 Breakdown and changes

(In € millions)	As at January 1, 2007	Charges for the year	Reversal for the year ⁽¹⁾	Change in scope and transfers ⁽²⁾	Change in foreign exchange	As at December 31, 2007
After-sales service	21	16	21			16
Employee work medal awards	20					20
Retirement benefits	49	35	15	10		79
Current service	14					14
Misc. disputes	30	24	17	(1)	1	37
Misc. contingencies and charges ⁽³⁾	249	153	110	19	9	320
Restructuring	8	2	8	1		3
Fidelity program	24	28	23	19		48
TOTAL	415	258	194	48	10	537
<i>of which non current</i>	<i>246</i>	<i>70</i>	<i>22</i>	<i>5</i>	<i>11</i>	<i>310</i>
<i>of which current</i>	<i>169</i>	<i>188</i>	<i>172</i>	<i>43</i>	<i>(1)</i>	<i>227</i>

(1) Includes the reversal of provisions that are no longer necessary: €19 million.

(2) Includes actuarial gains and losses recognized in shareholders' equity: €1 million.

(3) Provisions for miscellaneous disputes and contingencies and charges include a multitude of amounts related to disputes with employees (e.g. conciliation board), real estate (e.g., disputes on building work, contested rental payments, evictions), and tax and economic matters (e.g., infringements of trademarks and patents).

18.2 Pension commitments and other benefits

In France, the Group's fixed-term benefit commitments are mainly end-of-career benefits, as well as complementary retirement indemnities, related to employees who are all now retired.

In 2006, the Group adopted the amendment to IAS 19, and henceforth immediately books total actuarial gains and losses relative to defined benefit plans under shareholders' equity. The information on total actuarial gains and losses affecting shareholders' equity since the amendment was adopted is shown below:

(In € millions)	2004	2005	2006	2007
Provisions and other current liabilities	7	15	12	(3)
Deferred tax assets	3	6	5	(1)
Cumulative decrease in shareholders' equity	4	8	7	(2)
<i>Of which, Group's share</i>	<i>1</i>	<i>2</i>	<i>2</i>	<i>(1)</i>
Net income after tax, recognized in equity	(4)	(4)	1	9

The impact of the Social Security Financing Act for 2008 is taken as a change in actuarial assumptions and, as a result, is recognized directly in shareholders' equity.

18.2.1 Variation of provisions

(In € millions)	France		International		Total	
	2007	2006	2007	2006	2007	2006
Present value of covered obligations	125	120			125	120
Fair value of plan assets	(71)	(84)			(71)	(84)
Sub-total	54	36			54	36
Present value of uncovered obligations	11	10	12	1	23	11
PROVISION RECORDED IN THE BALANCE SHEET	65	46	12	1	77	47

18.2.2 Changes in provisions

(In € millions)	France		International		Total	
	2007	2006	2007	2006	2007	2006
Opening balance	46	43	1	56	47	99
Amendment to IAS 29	(1)	2			(1)	2
Classification as "assets held for sale"	12			(55)	12	(55)
Charge for the year (continuing activities)		10				10
Charge for the year (discontinued activities)						
Disbursements	(6)	(10)			(6)	(10)
Partial repayment of plan assets	14				14	
Change in scope of consolidation		1	11		11	1
Change in foreign exchange						
Closing balance	65	46	12	1	77	47

The "Assets held for sale and related liabilities" were sold in 2007.

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18.2.3 Present value of obligations

(In € millions)	France		International		Total	
	2007	2006	2007	2006	2007	2006
Opening balance	130	123	2	118	132	241
Classification as "assets held for sale"				(116)		(116)
Current service cost	10	9			10	9
Financial cost	4	3			4	3
Disbursements	(8)	(9)			(8)	(9)
Recorded actuarial difference		3				3
Change in foreign exchange			(1)		(1)	
Cost of past service			11		11	
Change in scope of consolidation		1				1
Impact of reductions/payments						
Closing balance	136	130	12	2	148	132

18.2.4 Changes in fair value of plan assets

(In € millions)	France		International		Total	
	2007	2006	2007	2006	2007	2006
Opening balance	84	80		62	84	142
Classification as "assets held for sale"				(62)		(62)
Expected return	4	4			4	4
Actuarial gains and losses	1	(1)			1	(1)
Contributions		5				5
Benefits paid	(4)	(4)			(4)	(4)
Partial repayment of plan assets	(14)				(14)	
Change in foreign exchange						
Closing balance	71	84			71	84

The "Assets held for sale and related liabilities" were sold in 2007.

18.2.5 Charge recorded in income

(In € millions)	France		International		Total	
	2007	2006	2007	2006	2007	2006
Continuing activities						
Financial cost	4	3			4	3
Expected return on assets	(2)	(2)			(2)	(2)
Charge recorded in financial expenses	2	1			2	1
Current service cost	10	9			10	9
Recorded cost of past service						
Impact of reductions/payments						
Charge recorded in payroll expenses	10	9			10	9
Discontinued activities						
Charge recorded in net income for discontinued activities				5		5
CHARGE FOR THE YEAR	12	10		5	12	15

18.2.6 Main actuarial assumptions

(In € millions)	France		International	
	2007	2006	2007	2006
Discount rate	4.5 – 5.0%	4.50%		0.0 – 5.75%
Rate of wage increases	2.5 – 3.0%	2.5 – 2.75%		0.0 – 4.0%
Retirement age	62 – 64	62 – 64		60 – 65
Expected return on assets	4%	4.0 – 4.5%		

For French businesses, the TGH 05 / TGF 05 life expectancy table becomes applicable as from 2006.

In 2007, the expected rate of return on plan assets equals the rate actually realized the year before. For France, the actual yield in 2007 totaled €4 million.

Defined contribution plans mainly comprise retirement benefits, with a total cost of €240 million.

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Note 19. Fair value of financial instruments recognized as liabilities

19.1 Breakdown of financial instruments recognized as liabilities as at December 31, 2007

(In € millions)	Book value	Fair value	Fair value through profit or loss	Debt at amortized cost	Other liabilities
Liabilities					
Bond issues	5,766	5,874	5	5,761	
Other borrowings	2,799	2,796		2,799	
Lease finance contracts	177	177		177	
Financial derivatives (fair value hedging)	156	156	156		
Financial debt ⁽¹⁾	837	837	15	822	
Trade payables	4,582	4,582		4,582	
Other debt	2,823	2,823	20	659	2,144
Short-term bank borrowings	573	573		573	

(1) Of which €706 million in financial debt at fair value corresponding to the puts (see note 20.4). In accordance with accounting principles described in note w, the change in fair value is offset by a goodwill entry (see note 3).

19.2 Breakdown of financial instruments recognized as liabilities as at December 31, 2006

(In € millions)	Book value	Fair value	Fair value through profit or loss	Debts at amortized cost	Other liabilities
Liabilities					
Bond issues	5,974	6,122		5,974	
Other borrowings	1,680	1,680	2	1,678	
Lease finance contracts	185	185		185	
Financial derivatives (fair value hedging)	110	110	110		
Financial debt ⁽¹⁾	909	909	11	898	
Trade payables	3,813	3,813		3,813	
Other debt	2,469	2,469	21	591	1,857
Short-term bank borrowings	485	485		485	

(1) Of which €889 million in financial debt at fair value corresponding to the puts (see note 20.4). In accordance with the accounting principles described in note w, the change in fair value is offset by a goodwill entry (see note 3).

Note 20. Financial liabilities

20.1 Breakdown of financial debt

(In € millions)	2007	2006
Bond issues	4,594	5,128
Other borrowings	2,285	1,121
Lease finance contracts	136	138
Borrowings and loans (fraction maturing over 1 year)	7,015	6,387
Non-current financial derivatives (fair value hedging)	138	92
Non-current financial debt ⁽¹⁾	241	504
Non-current financial liabilities	7,394	6,983
Bond issues	1,172	853
Other borrowings	514	560
Lease finance contracts	41	46
Borrowings and loans (fraction maturing in 1 year or less)	1,727	1,459
Current financial debt ⁽¹⁾	596	404
Current financial derivatives (fair value hedging)	18	12
Short-term bank borrowings and spot credit lines	573	485
Current financial liabilities	2,914	2,360
Non-current hedging financial assets	(66)	(88)
Asset derivatives on fair value hedging and debt derivatives	(168)	(158)
Financial debt	10,074	9,097
Marketable securities and similar assets	(287)	(152)
Cash equivalents	(973)	(1,349)
Cash	(1,754)	(707)
NET FINANCIAL DEBT	7,060	6,889

(1) Including financial liabilities related to put options granted to minority interests (see note 20.4).

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20.2 Changes in financial debt

(In € millions)	2007	2006
Opening balance	9,097	10,800
New borrowings	2,473	763
Redemption (principal and interests)	(2,017)	(2,254)
OCEANE bond conversion	(146)	
Changes in fair value (against income)	9	(45)
Translation difference	(7)	(86)
Change in scope	970	(84)
Transfer to liabilities related to assets held for sale		(87)
Other	(305)	90
Closing balance	10,074	9,097
<i>of which non-current</i>	<i>7,328</i>	<i>6,894</i>
<i>of which current</i>	<i>2,746</i>	<i>2,203</i>

20.3 Financial debt detail

(In € millions)	Currency	Interest rate	Maturity	Due date	2007	2006
Bond borrowings						
Rallye 2003 ⁽¹⁾ OCEANE 2008	EUR	fixed 3.750%	5 years	Jan. 2008	119	264
Rallye 2003 ⁽²⁾ 2013 exchangeable bond	EUR	fixed 3.250%	10 years 3 months	July 2013	300	300
Rallye 2004 2009 bond	EUR	fixed 5.375%	5 years	Jan. 2009	500	500
Rallye 2004 2011 bond	EUR	fixed 5.625%	7 years	Oct. 2011	500	500
HMB 2000 ⁽³⁾ 2008 Zero coupon bond	EUR	variable E3M + 0.40%	8 years	June 2007		189
Casino 2004 ⁽⁴⁾ 2007 linked bond	EUR	variable E3M + 0.45%	2 years 3 months	March 2007		81
Casino 2004 ⁽⁴⁾ 2008 linked bond	EUR	variable E3M + 0.60%	3 years 3 months	March 2008	78	78
Casino 2004 ⁽⁴⁾ 2009 linked bond	EUR	variable E3M + 0.725%	4 years 3 months	March 2009	76	76
Casino 2002 2007 bond	EUR	fixed 5.875%	4 years 11 months	Nov. 2007		500
Casino 2001 2008 bond	EUR	fixed 6.000%	7 years	March 2008	882	1,069

(In € millions)	Currency	Interest rate	Maturity	Due date	2007	2006
Casino 2002 ⁽⁵⁾ 2009 bond	EUR	fixed 5.452%	7 years	June 2009	522	497
Casino 2003 2010 bond	EUR	fixed 5.250%	7 years	April 2010	500	500
Casino 2004 2011 bond	EUR	fixed 4.750%	7 years	July 2011	400	400
Casino 2002 2012 bond	EUR	fixed 6.000%	10 years	Feb. 2012	700	700
Casino 2007 2014 bond	EUR	fixed 4.880%	7 years	April 2014	750	
Casino 2002 2011 private placement	USD	fixed 6.460%	9 years	Nov. 2011	255	255
Casino 2002 2009 private placement	USD	fixed 5.920%	7 years	Nov. 2009	10	10
Exito/Carulla ⁽⁶⁾ bonds	COP	variable			117	
CBD bond	BRL	variable CDI + 0.5% ⁽⁸⁾	4, 5 and 6 years	March 2011, 2012, 2013	114	
TOTAL BOND BORROWINGS					5,823	5,919

Bank borrowings	Currency	Interest rate	Maturity	Due date	2007	2006
HMB Structured loan	EUR	fixed	5 years	July 2011	125	125
Rallye Syndicated loan	EUR	variable	5 years	July 2010	240	240
Cobivia Structured loan	EUR	variable	5 years	July 2010	200	200
Rallye Bank borrowing	EUR	variable	4 years 11 months	Nov. 2011	125	
Alpétrol Structured loan	EUR	fixed	5 years	Oct. 2011	100	100
Alpétrol Bank borrowing	EUR	variable	5 years	Jan. 2012	50	
Alpétrol Structured loan	EUR	variable	5 years	June 2012	100	
Kerrous Structured loan	EUR	variable	5 years	July 2012	150	
Rallye Bank borrowing	EUR	variable	7 years	May 2014	150	

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(In € millions)	Currency	Interest rate	Maturity	Due date	2007	2006
Casino Syndicated loan	EUR	fixed	8 years	Feb. 2007		34
Casino Syndicated loan	EUR	variable	8 years	Feb. 2007		14
Casino Bank borrowing	EUR	variable	6 years	Sept. 2007		100
Casino Structured loan	EUR	variable	6 years	June 2013	183	
Miscellaneous bank borrowings ⁽⁷⁾	EUR				1,130	600
TOTAL BANK BORROWINGS					2,553	1,413
Fair value adjustment, to be amortized					51	77
Accrued interest on loans					186	179
Change in the fair value of debt					(108)	(56)
Derivative instruments – fair value of debt					157	103
Derivative assets					(234)	(246)
Commitments made to minority interests (puts)					725	901
Loans taken on lease finance					176	185
Other borrowings and loans					126	137
Short-term bank borrowings and spot credit lines					619	485
TOTAL BANK BORROWINGS					10,074	9,097

(1) Bonds convertible or exchangeable into Rallye shares at the rate of 1.02 shares for 1 bond, redeemable at the latest on January 1, 2008 at 109.7% of par value. The par value of the issue totals €264 million. The number of bonds outstanding as at December 31, 2007 was 2,696,908 (see note 17.3.). The final redemption premium amounts to €11.5 million.

(2) Bonds exchangeable for Casino common shares issued by Rallye for an amount of €300 million. Bonds may be redeemed in cash at the latest on July 1, 2013, at 119.07% of par value and carry an exchange option, which may be exercised at any time at the choice of the bearer up until July 1, 2013 against 1 Casino common share. Rallye has an early redemption option that can be exercised as of July 1, 2006. Bondholders have an early redemption option that can be exercised on July 1, 2008 and July 1, 2011.

(3) Bond issue consisting of €150 million in par value and €43 million in capitalized interests redeemed in July 2007.

(4) On December 23, 2004, Casino, Guichard-Perrachon issued three series of bonds indexed on the market price for Casino shares, for a total amount of €236 million. The three series amount to: €81 million, €78 million, and €76 million, with maturity dates set, respectively, at March 30, 2007, March 30, 2008 and March 30, 2009. The redemption price for these bonds is indexed on the stock market price for Casino common shares: with a minimum amount of €60 million, and a maximum of €280 million. The debt is recorded on the balance sheet for the discounted present value of the maximum redemption amount. The indexation on the stock market price for Casino common shares is recorded as a derivative asset instrument at its fair value. Any change in fair value is recorded in income.

(5) In June 2002, Casino, Guichard-Perrachon issued bonds for an amount of €559 million, maturing in seven years. This bond issue was fully subscribed by FINOVADIS SNC, a partnership which is 99% owned by a bank, and 1% owned by Casino, Guichard-Perrachon. In accordance with the principles described in the section entitled "Scope of consolidation", the share of the issue which was financed by outside investors constitutes an external debt for the Group, and appears in the financial statements as a loan in the amount of €522 million (i.e., par value €400 million + capitalized interest).

(6) In April 2005 and April 2006, Exito issued two variable rate bonds for €10 million maturing in April 2011 and €26 million maturing in April 2013.

In April 2000 and May 2005, Carulla issued two variable rate bonds for €24 million maturing in April 2008 and €57 million maturing in May 2015.

(7) Miscellaneous bank borrowings consisting of a large number of loans with maturities mostly at less than one year. The Exito loans amounted to €333 million as at December 31, 2007.

(8) CDI: Certificado de Depósito Interbancario.

The two Rallye bond issues of 2003 were recorded according to the "split accounting method", which consists in:

- separating the embedded derivative at the time of issue, and recognizing it in equity – subsequent changes in fair value will not be taken into account;
- determining the value of the derivative based on the difference between the par value of the bond and the market value of a debt instrument with similar characteristics, but which does not carry the option to be converted, and
- using the amortized cost method.

20.4 Put options granted to minority shareholders

PUT OPTIONS AS AT DECEMBER 31, 2007

(In € millions)	% of ownership	Commitment	Price	Fixed or variable	Non-current financial liabilities	Current financial liabilities	Off-balance-sheet	Goodwill
Franprix and Leader Price ⁽¹⁾	26.00 to 95.00%	5.00 to 74.00%	853	F/V	46	472	335	480
Monoprix	50.00%	50.00%	850	F			850	
Disco (Uruguay)	62.49%	33.83%	54	F		11	44	11
Sendas Distribuidora (Brazil) ⁽²⁾	42.57%	57.43%	91	V			91	
Assai (Brazil) ⁽³⁾	60.00%	40.00%	29	V	29			28
Carulla Vivero (Colombia) ⁽⁴⁾	77.00%	22.50%	148	V	148			98
Exito (Colombia) ⁽⁵⁾	59.82%	0.02%		V				
Other			19		18	1		
TOTAL COMMITMENTS			2,044		241	484	1,320	617

(1) In March and April 2007, Casino decided to appoint a new management team at Franprix and Leader Price. At the beginning of April 2007, the minority shareholders of Leader Price Holding protested against the way in which they had been replaced in their offices of senior and line management and declared that they intended to exercise their put options early. The Casino group totally refuted their position on the basis of the shareholders' agreement and of misconduct, and notified the minority shareholders that their claims were null and void. The Casino group is confident in the favorable outcome of the case. However, since this outcome is not known yet, the Group maintained in its financial statements, as a conservative measure, the current financial debt corresponding to the calculation resulting from the put agreements.

(2) The put option granted to minority shareholders of Sendas will result in the issue of preferred shares of CBD. The Sendas family gave notification of the exercise of its option on January 5, 2007. There is a dispute over the exercise price of this option. Consequently, the shares had not been delivered as at December 31, 2007. A provision of €6 million was recorded for the year to cover the negative effect of the future dilution.

(3) CBD granted minority shareholders of Assai (40%) a put option based on a multiple of the earnings of the subsidiary, less net financial debt. The minority shareholders of Assai may exercise their put between January 1 and January 15 of each calendar year from 2012 to 2014. Casino estimated the value of the put as at December 31, 2007 on the basis of the plan set out by the management of CBD.

(4) In connection with the acquisition of Carulla, Exito granted the minority shareholders of Carulla (22.5%) a put option priced on the basis of the highest of the following amounts:

- multiple of EBITDA of the subsidiary, less net financial debt;
- fixed price bearing interest until the exercise date;
- average share price of Exito over the 6 months preceding the exercise of the option.

The first period for exercising the put will last 45 days from March 15, 2010. Casino estimated the value of the put as at December 31, 2007 on the basis of the plan set out by Exito's management.

(5) On December 19, 2007, Casino announced that it had amended Exito's shareholders' agreement signed on October 7, 2005. The main provisions of the amended shareholders' agreement relate to the cancellation of the minority shareholders' put option and the recognition of the majority position of Casino. At the same date, the minority shareholders of Suramericana de Inversiones SA and other strategic partners in Colombia entered into put and call option agreements with Citi relating to their interests in Exito (6.9% and 5.1% respectively). Pursuant to these agreements, the partners agreed to cancel the put option granted to them by the historical shareholders' agreement with Casino, thus freeing the Group from its commitment to buy their interest in Exito.

The put options may be exercised for a three-month period from December 16 of financial years 2009, 2010 and 2011 for the 6.9% held by Suramericana, and for a three-month period from December 16 of financial years 2010, 2011, 2012, 2013 and 2014 for the 5.1% held by the other strategic partners in Colombia. The call options may be exercised by Citi for a three-month period from March 16, 2012 for the 6.9% held by Suramericana, and for a three-month period from March 16, 2015 for the 5.1% stake of the other strategic partners in Colombia. The exercise price of these options will be the highest of the following amounts:

- a fixed price of 19,477 COP per share, adjusted for inflation of +1%;
- a multiple of EBITDA less net debt;
- a multiple of sales less net financial debt;
- the average share price over the last six months.

On January 8, 2008, Grupo Nacional de Chocolates SA sold its 2.0% stake in Exito to Citi for 19,477 COP per share.

At the same time, Casino entered into a Total Return Swap (TRS) with Citi with a net cash payment for the 2.0% stake in Exito acquired from Chocolates, and agreed to sign other TRS agreements on all the other partners' stakes (12.0% in total) relating to the above-mentioned put and call options.

Under the terms of the TRS on the 2.0% stake sold by Chocolates, Casino will receive, at term, the difference between the market price and a minimum amount of 19,477 COP per share, if it is positive, or, if not, it will pay this amount to Citi. The TRS is effective for a maximum period of three years and three months. The subsequent TRSs will enter into effect for a maximum period of three years and three months from the exercise date of any of the put and call options on the aggregate 12% stake held by Suramericana and the other strategic partners in Colombia.

Casino has no commitment to repurchase the shares from Citi following the net cash settlement of the TRS.

The TRS and the future TRS commitments have been accounted for as financial instruments in Casino's financial statements. As at December 31, 2007, the value of the derivatives, estimated by an independent bank, was zero. On the basis of the fixed price, if all the put options are exercised, the nominal value of the TRS could amount to €259 million.

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SENSITIVITY ANALYSIS OF THE PUT OPTIONS AS AT DECEMBER 31, 2007

(In € millions)	Non-current financial debt	Current financial debt	Financial debt	Fixed or variable	Indicator	Impact of a +/-10% change in the indicator
Franprix and Leader Price	46	472	518	F/V	Net income	+/-2
Lanin and Disco (Uruguay)		11	11	F		
Assai (Brazil)	29		29	V	Net sales	+/-3
Carulla Vivero (Colombia)	148		148	V	Stock prices	+/-7
Exito (Colombia)				V	Stock prices	
Other	18	1	19	V		+5/-4
TOTAL COMMITMENTS	223	483	706			+17/-16

PUT OPTIONS AS AT DECEMBER 31, 2006

(In € millions)	% of ownership	Commitment	Price	Fixed or variable	Non-current financial liabilities	Current financial liabilities	Off-balance-sheet	Goodwill
Franprix and Leader Price	26.00 to 95.00%	5.00 à 74.00%	1,086	F/V	494	239	353	703
Monoprix	50.00%	50.00%	857	F			857	
Vindémia	70.00%	30.00%	143	V		143		33
Lanin and Disco (Uruguay)	57.99%	33.83%	67	F		13	54	13
Sendas Distribuidora (Brazil)	42.57%	57.43%	85	V			85	
Other			12	V	10	2		
TOTAL COMMITMENTS			2,250		504	397	1,349	749

For valuation methods see note 35.

Note 21. Financial risk management policies and objectives

The main risks inherent to the financial instruments used by the Group are: interest- and exchange-rate risk, credit risk, liquidity risk and security risk.

The Group holds financial derivatives, mainly interest- and exchange-rate swaps, and foreign currency forward purchases and sales. These instruments are intended to manage interest- and exchange-rate risks inherent to the Group's businesses and financing.

21.1 Interest- and exchange-rate risk

The Group's strategy is based on a dynamic debt management, which consists in keeping certain lines of credit variable in order to take advantage of lower rates and to hedge against possible rate increases.

In managing its exposure to interest- and exchange-rate risk, the Group uses various derivative instruments; mainly interest- and exchange-rate swaps, collars, caps, floors, and options which may be used alone or in combination. Although they are not all eligible for hedge accounting, all interest-rate hedge instruments are subscribed in the framework of the above mentioned interest- and exchange-rate risk management policy.

The Group's finance policy consists in managing its interest cost by combining variable and fixed rate derivative instruments.

SENSITIVITY TO INTEREST RATE VARIATIONS AS AT DECEMBER 31, 2007

(In € millions)	< 1 year	1 to 5 years	> 5 years
Bond borrowings	1,282	3,736	805
Bank loans	2,332	191	184
Leasing	124	49	1
Short-term bank borrowings and spot credit lines	573		
Total liabilities	4,311	3,976	990
Cash equivalents	973		
Cash	1,754		
Total assets	2,727		
Net position before risk management⁽¹⁾	1,584	3,976	990
Interest rate swaps – paying fixed rate	4,103		
Interest rate swaps – receiving fixed rate	(1,800)	(500)	
Options			
Off-balance-sheet	2,303	(500)	
Net position after risk management	3,887	3,476	990
Net position to roll-over in less than one year	3,887		
1% change	39		
Average residual maturity until the end of the year	1		
Change in financial expenses	38		
Net financial charges 2007	468		
Impact of change in financial expenses/financial charges	8.18%		

(1) Those components of the debt which are not exposed to interest-rate risk, mainly debt linked to puts and outstanding accrued interest, are not included in the calculation.

Thus, a 1% increase in short-term interest rates on variable rate financial assets and liabilities would have an estimated maximum impact, taking into account derivatives, of €38 million in gains and losses on the Group's pre-tax consolidated net income (€32 million as at December 31, 2006).

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SENSITIVITY TO INTEREST RATE VARIATIONS AS AT DECEMBER 31, 2006

(In € millions)	< 1 year	1 to 5 years	> 5 years
Bond borrowings	925	3,995	1,000
Bank loans	1,487	56	
Leasing	133	51	2
Other debts	485		
Assignment of receivables			
Total liabilities	3,030	4,102	1,002
Cash equivalents	1,349		
Cash	707		
Total assets	2,056		
Net position before risk management⁽¹⁾	974	4,102	1,002
Interest rate swaps – paying fixed rate	4,167		
Interest rate swaps – receiving fixed rate	(1,800)		
Options			
Off-balance-sheet	2,367		
Net position after risk management	3,341	4,102	1,002
Net position to roll-over in less than one year	3,341		
1% change	33		
Average residual maturity until the end of the year	1		
Change in financial expenses	32		
Net financial charges	340		
Impact of change in financial expenses/financial charges	9.36%		

(1) Those components of the debt which are not exposed to interest-rate risk, mainly debt linked to puts and outstanding accrued interest, are not included in the calculation.

In order to protect its financial margin from volatile interest rates, Banque du groupe Casino fully hedges against interest-rate risk:

- fixed-rate uses of funds: assigned sources of funds are transformed or capped at a fixed rate. These hedges match the amortization schedule of uses until maturity;
 - variable-rate uses of funds: assigned sources are transformed into a fixed rate over a sliding period of at least three months in an amount corresponding to the projected uses for the period.
- The remaining financial instruments of the Group do not bear interests and are therefore not subject to interest-rate risk.

21.1.1 Fair value risk

When the Group contracts fixed rate borrowings, it is exposed to an opportunity cost if the interest rate decreases. In order to cover against fair value risk, the Group has subscribed to interest-rate swaps in which it exchanges fixed-rate interest flows against variable-rate interest flows.

Hedge accounting: under its interest- and exchange-rate risk management policies, the Group uses fair value hedge accounting. The objective is to hedge against part of the risk of a change in fair value which may result from interest-rate risk on a fixed-rate loan. The Group does not use fair value hedge accounting for its foreign currency forward purchases.

The fair value of derivatives used in fair value hedge accounting totaled €28 million as at December 31, 2007 (€76 million as at December 31, 2006).

21.1.2 Interest- and exchange-rate risk on cash flows

As at December 31, 2007, the Group held currency swaps (USD/COP) and interest rate swaps (variable/fixed) to hedge for the cash flows required in Colombia to repay the loans of US\$367 million contracted from JPMorgan, Citibank and Bancolombia. The last hedged payment will be made in December 2011. In addition, the Group has dollar investments for which currency hedges have been put in place, in order to guarantee the amount that will be received when the investments reach maturity, in Colombian pesos. The final payment will be made in December 2008.

The Group has also entered into currency forwards to cover future payments to suppliers in the real estate development business in Poland. The payments are due in zlotys while the loans were contracted in euros. The last payment hedged will be made in March 2009.

The forward agreements are used to cover exchange rate and interest rate risk on firm commitments. The terms of the forward agreements are negotiated to mirror the terms of the firm commitments.

CASH FLOW HEDGES – COVERED CASH FLOWS

(In € millions)	2007		2006	
	Assets	Liabilities	Assets	Liabilities
Interest rate and currency swaps (Colombia)				
Fair value of cash flows	89	247		
Currency forward contract (Poland)				
Fair value of cash flows		108		

The cash flow hedges were assessed as highly effective.

An unrealized gain of €0.4 million on the currency forwards in Poland, net of deferred tax, has been recognized in shareholders' equity. An unrealized loss of €6 million, net of deferred tax, on the cash flow hedges in Colombia has also been recognized in shareholders' equity. An ineffective portion amounting to €0.2 million has been recognized under net income.

21.1.3 Breakdown by category of hedge

(In € millions)	Fair value 2007	Fair value 2006
Cash flow hedge instruments	6	
Fair value hedge instruments ⁽¹⁾	28	76
Instruments held for transaction purposes		5

(1) Mainly interest- and exchange-rate swaps.

21.2 Foreign exchange risk

As part of the management of its exposure to foreign exchange risk, the Group uses a variety of financial instruments, in particular, swaps and forward purchases or sales of foreign currencies. The majority of these transactions are carried out with a view to provide coverage, for example, to hedge purchases of goods, as well as a portfolio containing financial investments denominated in foreign currency.

Regarding goods purchased in dollars within the euro zone, the Group's hedging policy consists in covering the entirety of its purchasing budget with derivatives maturing on the same date as the budgeted appropriations.

As to the financial investment portfolio, booked at fair value under available-for-sale assets, (see note 11), the Group's policy is to use forward sales contracts to hedge investments denominated in foreign currency in an amount which corresponds to their fair value in the foreign currency.

Derivatives instruments used in fair value hedge accounting totaled €11 million as at December 31, 2007, as against €4 million as at December 31, 2006.

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(In € millions)	USD	PLN	JPY	CHF	Euros	Others	Total 2007	Total 2006
Exposed trade receivables	(5)				(1)		(6)	(6)
Other exposed financial assets	(185)	(18)	(15)		(5)	(10)	(233)	(300)
Exposed trade payables	21	14					35	12
Exposed financial liabilities	530	16	15	1	3		566	253
Gross debt/(receivable) exposure	361	12		1	(3)	(10)	362	(41)
Hedged trade receivables								
Other hedged financial assets	178		15	5		10	208	286
Hedged trade payables	3	11					14	
Hedged financial liabilities	282		2				284	145
Net debt/(receivable) exposure	254	1	13	6	(3)		274	99

SENSITIVITY ANALYSIS OF THE NET EXPOSURE TO FOREIGN EXCHANGE RISK

The exchange rate used to convert US dollars as at December 31, 2007 was 1 euro for 1.4721 dollars and as at December 31, 2006, 1 euro for 1.3170 dollars.

The exchange rate used to convert Japanese yen as at December 31, 2007 was 1 euro for 164.93 yen and as at December 31, 2006 1 euro for 156.93 yen.

A 10% increase in the value of the euro as at December 31 in relation to these currencies would have resulted in the increases reported below. For the purposes of this analysis, it is assumed that all other variables, particularly interest rates, remain constant.

A 10% decrease in the value of the euro as at December 31 in relation to these currencies would have resulted in the opposite effects.

(In € millions)	Total 2007	Total 2006
US Dollar	25	9
Japanese Yen	1	1
Other currencies	1	
TOTAL	27	10

21.3 Security risk

21.3.1 Consolidated interests

As part of the management of its holdings of publicly-traded, consolidated shares, the Group may use certain optional instruments such as purchases and sales of options to buy or sell stocks, or optional products included in complex derivative instruments issued, such as bonds exchangeable for Casino shares, or bonds indexed on the market price of Casino shares. Such instruments are used for hedging purposes, in particular to hedge against the risk of dilution, or to attain the strategic objective of optimizing its holdings.

21.3.2 Investment portfolio

The diversification of the investment portfolio (geographically and by industry, size, type of investment and partner) enables risks to be widely spread across the high number of small sized investments.

As at December 31, 2007, the portfolio comprised approximately 230 lines, four-fifths of which were for amounts under €4 million, with high asset turnover. At the date of the financial statements, only seven investment lines were for amounts above €7 million in net invested cash, with the greatest amounting to €16 million. In addition, the portion of the portfolio invested in defensive industries with low correlation between them has been increased.

Finally, the portfolio invested in foreign currency is systematically covered by exchange rate hedges.

Price risk relating to a 10% decrease in the price of the shares held:

(In € millions)	2007	2006
Fair value of the portfolio in the balance sheet	545	408
Sensitivity on shareholders' equity	(55)	(41)

21.3.3 Portfolio of marketable securities

The value of marketable securities recorded on the balance sheet was €236 million as at December 31, 2007. Taking into account derivative instruments for a notional amount of €138 million (mainly consisting of TRS), the total exposure was €374 million. More than 80% of these marketable securities are listed on Euronext Paris. The majority is highly liquid and relates to a wide range of industries.

Given the market correlation (β) of the shares held and optional hedges contracted, a 10% decrease in the stock markets from levels as at December 31, 2007, applied to the overall exposure of €374 million would have a negative impact of €31 million on pre-tax income. The same analysis performed on the portfolio of marketable securities held as at December 31, 2006 (€149 million), showed that the Group's net income would have decreased by €15 million (pre-tax) in the event of a 10% decrease in the stock markets.

Price risk relating to a 10% decrease in the stock market:

(In € millions)	2007	2006
Total exposure (fair value)	374	149
Balance sheet position (fair value)	236	149
Sensitivity on income	(31)	(15)

21.4 Credit risks

21.4.1 Commercial credit risk

The Group's policy requires that the financial health of all of its customers who wish to obtain credit terms of payment be verified. In addition, client account balances are monitored regularly and, as a result, the Group does not have any significant exposure to bad debt.

21.4.2 Financial credit risk

The banking activity of the Casino group uses an approach in which the credit risk hedging system is largely based on the following:

- a statistical approach per homogenous portfolio of client receivables, since, taken individually, receivables are not significant, and given that they share common credit risk characteristics;
- the likelihood that the amounts will be recovered at different stages of the collection process.

Credit risk provisions are calculated for clients who have missed at least one payment. One payment overdue constitutes the IAS 39 trigger for the constitution of credit provisions.

The amount of the provisions is calculated based on a statistical model of collection flows and losses which integrates all possible movements between different levels, based on observed historical data.

The net present value of credit risk provisions is computed using the original rate in client contracts, and the expected inflows of capital and interest. As a result, in addition to provisions for existing credit

risk, henceforth a provision against future loss of margins is made, due to the effect of discounting expected future cash flows from collection to present value. Restructured loans for which payments are up to date are considered to be good debts. As of the first unpaid installment, however, these receivables are reclassified as doubtful accounts and a provision is made based on a statistical calculation as described above.

With respect to credit risk for other financial assets owned by the Group, such as cash and cash equivalents, financial assets available for sale, and certain financial derivatives, the Group's exposure to potential problems caused by third parties is limited to a maximum equal to the book value of the instruments concerned.

As part of transactions conducted on financial markets, the company is exposed to counterparty risk. Rallye favors financial relations with various banks of international size who enjoy the best ratings from specialized agencies, while avoiding an excessive concentration of dealings with a limited number of financial institutions. Consequently, Rallye considers its exposure to counterparty risk to be low.

In addition, the derivatives used in the management of foreign exchange and interest rate risks are negotiated directly with the lending institution, which eliminates any additional counterparty risk.

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21.5 Risk of financial debt becoming repayable on demand – liquidity risk

The Group's bank and bond borrowings contain commitment and default covenants which are customary in this type of contract: clauses upholding the creditor's rank (pari-passu) and cross default provisions.

The Group has no financing contract that would entail any commitments linked to the evaluation of the Group's debt by rating agencies ("rating trigger") or the share price of assets.

The Group's bond issues on the euro market do not include any commitments based on financial ratios.

Some of Rallye's bank borrowings require the company to maintain the two following financial ratios, at each closing date, until the term of the contracts:

- consolidated EBITDA/consolidated net financial expense > 2.75;
- Rallye SA shareholders' equity > €1,200 million.

At Casino group level, the financial covenants to be complied with at each closing date until the maturity of the contracts are as follows:

- the two confirmed bank credit lines set up in 2007 are subject to the commitment to meet a ratio requirement of consolidated net financial debt / consolidated EBITDA < 3.7;
- other medium-term confirmed bank lines, the 2009 private placement and the indexed bonds are subject to the requirement of consolidated net financial debt/consolidated EBITDA < 4.3;
- the private placement made in the USA is subject to commitment to meet the following ratio requirements:
 - consolidated net financial debt/consolidated EBITDA < 3.7,
 - consolidated net financial debt/consolidated shareholders' equity < 1.2; and
 - consolidated intangible assets/consolidated shareholders' equity < 1.25.

As at December 31, 2007, the Group met the ratio requirements. In order to secure liquidity, the Group maintains unused, confirmed credit lines available at sight for an aggregate amount of €3.5 billion, which breaks down as follows:

21.5.1 Unused, confirmed bank credit lines

(In € millions)	Rate	Amount available		Due date
		Groupe Casino	Rallye	
Confirmed bank lines	Variable	55	270	Before December 2008
Confirmed bank lines	Variable	943	430	After December 2008
Syndicated lines	Variable	1,200	575	July 2012 (Casino group)/ Feb. 2010 (Rallye)
Line for the financing of the credit business	Variable	55		December 2008
TOTAL		2,254	1,275	

21.5.2 Schedule of repayment of financial instruments recognized as liabilities

Schedule as at December 31, 2007

(In € millions)	Book value	< year	1 to 5 years	> 5 years
Financial liabilities				
Bond issues	5,766	1,170	3,445	1,151
Other borrowings	2,799	515	2,004	280
Lease finance contracts	177	41	107	29
Financial derivatives (fair value hedging)	156	18	138	
Financial debt	837	595	213	29
Trade payables	4,582	4,582		
Other debt	679	668	11	
Short-term bank borrowings	573	573		
TOTAL	15,569	8,162	5,918	1,489

Schedule as at December 31, 2006

(In € millions)	Book value	< 1 year	1-5 years	> years
Financial liabilities				
Bond issues	5,974	854	4,144	976
Other borrowings	1,680	559	1,012	109
Lease finance contracts	185	47	107	31
Financial derivatives (fair value hedging)	110	11	98	
Financial debt	909	404	504	
Trade payables	3,813	3,813		
Other debt	612	610	2	
Short-term bank borrowings	485	485		
TOTAL	13,768	6,783	5,867	1,116

Note 22. Other non-current liabilities

Other non current liabilities correspond to debt which matures in more than twelve months (mostly tax liabilities up to €33 million).

Note 23. Other current liabilities

(In € millions)	2007	2006
Debt on fixed assets	246	231
Current accounts	85	72
Tax and social security liabilities	1,253	1,105
Miscellaneous debt	574	465
Financing of the credit business	574	518
Unearned revenue	18	19
Non-hedging debt derivatives	10	19
OTHER CURRENT LIABILITIES	2,760	2,429

Note 24. Discontinued activities and assets held for sale

As part of its strategic focus objective, in 2006 and 2007 the Group announced the sale of its share in Feu Vert, its retail businesses in Poland, and its shares in Far Eastern Géant and Smart & Final. Since businesses in Poland and North America constitute major and distinct geographical segments, their income statements are presented under "Net income from discontinued activities".

24.1 Businesses in Poland

On June 17, 2006, Casino announced the sale of its retail business in Poland: the Géant hypermarkets businesses are sold to Real (of the Metro group), while their property is sold to GE Real Estate, and Leader Price Polska is transferred to the Tesco Group. As at December 31, 2006, the majority of the sales had been carried out.

In 2007, the Group sold the remaining assets in its disposal program for €95 million and recorded net capital gains of €34 million. Including income for 2007, the net income from discontinued activities in Poland amounted to €28 million in 2007.

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24.2 Far Eastern Géant

As the sale by the Casino group of its 50% stake in Far Eastern Géant had not been finalized as at December 31, 2006, the shares were classified as "Assets held for sale" for €91 million and "Liabilities related to assets held for sale" for €70 million.

As at December 31, 2007, the sale had been completed. There was no effect on the income statement for the year due to the €21 million impairment charge recognized in 2006.

24.3 Business in North America

On February 20, 2007, Casino announced the sale of its business activities in North America. As the sale had not been completed as at December 31, 2006, the associated assets and liabilities were presented as "held for sale" and the corresponding income was reported under "discontinued operations".

As at December 31, 2007, the sale had been completed (selling price of €297 million after associated costs), and the net income from discontinued operations amounted to €127 million, including net capital gains of €114 million.

24.4 Impact on the financial statements

The income statement for Polish and American business activities, presented in a single line item entitled "Net income from discontinued activities", breaks down as follows:

(In € millions)	2007			2006		
	Poland	USA	Total	Poland	USA	Total
Net sales	9	617	626	734	1,676	2,410
Other income	2	1	3	6	1	7
Total revenue	11	618	629	740	1,677	2,417
Cost of goods sold	(6)	(492)	(498)	(568)	(1,336)	(1,904)
Gross margin	5	126	131	172	341	513
Payroll expense	(1)	(52)	(53)	(44)	(137)	(181)
External expenses	(4)	(54)	(58)	(91)	(139)	(230)
Depreciation, amortization and provisions	(1)	1		(20)	(21)	(40)
Current operating income	(1)	21	20	16	45	61
Other income and expenses from operations	34	111	145	143	(3)	140
Operating income	34	132	166	159	42	201
Cost of net financial debt		(2)	(2)	(8)	(9)	(16)
Other financial income		5	5	2	3	5
Other financial charges				(1)	(1)	(2)
Income before tax	34	135	168	152	36	188
Income tax expense	(6)	(9)	(15)	(3)	(12)	(15)
Income from associated companies		1	1		1	1
Net income – discontinued operations	28	127	154	149	25	174
<i>of which, Group's share</i>	<i>13</i>	<i>60</i>	<i>73</i>	<i>35</i>	<i>3</i>	<i>78</i>
<i>of which, minority interests</i>	<i>14</i>	<i>67</i>	<i>81</i>	<i>114</i>	<i>22</i>	<i>96</i>

Cash flows from Polish and Northern American activities are set in the table below:

(In € millions)	Poland	USA	2007
Net cash provided by operating activities		15	15
Net cash used in investment transactions		(44)	(44)
Net cash provided by financing transactions		(3)	(3)
Translation difference			
Net change in cash from discontinued operations		2	2
Opening cash balance		31	31
Closing cash balance		(31)	(31)
Cash from Leader Price Polska (sold)			
Cash from FEG reclassified as assets held for sale			17
NET CASH RECLASSIFIED FOR SALE			(14)

(In € millions)	Poland	USA	2006
Net cash provided by operating activities	(40)	48	8
Net cash used in investment transactions	(44)	(41)	(85)
Net cash provided by financing transactions	22	(1)	21
Translation difference		(3)	(3)
Net change in cash from discontinued operations	(62)	2	(60)
Opening cash balance	(35)	29	(6)
Closing cash balance	(97)	31	(66)
Cash from Leader Price Polska (sold)	97		97
Cash from FEG reclassified as assets held for sale			(17)
NET CASH RECLASSIFIED FOR SALE			14

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Note 25. Segment reporting

25.1 Primary segmentation: business segments

The business segment "Food and general retailing" corresponds to the Casino subgroup, the segment "Sporting goods retailing" concerns the Groupe GO Sport subgroup and the segment "Other activities" corresponds to the holding business and investment portfolio.

25.1.1 As at December 31, 2007

(In € millions)	Food and general retailing	Sporting goods retailing	Other activities	Sub-total continuing activities	Discontinued activities	Total 2007
Segment net sales	24,972	773	10	25,755	626	26,381
Operating income before depreciation, amortization, provisions	1,839	17	78	1,934	21	1,955
Depreciation and amortization of segment assets	(602)	(19)		(621)		(621)
Provisions, including goodwill impairment	(48)	(1)	(10)	(59)	(1)	(60)
Segment income (loss)	1,189	(3)	68	1,254	20	1,274
Net income from associated companies	17		1	18		18

(In € millions)	Food and general retailing	Sporting goods retailing	Other activities	Sub-total	Assets held for sale and liabilities associated	Total 2007
Net carrying amount of segment assets	23,203	383	1,338	24,924	2	24,926
Investments in associated companies	277		2	279		279
Total consolidated assets	23,480	383	1,340	25,203	2	25,205
Total consolidated liabilities	15,330	271	3,196	18,797		18,797
Cost of investments	3,027	26	152	3,205	11	3,216
Registered workforce	159,946	5,963	93	166,002		166,002

The aggregate segment income from continuing activities totaled €1,254 million, resulting from segment current operating income from continuing activities of €1,261 million, and including goodwill impairment for €7 million (see note 7 "Asset impairment").

Other income and expenses from operations excluding goodwill impairment totaled €168 million and break down into €146 million for "Food and general retailing", €20 million for "Sporting goods retailing", and €2 million for holding and investment portfolio activities.

25.1.2 As at December 31, 2006

(In € millions)	Food and general retailing	Sporting goods retailing	Other activities	Sub-total continuing activities	Discontinued activities	Total 2006
Segment net sales	22,505	771	6	23,282	2,410	25,692
Operating income before depreciation, amortization, provisions	1,582	12	26	1,620	101	1,721
Depreciation and amortization of segment assets	(517)	(21)		(538)	(43)	(581)
Provisions, including goodwill impairment	(63)	(2)	(12)	(77)	3	(74)
Segment income (loss)	1,002	(11)	14	1,005	61	1,066
Net income from associated companies	7		(1)	6	1	7

(In € millions)	Food and general retailing	Sporting goods retailing	Other activities	Sub-total	Assets held for sale and liabilities associated	Total 2006
Net carrying amount of segment assets	19,601	414	798	20,813	708	21,521
Investments in associated companies	436		2	438	7	445
Total consolidated assets	20,037	414	800	21,251	715	21,966
Total consolidated liabilities	13,445	313	2,666	16,424	350	16,774
Cost of investments	1,029	31	37	1,097	75	1,172
Registered workforce	130,811	6,038	85	136,934	16,022	152,956

The aggregate segment income from continuing activities totaled €1,005 million, resulting from segment current operating income from continuing activities of €1,045 million, and including goodwill impairment for €40 million. Other income and expenses from operations excluding goodwill impairment totaled €9 million and were entirely attributable to "Food and general retailing".

25.2 Secondary segmentation: geographic segments

25.2.1 As at December 31, 2007

(In € millions)	France	Other European countries	North America	South America	Asia	Indian Ocean	Eliminations and items not allocated	Continuing activities	Discontinued activities	Total 2007
Net sales	18,625	74		4,686	1,536	834		25,755	626	26,381
Net carrying amount of assets	13,559	556	297	4,847	909	398	4,358	24,924	2	24,926
Cost of investments	692	140	50	2,141	126	56		3,205	11	3,216

25.2.2 As at December 31, 2006

(In € millions)	France	Other European countries	North America	South America	Asia	Indian Ocean	Eliminations and items not allocated	Continuing activities	Discontinued activities	Total 2006
Net sales	18,313	64		2,637	1,445	823		23,282	2,410	25,692
Net carrying amount of assets	13,046	508	238	2,620	678	622	3,539	21,251	715	21,966
Cost of investments	826	61		129	69	12		1,097	75	1,172

Note 26. Cost of sales

(In € millions)	2007	2006
Purchases and changes in inventory	(18,032)	(16,378)
Logistics costs	(890)	(862)
COST OF SALES	(18,922)	(17,240)

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Note 27. Personnel expenses

(In € millions)	2007	2006
Salaries and wages	(2,061)	(1,904)
Employer's contribution	(622)	(580)
Profit-based employee incentive	(41)	(45)
Employee profit-sharing	(44)	(38)
Expenses related to share-based payments	(12)	(16)
Other payroll costs	(36)	(11)
Payroll costs	(2,816)	(2,594)
Payroll costs related to the logistics activity	205	210
TOTAL PERSONNEL EXPENSES	(2,611)	(2,384)

Note 28. Other external expenses

(In € millions)	2007	2006
Advertising costs	(432)	(375)
Real estate rental	(400)	(344)
Moveable goods rental	(49)	(53)
Rental service charges	(139)	(126)
Maintenance, energy and miscellaneous supplies	(556)	(481)
Taxes and levies	(326)	(302)
Other	(1,371)	(1,230)
Other external expense	(3,273)	(2,911)
Other expense related to the logistics activity	648	626
TOTAL OTHER EXPENSES	(2,625)	(2,285)

Note 29. Other income and expenses from operations

(In € millions)	2007	2006
Capital gain on disposal of assets ⁽¹⁾	298	229
Reversals of impairment of assets ⁽²⁾	(34)	(174)
Restructuring	(28)	(42)
Provisions for litigation	(18)	(9)
Provisions for risks	(24)	(13)
Miscellaneous	(33)	(22)
Total net other expenses from operations	(137)	(260)
TOTAL OTHER INCOME AND EXPENSES FROM OPERATIONS	161	(31)

(1) See note 5.2.

(2) See details below.

(In € millions)	2007	2006
Impairment losses on goodwill	(7)	(41)
Impairment losses on intangible assets	(5)	5
Impairment losses on property, plant and equipment	(22)	(25)
Reversal of impairment of the Laurus shares	14	(36)
Depreciation of the Polish receivables	(8)	(77)
Depreciation of available-for-sale financial assets	(2)	
Provisions	(4)	
TOTAL IMPAIRMENT LOSSES ON ASSETS	(34)	(174)

The results of the accounting, financial and commercial audits performed on the subsidiaries Franprix and Leader Price and the findings made by the new management team of these two companies led the Group to record an expense of €37 million. This expense, mainly relating to 2006, corresponds to contractual commitments, risks relating to tax inspections and various asset retirements. It is divided in a number of the line items above.

Note 30. Cost of net financial debt

(In € millions)	2007	2006
Gain from the sale of cash equivalents	35	29
Revenue from cash and cash equivalents	32	48
Income from cash and cash equivalents	67	77
Interest expense on financing activities after hedging ⁽¹⁾	(515)	(384)
Foreign exchange gain or loss on financing activities	(13)	(23)
Interest expense on lease finance contracts	(7)	(10)
Cost of gross financial debt	(535)	(417)
COST OF NET FINANCIAL DEBT	(468)	(340)

(1) This line includes a change in the fair value of hedging financial instruments for €0.7 million in 2007 and €34 million in 2006. In 2007, the change in method of consolidation of Exito generated an additional interest charge of €27 million.

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Note 31. Other financial income and expenses

(In € millions)	2007	2006
Financial income from investments	9	3
Foreign exchange gains (excluding financing activities)	62	16
Income from discounting and undiscounting calculations	7	1
Income from financial discounts		26
Positive change in the fair value of derivatives excluding hedging	25	24
Positive change in the fair value of financial assets valued at fair value	66	10
Other financial income	42	30
Total other financial income	211	110
Foreign exchange losses (excluding financing activities)	(54)	(27)
Expenses from discounting and undiscounting calculations	(29)	(11)
Negative change in the fair value of derivatives excluding hedging	(40)	(12)
Negative change in the fair value of financial assets assessed at fair value	(42)	(9)
Other financial expenses	(42)	(26)
Total other financial expenses	(207)	(85)
TOTAL OTHER FINANCIAL INCOME AND EXPENSES	4	25

The line item "Financial income from investments" represents dividends received from non-consolidated companies.

Note 32. Income tax expense

32.1 Breakdown

(In € millions)	2007	2006
Tax payable	(322)	(237)
Deferred tax	26	(43)
TOTAL INCOME TAX	(296)	(280)

32.2 Reconciliation of income tax expense and income before tax

(In € millions)	2007	2006
Income before tax and income from associated companies	958	699
Theoretical tax rate	34.43%	34.43%
Theoretical income tax expense	(330)	(241)
Impact from different tax rates ⁽¹⁾	80	(3)
Theoretical effect of temporary differences eligible for the zero tax rate	(39)	(26)
Miscellaneous tax	(7)	(10)
<i>of which warehouses (exit tax – deferred tax liabilities reversal)</i>		(12)
<i>of which miscellaneous</i>	(7)	2
Actual tax expense	(296)	(280)
<i>Theoretical tax rate</i>	34.43%	34.43%
<i>Actual tax rate</i>	30.88%	40.03%

(1) Refers mainly to the reduced rate on sales to the OPCI real estate investment funds (see note 5).

32.3 Major permanent differences

(In € millions)	2007	2006
Effect of tax losses not recognized as assets	(145)	(136)
Depreciation charge/reversal on Laurus	14	(78)
Sale of interest in Feu Vert and of Mercialys shares (non-taxable part)		79
Sale of warehouses subject to exit tax		71
Goodwill impairment		(22)
Mercialys non taxable income	23	24
Tax-free income (dilution profits/losses)	3	
Stock options	(13)	(13)
Miscellaneous	5	(1)
Total of the main temporary differences eligible for the zero tax rate	(113)	(76)
Theoretical tax rate	34.43%	34.43%
Tax effect, at the theoretical tax rate, of the temporary differences eligible for the zero tax rate	(39)	(26)

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Note 33. Income from associated companies

(In € millions)	2007	2006
CBD	(4)	(9)
Laurus	4	(20)
Exito ⁽¹⁾	7	24
Feu Vert		1
Groupe Franprix and Leader Price associated companies	9	11
Other	2	(1)
INCOME FROM ASSOCIATED COMPANIES	18	6

(1) The share in net income of Exito reflects the period from January 1 to April 30, 2007. After that date, the company was fully consolidated (see note 2.1.1).

Note 34. Earnings per share

Earnings per share before dilution and diluted earnings per share have the same numerator.

34.1 Weighted average number of shares

	2007	2006
Weighted average number of shares outstanding over the period		
– total number of shares ⁽¹⁾	39,268,811	39,210,842
– treasury shares	(190,513)	(1,115,874)
Weighted average number of shares before dilution	39,078,298	38,094,968
Share equivalents from:		
– C share warrants ⁽²⁾	na	1,552,454
– Stock option plan	826,212	995,681
Weighted average number of shares	826,212	2,548,135
Non-dilutive instruments (off-market or hedged with calls)	(360,758)	(2,548,135)
Weighted average number of dilutive instruments	465,454	
Theoretical number of shares repurchased at market price ⁽³⁾	(371,046)	
Dilution effect of stock option plans	94,408	
– Bonus shares allocation plan	82,203	53,024
Effect of all potentially dilutive shares	176,611	53,024
WEIGHTED AVERAGE NUMBER OF SHARES AFTER DILUTION	39,254,909	38,147,992

(1) The shares issued in 2006 as payment for the dividend in shares have been accounted for as if the issue had occurred on the first day of the first period presented (January 1, 2006). 403,255 shares were issued in 2006.

(2) C share warrants matured on November 30, 2006. The potential dilution impact is calculated until that date.

(3) In accordance with the treasury stock method, proceeds from the exercise of warrants and options are assumed to be allocated primarily to the repurchase of shares at market value. The theoretical number of shares to be repurchased is deducted from the total number of shares resulting from the exercise of warrants and options. The theoretical number is capped at the number of shares resulting from the exercise of the warrants and options.

34.2 Net income, Group's share

	2007	2006
Net income, Group's share (In € millions)	288	147
Weighted average number of shares outstanding	39,078,299	38,094,968
Per share (In €)	7.37	3.85
Weighted average number of shares outstanding after dilution	39,254,910	38,147,992
PER SHARE, DILUTED (IN €)	7.34	3.84

34.3 Net income, Group's share – continuing activities

	2007	2006
Net income, Group's share (In € millions)	215	69
Weighted average number of shares outstanding	39,078,299	38,094,968
Per share (In €)	5.51	1.81
Weighted average number of shares outstanding after dilution	39,254,910	38,147,992
PER SHARE, DILUTED (IN €)	5.49	1.81

34.4 Net income, Group's share – discontinued activities

	2007	2006
Net income, Group's share (In € millions)	73	78
Weighted average number of shares outstanding	39,078,299	38,094,968
Per share (In €)	1.86	2.03
Weighted average number of shares outstanding after dilution	39,254,910	38,147,992
PER SHARE, DILUTED (IN €)	1.86	2.03

Note 35. Contingent assets and liabilities and other contractual obligations

The financial, legal and tax departments, which are involved in preparing the Group's contracts, are responsible for ensuring that the list of commitments stated in the reporting package is complete.

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35.1 Commitments related to current operations

(In € millions)	2007	2006
Bank guarantees and securities received	71	64
Receivables with guarantees attached	101	94
Unused confirmed credit facilities ⁽¹⁾	3,671	3,677
Total commitments received	3,843	3,835
Bank guarantees and securities granted	36	117
Assets pledged as security ⁽²⁾	99	61
Authorized customer credit reserve ⁽¹⁾	1,601	1,507
Other commitments made	90	122
Total commitments made	1,826	1,807
Other reciprocal commitments	434	229
TOTAL RECIPROCAL COMMITMENTS	434	229

(1) Financing commitments (authorized credit lines) granted to customers of Banque du groupe Casino total €1,601 million. These may be drawn upon at any time. In this report, the commitments fall under the definition authorized by the French Banking Commission for the calculation of ratios, i.e. excluding customers who have been inactive for two years. In addition, an unused €55 million credit line is available to finance credit activities.

(2) Assets pledged as security relate to a mortgage on a store in Argentina, given to the government of the province of Cordoba; mortgages on several CBD's buildings given to the Brazilian tax administration and mortgages on various assets and investments in the Indian Ocean region, given to lending institutions.

Commitments made by the French subsidiaries under the Individual Right to Education provided by law amounted to 3,483,859 hours as at December 31, 2007, as against 2,687,412 hours as at December 31, 2006. Rights used for 2007 totaled 19,788 hours.

Otherwise, Groupe Casino was subject to a tax audit on the 1998 year. The audit concluded that the recovery of certain tax deficits and the deductibility of a provision for the depreciation of assets were unjustified. Groupe Casino has contested these conclusions, and is confident as to the favorable outcome of the case. As a result, no provision has been made to this effect.

As at December 31, 2007, 11,002,534 Casino common shares were pledged to financial institutions as security for loans and credit lines.

35.2 Commitments resulting from exceptional operations

(In € millions)	2007	2006
Guarantees granted related to the disposal of ⁽¹⁾ :		
– Polish activities	96	94
– Smart & Final shares	3	
– assets to the OPCI fund AEW Immocommercial	23	
– assets to the OPCI fund Immocio (Generali)	5	
Other commitments made	15	
Total commitments made	142	94
Commitments to purchase shares ⁽²⁾ :		
– Monoprix	850	857
– Franprix/Leader Price	335	353
– Uruguay	44	54
– Sendas Distribuidora (Brazil)	91	85
Other reciprocal commitments		54
TOTAL RECIPROCAL COMMITMENTS	1,320	1,403

(1) The Casino group granted the usual guarantees for the asset sales it concluded, particularly:

- under the sale of the shares of Leader Price Polska, Casino guarantees the buyer against non-provisioned risk originating prior to the sale and which may arise subsequently. The guarantee, in the amount of €17 million for a maximum of eighteen months, may be increased to €50 million to cover tax risks, expiring at a date in keeping with the statute of limitations applicable to the said risks;
- under the terms of the sale of hypermarket businesses, Mayland (ex-Géant Polska) guarantees the buyer against non-provisioned risk originating prior to the sale and which may arise subsequently. The guarantee is in the amount of €46 million, and covers a period not to exceed twenty-four months;
- under the contribution/sale of assets to the OPCI fund AEW Immocommercial, Immobilière Groupe Casino guarantees the OPCI against any loss that may result from non-compliance with the notifications and guarantees issued, for up to €23 million until December 31, 2008.

(2) The contractual valuation of commitments to sell or buy shares may be based on multiples of company profitability indicators. In this instance, their valuation is calculated on the basis of the best information available: the latest figures available, if the option may be exercised at any time; or income expected for the coming years, if the option can only be exercised after a certain date. In many cases, Groupe Casino granted promises to purchase (puts), but is also the recipient of promises to sell (calls). The figure reported is the value of the promises to purchase granted.

In compliance with IAS 32, the purchase commitments given to fully consolidated subsidiaries are not recognized in off-balance-sheet commitments. They are accounted for as "financial liabilities" at their net present value or at their fair value (see. note x. "Put options granted to minority shareholders").

Monoprix: the Galeries Lafayette group holds an option to sell its holding of 50% of Monoprix shares. The option may be exercised as of January 11, 2006, until the agreements expire, i.e. on March 20, 2028. Until March 31, 2009, the exercise price will be the higher of either an indexed share price (*), or the sum of 50% of the indexed share price, plus 50% of an expert valuation. Beginning April 1, 2009, the exercise price will be the expert's valuation. Casino holds a purchase option on 10% of Monoprix at the price set by the expert valuation plus a 21% premium, exercisable as of April 1, 2009 until the agreements expire. For a period of twelve months as from the exercise date of the Casino share purchase option, Galeries Lafayette will hold an option to sell its residual 40% interest in Monoprix, at the expert price, plus a 21% premium.

The €850 million valuation is estimated on the basis of the minimum indexed price. The price actually paid may be higher. Since the fair value of Monoprix as at December 31, 2007 was higher than the minimum amount payable, no derivative was recognized as a financial instrument.

(*) The indexed price equals €219 per Monoprix share, plus interest at the three-month Euribor rate plus 210 basis points accrued from March 20, 2003, and less the sum of the dividends or other amounts distributed on each Monoprix share between March 20, 2003 and the date of the exercise of the put itself with interest calculated at the same rate.

Franprix and Leader Price: options on the shares of a wide variety of companies not yet held by Casino. These purchase commitments run up until 2020 and their price is based on the operating performance of the companies in question.

Uruguay: the family shareholders received a purchase commitment granted by Casino on 29.3% of the company Disco. This option may be exercised until June 21, 2021. Its price is based on the company's operating performance, with a minimum price of US\$52 million, plus interest, at the rate of 5% per year.

Brazil: CBD granted the shareholders of the Brazilian company Sendas Distribuidora a put option on their investment. The Sendas family thus has the right to exchange its 42.57% stake for preferred shares in CBD. The exchange may be structured, at CBD's option, by the issue of shares or by a cash settlement. The Sendas family gave notification that it would exercise its put on January 5, 2007. There is a dispute over the exercise price of this option. Consequently, the shares had not been delivered as at December 31, 2007. The put has been accounted for as an off-balance sheet commitment.

CBD and AIG have entered into put and call options on the 14.86% stake held by AIG in the company. The exercise of the option will represent a credit for AIG against CBD which could be used to subscribe to up to 6 million preferred shares issued by CBD upon a future capital increase. The surplus of the credit over the 6 million shares will be settled in cash.

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Groupe Casino issued the Diniz family, the partner with whom it exercises joint control over CBD Brazil, two put options on the shares of the holding company, making up 0.4% and 8.5% of CBD's capital. The exercise of the first put may take place beginning in 2012 if Casino exercises its right to elect the Chairman of the Board of the holding company at this date. In the event that the first put is exercised, the second may be exercised during a period of eight years beginning in 2015. The Group has received a commitment to sell on the shares under the first put, and which represents 0.4% of CBD's capital. This call option may be exercised under certain conditions.

Exito: the Casino group granted a commitment in connection with Exito's Total Return Swap described in note 20.4 "Put options granted to minority shareholders".

In addition, the Group has received a commitment to sell on 6.24% of the share capital of Laurus. It may be exercised as of January 1, 2008 and until March 31, 2009 (see note 38 "Subsequent events"). It also has received a commitment to sell relating to the shares of the company Banque du groupe Casino for 40% of the company's shares, that may be exercised until June 2025 with eighteen months' notice.

Lastly, under the terms of its partnership with Corin, Mercialys has acquired a 60% joint interest in certain assets located in Corsica for €90 million. It is stipulated that, should the joint ownership agreement not be renewed, and at the earliest on June 15, 2011, Corin and Mercialys will contribute their joint ownership rights to a company to be created. Mercialys has committed itself to buying Corin's joint interest (40%) or the shares in the duly created company, under the following terms:

- Mercialys makes an irrevocable commitment to purchase Corin's joint interest (or its shares in the company), subject to its option of a counter-proposal, and Corin makes an irrevocable commitment to sell its rights to Mercialys;
- in the event that Corin exercises its advance purchase commitment, no earlier than January 31, 2017, Mercialys may either stand in for a third party's rights and obligations, or free itself from its purchase commitment by offering Corin the right to purchase its joint interest. The protocol provides the terms for asset valuation. A discount of 20% would apply in this case. Corin may also choose to be replaced by a third party as the recipient of the commitment.

These commitments constitute conditional off-balance-sheet commitments, whose outcome cannot be predicted. In the event that they are fulfilled, the valuation of assets as provided for in the protocol will represent market value.

35.3 Contingent assets and liabilities

No new legal action has been taken against the Group that could have a material impact on the consolidated financial statements.

Contingent liabilities relating to investments in associates and joint ventures are described in notes 8.6 and 9.2.

35.4 Commitments relating to finance and operating leases

35.4.1 Lessee of real estate finance leases

The Group has entered into finance leases for real estate and investment property.

The reconciliation of minimum future lease payments for finance leases and the present value of the net minimum lease payments is as follows:

(In € millions)	2007	
	Minimum payments	Present value of payments
Less than 1 year	39	34
1 to 5 years	112	98
Over 5 years	38	24
Total minimum payments under the lease	190	
Less financing cost amounts	(34)	
PRESENT VALUE OF MINIMUM PAYMENTS UNDER THE LEASE	156	156

(In € millions)	2006	
	Minimum payments	Present value of payments
Less than 1 year	40	39
1 to 5 years	99	95
Over 5 years	38	31
Total minimum payments under the lease	178	
Less financing cost amounts	(13)	
PRESENT VALUE OF MINIMUM PAYMENTS UNDER THE LEASE	165	165

35.4.2 Lessee of finance leases on moveable assets

The Group has entered into finance leases and rent-to-own agreements for various types of equipment. The reconciliation of the minimum future lease payments for finance leases and the present value of the net minimum lease payments is as follows:

(In € millions)	2007	
	Minimum payments	Present value of payments
Less than 1 year	11	9
1 to 5 years	13	12
Over 5 years		
Total minimum payments under the lease	24	
Less financing cost amounts	(3)	
PRESENT VALUE OF MINIMUM PAYMENTS UNDER THE LEASE	21	21

(In € millions)	2006	
	Minimum payments	Present value of payments
Less than 1 year	9	8
1 to 5 years	14	13
Over 5 years	1	
Total minimum payments under the lease	23	
Less financing cost amounts	(2)	
PRESENT VALUE OF MINIMUM PAYMENTS UNDER THE LEASE	21	21

35.4.3 Lessee of operating leases on real estate assets

The Group either owns the premises in which its businesses operate, or leases them under operating leases.

The minimum future lease payments payable for operating leases are as follows:

(In € millions)	2007 Minimum payments	2006 Minimum payments
Less than 1 year	353	328
1 to 5 years	681	638
Over 5 years	463	483

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35.4.4 Lessee of operating leases on movable assets

The Group has taken out operating leases for various types of equipment, in cases where it was not in the Group's interest to purchase the assets.

The minimum future lease payments for operating leases are as follows:

(In € millions)	2007 Minimum payments	2006 Minimum payments
Less than 1 year	20	33
1 to 5 years	19	37
Over 5 years		

35.4.5 Lessor of operating leases

The minimum future lease payments receivable for operating leases which cannot be terminated are as follows:

(In € millions)	2007 Minimum payments	2006 Minimum payments
Less than 1 year	160	120
1 to 5 years	170	119
Over 5 years	70	28

Note 36. Currency exchange rates

Currency exchange rates for one Euro	2007		2006	
	Closing rate	Average rate	Closing rate	Average rate
US Dollar (USD)	1.4721	1.3706	1.3170	1.2557
Pound sterling (GBP)	0.7334	0.6846	0.6720	0.6820
Polish Zloty (PLN)	3.5935	3.7831	3.8310	3.8951
Hungarian Forint (HUF)	253.7300	251.3243	251.7700	264.1320
Romanian Leu (RON)	3.6077	3.3379		
Argentine Peso (ARS)	4.6300	4.2718	4.0462	3.8608
Uruguay Peso (UYU)	31.6319	32.0498	32.1587	30.1955
Taiwan Dollar (TWD)	47.7097	44.9918	42.9184	40.8476
Thai Baht (THB)	43.8000	44.2133	46.7700	47.5733
Colombian Peso (COP)	2,967.8800	2,836.5830	2,949.8600	2,965.2510
Brazilian Real (BRL)	2.6119	2.6635	2.8125	2.7322
Venezuelan Bolivar (VEB)	3,159.2200	2,945.0684	2,827.7800	2,697.2980
Vietnamese Dong (VND)	23,543.7000	22,102.1100	21,126.4000	20,045.9700

Note 37. Transactions with related parties

Related parties include:

- parent companies;
- entities which exercise joint control or notable influence over the entity;
- subsidiaries;
- associates;
- joint ventures;
- members of the Board of Directors and Executive Board.

The transactions with related parties summarized below mainly concern the operational transactions with companies that are between 33.34%- and 50%-owned, and over which the Group exercises notable influence. These companies are consolidated under the equity method or are proportionately consolidated. The transactions are concluded at market price.

Transactions with related parties who are natural persons (Directors, executive officers and members of their family) were not material, nor were transactions with the parent companies.

37.1 Transactions with the parent companies

The financial statements of the Rallye Group are integrated in the consolidated financial statements prepared by the company Foncière Euris, whose registered office is located at 83, rue du Faubourg-Saint-Honoré – 75008 Paris France (registration number: 702 023 508). The fiscal year of Foncière Euris ended on December 31, 2007.

The only significant transaction related to the repurchase of 60% of Euristates from Finatis and Euris for €0.5 million.

37.2 Transactions with joint ventures and associates

(In € millions)	As at December 31, 2007		As at December 31, 2006	
	Transactions amount	Balances amount	Transactions amount	Balances amount
Total transactions with joint ventures				
Loans		4	1	4
Receivables	3	18		15
Debts	(15)	49	24	64
Charges	66		68	
Products	51		50	
Total transactions with associates				
Loans	3	28	25	25
Receivables	(146)		6	146
Debts	(1)	1	2	2
Charges	1			
Products			10	

37.3 Gross remuneration of Directors and executive officers

(In € millions)	2007	2006
Amount of remuneration granted ⁽¹⁾	4	3
Short-term benefits (security charges)	2	1
Share-based payment ⁽²⁾	1	1
TOTAL	7	5

(1) Gross salaries, bonuses, benefits in kind and Director's fees paid.

(2) Expense recorded in the income statement for the year to account for the stock option and bonus share plans.

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Note 38. Subsequent events

The main events subsequent to year-end which may have an impact on the Group's financial statements are the following:

38.1 Acquisition of Casino preferred shares in the first quarter of 2008

During the first quarter of 2008, Rallye acquired 665,818 Casino preferred shares for a total of €34.0 million.

38.2 Super de Boer (previously Laurus)

On January 1, 2008, the corporate name of Laurus was changed to Super de Boer.

The Casino group has a call option on a 6.24% stake in Laurus, which may be exercised from January 1, 2008 until March 31, 2009. The potential voting rights will be included to assess the extent of control over the financial and operating policies of the company from January 1, 2008. In accordance with IAS 27, Super de Boer will be fully consolidated in the Group's financial statements from that date. The fair value of the identifiable assets and liabilities is currently being determined.

On January 28, 2008, the Group notified the management board of Super de Boer that it intended to purchase 7 million shares representing 6% of Super de Boer's share capital from Amber Fund for €3.8 per share. The acquisition took place on February 19, 2008. On March 17, 2008, the Group acquired 6% of Super de Boer's share capital from Amber Fund for €4.3 per share. The transaction for an aggregate €30 million increased Casino's stake in Super de Boer to 57% of share capital and voting rights.

38.3 Mercialys

On April 3, 2008, the Casino group sold off-market a block of 1,357,962 shares in Mercialys for €27.75 per share, or an aggregate amount of €37.7 million.

The transaction, which was entered into with seven reputed international investors, enabled Casino to decrease its stake in Mercialys from 61.48% to 59.67%, in accordance with the tax provisions relating to real estate investment companies "SIIC 4" requiring the majority shareholder to own less than 60% of share capital and voting rights in the SIIC real estate investment company.

LIST OF COMPANIES CONSOLIDATED AS AT DECEMBER 31, 2007

Companies	Registered office	Activities		% of interest	% of control
Rallye SA*	75008 Paris	Holding			
			Parent company		
Alpétrol SAS	75008 Paris	Holding	Full	100.0	100.0
Colisée Finance 2 SA (ex-AM Finances II SA)	75008 Paris	Holding	Full	100.0	100.0
Bruyère (La) SA	75017 Paris	Holding	Full	67.0	67.0
Cobivia SAS	75008 Paris	Holding	Full	100.0	100.0
Colisée Finance SA	75008 Paris	Holding	Full	100.0	100.0
Colisée 3 SAS	75008 Paris	Holding	Full	100.0	100.0
Genty Immobilier SAS	75008 Paris	Real estate	Full	100.0	100.0
HMB SAS	75008 Paris	Holding	Full	100.0	100.0
Kerrous SAS	75008 Paris	Holding	Full	100.0	100.0
Kergorju SCI	29200 Brest	Real estate	Full	100.0	100.0
Magasins Jean SAS	29200 Brest	Food and general retailing	Full	100.0	100.0
Matignon Sablons SAS	75008 Paris	Real estate	Full	100.0	100.0
Matimob 1 SAS	75008 Paris	Real estate	Full	100.0	100.0
Mermoz Kléber SAS	75008 Paris	Holding	Full	100.0	100.0
MFD Finance SAS	75008 Paris	Holding	Full	100.0	100.0
MFD Inc. (ex-Athlete's Foot Group Inc.)	GA 30331 Atlanta	Holding	Full	100.0	100.0
Miramont Finance & Distribution SA	75008 Paris	Holding	Full	100.0	100.0
OCP SAS	75008 Paris	Holding	Full	100.0	100.0
Parcade SAS	75008 Paris	Holding	Full	100.0	100.0
Perrières (Des) SCI	75008 Paris	Real estate	Full	100.0	100.0
Sables (Les) SCI	75008 Paris	Real estate	Full	62.5	62.5
Sivigral SCI	75008 Paris	Real estate	EM	40.0	40.0
Soparin SAS	75008 Paris	Holding	Full	100.0	100.0
Sybellia SAS	75008 Paris	Holding	Full		
Syjiga SAS	75008 Paris	Holding	Full		
Parande SAS	75008 Paris	Holding	Full	100.0	100.0
Alexa Group GmbH	Düsseldorf	Real estate	P	27.0	50.0
Alexanderplatz Voltairestrasse GmbH	Berlin	Real estate	Full	54.0	54.0
Centrum Alexa SARL	Luxembourg	Real estate	Full	60.0	60.0
Centrum Weiterstadt SARL	Luxembourg	Real estate	Full	60.0	60.0
Einkaufszentrum Am Alex GmbH	Berlin	Real estate	Full	54.0	90.0
Gutenbergstrasse BAB5 GmbH	Berlin	Real estate	Full	48.0	80.0

* Listed companies.

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HBF Königswall	Berlin	Real estate	EM	48.0	48.0
IG Real Estate Investments SRL	Romania	Real estate	Full	81.6	100.0
IG Romanian Investments Ltd	Cyprus	Real estate	Full	81.6	81.6
Loop 5 Shopping Centre GmbH (ex-Project Sierra Germany 1 GmbH)	Düsseldorf	Real estate	P	24.0	50.0
Matignon Neuilly SAS	75008 Paris	Holding	Full		
Matignon Rousseau SAS	75008 Paris	Holding	Full	95.0	95.0
Matignon-Tours SAS	75008 Paris	Holding	Full	100.0	100.0
Montech SAS	75008 Paris	Holding	Full	100.0	100.0
Montparnet SAS	75008 Paris	Holding	Full	100.0	100.0
Parande Développement SAS	75008 Paris	Holding	Full	100.0	100.0
Parande Ventures (partnership)	New York	Holding	Full	99.0	99.0
Parantech SAS	75008 Paris	Holding	Full	100.0	100.0
Parantech Expansion SAS	75008 Paris	Holding	Full		
Par-Bel 1 SAS	75008 Paris	Holding	Full		
Parinvest SAS	75008 Paris	Holding	Full	100.0	100.0
Rivoli Participations SAS	75008 Paris	Holding	EM	29.5	29.5
Euristates Inc.	Wilmington, Delaware 19801	Holding	Full	100.0	100.0
555 Watertown LLC	Watertown, Massachusetts 02472	Real estate	Full	95.5	100.0
Alameda Main LLC	Dover, Delaware 19901	Real estate	Full	95.5	100.0
Beacon Pleasant Street LLC	Wilmington, Delaware 19801	Holding	Full	84.4	86.2
EREC Ventures LLC	Wilmington, Delaware 19801	Holding	Full	97.9	100.0
EREC Ventures II LLC	Wilmington, Delaware 19801	Holding	Full	99.8	100.0
Euris North America Corp.	Wilmington, Delaware 19801	Holding	Full	100.0	100.0
ENAC Ventures LLC	Wilmington, Delaware 19802	Holding	Full	99.4	100.0
Euris Real Estate Corp.	Wilmington, Delaware 19801	Holding	Full	100.0	100.0
Parande Brooklyn Corp.	Wilmington, Delaware 19801	Holding	Full	100.0	100.0
Parande Brooklyn Ventures LLC	Wilmington, Delaware 19801	Holding	Full	95.7	100.0
Repton Place LLC	Boston, Massachusetts 02110	Real estate	Full	84.4	100.0
Ross Akard Acquisition LP	Dallas, Texas	Real estate	Full	83.2	85.0
Groupe Go Sport SA*	94266 Fresnes	Sporting goods retailing	Full	73.1	78.9
Buissières (Les) SAS	38360 Sassenage	Real estate	Full	73.1	100.0
Club Sports Diffusion SA	1050 Bruxelles	Sporting goods retailing	Full	73.0	99.9
Courir France SAS	94260 Fresnes	Sporting goods retailing	Full	73.1	100.0
Delort Sports SARL	38360 Sassenage	Sporting goods retailing	Full	73.1	100.0

* Listed companies.

Companies	Registered office	Activities		% of interest	% of control
GO Sport France SAS	38360 Sassenage	Sporting goods retailing	Full	73.1	100.0
GO Sport Hungary KFT	2151 Fot (Budapest)	Sporting goods retailing	Full	73.1	100.0
Go Sport International SAS	38360 Sassenage	Sporting goods retailing	Full	73.1	100.0
GO Sport Les Halles SNC	38360 Sassenage	Sporting goods retailing	Full	73.1	100.0
Gosport.com SAS	38360 Sassenage	Sporting goods retailing	Full	73.1	100.0
Go Sport Polska SP Zoo	02801 Varsovie	Sporting goods retailing	Full	73.1	100.0
Grand Large Sport SAS	38360 Sassenage	Sporting goods retailing	Full	73.1	100.0
Limpert Investments BV	1102 Amsterdam	Sporting goods retailing	Full	73.1	100.0
Casino, Guichard-Perrachon SA*	42100 Saint-Étienne	Food and general retailing	Full	48.9	63.1
Acos SNC	42100 Saint-Étienne	Food and general retailing	Full	48.9	100.0
Actimmo SCI	42100 Saint-Étienne	Real estate	Full	48.9	100.0
AEW Immo commercial SPIICAV	75012 Paris	Real estate	EM	8.8	18.0
Alwenna Restauration Traiteur SAS	04000 Dignes-les-Bains	Restaurant	Full	24.9	51.0
Groupe Anfilco (Disco)	Montevideo	Food and general retailing	P	30.5	62.5
Banque du groupe Casino SA	75116 Paris	Bank	P	29.3	60.0
Bergsaar BV	Amsterdam	Holding	Full	48.9	100.0
Groupe Big C*	Lupini	Food and general retailing	Full	30.9	63.2
Bonuela	Caracas	Holding	Full	48.9	100.0
Canal du Midi SAS	75116 Paris	Real estate	Full	48.8	100.0
Carré Gramont SAS	31000 Toulouse	Real estate	P	24.4	50.0
Capédix SAS	44240 La Chapelle-sur-Erdre	Food and general retailing	Full		
C'Asia SAS	42100 Saint-Étienne	Food and general retailing	P	24.4	50.0
Casiband SAS	75009 Paris	Real estate	Full	48.9	100.0
Casino Cafétéria SAS	42100 Saint-Étienne	Restaurant	Full	48.9	100.0
Casino Carburants SAS	42100 Saint-Étienne	Gas stations	Full	48.9	100.0
Casino Développement SNC	42100 Saint-Étienne	Real estate	Full	48.9	100.0
Casino Entreprise SAS	42100 Saint-Étienne	New activities	Full	48.9	100.0
Casino Information Technology SAS	42100 Saint-Étienne	Services	Full	48.9	100.0
Casino International SAS	42100 Saint-Étienne	Services	Full	48.9	100.0
Casino Ré SA	Luxembourg	Insurance	Full	48.9	100.0
Casino Services SAS	42100 Saint-Étienne	Services	Full	48.9	100.0
Casino USA Inc.	California	Food and general retailing	Full		
Casino Vacances SNC	75009 Paris	Travel agency	Full	48.9	100.0
Cativen	Caracas	Food and general retailing	Full	32.8	78.6

* Listed companies.

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CBD (Companhia Brasileira de Distribuição)*	São Paulo	Food and general retailing	P	16.6	50.0
Cdiscount SA	33700 Mérignac	E-commerce	Full	44.3	78.4
Centrum Handlowe Jantar Sp.zoo	Varsovie	Real estate	Full	12.7	25.0
Centrum Handlowe Pogoria Sp.zoo	Varsovie	Real estate	Full	12.7	25.0
Club Avantages SAS	42100 Saint-Étienne	Loyalty cards	Full	47.9	98.0
Coboop BV	Amsterdam	Holding	Full	48.9	100.0
Codim 2 SA (groupe Codim)	20200 Bastia	Food and general retailing	Full	48.9	100.0
Comacas SNC	42100 Saint-Étienne	Purchase entity	Full	48.9	100.0
Costa Verde SNC	20230 San Nicolao	Food and general retailing	Full	48.9	100.0
Cuersup SA	42100 Saint-Étienne	Holding	Full	48.8	99.9
Devoto	Montevideo	Food and general retailing	Full	47.2	100.0
Dinetard SAS	42100 Saint-Étienne	Real estate	Full	48.9	100.0
Distribution Casino France SAS	42100 Saint-Étienne	Food and general retailing	Full	48.9	100.0
Distridyn SA	75008 Paris	Food and general retailing	P	24.4	50.0
DTC Development 1 BV	Hertogenbosch	Holding	Full	12.2	25.0
DTC Development 2 BV	Hertogenbosch	Holding	Full	12.2	25.0
DTC Development 3 BV	Hertogenbosch	Holding	Full	12.2	25.0
DTC Finance BV	Hertogenbosch	Holding	Full	12.2	25.0
Dunnhumby France SAS	42100 Saint-Étienne	Marketing	P	24.4	50.0
Easy Colombia SA	Bogotá	Holding	EM	14.7	30.0
Easydis SAS	42160 Andrézieux-Bouthéon	Logistics	Full	48.9	100.0
Easydis Services SAS	42161 Andrézieux-Bouthéon	Logistics	Full	48.9	100.0
Easy Holland BV	Amsterdam	Holding	EM	14.7	30.0
EMC Distribution SAS	75116 Paris	Purchase entity	Full	48.9	100.0
Espace Gdansk SARL	Varsovie	Food and general retailing	Full	48.9	100.0
Espace Warszawa Sp.zoo	Varsovie	Real estate	Full	12.7	25.0
Groupe Exito*	Medellín	Food and general retailing	Full	29.2	59.8
Far Eastern Géant Company Ltd	Taipei	Food and general retailing	P		
Finovadis SNC	92800 Puteaux	Financial	Full	0.5	1.0
Floréal SA	42100 Saint-Étienne	Food and general retailing	Full	48.9	100.0
Fox SA	42100 Saint-Étienne	Food and general retailing	Full	48.7	99.7
Fructidor SNC	42100 Saint-Étienne	Food and general retailing	Full	48.9	100.0
Géant Argentina	Capital Federal Argentina	Food and general retailing	Full	48.9	100.0
Géant Foncière BV	Amsterdam	Holding	Full	48.9	100.0

* Listed companies.

Companies	Registered office	Activities		% of interest	% of control
Géant Holding BV	Amsterdam	Holding	Full	48.9	100.0
Géant International BV	Amsterdam	Holding	Full	48.9	100.0
Géant Inversiones	Montevideo	Financial	Full	48.9	100.0
Geimex SA	75001 Paris	Food and general retailing	P	24.4	50.0
Gelase SA	Bruxelles	Holding	Full	48.9	100.0
Germinal SNC	42100 Saint-Étienne	Food and general retailing	Full	48.9	100.0
Grande Colline (De la) SAS	75116 Paris	Real estate	Full	48.8	100.0
Hamearis SAS	42100 Saint-Étienne	Food and general retailing	Full	48.9	100.0
IGC Promotion SAS	42100 Saint-Étienne	Real estate	Full	48.9	100.0
Imagica SAS	42100 Saint-Étienne	New activities	Full	48.9	100.0
Immobilière Groupe Casino Services SAS	42100 Saint-Étienne	Real estate	Full	48.9	100.0
Groupe International Fruit France SAS (Casitalia)	06000 Nice	Food and general retailing	Full		
IRTS SARL	Le Grand-Saconnex	Services	P	24.4	50.0
Lanin	Montevideo	Holding	Full	47.2	96.6
Larenco	Montevideo	Holding	Full	48.9	100.0
Latic	Wilmington, Delaware	Holding	Full	48.9	100.0
Laurus NV*	Hertogenbosch	Food and general retailing	EM	22.0	45.0
Libertad SA	Cordoba	Food and general retailing	Full	48.9	100.0
L'Immobilière Groupe Casino SAS	42100 Saint-Étienne	Real estate	Full	48.9	100.0
Malaz (De) SAS	75116 Paris	Real estate	Full	48.8	100.0
Maud SNC	42100 Saint-Étienne	Real estate	Full	48.9	100.0
Marushka Holding BV	Amsterdam	Holding	Full	48.9	100.0
Mayland (ex-Géant Polska)	Varsovie	Food and general retailing	Full	48.9	100.0
Messidor SNC	42100 Saint-Étienne	Food and general retailing	Full	48.8	100.0
Groupe Monoprix	92516 Boulogne-Billancourt	Food and general retailing	P	24.4	50.0
M&S Polska korporacja Handlu SA	Varsovie	Real estate	Full	48.9	100.0
Nésitic SAS	42100 Saint-Étienne	Financial company	Full		
NRG	Varsovie	Food and general retailing	Full	48.9	100.0
Océan (De l') SCI	13127 Vitrolles	Real estate	Full	48.9	100.0
Odysée Restauration Traiteur SAS	50300 Saint-Martin-des-Champs	Restaurant	Full	24.9	51.0
Pachidis SA	42100 Saint-Étienne	Holding	Full	48.9	100.0
Periaz (De) SNC	42100 Saint-Étienne	Real estate	Full	48.9	100.0
Plateau des Glières SCI	42100 Saint-Étienne	Real estate	Full	48.9	100.0
Plouescadis SAS	75016 Paris	Holding	Full	48.8	99.8

* Listed companies.

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Companies	Registered office	Activities		% of interest	% of control
Polca Holding SA	Bruxelles	Holding	Full	48.9	100.0
Prical 2 SNC	20260 Calvi	Food and general retailing	Full	48.9	100.0
Pumpido LTDA	São Paulo	Holding	Full	48.9	100.0
Régie Média Trade SAS	75008 Paris	Services	P	24.4	50.0
Restauration Collective Casino SAS	42100 Saint-Étienne	Restaurant	Full	48.9	100.0
RMC 2 SNC	42160 Andrézieux-Bouthéon	Transport	Full	48.9	100.0
Saowanee	Bangkok	Food and general retailing	Full	48.9	100.0
Ségisor SA	42100 Saint-Étienne	Holding	Full	48.9	100.0
Serca SAS	42100 Saint-Étienne	Food and general retailing	Full	48.9	100.0
Smart & Final Inc. (SFI)*	Commerce, California 90040	Food and general retailing	Full		
SMNA SNC	42100 Saint-Étienne	Food and general retailing	Full	48.9	100.0
Sodemad SAS	42100 Saint-Étienne	Food and general retailing	Full	48.9	100.0
Soderip SNC	42100 Saint-Étienne	Real estate	Full	48.9	100.0
Spice Investments Mercosur SA	Montevideo	Holding	Full	48.9	100.0
Spice 2000 Investment SA	Rio de Janeiro	Food and general retailing	Full	48.9	100.0
Store Consumer Finance FCC	75116 Paris	Financial	P		
Sudaco LTDA	São Paulo	Holding	Full	48.9	100.0
Sudéco SAS	42100 Saint-Étienne	Food and general retailing	Full	48.8	100.0
Sun Resort SP Zoo	Varsovie	Real estate	Full	48.9	100.0
Tevir SA	42100 Saint-Étienne	Holding	Full	48.9	100.0
Théiadis SAS	42100 Saint-Étienne	Holding	Full	48.9	100.0
Thor SNC	42100 Saint-Étienne	Food and general retailing	Full	48.9	100.0
TPLM SARL	42100 Saint-Étienne	Food and general retailing	Full	48.9	100.0
Uranie SAS	42100 Saint-Étienne	Food and general retailing	Full	48.9	100.0
Vegas Argentina SA	Buenos Aires	Holding	Full	48.9	100.0
Villa Plancha SAS	42100 Saint-Étienne	Restaurant	Full	48.9	100.0
Vindémia SA	Sainte-Marie (Réunion)	Food and general retailing	Full	48.9	100.0
Vulaines Distribution SA	42100 Saint-Étienne	Food and general retailing	Full	48.9	100.0
Wilkes SA	São Paulo	Holding	P	33.6	50.0
ZAC du Roubaud Saint-Jean SCI	78000 Versailles	Real estate	Full	48.9	100.0
Asinco SA (groupe Franprix et Leader Price)	75002 Paris	Food and general retailing	Full	48.9	100.0
Baud SA	94430 Chennevières-sur-Marne	Food and general retailing	Full	46.4	100.0
Cafige	75009 Paris	Holding	Full	29.3	60.0
Cofilead	75017 Paris	Holding	Full	29.3	60.0

* Listed companies.

Companies	Registered office	Activities		% of interest	% of control
Groupe Cogefisd	75017 Paris	Food and general retailing	Full	41.0	84.0
Cogeleader SARL	67150 Erstein	Holding	Full	18.7	51.0
DBA SNC	56312 Lorient	Holding	Full	18.7	51.0
Distribution Leader Price SNC	77220 Gretz-Armainvilliers	Food and general retailing	Full	36.6	100.0
Groupe Figeac	75017 Paris	Food and general retailing	Full	41.0	84.0
Franprix Holding SA	75002 Paris	Food and general retailing	Full	46.4	95.0
H2A	92700 Colombes	Financial	Full	29.3	60.0
LCI	94600 Choisy-le-Roi	Financial	Full	29.3	60.0
Leader Price Argentina SA	Buenos Aires	Food and general retailing	Full	48.9	100.0
Leader Price Holding SA	75002 Paris	Food and general retailing	Full	36.6	75.0
Groupe Leadis	94430 Chennevières-sur-Marne	Food and general retailing	Full	24.9	51.0
Lecogest SARL	92500 RUEIL-MALMAISON	Holding	Full	36.6	100.0
Groupe Minimarché	94430 Chennevières-sur-Marne	Food and general retailing	Full	46.4	100.0
Pro Distribution SA	92370 Chaville	Holding	Full	29.3	60.0
Groupe Retail Leader Price	94430 Chennevières-sur-Marne	Food and general retailing	Full	36.6	100.0
RLP Investissement SA	77220 Gretz-Armainvilliers	Food and general retailing	Full	36.6	100.0
Sarjel	94100 Saint-Maur-des-Fossés	Financial	Full	29.3	60.0
Sédifrais SA	95560 Montsoult	Food and general retailing	Full	46.1	100.0
Socogem SA	75017 Paris	Holding	Full	20.5	50.0
Sodigestion	92000 Nanterre	Financial	Full	29.3	60.0
Groupe Sofigep	92500 RUEIL-MALMAISON	Food and general retailing	Full	48.9	100.0
Mercialys SA*	42100 Saint-Étienne	Real estate	Full	30.0	61.5
Bourg-en-Bresse Kennedy SCI	42100 Saint-Étienne	Real estate	Full	29.0	96.5
Centre commercial Kerbernard SCI	42100 Saint-Étienne	Real estate	Full	29.5	98.3
Corin Asset Management SAS	20600 Furiani	Real estate	P	12.0	40.0
Diane (La) SCI	13100 Aix-en-Provence	Real estate	Full	30.0	100.0
Mercialys Gestion SAS	42100 Saint-Étienne	Real estate	Full	30.0	100.0
Mery 2 SAS	75116 Paris	Real estate	Full	30.0	100.0
Point Confort SA	42100 Saint-Étienne	Real estate	Full	30.0	100.0
Toulon Bon Rencontre SCI	42100 Saint-Étienne	Real estate	Full	29.0	96.5

* Listed companies.

P: proportionate.

EM: equity method.

CONSOLIDATED FINANCIAL STATEMENTS

STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2007

To the Shareholders,

In compliance with the assignment entrusted to us by your General Meetings, we have audited the accompanying consolidated financial statements of Rallye for the year ended December 31, 2007.

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

I. Opinion on the consolidated financial statements

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

In our opinion, the consolidated financial statements, in accordance with IFRS standards as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and results of the consolidated group of companies.

II. Justification of assessments

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

Accounting principles

Note 8 to the financial statements, "Interests in associated companies", describes the accounting procedures used in the consolidation of the Super de Boer (ex-Laurus) interest. We have assessed the de facto and de jure elements existing between the Group and Super de Boer, which underpin the appropriateness of the Group's use of the equity method.

We have examined the accounting methods used by your company in accounting for the acquisition of minority interests and minority interest purchase commitments for which there is no specific reference under the IFRS standards, as adopted in the European Union. We have made sure that the headings, f. "Business combinations" and x. "Put options granted to minority shareholders" under note to the financial statements "Accounting principles and methods" reflect accurate information in this respect.

Accounting estimates

In establishing its financial statements, the Group was led to carry out estimates and to formulate assumptions concerning in particular the impairment of goodwill and interests in associated companies (heading o. "Impairment of assets" under "Accounting principles and methods", note 7 "Impairment of assets" and note 8 "Interests in associated companies", in the notes) and the valuation of trade cooperation payments (heading ab. "Gross margin" under "Accounting principles and methods" in the notes). As regards assets, the Group has multi-annual financial plans with various components, including, in particular, cash-flow and expected earnings, which are used to assess their recoverable amount.

For each of these estimates, we have examined the available documentation, evaluated the reasonable nature of the estimates used, and verified that the Notes to the financial statements provide accurate information about the assumptions used by your company.

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

III. Specific verifications

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

Paris-La Défense and Neuilly-sur-Seine, April 24, 2008
The Statutory Auditors

KPMG Audit
Département de KPMG SA
Catherine Chassaing

ERNST & YOUNG et Autres
Henri-Pierre Navas

COMPANY FINANCIAL STATEMENTS

BALANCE SHEET

ASSETS

(In € millions)	Notes	Gross	Amortization and depreciation	2007 Net	2006
Intangible assets	1	0.3	0.3		
Property and equipment	1	1.2	0.7	0.5	0.6
Financial investments	2-7	1,940.8	238.0	1,702.8	1,549.1
Total fixed assets		1,942.3	239.0	1,703.3	1,549.7
Accounts receivable	3-7	2,083.4	0.1	2,083.3	2,125.8
Marketable securities	4	155.1		155.1	26.2
Cash	4	0.2		0.2	0.1
Total current assets		2,238.7	0.1	2,238.6	2,152.1
Prepaid expenses	5	0.9		0.9	1.0
Deferred costs	5	8.1		8.1	11.6
Bond redemption premiums	5	1.2		1.2	1.7
Unrealized foreign exchange rate losses					
TOTAL ASSETS		4,191.2	239.1	3,952.1	3,716.1

LIABILITIES AND SHAREHOLDERS' EQUITY

(In € millions)	Notes	2007	2006
Share capital		128.0	117.6
Share premiums		1,321.9	1,188.0
Reserves		170.6	125.0
Interim dividend		(34.0)	(31.2)
Net income for the year		39.4	113.6
Total shareholders' equity	6	1,625.9	1,512.9
Provisions	7	52.1	51.7
Borrowings and loans	8	2,088.4	1,952.6
Accounts payable	9	15.8	15.4
Other debts	9	169.7	183.4
Total debts		2,273.9	2,151.3
Unrealized foreign exchange rate gains		0.2	0.1
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		3,952.1	3,716.1

COMPANY FINANCIAL STATEMENTS

RALLYE INCOME STATEMENT

(In € millions)	Notes	2007	2006
Net sales	10	3.3	2.2
Other purchases and external expenses		(14.1)	(13.3)
Taxes		(1.2)	(1.1)
Payroll expenses		(8.4)	(8.7)
Net operating depreciation, amortization and provisions		(4.7)	
Net other operating expenses		(0.3)	(0.4)
Operating income (loss)	10	(25.4)	(21.3)
Financial income		195.5	312.1
Financial expenses		(128.5)	(180.4)
Net financial income (loss)	11	67.0	131.8
Income from current operations before income tax		41.6	110.5
Net exceptional provisions			(5.1)
Other net exceptional income (loss)		(2.0)	8.2
Net exceptional income (loss)	12	(2.0)	3.1
Income tax	13	(0.2)	
NET INCOME		39.4	113.6

COMPANY FINANCIAL STATEMENTS

RALLYE STATEMENT OF CASH FLOWS

(In € millions)	2007	2006
Cash flows from operating activities		
Net income	39.4	113.6
Adjustments to eliminate non-cash or non-operating expenses and revenues		
– Depreciation, amortization and provisions ⁽¹⁾	0.5	21.3
– Capital gains, net of taxes	1.8	2.9
Cash flow	41.6	137.8
Changes in operating working capital requirement		
– Net inventories		
– Net accounts receivable	(39.2)	(13.8)
– Accounts payable	10.9	3.9
Net cash provided by operating activities (A)	13.2	128.0
Cash flows from investing activities		
Purchase of property, equipment and intangible assets	(0.1)	(0.1)
Sale of property, equipment and intangible assets		0.1
Purchase of financial investments	(190.7)	(271.5)
Sale of financial investments	37.7	69.7
Net cash provided by investing activities (B)	(153.0)	(201.8)
Cash flows from financing activities		
Dividends paid to company shareholders	(70.7)	(36.4)
Share capital increase in cash	9.4	
Capital repayment		
Debt issuance	325.0	63.0
Debt redemption	(75.4)	(778.9)
Change in accrued interests	2.0	(16.7)
Current account loans to subsidiaries	60.8	(28.1)
Net cash provided by financing activities (C)	251.1	(797.1)
Change in cash and cash equivalents (A + B + C)	111.3	(870.9)
Cash and cash equivalents at beginning of year (D)	(10.7)	860.2
Cash and cash equivalents at end of year (E)	100.6	(10.7)
Change in cash and cash equivalents (E-D)	111.3	(870.9)

(1) Excluding provisions on current assets and adjustment accounts.

COMPANY FINANCIAL STATEMENTS

NOTES TO THE RALLYE PARENT COMPANY FINANCIAL STATEMENTS

ACCOUNTING PRINCIPLES AND METHODS

The financial statements for the year ended December 31, 2007 have been prepared in accordance with the principles, standards and methods set out in the French National Chart of Accounts issued in 1999, in conformity with regulation no. 99-03 of the French Accounting Regulations Committee (CRC).

Accounting principles and methods are identical to those applied to the previous annual company financial statements.

Information which is not mandatory appears only if it is of significant importance. Accounting entries are valued on the basis of the historical cost method.

Property, equipment and intangible assets

Property, equipment and intangible assets are recorded at historical cost. Fixed asset depreciation is carried out according to the straight-line method, over the periods listed below:

Type of assets	Depreciation period
Software	1 year
Furniture and office equipment	2 to 10 years
Transportation equipment	4 years
Fittings and improvements	10 years

Financial investments

Investment securities

Investments are recorded on the balance sheet at their acquisition or contribution cost. Impairment losses are recorded if their value in use is lower than their book value.

Rallye measures the value in use of its investments in associates on the basis of several criteria, including net worth, revalued net asset value, present value of financial income less debt, stock market price and external appraisals. Impairment of the current account or provisions for contingencies may be recorded when the shareholders' equity of the subsidiary is negative.

Other financial investments

Loans and receivables and other long-term investments are recorded in the balance sheet at their acquisition cost under "Other financial investments". Impairment losses are recorded when their expected net realizable value is lower than their book value.

With regard to Rallye shares acquired in connection with buyback arrangements, the expected net realizable value is the average share price over the twenty last days of the financial year.

Receivables

Receivables are recorded under assets at their nominal value. An allowance for impairment is recorded when their fair value, based on collectability, is lower than their book value.

Marketable securities

Marketable securities are recognized at their acquisition cost. Impairment is recorded when their market value is lower than their gross book value.

Market value corresponds to:

- the selling price at year-end for investment securities,
- the average share price over the last twenty days of the financial year for Rallye shares allocated to bonus share plans.

Adjustment accounts

Issue costs of borrowings and bonds are spread out over the life of the bond, in line with scheduled redemption.

Receivables and debts denominated in foreign currencies are converted at the closing exchange rate. Any difference which may arise between the amounts originally recorded and the amounts as converted at the closing exchange rate is booked under unrealized foreign exchange rate gains and losses. A provision covers unrealized foreign exchange rate losses.

Provisions

In accordance with CRC regulation no. 2000-06, provisions are recorded for the liabilities and contingencies arising from the company's obligations toward third parties, which are expected to result in the use of resources without any consideration in return. The provision for tax litigation reflects the assessment of the associated financial risk, based on the current status of legal proceedings.

Provisions for retirement obligations reflect the forecast liability based on the aggregate rights vested by employees, in accordance with CNC recommendation 2003 R-01. This provision was calculated using the projected unit credit method and taking into account social security charges.

The company has assessed the need to provision redemption premiums, in particular, taking into account the maturity date of the bonds and the difference between the current market price of the underlying shares and the redemption value of the bonds. Other provisions are made for specific risks and expenses. The amount of the provisions is given in note 7 to the parent company financial statements.

Payables

Trade payables and other payables are recorded at nominal value under liabilities.

Financial instruments

Rallye uses interest rate hedges to limit the effects of changes in interest rates on its variable rate debt.

Income and expenses resulting from interest rate risk hedging transactions are included on an accrual basis in the income statement for the period. The fair value of these financial instruments amounted to –€6.9 million as at December 31, 2007.

Income from current operations

Income from current operations corresponds to the income and expenses arising from the company's ordinary operations.

Net exceptional income (loss)

Net exceptional income (loss) includes the income and expenses arising from transactions outside the company's ordinary operations, as well as income and expenses of exceptional amounts.

Income tax

Rallye has opted for tax consolidation and assumes the income tax due for the consolidated group. As at December 31, 2007 the group includes 25 companies.

The tax consolidation agreement signed between Rallye and its subsidiaries sets out the methods for sharing out the tax burden between the companies, as follows:

- Rallye personally and finally bears the cost of corporate tax, additional income tax payments, as well as taxes on capital gains made by its subsidiaries included in the tax consolidation group;
- subsidiaries which are included in the tax consolidation group shall pay Rallye the portion of annual minimum tax (IFA) due on their behalf;
- in the event that a subsidiary leaves the tax consolidation perimeter, Rallye is solely liable for the payment of tax and any other payments which may be due. Rallye may compensate the exiting subsidiary for additional taxes which might be due as a result of its having belonged to the Group.

MAJOR EVENTS

Conversion of Rallye Oceane bonds

A portion of the bonds convertible into or exchangeable for new or existing shares (referred to as OCEANE bonds) that were issued in January 2003 for €264.5 million and matured as at January 1, 2008, were converted at year-end.

More than 55% of the OCEANE bonds have been converted, resulting in a €141.6 million increase in the company's shareholders' equity and a €145.8 million decrease in debt.

SUBSEQUENT EVENTS

Cancellation of Rallye's treasury shares in the first quarter of 2008

During the first quarter of 2008, Rallye cancelled 316,452 treasury shares. Following the transaction, the share capital of Rallye amounted to €127,008,420, comprising 42,336,140 shares.

Purchase of Casino preferred shares in the first quarter of 2008

Rallye purchased 665,818 Casino preferred shares in the first quarter of 2008, for €34.0 million.

COMPANY FINANCIAL STATEMENTS

NOTES TO THE RALLYE PARENT COMPANY FINANCIAL STATEMENTS

COMMENTS ON SOME ITEMS OF THE PARENT COMPANY FINANCIAL STATEMENTS

Note 1. Property, equipment and intangible assets

1.1 Breakdown

(In € millions)	2007	2006
Gross intangible assets	0.3	0.2
Depreciation	(0.3)	(0.2)
Intangible assets net value		
Land	0.1	0.1
Buildings	0.6	0.6
Other property and equipment	0.5	0.5
Gross value	1.2	1.2
Depreciation	(0.7)	(0.6)
Tangible assets net value	0.5	0.6
TANGIBLE AND INTANGIBLE ASSETS NET VALUE	0.5	0.6

1.2 Change

(In € millions)	Gross	Depreciation	Net
As at January 1, 2006	1.6	(0.8)	0.8
Increase		(0.1)	(0.1)
Decrease	(0.2)	0.1	(0.1)
As at December 31, 2006	1.4	(0.8)	0.6
Increase	0.1	(0.2)	(0.1)
Decrease			
As at December 31, 2007	1.5	(1.0)	0.5

Note 2. Financial investments

2.1 Breakdown

(In € millions)	2007	2006
Investment securities	1,920.0	1,776.5
Depreciation	(238.0)	(238.1)
Net value of investment securities	1,682.0	1,538.4
Other financial investments	20.8	10.6
Depreciation		
Net value of other financial investments	20.8	10.6
NET FINANCIAL INVESTMENTS	1,702.8	1,549.1

As at December 31 2007, "Other financial investments" included 370,552 Rallye shares with a net value of €17.2 million.

2.2 Change

(In € millions)	Gross	Depreciation	Net
As at January 1, 2006	1,576.3	(232.5)	1,343.7
Increase	278.0	(7.0)	271.0
Decrease	(67.2)	1.5	(65.7)
As at December 31, 2006	1,787.1	(238.0)	1,549.1
Increase	204.1	(0.2)	203.9
Decrease	(50.4)	0.2	(50.2)
As at December 31, 2007	1,940.8	(238.0)	1,702.8

The increase in financial assets is mainly due to:

- the acquisition (within the Group) of Casino common shares for the amount of €37.8 million;
- the acquisition (within the Group) of Casino preferred shares for the amount of €100.8 million;
- the acquisition (from outside the Group) of Rallye shares, for the amount of €23.3 million;
- the subscription to the capital increase of its subsidiary Mermoz Kleber in the amount of €5 million;
- the purchase of mutual funds and Rallye shares as part of the liquidity contract, in the amount respectively of €16.9 million and €20.4 million.

Decreases in financial assets result mainly from:

- the sale under the liquidity contract of mutual funds for the amount of €17.5 million and of Rallye shares for the amount of €19.3 million;
- the partial conversion of the OCEANE bond in existing shares for the amount of €13 million.

Note 3. Receivables

The amounts and maturities of net receivables reported under balance sheet assets are as follows:

(In € millions)	2007	2006
Receivables booked to fixed assets	0.1	0.1
Trade receivables and related accounts	125.5	96.7
Current accounts	1,916.9	2,001.8
Other operating receivables	40.9	27.3
Current receivables	2,083.3	2,125.8
Net receivables	2,083.4	2,125.9
<i>of which: less than 1 year</i>	<i>2,065.8</i>	<i>2,120.4</i>
<i>over 1 year</i>	<i>17.6</i>	<i>5.5</i>

As at December 31, 2007, "Other operating receivables" comprised:

- €18.7 million interest receivable from interest rate hedges;
- Rallye share purchase option premiums of €5.6 million (including €3.9 million due in less than one year);
- Casino share purchase option premiums of €15.8 million.

The current account advances made by Rallye to its subsidiaries are part of the Group's centralized cash management system. They are due within one year.

COMPANY FINANCIAL STATEMENTS

NOTES TO THE RALLYE PARENT COMPANY FINANCIAL STATEMENTS

Note 4. Net cash position

4.1 Marketable securities

(In € millions)	2007	2006
Treasury stock	1.5	1.6
Marketable securities	153.6	24.9
Gross value	155.1	26.5
Depreciation		(0.3)
NET VALUE	155.1	26.2

As at December 31, 2007, treasury stocks, made of 35,276 Rallye shares, are intended to serve a bonus share plan. During 2007, 1,250 treasury shares were reclassified as long-term investments as the beneficiaries left the company. The heading "Marketable securities" includes mostly very short-term cash investments.

4.2 Rallye treasury shares

	2007			2006
	Marketable securities	Financial investments	Total	
Number of shares held				
As at January 1	36,526	167,052	203,578	463,485
Reallocation	(1,250)	1,250		
Purchase		878,234	878,234	671,074
Sale		(675,984)	(675,984)	(930,981)
As at December 31	35,276	370,552	405,828	203,578
Gross value of shares held (In € millions)				
As at January 1	1.6	6.4	8.0	21.0
Reallocation	(0.1)	0.1		(1.7)
Purchase		43.6	43.6	25.5
Sale		(32.9)	(32.9)	(36.8)
As at December 31	1.5	17.2	18.7	8.0

In connection with the liquidity agreement entered into by Rallye and Rothschild & Cie Banque in June 2005, Rothschild & Cie Banque acquired 426,606 and sold 409,506 Rallye shares. As at December 31, 2007, Rallye held 54,100 shares with an estimated net realizable value of €2.6 million.

During 2007, the company also acquired:

- 253,478 Rallye shares, following the exercise of Rallye calls to cover the conversion of the Rallye OCEANE bonds. A loss of €2.1 million was recorded for the share transfer;
- 198,150 Rallye shares following the automatic exercise of 198,150 Rallye calls upon maturity. The calls were set up to cover a Rallye share purchase plan granted by the company to the Group's executive officers and employees.

The 35,276 Rallye shares included as marketable securities are retained as part of a bonus share plan granted to Group executives and employees. The stock market value of these shares is €1.5 million.

4.3 Net cash position

(In € millions)	2007	2006
Marketable securities	153.6	24.9
Depreciation		(0.2)
Net value	153.6	24.7
Cash and cash equivalents	0.2	0.1
Bank overdrafts	(3.2)	(0.5)
Spot credit lines	(50.0)	(35.0)
NET CASH POSITION	100.6	(10.70)

Note 5. Adjustment and related accounts

(In € millions)	2007	2006
Prepaid expenses	0.9	1.0
Deferred costs	8.1	11.6
Bond redemption premiums	1.2	1.7
ADJUSTMENT AND RELATED ACCOUNTS	10.2	14.3

Borrowings issuance costs and bond redemption premiums are amortized over the life of the debt, in line with the debt redemption schedule.

Note 6. Shareholders' equity

6.1 Breakdown

(In € millions)	2007	2006
Share capital	128.0	117.6
Share, merger and contribution premiums	1,321.9	1,188.0
Legal reserve	11.8	11.6
Regulated reserves	1.4	1.4
Other reserves	60.4	60.4
Retained earnings	97.0	51.5
Interim dividend	(34.0)	(31.2)
Net income for the year	39.4	113.6
SHAREHOLDERS' EQUITY	1,625.9	1,512.9

COMPANY FINANCIAL STATEMENTS

NOTES TO THE RALLYE PARENT COMPANY FINANCIAL STATEMENTS

6.2 Change

(In € millions)	2007	2006
As at January 1	1,512.9	1,435.7
Capital increase	10.4	1.2
Share premium	133.9	12.0
Other changes		
Dividend	(70.7)	49.6
Net income for the year	39.4	113.6
As at December 31	1,625.9	1,512.9

2007 capital and share premium increase results from the issuance of:

- 3,127,264 shares due to the partial conversion of the OCEANE bond;
- 314,300 shares further to the exercise of stock options.

6.3 Changes in the number of shares outstanding

	2007	2006
Shares outstanding as at January 1	39,211,028	38,807,587
Exercise of share warrants		186
Payment of the 2005 balance dividend in shares		403,255
Exercise of stock options	314,300	
Conversion of bonds	3,127,264	
Shares outstanding as at December 31	42,652,592	39,211,028

As at December 31, 2007, share capital stood at €127,957,776, divided among 42,652,592 shares with a par value of €3.

6.4 Share equivalents

6.4.1 Share subscription options

	Number of outstanding options	Number of new shares that may be created	Exercise price	Maturity date
Share subscription option plan of June 2003	23,630	23,630	€29.51	December 2008
Share subscription option plan of June 2004	292,050	292,050	€41.38	December 2009
Share subscription option plan of June 2005	216,584	216,584	€40.16	December 2010
Share subscription option plan of June 2006	248,870	248,870	€36.84	December 2011
Share subscription option plan of October 2007	180,807	180,807	€48.73	March 2013

6.4.2 OCEANE

In January 2003, Rallye issued 6,011,362 bonds convertible into new shares and/or exchangeable for existing shares (OCEANE) for €264.5 million. These bonds, with a par value of €44 and maturing on January 1, 2008, could be converted or exchanged for new or existing Rallye shares at any time on the basis of 1.02 Rallye shares for 1 OCEANE bond.

As at December 31, 2007, the conversion of 3,314,454 OCEANE bonds had given rise to the creation of 3,127,264 new shares and the transfer of 253,478 existing shares.

Note 7. Provisions

7.1 Provisions for depreciation

(In € millions)	Depreciation		Total
	Financial investments	Current assets	
As at January 1, 2006	232.5	8.5	241.1
Additions	7.0		7.0
Reversals	(1.5)	(8.1)	(9.6)
As at December 31, 2006	238.0	0.4	238.5
Additions	0.2		0.2
Reversals	(0.2)	(0.3)	(0.5)
As at December 31, 2007	238.0	0.1	238.2

7.2 Provision for contingencies and charges

(In € millions)	Contingencies and charges			Total
	Tax litigation	Redemption premiums	Miscellaneous risks	
As at January 1, 2006	4.3	74.5	2.5	81.3
Additions	5.0	15.2	0.6	20.8
Reversals		(48.7)	(1.7)	(50.4)
As at December 31, 2006	9.3	41.0	1.4	51.7
Additions		7.9	4.3	12.2
Reversals		(11.2)	(0.6)	(11.8)
As at December 31, 2007	9.3	37.7	5.1	52.1

During the year 2007, Rallye recorded a provision for contingencies and charges for bond borrowing redemption premiums:

- €5.6 million for the €300 million bond;
- €2.3 million for the OCEANE (bonds convertible into new shares and/or exchangeable for existing shares).

The provision reversal of €11.2 million concerned the liability for the redemption premiums relating to the OCEANE bonds that were converted into shares. As at December 31, 2007, the provision for OCEANE redemption premiums amounted to €11.5 million.

The contingency provision for tax litigation is in keeping with the maximum level of risk with respect to the tax audit of the years 1992 to 1994.

The miscellaneous contingency provision concerns a bonus share plan, as well as Casino share purchase options. The €0.6 million reversal concerns Rallye share purchase options which matured in 2007.

COMPANY FINANCIAL STATEMENTS

NOTES TO THE RALLYE PARENT COMPANY FINANCIAL STATEMENTS

Note 8. Financial debt

8.1 Breakdown of financial debt

(In € millions)	2007	2006
Bank borrowings	575.6	306.1
OCEANE	123.1	274.4
Bonds exchangeable for Casino common shares	304.9	304.9
Other bond issues	1,031.6	1,031.7
Spot credit lines	50.0	35.0
Other financial debt	3.2	0.5
Borrowings and loans	2,088.4	1,952.6
<i>of which: fixed rate</i>	<i>934.1</i>	<i>1,085.5</i>
<i>variable rate</i>	<i>1,154.3</i>	<i>867.1</i>

Charges payable on the bank borrowings reported in the line item "Borrowings and loans" amounted to €51.7 million as at December 31, 2007.

8.2 Maturity of financial debt

(In € millions)	2007	2006
Within 1 year	273.4	148.1
1 to 5 years	1,365.0	1,504.5
Over 5 years	450.0	300.0
TOTAL	2,088.4	1,952.6

As at December 31, 2007, Rallye had €1,275 million in unused credit lines. Borrowings of less than one year from credit institutions include loans maturing in 2008, as well as interest charges incurred as at December 31, 2007 on financial debt.

8.3 Bond features

Bonds convertible into new shares and/or exchangeable for existing shares (OCEANE)

	OCEANE
Total par value	€264.5 million
Issue date	January 2003
Annual interest rate	3.75%
Bond par value	€44
Maturity	01/01/2008
Redemption value	€48.25
Conversion	1.02 shares for 1 bond
Listing	Yes
COB authorization	03.003 dated 01/07/2003
Volume outstanding:	
– at the time of the issue	6,011,362
– as at December 31, 2007	2,696,908

Bonds exchangeable for Casino common shares

	OEA0
Total par value	€300 million
Issue date	April 2003
Annual interest rate	3.25%
Bond par value	€80
Maturity	07/01/2013
Redemption value	€95.25
Exchange	1 share for 1 bond ⁽¹⁾
Listing	Yes
COB authorization	–
Volume outstanding:	
– at the time of the issue	3,750,000
– as at December 31, 2007	3,750,000

(1) Exchange option which may be exercised until June 20, 2013. Rallye has an early redemption option beginning July 1, 2006, the shareholders have an early redemption option on July 1, 2008 and July 1, 2011.

Other bond issues

	January 2004	October 2004
Total par value (In € millions)	500	500
Issue date	January 2004	October 2004
Annual interest rate	5.375%	5.625%
Bond par value	€1,000	€1,000
Maturity	01/20/2009	10/13/2011
Redemption value	€1,000	€1,000
Listing	Yes	Yes
COB authorization	na	na
Volume outstanding:		
– at the time of the issue	500,000	500,000
– as at December 31, 2007	500,000	500,000

COMPANY FINANCIAL STATEMENTS

NOTES TO THE RALLYE PARENT COMPANY FINANCIAL STATEMENTS

Note 9. Accounts payable and other debt

(In € millions)	2007	2006
Accounts payable	15.8	15.4
Current accounts	159.0	183.1
Other debt	10.7	0.3
Other debt	169.7	183.4
<i>due: within 1 year</i>	<i>175.2</i>	<i>198.8</i>
<i>over 1 year</i>	<i>10.3</i>	

The line item "Other debt" comprised payables of €5.9 million as at December 31, 2007.

The loans received from Rallye's subsidiaries are paid into the current account as part of the Group's centralized cash management system.

Note 10. Operating income (loss)

10.1 Breakdown

(In € millions)	2007	2006
Services	3.3	2.2
Reversal of provisions and transfers of charges	1.0	4.7
Operating income	4.3	6.9
Other purchases and external expenses	15.1	13.3
Taxes	1.2	1.1
Payroll expenses	8.4	8.7
Allowance for depreciation, amortization and provisions	4.7	4.7
Other operating expenses	0.3	0.4
Operating expenses	29.7	28.2
OPERATING INCOME (LOSS)	(25.4)	(21.3)

10.2 Operating income

(In € millions)	2007	2006
Real estate revenues		
Technical and administrative services	0.1	0.1
Financial services	3.2	2.1
Net sales	3.3	2.2
Reversal of provisions		4.7
Transfers of charges	1.0	
OPERATING INCOME	4.3	6.9

Net sales are entirely generated in France and mainly consist of services provided to subsidiaries. The transfers of charges for €1 million concern bond issue costs.

10.3 Operating expenses

Other purchases and external expenses essentially relate to bank commissions and fees.

The other operating expenses comprise Directors' fees issued to members of the Board of Directors.

10.4 Average workforce as at December 31

	2007	2006
Executive staff	26	25
Other staff	13	12
TOTAL AVERAGE WORKFORCE	39	37
Compensation paid to senior management (In € millions)	1.5	1.1

Note 11. Net financial income (loss)

(In € millions)	2007	2006
Dividends	53.4	145.6
Reversal of financial depreciation provisions	12.3	55.4
Other interests and similar income	126.1	102.0
Miscellaneous	3.7	9.1
Financial income	195.5	312.1
Other interests and similar expenses	115.4	153.6
Financial depreciation allowances	12.9	23.4
Other financial expenses	0.2	3.4
Financial expenses	128.5	180.4
NET FINANCIAL INCOME (LOSS)	67.0	131.8

Dividend payments for 2007 came from Casino, in the amount of €28.5 million, Parade, in the amount of €18 million, Cobivia, in the amount of €5.9 million and Matignon Sablons, in the amount of €1 million.

Other interests and similar income were mainly generated by current accounts with subsidiaries.

Financial provision reversals include in particular the provision reversal on the redemption premium relating to the OCEANE bonds that were converted for an amount of €11.2 million.

Financial provision allowances mainly concern:

- bond redemption premiums, amounting to €8.4 million;
- a bonus share plan for €0.6 million;
- stock options for an amount of €3.6 million.

COMPANY FINANCIAL STATEMENTS

NOTES TO THE RALLYE PARENT COMPANY FINANCIAL STATEMENTS

Note 12. Net exceptional income (loss)

(In € millions)	2007	2006
Sale of investment securities	(2.0)	3.9
Provision reversals (allowances)		(5.1)
Other exceptional income (expense)		4.3
NET EXCEPTIONAL INCOME (LOSS)	(2.0)	3.1

As at December 31, 2007, net exceptional income originated mainly in a net capital loss generated by the sale of treasury stocks.

Note 13. Corporate income tax

13.1 Breakdown

(In € millions)	2007	2006
Income from current operations	41.6	110.5
Net exceptional income	(2.0)	3.1
Net income before tax	39.6	113.6
Impact of tax consolidation	(0.2)	
NET INCOME	39.4	113.6

As the head of the tax consolidation group, Rallye is personally and ultimately liable for tax on the companies in the group. For 2007, no tax expense or saving was recognized, other than the tax expense of €0.2 million corresponding to the 2005 annual lump sum tax not yet charged.

If Rallye had not been tax consolidated, it would not have been taxable.

13.2 Deferred taxes

Tax loss carry-forwards totaling €801.4 million as at December 31, 2007 are recorded within the tax consolidation Group and may be carried forward indefinitely.

Long-term capital losses for 2007 amounted to €6.9 million. They were recorded by the tax consolidation group and may be charged against gains of the same type generated in the next ten financial years.

Note 14. Information on off-balance sheet transactions

14.1 Commitments related to current operations

(In € millions)	2007	2006
Interest rate hedging instruments	500.0	500.0
Other reciprocal commitments	3.6	
Total reciprocal commitments	503.6	500.0
Securities and bank guarantees pledged	740.9	429.2
Bond redemption premiums	31.2	41.7
Other commitments given	5.3	26.2
Total commitments given	777.4	497.1
Unused confirmed credit lines	1,275.0	1,262.0
Total commitments received	1,275.0	1,262.0

Rallye also guarantees its investment subsidiaries in connection with currency forward transactions and equity swaps on listed shares concluded with leading financial institutions. As at December 31, 2007, the market value of the various transactions was positive and did not represent any financial risk for Rallye.

As at December 31, 2007, 1,642,575 Casino common shares were pledged to financial institutions as collateral for various loans and credit lines.

14.2 Maturities of contractual obligations

	< 1 year	1 to 5 years	> 5 years	Total
Financial debt	273.4	1,365.0	450.0	2,088.4
Operating leases	1.7	3.3		5.0
TOTAL	275.1	1,368.3	450.0	2,093.4

14.3 Individual training rights

Individual training rights outstanding as at December 31, 2007 amounted to 2,090 hours. No rights were used during the period.

Note 15. Affiliated companies

(In € millions)	Aggregate figures of affiliated companies	Aggregate figures of companies in which Rallye holds an equity interest
Assets		
Net financial investments	1,681.3	0.7
Net receivables	2,042.4	
Liabilities		
Debt	168.0	0.6
Income		
Investment income	53.4	
Other financial income	125.3	
Financial expense	12.3	

Note 16. Consolidation

Rallye prepares consolidated financial statements. The company's accounts in turn are integrated in the consolidated financial statements of parent company Foncière Euris, 83, rue du Faubourg-Saint-Honoré – 75008 Paris France (No. Siren : 702 023 508).

COMPANY FINANCIAL STATEMENTS

SUBSIDIARIES AND EQUITY INTERESTS

(In € millions)	Share capital	Shareholders' equity excl. share capital	Share of capital held (in %)
A – Subsidiaries (at least 50% of capital held by Rallye)⁽¹⁾			
Cobivia SAS	31.8	15.6	100.00%
Kerrous SAS	184.5	(41.6)	100.00%
Magasins Jean SAS	0.3	0.1	100.00%
Matignon Sablons SAS	10.8	1.2	100.00%
MFD SA	35.7	1.8	99.99%
OCP SAS	2.4	104.1	99.99%
Parande SAS	73.0	26.2	100.00%
Parcade SAS	27.8	2.6	100.00%
Mermoz Kléber SAS	5.0	6.1	100.00%
B – Equity interests (10 to 50% of capital held by Rallye)⁽¹⁾			
Casino, Guichard-Perrachon SA	171.5	7,224.9	13.07%
Groupe GO Sport SA	15.1	162.0	44.59%
Sivigral SCI	0.4	1.2	40.00%
C – Other subsidiaries and equity interests			
Subsidiaries not included in A above			
Equity interests not included in B above			
<i>(1) With book value in excess of 1% of Rallye's share capital.</i>			

Book value of shares held		Outstanding loans and advances granted by Rallye	Guarantees granted by Rallye	Net sales for the last fiscal year	Net income for the last closed fiscal year	Dividends received by Rallye over the fiscal year
gross	net					
54.1	54.1	197.8	227.0		11.8	5.9
187.6	187.6	315.3	155.0		(4.4)	
2.2	0.4	0.1	2.5	6.4	0.2	
11.0	11.0				0.7	1.0
307.5	72.7				0.3	
121.4	121.4	324.2	50.0		1.1	
153.8	153.8	478.1			22.5	18.0
28.2	28.2				1.7	
5.0	5.0	9.1			3.0	
893.6	893.6			129.5	541.1	28.5
151.4	151.4			26.9	16.8	
2.1	0.7					
2.1	2.0	0.1				

COMPANY FINANCIAL STATEMENTS

FINANCIAL PERFORMANCE OF RALLYE OVER THE LAST FIVE YEARS

(In €)	12/31/2003	12/31/2004	12/31/2005	12/31/2006	12/31/2007
1 – Financial situation at year-end					
Share capital	112,223,532	112,223,547	116,422,761	117,633,084	127,957,776
Common shares in existence	37,407,844	37,407,849	38,807,587	39,211,028	42,652,592
Maximum number of shares to be created:					
– through bond redemption ⁽¹⁾	6,131,589	6,131,589	6,131,589	6,131,589	
– through exercise of subscription option	380,980	649,830	221,584	475,704	646,261
– through exercise of warrants	4,182,486	4,182,481	1,760,905		
– through remittance of bonus shares				40,858	69,152
2 – Operations and net income					
Net sales	1,502,321	1,319,809	1,597,155	2,200,052	3,305,611
Income before taxes, employees profit sharing, amortization, depreciation and provisions	75,628,825	84,017,215	31,682,011	86,676,277	44,868,239
Income tax	(6,415,836)	(2,700,664)	187,039		(201,675)
Income after taxes, employees profit sharing, amortization, depreciation and provisions	78,087,324	96,873,341	27,411,674	113,619,477	41,178,794
Distributed earnings	59,852,550	62,845,186	65,196,746	68,227,189	78,054,243
3 – Earnings per share					
Income after taxes and employee profit sharing, before amortization, depreciation and provisions	2.19	2.32	0.81	2.21	1.06
Income after taxes and employee profit sharing, amortization, depreciation and provisions	2.09	2.59	0.71	2.90	0.97
Dividend per share	1.60	1.68	1.68	1.74	1.83
4 – Workforce					
Average workforce on payroll	36	34	35	37	39
Salaries and wages	3,600,353	4,233,050	4,836,773	5,987,950	5,865,768
Social security and benefits	1,757,541	1,922,007	2,352,491	2,694,949	2,506,847

(1) In 2003, 2004, 2005 and 2006, the figure corresponds to the maximum number of shares to be created for the conversion of OCEANE bonds.

COMPANY FINANCIAL STATEMENTS

STATUTORY AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

For the year ended December 31, 2007

To the Shareholders,

In compliance with the assignment entrusted to us by your Shareholders' Meetings, we hereby present to you our report on the year ended December 31, 2007, on:

- the audit of the accompanying annual financial statements of Rallye;
- the justification of our assessments;
- the specific verifications and information required by law.

The annual financial statements were 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 annual financial statements

We conducted our audit in accordance with the 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the company at December 31, 2007 and the results of its operations for the year then ended, in accordance with the accounting rules and principles applicable in France.

II. Justification of assessments

In accordance with the requirements of article L. 823-9 of French Company Law (Code de commerce) relating to the justification of our assessments, we inform you that the assessments we did after our audit were mainly about:

- the rules on the valuation of financial investments and marketable securities, described in the note to the financial statements entitled

"Accounting principles and methods", under the sub-headings, "Financial investments" and "Marketable securities" and also in note 2 – "Financial investments" to the financial statements and in note 4 – "Net cash position" to the financial statements under the heading "Marketable securities";

- the accounting rules governing provisions for bond redemption premiums, described in the note to the financial statements entitled "Accounting principles and methods", under "Provisions", and also in note 7 – "Provisions".

The evidence examined and the assessments made contributed to the formation of our audit opinion expressed in the first part of this report.

III. Specific verifications and information

We have also performed the specific verifications required by French law in accordance with professional standards applicable in France. We have no matter to report regarding the fair presentation and the conformity with the financial statements of the information given in the Directors' report and in the documents addressed to the shareholders with respect to the financial position and the financial statements.

As to the fair presentation of the information given in the Board of Directors' report in respect of the remunerations and benefits granted to the relevant Directors and any other commitments made in their favour in connection with, or subsequent to, their appointment, termination or change in current function, in accordance with French law, we would like to inform you that, as stipulated in the Board of Directors' report, this information includes remunerations and benefits granted to the relevant Directors by your company, by the companies under its control, and by the company that controls it directly. It does not include remunerations and benefits granted by companies which have indirect control over your company.

In accordance with French law, we have ensured that the required information concerning the purchase of investments and controlling interests and the names of the principal shareholders (and holders of the voting rights) have been properly disclosed in the Directors' report.

Paris-La Défense and Neuilly-sur-Seine, April 24, 2008
The Statutory Auditors

KPMG Audit
Département de KPMG SA
Catherine Chassaing

ERNST & YOUNG et Autres
Henri-Pierre Navas

RESOLUTIONS

PRESENTED TO THE ORDINARY ANNUAL GENERAL MEETING OF SHAREHOLDERS

First resolution

Adoption of the company financial statements for the year ended December 31, 2007

The shareholders, after having heard the reports of the Board of Directors and the Statutory Auditors, receive and adopt the financial statements for the year ended December 31, 2007, as presented, showing net income of €39,362,293.72.

The shareholders also approve operations translated by these financial statements or summarized in these reports.

Second resolution

Adoption of the consolidated financial statements for the year ended December 31, 2007

The shareholders, after having heard the report of the Board of Directors about the activity of the Group for the year ended December 31, 2007, and the Statutory Auditors report, receive and adopt the consolidated financial statements, as presented, showing consolidated net income of €833,715,305.

Third resolution

Net income appropriation

As suggested by the Board of Directors, the shareholders decide to assign the net income for the fiscal year ended on December 31, 2007 in the following manner:

Net income for the fiscal year		€39,362,293.72
Legal reserve		
limited to 10% of share capital	(-)	€1,032,469.20
Previous retained earnings balance	(+)	€97,065,183.56
Earnings available for distribution	(=)	€135,395,008.08
Dividends	(-)	€77,728,297.80
Retained earnings for the balance	(=)	€57,666,710.28

The proposed dividend distribution corresponds to a dividend payment of €1.83 net per share.

The amount of dividend split between the shareholders constitutes an income eligible for a 40% tax deduction for individuals having their tax residence in France, in accordance with article 158-3, 2° of the French General Tax Code (Code Général des Impôts) unless they opt for the withholding tax pursuant to article 117 quater of the General Tax Code.

Given that an interim dividend payment for the year 2007 in the amount of €0.80 net per share was decided by the Board of Directors on August 30, 2007 and paid out on October 5, 2007, the overall balance representing a net amount of €1.03 per share will be paid out beginning June 13, 2008.

Dividends on shares held in treasury stock by the company as at the day the dividend payment is made will be booked under "Retained earnings".

The shareholders note that the dividends paid for the previous three years and the taxes already paid to the tax authorities (tax credits) amount to:

(In €)	2006	2005	2004
Net dividend	1.74	1.68	1.68
Tax credit	—	—	0.60 ⁽¹⁾

⁽¹⁾ Under the interim dividend payment of €1.20 euros, paid on October 14, 2004.

Fourth resolution

Agreements under article L. 225-38 of the French Code of Commerce

The Shareholders, after having heard the Statutory Auditors' special report on the agreements covered by article L. 225-38 of the French Code of Commerce, adopt the said report and the agreements therein.

Fifth resolution

Reappointment of a Board member

The shareholders renew the term of office of André CRESTEY as Board member for a period of one (1) year, expiring at the conclusion of the General Meeting convened to approve the financial statements for the fiscal year ending December 31, 2008.

Sixth resolution

Reappointment of a Board member

The shareholders renew the term of office of Jean CHODRON DE COURCEL as Board member for a period of one (1) year, expiring at the conclusion of the General Meeting convened to approve the financial statements for the fiscal year ending December 31, 2008.

Seventh resolution

Reappointment of a Board member

The shareholders renew the term of office of Jacques DER-MAGNE as Board member for a period of one (1) year, expiring at the conclusion of the General Meeting convened to approve the financial statements for the fiscal year ending December 31, 2008.

Eighth resolution

Reappointment of a Board member

The shareholders renew the term of office of Jacques DUMAS as Board member for a period of one (1) year, expiring at the conclusion of the General Meeting convened to approve the financial statements for the fiscal year ending December 31, 2008.

Ninth resolution

Reappointment of a Board member

The Shareholders renew the term of office of Pierre FERAUD as Board member for a period of one (1) year, expiring at the conclusion of the General Meeting convened to approve the financial statements for the fiscal year ending December 31, 2008.

Tenth resolution

Reappointment of a Board member

The shareholders renew the term of office of Jean-Charles NAOURI as Board member for a period of one (1) year, expiring at the conclusion of the General Meeting convened to approve the financial statements for the fiscal year ending December 31, 2008.

Eleventh resolution

Reappointment of a Board member

The shareholders renew the term of office of Christian PAILLOT as Board member for a period of one (1) year, expiring at the conclusion of the General Meeting convened to approve the financial statements for the fiscal year ending December 31, 2008.

Twelfth resolution

Reappointment of a Board member

The shareholders renew the term of office of Gilbert TORELLI as Board member for a period of one (1) year, expiring at the conclusion of the General Meeting convened to approve the financial statements for the fiscal year ending December 31, 2008.

Thirteenth resolution

Reappointment of a Board member

The shareholders renew the term of office of the company Finatis as Board member for a period of one (1) year, expiring at the conclusion of the General Meeting convened to approve the financial statements for the fiscal year ending December 31, 2008.

Fourteenth resolution

Reappointment of a Board member

The shareholders renew the term of office of the company Foncière Euris as Board member for a period of one (1) year, expiring at the conclusion of the General Meeting convened to approve the financial statements for the fiscal year ending December 31, 2008.

Fifteenth resolution

Reappointment of a Board member

The shareholders renew the term of office of the company Euris as Board member for a period of one (1) year, expiring at the conclusion of the General Meeting convened to approve the financial statements for the fiscal year ending December 31, 2008.

Sixteenth resolution

Nomination of a Board member

The shareholders appoint the company Matignon Corbeil Centre as Board member for a period of one (1) year expiring at the conclusion of the General Meeting convened to approve the financial statements for the fiscal year ending December 31, 2008. The head office of the company is located at 83, rue du Faubourg-Saint-Honoré, 75008, Paris.

Seventeenth resolution

Nomination of a Board member

The shareholders appoint the company Matignon Diderot as Board member for a period of one (1) year expiring at the conclusion of the General Meeting convened to approve the financial statements for the year ending December 31, 2008. The head office of the company is located at 83, rue du Faubourg-Saint-Honoré, 75008, Paris.

Eighteenth resolution

Nomination of a censor

The shareholders appoint Mr Jean LEVY, residing at 17, rue Marguerite, 75017, Paris, as censor, for a period of one (1) year, expiring at the conclusion of the General Meeting convened to approve the financial statements for the fiscal year ending December 31, 2008.

Nineteenth resolution

Authorization for the company to purchase its own shares

The shareholders, after having taken note of the Board of Directors' report, and in application of the provisions of articles L. 225-207 and seq. of the French Code of Commerce, authorize the Board of Directors to purchase company shares in accordance in order to:

- cover the purchase and/or subscription option plans granted to the employees and corporate officers pursuant to articles L. 225-177 and seq. of the French Code of Commerce, as well as any employee savings plan or any shareholding plan;
- allot shares free of charge to employees and officers of the company within the framework laid down by articles L. 225-197-1 and seq. of the French Code of Commerce;
- ensure the activity of the market within the framework of a liquidity contract entered into with an investment services provider, in accordance with a code of conduct drawn up by AFEI (French Association of Investment Firms) and recognized by AMF;
- provide existing company shares in the event of the exercise of rights attached to securities issued by the company, conferring entitlement to the allotment of the company's existing shares via redemption, conversion, exchange, presentation of a warrant or any other method;
- hold shares and later provide them in exchange or in payment within the framework of possible external growth transactions, in compliance with market practices as allowed by the French Financial Markets Authority (AMF);
- cancel shares, with a maximum of 10% of share capital over a period of twenty-four months and as part of a capital reduction plan.

The maximum purchase price per share is set at €75.

RESOLUTIONS

The Board of Directors may, however, adjust the above-mentioned purchase price in the event of modification of the share's nominal value, capital increase through incorporation of reserves and bonus shares, stock split or reverse split, capital redemption or reduction, distribution of reserves or other assets and any other transactions affecting shareholders' equity, in order to take into account the impact of these transactions on the value of the share.

Exercise of this authorization may not result in bringing the total number of company-held shares above 10% of total share capital, i.e., currently, 4,233,614 for a maximum amount of €317 million. The shares may be purchased, sold, transferred or exchanged by any means and at any time, through a transaction on or off the market, over the counter, in blocks of shares or through the use of derivative instruments, in particular through the buying of purchase options. The maximum share of capital that may be transferred in the form of blocks of shares may be as high as the entire amount of the repurchase program.

The shares may also be loaned, in conformity with the provisions of articles L. 432-6 and seq. of the Monetary and Financial Code. This share purchase authorization is valid for a period expiring at the General Meeting convened to approve the management and the financial statements for the 2008 fiscal year or, at the latest, on December 4, 2009.

The shareholders decide that the company may continue the implementation of its repurchase program even in the event of takeover bids through the purchase or exchange of shares or securities issued by the company or initiated by the company.

The résumé of the share buy-back programme will be included in the document de reference filed with the French Financial Markets Authority (AMF).

In view of guaranteeing the implementation of this resolution, full powers are given to the Board of Directors, with the option to delegate these powers in order to:

- carry out the actual transactions, determine the conditions and the methods;
- complete all declarations and formalities with the French Financial Markets Authority (AMF);
- execute all trading orders, enter into any agreement with a view, in particular, to keeping registers of the purchase and sale of shares;
- make adjustments in the purchase price of the shares to take into account the effect of the above-mentioned transactions on the value of the share;
- carry out all formalities and, more generally, take all necessary measures.

The Board of Directors shall inform the shareholders at their General Meeting of the transactions carried out in application of the present authorization.

Twentieth resolution

Powers

The shareholders grant all powers to the bearer of an original, an excerpt, or a copy of the present minutes in order to carry out all publication, filing, and other formalities that may be necessary.

OTHER INFORMATION

GENERAL INFORMATION ON RALLYE

GENERAL INFORMATION

Company name: RALLYE.

Registered office: 83, rue du Faubourg-Saint-Honoré – 75008 PARIS – FRANCE.

Company headquarters: 32, rue de Ponthieu – 75008 PARIS – FRANCE.

Legal entity

Rallye is a "Société Anonyme" (joint stock corporation) under Book II of the French Code of Commerce.

Legislation : French law.

Existence – duration

Date established: January 20, 1925.

Expiry date: December 31, 2064.

Duration: 90 years, beginning December 31, 1974, the date of its first extension.

Mission statement

Article 3 of the by-laws states

"The company's mission is:

- to take on majority interests in any French or foreign firm, whatever its legal form or mission, and to manage these interests;
- to provide administrative, accounting, legal, financial, IT, commercial or other services to further the interests of any company, as well as any public relations services;
- to acquire and manage all types of buildings;
- to undertake any form of business, commission, or brokerage in its own name, or on behalf of others;
- and, in general, to undertake any commercial, industrial, real estate, securities or financial transactions either directly or indirectly related to, or likely to be of use to the company's mission or to help in its fulfillment.

It may, in France or abroad, create, acquire, operate or cause to operate any brand of manufacture, trade, or service, any model or design, any patent or manufacturing process related to the above mission.

It may act in any country, be it directly or indirectly, on its own account or on behalf of others, alone or in association, participation, grouping or company, in conjunction with any other person or company, and it may carry out the transactions necessary to its mission, under any form."

Legal Register of Companies

Registered in Paris (France), at the Register of Companies (RCS) under number 054/500/574.

Consultation of the documents and information relating to the company

Company documents relating to the last three exercises (annual statements, official reports of the Annual General Meetings, Board members list, Statutory Auditors' reports, by-laws, etc...) can be consulted at the company headquarters, 32, rue de Ponthieu – 75008 Paris France.

Accounting year

From January 1 to December 31

Duration: 1 year

Income appropriation

Article 33 of the by-laws states

"I –The income statement shows income or loss for the period, after the deduction of amortization and provisions.

From this income, less losses carried forward from previous periods, if any, the following must be paid in priority:

- at least 5% to constitute the legal reserve fund. This shall cease to be mandatory once the said fund has reached one-tenth of par, but shall resume should, for whatever reason, this requirement cease to be met.
- and any amount to be appropriated to reserves in compliance with the law.

The balance, together with any income carried over, constitutes the earnings available for distribution. It is at the disposal of the shareholders at the general meeting to be, if proposed by the Board of Directors, either totally or in part, distributed to the shares as a dividend, appropriated to any reserve or capital amortization accounts, or to retained earnings.

The General Meeting of Shareholders voting on the accounts for the period may grant each shareholder, for all or part of the dividend to be distributed, the option to choose between receiving the dividend in cash or in shares.

II –The shareholders at the General Meeting may choose to use the reserves at their disposal to pay a dividend on shares. Should this be decided, the decision shall expressly indicate the headings from which the amounts are taken."

Information about general meetings of shareholders

Articles 25, 27 and 28 of the by-laws states

"General meetings of shareholders shall be convened by the Board of Directors.

Failing that, and in accordance with article L. 225-103 of the French Code of Commerce, they may be convened by the Statutory Auditors or by a court-appointed auditor, at the request of the person concerned in the event of an emergency, i.e., shareholders owning at least 5% of company capital, or a group of shareholders that meet the criteria laid down in article L. 225-120 of the Code of Commerce, or the receivers."

Shareholders shall be convened as follows

Article 27, paragraph I and II of the by-laws states

"At least thirty-five days before the scheduled general meeting, the French bulletin of mandatory legal announcements (BALO) will publish an announcement containing the provisions provided for by the Code of Commerce.

Shareholders are convened via a notice published in the bulletin of mandatory legal announcements and in a journal of legal announcements in the département (administrative district) where the headquarters is located. The first announcements shall be published at least fifteen days before the date of the meeting, with a subsequent announcement to follow no less than six days before the meeting. In addition, those who have owned registered shares for at least one month before the date of this announcement shall receive a letter of invitation by mail.

Meetings shall take place in the town where company headquarters are located, or in any other town in France, depending on what has been decided by the person convening the meeting, and in the venue indicated.

The agenda for each general meeting is established by the person convening the meeting. If applicable, it contains proposals made by one or several shareholders, under the conditions provided by law."

Conditions of admission

Article 25, paragraph I, II and III of the by-laws states

"Whatever number of shares they hold, all shareholders have the right, upon providing proof of their identity and position:

- to participate in General Meetings, provided that their shares were recorded on the third trading day preceding the General Meeting at midnight (CET):
 - for holders of nominative shares: in the name of the shareholder in the nominative accounts held by the company,
 - for holders of bearer shares: in the name of the intermediary registered on the shareholder's behalf in the bearer share accounts held by the authorized intermediary;

- and, if necessary, subject to providing the company with any necessary proof of identification, in compliance with applicable rules and regulations.

Accounting entries or registration of shares in bearer share accounts held by the authorized intermediary will be confirmed by a participation certificate issued by the latter, in compliance with legal and regulatory provisions.

- Shareholders may be represented by a proxy, provided that the proxy is also a shareholder.
- Legal representatives of shareholders who are legally incompetent and representatives of shareholding companies have access to the meetings whether or not they are themselves shareholders.
- Beneficial owners, bare owners, joint owners of shares may attend meetings under the conditions provided by law (article 12 of the by-laws states)."

Setting-up of the General Meeting of Shareholders

Article 25, paragraph IV of the by-laws states

In application of article L. 225-107 of the French Code of Commerce, at each General Meeting, the Board of Directors is authorized to allow shareholders to participate by videoconference or by any other means of telecommunication that transmits at least their voice and guarantees their identification under the conditions laid out by the regulations in force at the time. If necessary, this decision is mentioned in the notice of meeting.

Conditions for the exercise of voting rights

Article 28, paragraph III and IV of the by-laws states

- Shareholders have as many votes as they own or represent shares, with no limits, except as provided by law.
- Votes are cast by a show of hands, or by any electronic system, unless a secret ballot is requested by one or more shareholders who together represent one tenth of the capital represented at the meeting, according to the possibility forecast by article L. 25-IV.
- Shareholders can vote by absentee ballot under legal conditions. They can also vote electronically on a website created by the company exclusively to this end. In this case, they cannot access this website unless they identify themselves by means of a code given before the meeting."

Conditions for the acquisition of double voting rights

Article 28, paragraph III of the by-laws states

"Shares paid in full, and which have been recorded for at least two years under the name of the same shareholder, have double voting rights as compared to equivalent shares in company capital (Extraordinary General Meeting of October 25, 1993).

OTHER INFORMATION

If capital is increased through appropriation of reserves, of earnings, or of issue premiums, double voting rights are granted, upon issue, to the registered shares allocated to each shareholder on the basis of pre-existing shares for which he or she enjoys these rights. Double voting rights are cancelled upon the conversion of shares into bearer shares or identifiable bearer shares, or upon the sale or transfer of shares, except in inheritance or divorce proceedings, or bequests inter vivos to a spouse or a direct heir, which does not interrupt the time period necessary for the acquisition of a double voting right."

Share ownership which must be declared to the company

Article 10, paragraph II of the by-laws states

"Besides being required to fulfill the legal obligation of informing the company when he or she comes to own more than a certain share of company capital and the attached voting rights, any person or legal entity who, alone or indirectly, under the terms of article L. 233-9 of the French Code of Commerce, or in a concert party with other persons or legal entities under the terms of article L. 233-10 of the French Code of Commerce, comes to hold or ceases to hold, in any way, a share equal to 1% of the voting rights or any multiple thereof, up to 50 %, must send a registered letter with return receipt requested to company registered office within five market days from the date the share ownership threshold was attained, informing the company of the total number of shares and voting rights owned in the same way, and which ultimately provide access to the capital, as well as of the number of voting rights attached.

Should this obligation to inform not be respected, and upon the request, as recorded in the minutes of the general meeting, of one or several shareholders holding at least 5% of company capital, the voting rights exceeding the fraction which should have been declared may not be exercised at any meeting held, for a period of two years following the date of compliance with the notification requirement."

Shareholders identification

Article 10, paragraph III of the by-laws states

"In view of identifying the holders of bearer securities, and in accordance with article L. 228-2 of the French Code of Commerce, the company has the right, at any time, and at its own expense, to obtain certain information from the securities compensation agency. This includes the names (or, in the case of a legal entity, the denomination), nationality, and address of the holders of securities which grant the right to vote, either immediately or subsequently, in its own shareholders meetings, as well as the number of shares held by each holder, and, if necessary, any restrictions which may apply to the shares in question.

The company may also, under the conditions set out by articles L. 228-2-II and L. 228-3 and seq. of the French Code of Commerce, ask holders of the company's shares whether they hold the shares on their own behalf, or on behalf of a third party. Should the latter be the case, they must provide information serving to identify this third party or parties.

Should the identity of the owners of the shares not be revealed, the vote or proxy authorization issued by the intermediary will be discarded.

In addition, by virtue of article L. 228-3-I of the French Code of Commerce, any legal entity owning shares in excess of 2.5% of the capital or of the voting rights, must, when so requested by the company, reveal the identity of the individuals and/or legal entities which own, either directly or indirectly, more than one third of its own capital or voting rights.

In application of articles L. 228-3-2 and L. 228-3-3 of the French Code of Commerce, failure to provide the information requested, by virtue of articles L. 228-2-II or L. 228-I of the French Code of Commerce, or the provision of incomplete or erroneous information will be punishable by deprivation of voting rights and of the right to receive dividends attached to the shares held by the person who received the request for information, until such date as the correct information is supplied."

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GENERAL INFORMATION ON COMPANY CAPITAL

AMOUNT OF CAPITAL

- Amount of capital as at December 31, 2007: €127,957,776.
- Amount of capital as at March 31, 2008: €127,008,420.
- Number of shares as at December 31, 2007: 42,652,592.
- Number of shares as at March 31, 2008: 42,336,140.

The shares have a par value of €3 each, are paid in full and belong to the same category.

Shares may be either registered or bearer shares, at the option of the shareholder.

The company keeps track of its share capital distribution, in compliance with the terms of the law.

The shares are freely negotiable, except as otherwise stipulated by law or regulations.

Double voting rights are granted to shares that have been held as registered shares by the same person for over two years. As at March 31, 2008, double voting rights having been granted to 21,371,175 shares, the total number of voting rights amounted to 63,459,594 for 42,336,140 shares outstanding.

FINANCIAL AUTHORIZATIONS

All authorizations and delegations granted to the Board of Directors are described below:

Type of issue	EGM	Authorization period	End of authorization	Nominal amount authorized ⁽¹⁾
Delegation of authority to increase stated capital by capitalization of reserves, income, premiums or other amounts whose capitalization is allowed	06/06/2007	26 months	08/06/2009	€200 mn
Delegation of authority to issue shares or securities that grant rights to new or existing shares or to existing shares of any company held directly or indirectly by over 50%, or to debt instruments with, in the case of issuances of new shares, preferential subscription right upheld ⁽²⁾	06/06/2007	26 months	08/06/2009	€200 mn ⁽³⁾ €1 bn ⁽⁴⁾⁽⁵⁾
Delegation of authority to issue shares or securities that grant rights to new or existing shares or to existing shares of any company held directly or indirectly by over 50%, or to debt instruments with, in the case of issuance of new shares, preferential subscription right withheld ⁽²⁾	06/06/2007	26 months	08/06/2009	€200 mn ⁽³⁾ €1 bn ⁽⁴⁾⁽⁵⁾
Delegation of authority to issue securities granting access to capital in the event that Rallye offers to purchase the shares of another company	06/06/2007	26 months	08/06/2009	€200 mn ⁽³⁾ €1 bn ⁽⁴⁾
Delegation of authority to decide, during a public offer period, to issue stock warrants allowing the subscription, under preferential conditions, of company shares, including the granting of bonus shares to all the company's shareholders	06/04/2008	18 months	12/04/2009	€200 mn ⁽³⁾
Granting of new or existing bonus shares to the employees or corporate officers of the company or to those of affiliated companies	06/04/2008	38 months	08/04/2011	2% of the total number of company shares at the time of issue
Increase of capital for employees who have a company savings plan in the company or affiliated companies	06/06/2007	26 months	06/08/2009	5% of the total number of company shares at the time of issue

(1) When the authorization is not used, the authorized amounts are equal to the residual amounts.

(2) The Board of Directors will be able to increase the number of securities to be issued within the limit of 15% of the initial emissions and at the same price than these last.

(3) For issuing securities giving rights to capital.

(4) For issuing debt.

(5) For debt instruments.

OTHER INFORMATION

The Extraordinary Shareholders' Meeting of June 6, 2007 also authorized the Board of Directors, for a 38-month period, thus until July 4, 2010, to grant share subscription options to employees of the company and of the companies or groups referred to in article L. 225-180 of the French Code of Commerce, as well as to their corporate officers. The total number of shares that may be granted should not give the right to subscribe to over 5% of the company's capital at the time when the shares are granted, without taking into account those already granted by virtue of previous authorizations and not yet exercised.

POTENTIAL CAPITAL AS AT MARCH 31, 2008

Potential capital as at March 31, 2008 breaks downs as follows:

Number of shares as at March 31, 2008	42,336,140
Exercise of stock options	646,261
Potential number of shares	42,982,401

The dilution effect, in the event of the exercise of stock options, amounts to 1.5% for a shareholder owning 1% of company share capital as at March 31, 2008.

CHANGES IN CAPITAL OVER THE PAST TEN YEARS

Date	Event	Changes			New capital (in €)	Total number of shares
		Number of shares	Nominal (in €)	Premium (in €)		
1997	Exercise of share subscription options	38,356	116,946.69	1,160,988.30		
	Exercise of redeemable share warrants	631,334	1,924,924.96	9,246,823.80		
12/31/1997					61,818,600.91	20,275,172
1998	Issue of shares with warrants attached	5,068,793	15,454,650.23	193,183,127.86		
	Redemption of bonds redeemable in shares	1,308,408	3,989,310.27	18,364,465.96		
	Exercise of warrants, options and convertible bonds	74,603	227,463.08	2,660,516.92		
12/31/1998					81,490,024.50	26,726,976
1999	Exercise of warrants, options and convertible bonds	1,157,585	3,529,453.91	44,120,953.36		
	Cancellation of shares	(18,581)	(56,653.10)	(1,020,581.38)		
12/31/1999					84,962,825.31	27,865,980
2000	Exercise of warrants and convertible bonds	1,488,691	4,538,989.60	64,990,279.85		
12/31/2000					89,501,814.91	29,354,671
2001	Conversion of capital in euros		(1,437,835.66)			
	Exercise of warrants and convertible bonds	9,580,561	28,741,716.75	392,598,277.71		
12/31/2001					116,805,696.00	38,935,232
2002	Cancellation of shares	(5,000,000)	(15,000,000.00)	(285,000,000.00)		
	Exercise of warrants and convertible bonds	3,265,992	9,797,976.00	134,666,646.93		
12/31/2002					111,603,672.00	37,201,224
2003	Exercise of warrants and convertible bonds	206,620	619,860.00	8,057,485.58		
12/31/2003					112,223,532.00	37,407,844
2004	Exercise of warrants	5	15	275		
12/31/2004					112,223,547.00	37,407,849
2005	Payment of 2004 balance dividend in shares	438,907	1,316,721.00	14,361,037.04		
	Exercise of B warrants	2,424	7,272	103,020.00		
	Payment of the 2005 interim dividend in shares	958,407	2,875,221.00	30,055,643.52		
12/31/2005					116,422,761.00	38,807,587
2006	Payment of 2005 balance dividend in shares	403,255	1,209,765.00	11,984,738.60		
	Exercise of C warrants	186	558.00	8,370.00		
12/31/2006					117,633,084.00	39,211,028
2007	Exercise of options	314,300	942,900.00	9,208,183.00		
	Conversion of OCEANE bonds	3,127,264	9,381,792.00	124,720,449.05		
12/31/2007					127,957,776.00	42,652,592
2008	Cancellation of shares	(316,452)	(949,356)	(13,632,380.88)		
03/31/2008					127,008,420.00	42,336,140

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CURRENT CAPITAL OWNERSHIP AND VOTING RIGHTS

SITUATION AS AT MARCH 31, 2008

Total number of voting rights as at March 31, 2008: 63,459,594.

Number of shareholders: over 13,000, based on researches of bearers securities identified realized in February 2008.

To the company's knowledge, the main shareholders at that time were as follows:

Shareholders	Shares	% capital	Voting rights	% voting rights
Foncière Euris ⁽¹⁾	24,431,108	57.71%	45,451,125	71.62%
Other companies of the Euris group*	557		807	
Shares held by executives and members of the Board*	39,284	0.09%	77,514	0.12%
Sub-total	24,470,949	57.80%	45,529,446	71.75%
Treasury stock ⁽²⁾	247,721	0.59%		
Other shareholders ⁽³⁾	17,617,470	41.61%	17,930,148	28.25%
<i>of which holders of registered shares</i>	<i>165,950</i>	<i>0.39%</i>	<i>184,219</i>	<i>0.29%</i>
<i>of which holders of bearer shares</i>	<i>17,451,520</i>	<i>41.22%</i>	<i>17,745,929</i>	<i>27.96%</i>
TOTAL	42,336,140	100.00%	63,459,594	100.00%

* Holders of registered shares.

(1) Of which 2,271,575 held by Matignon Corbeil, with a 100% interest held.

(2) Of which 75,221 dedicated to the bonus share program and 172,500 to the liquidity contract.

(3) To the knowledge of the company, none of the "Other shareholders" owns directly, indirectly or in concert 5% or more of the share capital or the voting rights.

Threshold crossing disclosures between January 1, 2007 and March 31, 2008

In compliance with article 10.II of the company by-laws and based on the number of shares and voting rights declared by Rallye and published in the French bulletin of mandatory legal announcements (BALO) on June 14, 2007, the following companies disclosed threshold crossings.

During 2007 and the beginning of 2008, UBS's interest in Rallye's share capital successively rose above and fell below the 1% threshold:

- above 1% on January 3, 2007;
- below 1% on January 4, 2007;
- above 1% on April 16, 2007;
- below 1% on January 15, 2008;
- above 1% on March 19, 2008.

During 2007, UBS's interest successively rose above and fell below the 2% threshold of Rallye's voting rights:

- above 2% on July 4, 2007;
- below 2% on July 6, 2007.

During 2007, Tocqueville Finance's interest successively rose above and fell below the 3% threshold in Rallye's share capital and the 2% threshold of Rallye's voting rights:

- above the threshold on April 27, 2007;
- below the threshold on December 18, 2007.

Boussard & Gavaudan AM's interest exceeded the 2% threshold of Rallye's voting rights on June 4, 2007.

During 2007, Richelieu Finance's interest rose above and fell below the 3% threshold in Rallye's share capital and the 2% threshold of Rallye's voting rights:

- above the threshold on June 4, 2007;
- below the threshold on December 27, 2007.

In the beginning of 2008, Richelieu Finance's interest fell below the 2% threshold in Rallye's share capital on January 24, 2008.

BNP PARIBAS AM's interest dropped below the 1% threshold of Rallye's voting rights on June 20, 2007.

HSBC Financial Products SNC's interest dropped below the 1% threshold of Rallye's voting rights on September 6, 2007.

Société Générale AM's interest rose above the 1% threshold in Rallye's share capital on October 4, 2007.

CHANGE IN CAPITAL OWNERSHIP OVER THE LAST THREE YEARS

The capital ownership and voting rights evolved as follows, over the last three years:

Shareholders	Situation as at 12/31/2007			Situation as at 12/31/2006			Situation as at 12/31/2005		
	Number of shares	Share capital in %	Voting capital in %	Number of shares	Share capital in %	Voting capital in %	Number of shares	Share capital in %	Voting capital in %
Foncière Euris*	24,431,108	57.28	71.44	24,431,108	62.30	75.27	24,426,332	62.96	79.08
Shares held by subsidiaries							1,341,329	3.46	
Treasury stock	405,828	0.95		203,578	0.52		463,485	1.19	
Other shareholders	17,815,656	41.77	28.56	14,576,342	37.18	24.73	12,576,441	32.39	20.92
TOTAL	42,652,592	100	100	39,211,028	100	100	38,807,587	100	100

* Directly and indirectly.

The percentages are expressed as at December 31.

DESCRIPTION OF THE COMPANY'S SHARE REPURCHASE PROGRAM

Since the authorization granted by the Shareholders' Meeting on June 6, 2007 remains in force until December 6, 2008, the Shareholders' Meeting convened on June 4, 2008 extended the duration of the share repurchase program.

Share of capital owned by the company and breakdown by objectives of company shares held in treasury stock

As at March 31, 2008, the company owns 247,721 shares, i.e., 0.59% of its capital, as follows:

- 75,221 shares set aside to cover a bonus share plan;
- 172,500 shares within the framework of the AFEI (French Association of Investment Firms) liquidity contract concluded with Rothschild et Cie Banque on June 21, 2005.

Objectives of the repurchase program

The objectives of the share repurchase program are, in decreasing order of priority, the following:

- to cover the share purchase and/or subscription plans issued to employees and corporate officers, in compliance with articles L. 225-177 and seq. of the French Code of Commerce, as well as company savings plans or any shareholding plans;
- to issue bonus shares to the employees and executives of the company, in conformity with the provisions of articles L. 225-197-1 and seq. of the French Code of Commerce;

- to ensure market activity in the framework of a liquidity agreement entered into with an investment services provider, in conformity with the code of conduct prepared by the AFEI and acknowledged by the AMF;
- to issue shares upon the exercise of rights attached to investment securities issued by the company, that grant the right, through reimbursement, conversion, exchange, presentation of a coupon, or in any other way, to receive existing company shares;
- to keep the shares and contribute them later on for exchange or payment, as part of possible external growth operations, in compliance with market practices accepted by the AMF;
- to cancel shares up to a maximum which may not exceed 10% of the company's share capital per 24-month period, as part of a company share capital reduction plan, authorized by the Extraordinary Meeting of Shareholders of June 6, 2007.

Maximum share ownership, maximum number of shares, characteristics of the shares which the company plans to purchase, and maximum share purchase price

Rallye will be able to acquire 10% of its capital; that is, as at March 31, 2008, 4,233,614 shares with a par value of €3 each. Given that the company already owned 247,721 treasury shares as at March 31, 2008, the maximum number of shares which may be purchased under the repurchase program is, therefore, 3,985,893. This corresponds to a theoretical maximum investment of €298,941,975 based on a maximum purchase price of €75, as provided by the nineteenth resolution voted at the Shareholders' Meeting, dated June 4, 2008.

OTHER INFORMATION

Duration of the repurchase program

The share repurchase program has been extended for a period which will end at the Shareholder's Meeting convened to approve the management and the financial statements for the year 2008, or, at the latest, on December 4, 2009.

Transactions made, through purchase, sale, or transfer, under the previous repurchase program

Total number of shares in the issuer's share capital at the outset of the program	39,215,528
Treasury shares held either directly or indirectly at the outset of the program (in number of shares and as a percentage)	166,578 / 0.42%
Cumulative data from the beginning of the program, up until March 31, 2008:	
Number of shares purchased	857,364
Number of shares sold	446,769
Number of shares transferred	13,000
Number of shares cancelled	316,452
Repurchased from persons holding more than 10% of share capital, or from corporate officers	
Number of shares cancelled in the past 24 months	316,452
Number of shares held as at March 31, 2008 (in number of shares and as a percentage*)	247,721 / 0.59%
Book value of the portfolio as at March 31, 2008	€10.8 mn
Market value of the portfolio as at March 31, 2008	€9.9 mn

* As a percentage of share capital as at March 31, 2008.

SHARES PLEDGED AS COLLATERAL

In the framework of the credit facilities it has arranged, Foncière Euris has pledged Rallye shares as collateral, on the basis of the amount of borrowing capacity, or of the amounts drawn and outstanding, whichever the case is. Shares pledged as collateral, as at December 31, 2007, break down as follows among beneficiaries:

Beneficiary	Date of pledge ⁽¹⁾	Date of release ⁽¹⁾	Condition for releasing the share as collateral	Number of shares pledged	% of issuer's capital pledged ⁽²⁾
HSBC	May 02	May 07	(3)	4,594,677	10.77%
Calyon	April 01	June 07	(3)	881,655	2.07%
Groupe CIC – Crédit Mutuel	May 00	Oct. 09	(3)	3,004,430	7.04%
Natixis	Nov. 00	Oct. 08	(3)	2,638,711	6.19%
Société Générale	June 02	April 06	(3)	746,973	1.75%
BNP Paribas	July 02	Nov. 07	(3)	421,987	0.99%
ABN Amro	June 02	Nov. 07	(3)	378,412	0.89%
TOTAL				12,666,845	29.70%

(1) The dates of pledge and release shown are the limit values found on currently existing credit facilities.

(2) As at December 31, 2007.

(3) Reimbursement or maturity date of the facility.

SHAREHOLDERS' AGREEMENT AND ACTIONS IN CONCERT

To the company's knowledge, there are no shareholders' agreements, or persons or group of persons who exercise or may exercise control over the company.

MAJOR CONTRACTS

During the course of the last three years to date, the Group has not entered into any major contracts, other than those which are part of its normal course of business, which might create a significant obligation or commitment for the Group as a whole.

Off-balance-sheet commitments are laid down in note 35 of the notes to the consolidated financial statements.

TRANSACTIONS WITH RELATED PARTIES

Rallye entered into an agreement for strategic advice and assistance with the company Euris (ex -Groupe Euris).

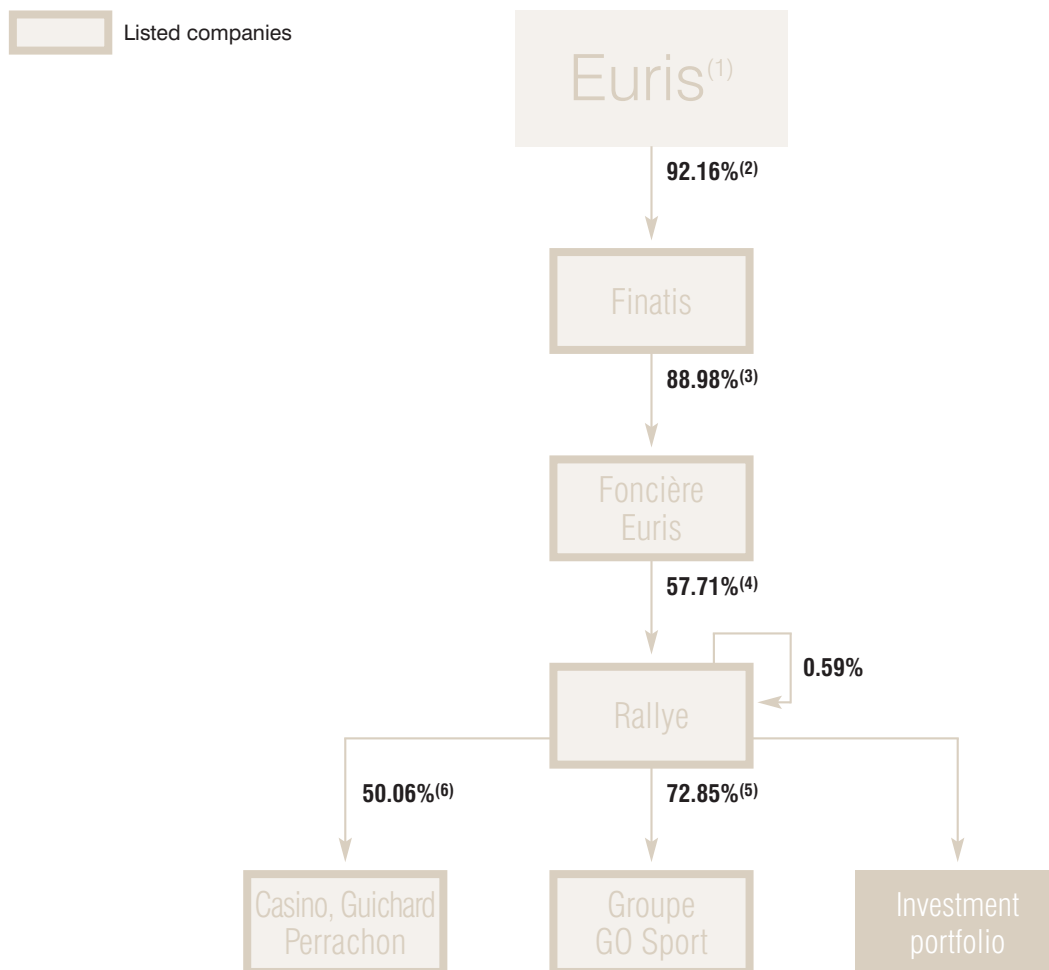
In this framework, the company Euris (ex- Groupe Euris) uses the resources it has at its disposal to provide ongoing advice to Rallye, in the determination of its strategic guidelines and in the management and development of its business. In addition, it provides it with legal and administrative technical assistance.

No loans or guarantees have been granted or provided by the company to members of the Board of Directors.

None of the assets that are fundamental to business belong to any corporate officers or their families.

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ORGANIZATION CHART OF THE GROUP AS AT MARCH 31, 2008



(1) Euris (ex-Groupe Euris) is controlled by Mr Jean-Charles NAOURI.

(2) 92.18% of voting rights.

(3) 91.28% of voting rights.

(4) 71.62% of voting rights.

(5) 78.98% of voting rights.

(6) Common shares held directly or indirectly, excluding shares held by subsidiaries and treasury stocks, representing 62.32% of voting rights.

The Rallye group's current structure is the result of the reorganization undertaken in 1992 and 1993, which notably involved the transfer to the Casino group of all hypermarket, supermarket and cafeteria divisions, and the merger and absorption of parent companies Rallye SA and Coficam and of SMPO and Record Carburants. After the mergers, the absorbing company, Genty-Cathiard, changed its name to Rallye. A transfer of property assets by Foncière Euris completed the reorganization.

The latest changes in the structure are the result of the share exchange offer on Casino, launched in September 1997, the merger-absorption of GO Sport by Courir, now known as Groupe GO Sport, on December 27, 2000, and Athlete's Foot management buy-out on December 27, 2003.

Rallye provides no management services to its operating subsidiaries. However, it receives technical and strategic support from the company Euris (ex-Groupe Euris), the Group's parent company.

OTHER INFORMATION

LISTING FOR COMPANY SECURITIES AS AT MARCH 31, 2008

LISTED SECURITIES ON THE EURONEXT PARIS STOCK EXCHANGE (COMPARTMENT A)

- RALLYE shares (FR0000060618)⁽¹⁾.

LISTED SECURITIES ON THE LUXEMBOURG STOCK EXCHANGE

- RALLYE 3.25% bonds exchangeable for CASINO common shares issued April 30, 2003 (FR0000473985)⁽²⁾.
- RALLYE 5.375% bonds issued January 20, 2004 (FR0010039107)⁽²⁾.
- RALLYE 5.625% bonds issued October 13, 2004 (FR0010117325)⁽²⁾.

Institutions servicing the securities

(1) CACEIS Corporate Trust
14, rue Rouget-de-Lisle
92862 Issy-Les-Moulineaux Cedex 09

(2) BNP Paribas Securities Services
Les Collines de l'Arche
75450 Paris Cedex – France

18-MONTH MARKET STATISTICS FOR RALLYE SHARES⁽¹⁾

Years/months	Number of shares traded	Historical high (In €)	Historical low (In €)	Trading volume (In k€)
2006				
October	3,257,857	37.95	36.41	121,459
November	3,452,120	43.70	37.40	140,696
December	881,885	42.50	40.30	36,268
2007				
January	1,478,507	42.69	40.20	61,315
February	979,577	42.10	39.11	40,219
March	4,448,045	50.02	39.11	209,743
April	1,604,548	51.50	48.40	81,269
May	1,520,386	52.60	51.10	78,872
June	2,463,031	56.41	49.35	130,431
July	1,549,232	51.60	47.51	77,398
August	2,510,267	48.89	43.20	115,605
September	1,675,353	50.00	47.69	81,694
October	2,835,992	55.00	49.18	144,613
November	2,881,206	53.78	48.60	145,967
December	2,024,931	49.78	46.50	98,395
2008				
January	2,815,787	49.23	32.51	110,057
February	2,002,175	41.04	36.76	78,423
March	1,809,709	42.25	37.50	72,506

(1) Source: Euronext Paris.

As at March 31, 2008, RALLYE's share price stood at €40.09 and the company's market capitalization totaled €1.7 billion.

OTHER INFORMATION

OTHER SECURITIES⁽¹⁾

	OCEANE ⁽²⁾
Number of securities traded in 2007	95,467
Trading volumes in 2007 (ln k€)	4,897
Higher in 2007 (ln €)	46.10
Lower in 2007 (ln €)	56.00
Closing price on 12/31/2007 (ln €)	48.00
Number of securities traded from 01/01/2008 to 03/31/2008	
Trading volume from 01/01/2008 to 03/31/2008 (ln k€)	
Higher from 01/01/2008 to 03/31/2008 (ln €)	
Lower 01/01/2008 to 03/31/2008 (ln €)	
Closing price on 03/31/2008 (ln €)	

(1) Source: Euronext Paris.

(2) Arrived at due date on January 1, 2008 – first listing January 16, 2003.

DIVIDEND DISTRIBUTION POLICY OVER THE PAST FIVE YEARS – STATUTE OF LIMITATIONS FOR DIVIDENDS

Over the last five years, Rallye distributed dividends as follows:

	12/31/2003	12/31/2004	12/31/2005	12/31/2006	12/31/2007
Net dividend (ln €/share)	1.60	1.68	1.68	1.74	1.83 ⁽¹⁾
Tax credit (ln €/share)	0.80	0.60			
Number of shares	37,407,844	37,407,849	38,807,587	39,211,028	42,336,140
Total dividends (ln €)	59,852,550	62,845,186	65,196,746	68,227,189	77,728,298

(1) An interim dividend, in the amount of €0.80 was paid out on October 5, 2007, based on 42,652,592 existing shares as at December 31, 2007.

The dividend distribution policy is based on the Group's financial situation, and on its expected financial needs.

No guarantee can be made as to the amount of dividends which can be paid out in the course of a given year.

At the Shareholders' Meeting on June 4, 2008, shareholders were asked to approve the distribution of a dividend in the amount of €1.83 per share.

In accordance with articles L. 27 and R. 46 of the French Code on Government Property (Code du Domaine de l'État), dividends which remain unclaimed five years after they became payable must be paid to the Treasury.

EMPLOYEE PROFIT-SHARING AGREEMENTS

As provided under current regulations, most Rallye subsidiaries have employee profit-sharing contracts. The Rallye parent company does not, because of a smaller number of staff.

STOCK OPTION PLANS AND BONUS SHARE PLANS

Stock option plans (purchase and subscription) and bonus share plans to employees and executive officers have the following characteristics:

Date of the General Meeting	EGM on 06/04/2003	EGM on 06/09/2004	EGM on 06/09/2004	EGM on 06/08/2005	EGM on 06/09/2004	EGM on 06/08/2005	EGM on 06/06/2007	EGM on 06/08/2005	Total
Date of the Board of Directors' meeting	06/04/2003	06/09/2004	06/08/2005	06/08/2005	06/07/2006	06/07/2006	10/01/2007	10/01/2007	
Type of plan (subscription or bonus share)	Subscription	Subscription	Subscription	Bonus shares	Subscription	Bonus shares	Subscription	Bonus shares	
Number of initial beneficiaries	49	46	58	58	61	61	60	60	
Number of options and bonus shares initially issued	380,980	314,550	224,084	37,151	254,120	40,858	181,127	29,686	1,462,556
of which options and bonus shares issued to executive officers of the company	117,000	92,850	83,567	10,446	84,250	10,533	50,866	6,359	455,871
of which options and bonus shares issued to the first ten employees	78,600	95,350	47,733	9,407	74,190	12,061	52,434	9,204	326,545
Beginning of exercise period	06/04/2006	06/09/2007	06/08/2008	na	06/07/2009	na	01/01/2011	na	
End of exercise period	12/04/2008	12/09/2009	12/07/2010	06/08/2008	06/06/2011	06/07/2009	03/31/2013	12/31/2010	
Purchase or subscription price	29.51	41.38	40.16	na	36.84	na	48.73	na	
Number of options and bonus shares exercised as at March 31, 2008	304,300	10,000							314,300
Of which exercised since January 1, 2007	304,300	10,000							314,300
Options and bonus shares cancelled as at March 31, 2008⁽¹⁾	53,050	12,500	7,500	1,875	5,250	1,312	320	80	81,887
Of which exercised since January 1, 2007			5,000	1,250	5,250	1,312	320	80	13,212
Options and bonus shares remaining as at March 31, 2008	23,630	292,050	216,584	35,276	248,870	39,546	180,807	29,606	1,066,369
Number of shares remaining which, as at March 31, 2008, may be bought or subscribed	23,630	292,050	216,584	35,276	248,870	39,546	180,807	29,606	1,066,369

(1) Further to the departure of beneficiaries.

SUBSCRIPTION OPTIONS AND BONUS SHARES GRANTED OVER THE FISCAL YEAR BY THE ISSUER AND BY ANY OTHER COMPANY OF THE GROUP, TO THE TEN EMPLOYEES OF THE ISSUER OF WHICH THE NUMBER OF OPTIONS GRANTED IS THE HIGHEST

Name of the company	Date of the Board of Directors' meeting	End of exercise period	Type of plan	Number of options granted	Equivalent number of shares	Subscription price (ln €)
Rallye	10/01/2007	03/31/2013	Subscription	52,434	52,434	48.73
Rallye	10/01/2007	12/31/2010	Bonus shares	9,204	9,204	na
Groupe GO Sport	05/22/2007	11/21/2012	Subscription	6,400	6,400	70.59

STOCK OPTIONS GRANTED BY THE ISSUER AND BY ANY OTHER COMPANY OF THE GROUP, EXERCISED OVER THE FISCAL YEAR BY THE TEN EMPLOYEES OF WHICH THE NUMBER OF OPTIONS EXERCISED IS THE HIGHEST

Name of the company	Date of the Board of Directors' meeting	End of exercise period	Type of plan	Number of options granted	Equivalent number of shares	Subscription price (ln €)
Rallye	06/04/2003	12/04/2008	Subscription	63,800	63,800	29.51
Rallye	06/09/2004	12/09/2009	Subscription	5,000	5,000	41.38
Groupe GO Sport	04/03/2003	10/03/2008	Subscription	1,600	1,600	38.22

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INFORMATION ON RALLYE'S ACTIVITY AND RISK MANAGEMENT

INFORMATION ON RALLYE'S ACTIVITY

Investment policy

In January and February 2007, Rallye and its holding subsidiaries mainly increased their ownership in Casino through the acquisition of 1,630,502 common shares following the exercise at maturity of call options acquired in May 2005. In March 2007, Rallye and its holding subsidiaries also acquired two million call options on Casino common shares. The total investment amounted to €120 million.

For the year ended December 31, 2006, investments carried out by Rallye and its holding companies mainly consisted of an additional net investment of €32 million in the investment portfolio. Annual investments by operating subsidiaries for the past two years are as follows:

(In € millions)	2007	2006
	1,111	1,000

Investments by operating companies are detailed in the "Business review" section of the management report. For more information on the strategy of the Group's operating subsidiaries, see "Recent trends and outlook" page 22.

Rallye, as the holding company controlling two operating companies present, for Casino, in the sector based on food retail and, for Groupe GO Sport, in sporting goods retail, does not have any competitor to which it can be compared. Casino and Groupe GO Sport's competitive positions are described in detail in their respective 2007 reference documents.

Significant changes in the financial or commercial situation

No significant change in the financial or commercial situation of the Group has happened since the end of the fiscal year. Recent trends and outlook for the Group are described on page 22 of the present annual report.

RISK MANAGEMENT

Market risk

Rallye as a parent company and its two main operating subsidiaries, Casino and Groupe GO Sport, manage market risk separately.

Within each company, cash, currency and interest rate risks are managed centrally, under the responsibility of the finance department, which has the necessary tools and expertise and reports to senior management.

These risks, as well as the tools intended to manage them, are described in further detail in note 21 "Financial risk management

policies and objectives" to the consolidated financial statements closed on December 31, 2007.

OPERATING RISK

As a holding company, this type of risk does not apply directly to Rallye. It does however apply to Casino and Groupe GO Sport, which are subject to several business risks, including mainly:

Supply risk

Casino lists over 46,500 suppliers and is not dependent on any single supplier in any way. Further, through specialized subsidiary Easydis, Casino has its own logistics network in France, with 943,111 square meters and 30 sites, spread throughout France. This enables the group to supply its different networks.

Supplier concentration is a key feature of the sporting goods market. As a result, Groupe GO Sport has developed a partnership with its suppliers, who can take advantage of the positioning and the concept of the GO Sport and Courir networks to promote their own brands. The four main suppliers (Nike, Adidas, Puma and Asics) account for 43% of its purchases.

Store network risk

The Group's banners in France operate partly through affiliate or franchise networks, which accounted for 55% of Casino outlets as at December 31, 2007. These are mainly supermarkets (including Leader Price) and convenience stores.

The credit risk of the affiliate/franchise networks has been taken into account in the framework of credit management. At Groupe GO Sport, all of the stores are owned outright, with the exception of 28 franchise stores, located mainly in Saudi Arabia.

Risk linked to brands and chains

The Group owns almost all of its brands and is not particularly dependent on patents and licenses, with the exception of the Spar brand, for which it holds an operating license in France.

Customer credit risk

Through subsidiaries specialized in consumer credit (e.g. Banque du groupe Casino, Géant Krédit,...), the Group is exposed to customer credit risk. Customers are individually assessed using a credit scoring system managed by a specialized supplier.

IT risk

The Group is increasingly dependent on standard IT applications for the data it needs to make operating decisions. IT system security is taken into account from the design stage and is monitored continuously.

Geographical risk

Some of the Group's businesses are subject to risk and uncertainty linked to activities in countries that may experience or have recently experienced a period of economic or political instability (e.g., South America and Asia). In 2007, international activities accounted for 28.2% of the Group's consolidated sales and 26.4% of consolidated current operating income.

Industrial and environmental risk

See pages 27 to 31 ("Social and environmental information") for a description of environmental risk and management.

LEGAL RISK

Risk linked to regulations

The Group is subject to laws and regulations that govern facilities classified as establishments open to the public or falling into administrative classifications. Some of its businesses are also subject to specific regulations (e.g., Casino Vacances, Banque du groupe Casino, Mercialis, ...). Furthermore, new store openings and store expansion projects are subject to administrative authorization procedures, in France and in other countries where the Group is present.

Tax and customs risks

Periodically, the Group is subject to tax audits both in France and in the various countries where it is established. A provision is made for uncontested claims for taxes due, and claims that are contested are dealt with on a case by case basis, according to estimates of the likelihood that the actions and proceedings may not be upheld.

Litigation

As part of its current operations, the Group is involved in various legal and administrative proceedings, and is subject to Government control. The Group sets aside a provision each time it has a current obligation (whether legal or implicit) which results from a past event for which the amount may be reliably estimated and for which its elimination would result in an outflow of resources representing economic benefits for the Group. There is no administrative, judicial or arbitration procedure, including any procedure to the company's knowledge, either unresolved or pending, that is likely to have or have had over the past twelve months a significant effect on the financial situation or the profitability of the company and/or Group.

However, it should be noted that the minority shareholders of Leader Price Holding protested, in early April 2008, against the way in which they had been replaced in their offices of senior and line management and declared that they intended to exercise their put options early. The Casino group totally refuted their position on the basis of the shareholders' agreement and of misconduct, and notified the minority shareholders that their claims were null and void. The Casino group is confident in the favorable outcome of any procedures that could be launched in this matter.

INSURANCE

Coverage of risks likely to be incurred by the company

The Rallye group's insurance coverage and risk management policy comes within a wider framework of protecting the Group's balance sheet while monitoring certain objectives, such as:

- to protect assets and responsibilities incurred by the Group;
- to defend shareholders' interests;
- to take into account the regulations that govern establishments open to the public in France (known as the ERP rules).

Analysis of random insurable risk, as well as subscription and management of insurance policies and claims are handled independently by each of the operating subsidiaries (essentially Casino and Groupe GO Sport) and by the parent company Rallye.

Insurance subscribed

The main insurance policies subscribed by the Rallye Group cover the risks of;

- property damage and consecutive business interruption,
- civil liability.

The Group has also taken out the mandatory insurance required for its business, which includes motor vehicle insurance, construction insurance (structural damage and builder's decennial warranty insurance), professional civil liability insurance (property managers, travel agents, bankers) and pollution accident insurance.

In addition, as the amounts and risks are high, the Group has contracted various types of insurance, including a transport insurance scheme (covering domestic transport and imports) and an "all risks construction" insurance scheme (covering real estate assets). To best control its insurance costs and manage risks, Casino auto insures all frequently-occurring accidents (property damage, business interruption and civil liability) by capping the amount of deductibles per year above the amounts usually deducted, through its reinsurance subsidiary in Luxembourg.

Level of coverage

Property damage and business interruption

The purpose of this insurance is to protect the Group's assets and enable it to continue doing business under the best possible financial conditions.

Casino has contracted an "All risks except" policy (where the risks excluded define the scope of coverage provided by the insurers) according to the coverage available on the insurance market. The risks covered include fire, explosions, natural catastrophes, structural failure and real estate liabilities (third party recourse, neighbours, rental risks). The policy provides a maximum coverage of €220 million for major events (fire, explosions) corresponding to the maximum insured amount possible, and a lower maximum coverage of €60 million for operating losses.

At Groupe GO Sport, capital insured amounts to €311 million per year, against property damage, and €301 million to cover operating losses.

Civil liability insurance

The purpose of this insurance is to cover the financial consequences of the Group's civil liability due to the physical, material and/or financial damage to third parties arising from its goods delivered or sold, installations and equipment, buildings, store operations and services provided. The insurance policy contracted is also an "All risks except" type, which includes coverage for the costs of withdrawing goods and the financial warranty for accidents in the workplace and work-related illnesses within a sub-limit comprised in the general aggregate limit of insurance (€76 million).

Other insurance

For risks other than those mentioned above, the Group has taken out insurance cover whenever required by law. It has also done so whenever the nature of the risks in question makes the insurance coverage useful and necessary and insofar as insurance bids are consistent with the required coverage.

Crisis prevention and management

Measures for the prevention and continuation of business after an accident are part and parcel of the Group's insurance policy. As it has done for a number of years, during 2007, Casino carried out regular protection and loss prevention inspections and audits with the assistance of qualified insurance professionals, particularly relating to accident damage (fire, explosions and other risks). The risk-mapping work initiated in previous years is still ongoing and constantly updated, particularly regarding hazardous substances, natural disasters and other incidents, in France and abroad.

This is also the case for "product" risk, for which Casino has adopted prevention measures in concert with its manufacturers and suppliers, particularly in order to ensure the high quality of the products it offers to customers, including those of its own brand. Tools are being developed to enhance the system used to track, withdraw and recall products.

In the event of a serious disaster which might have a long-lasting impact on a business site, Rallye and its subsidiaries have human and technical resources available and appropriate back-up to enable them to intervene rapidly and preserve the maximum continuity of use and customer service, as circumstances warrant. Rallye and its subsidiaries also have access to the support necessary to manage any crisis situation or serious disaster in the most appropriate way.

PERSON IN CHARGE OF CORPORATE COMMUNICATION

Didier CARLIER – Deputy Managing Director

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