RALLYE

Paris, July 27, 2012

INTERIM FINANCIAL REPORT

Article 222-4 of the AMF General Regulations

TABLE OF CONTENTS

1-	STATEMENT BY THE PERSON IN CHARGE OF THE INTERIM FINANCIAL REPORT	2
2-	INTERIM BUSINESS REPORT	3
3-	INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS OF JUNE 30, 2012	12
4-	AUDITORS' REPORT ON THE 2012 INTERIM FINANCIAL REPORT	35

1 - STATEMENT BY THE PERSON IN CHARGE OF THE INTERIM FINANCIAL REPORT

I hereby certify that, to my knowledge, the financial statements presented in the interim financial report have been prepared in accordance with applicable accounting standards; that they present fairly the Rallye Group's assets, financial position, and results; and that the interim business report gives a true and fair view of the important events of the first six months of the fiscal year and their impact on the interim financial statements, of the main risks and uncertainties for the next six months of the year, and of major related-party transactions.

Paris, July 26, 2012

Jean-Charles NAOURI
Chairman and Chief Executive Officer

Highlights of the first half of 2012

Rallye

- <u>Dividend payment on Rallye shares</u>

The May 23, 2012, General Meeting of Rallye's shareholders resolved to pay a dividend of €1.83 per share for fiscal year 2011, unchanged as compared to the 2010 dividend. An interim dividend of €0.80 per share was paid on October 6, 2011, leaving a balance of €1.03. The shareholders may choose to receive 100% of the balance of the dividend as shares.
The issue price for the new shares has been set at €21.47, which corresponds to 90% of the average opening price for the twenty trading sessions prior to May 23, less the dividend balance amount.
35.3% of the voting rights were exercised in favor of payment in shares.
With this transaction, Rallye was able to strengthen its equity by €16.7 million, by issuing 774,497 new shares (1.64% of the capital), which were delivered and listed for trading on Euronext Paris on June 28, 2012. The new shares immediately became part of the company's existing shares. The cash payment of the dividend totaling €30.6 million was paid on June 28, 2012.

Casino:

In the first half of 2012, the increase in the Casino group business and operating income was satisfactory. In France, due to its promising business models, the company showed resilience in an unfavorable economic environment. Internationally, the pace of development was sustained and steady, due to the combined effect of organic growth and of scope effects.

Several events have also had an impact on the first half of 2012 at Casino:

- <u>ADR program established</u>

On January 12, 2012, Casino established a level 1 American Depositary Receipt ("ADR") program in the United States. Deutsche Bank is the depositary for these ADRs, which may be traded in the United States on the over-the-counter market. As part of this program, each Casino share is represented by five ADRs.

- <u>Mercialys's new strategy</u>

On February 9, 2012, Mercialys announced the launch of a new strategy based on its "Retailer REIT" (*Foncière Commerçante*) vision. Mercialys also announced a contribution redemption to its shareholders and a new financial structure.

In line with its new strategy, on April 20, 2012, Mercialys made an extraordinary distribution of reserves and paid the balance of the distribution for fiscal year 2011 for a total amount of €1,060 million, including €532 million received by the Group.

- Casino’s investment in Monshowroom.com

On **February 28, 2012**, the Casino Group acquired a minority interest in the capital of Monshowroom.com with the option to become a majority interest holder in the future. This company, which specializes in the sale of multi-brand ready-to-wear and fashion accessories, will enable Casino to strengthen its position in the online commerce segment.

- Successful bond issue

On **March 1, 2012**, Casino successfully issued a €600 million bond. The transaction is intended to refinance the Group’s bond maturities; with it, the average maturity of the bonded debt may be extended from 4.2 to 4.6 years. The bond line with a 3.99% coupon was largely subscribed by a diversified basis of investors.

- Successful private placement of Big C in Thailand

On **March 29, 2012**, Big C Thailand, a subsidiary of the Casino group, announced that it had received the approval of its Board of Directors for a capital increase through private placement of up to 23.6 million shares representing approximately 2.9% of Big C’s capital. This raising of capital is part of the strategic plan announced in October 2011 and is intended to reinforce Big C’s co-leadership in Thailand and to transform it into a major player in the region. The private placement was put to the vote of the shareholders on April 30 and as a result yielded on May 3 resources in the amount of €102 million.

- Preparation of the transfer of control over GPA

As of **June 30, 2012**, Casino holds 40.25% of the capital of GPA compared to 40.13% as of December 31, 2011 (and 37.1% as of June 30, 2011), i.e. a 0.19% increase resulting primarily from (i) the issue in favor of Casino of 1.9 million preferred shares at the price of 85.66 reais per share and (ii) the dilutive effect of the stock-options exercised during the period.

To prepare the restructuring of the control over GPA as planned in Wilkes’ shareholders’ pact, on March 21, 2012, Casino informed its partner Mr. Abilio Diniz that it intended to exercise its contractual option to appoint the chairman of Wilkes' Board of Directors.

The extraordinary shareholders’ meeting of Wilkes, GPA’s holding company, took place on June 22, 2012, in Sao Paulo. It voted in favor of the appointment of Jean-Charles Naouri, Chairman and CEO of Casino, to the office of Chairman of the Board of Directors of Wilkes. On that same date, the extraordinary shareholders’ meeting of GPA approved the appointment of Messrs. Eleazar de Carvalho Filho, Luiz Augusto de Castro Neves, and Roberto Oliveira de Lima, board members proposed by Casino. These appointments bring to eight the number of board members named by Casino.

- Signing of a letter of intent regarding Monoprix between Casino and Groupe Galeries Lafayette

On **June 29, 2012**, Casino and Groupe Galeries Lafayette announced the signing of a letter of intent regarding the 50% interest held by Groupe Galeries Lafayette in Monoprix. The objective of the two groups is to reach a settlement agreement setting forth the disposal by Groupe Galeries Lafayette of its interest by October 30, 2013, at the price of €1,175 million indexed as from April 1, 2013. Casino has already agreed on the terms of the settlement agreement. The acquisition by Casino would take place after the approval of the Competition Authority. Mr. Jean-Charles Naouri, Chairman and CEO of Casino, was named board member of Monoprix at the General Meeting held on that same day. Mr. Philippe Houzé shall remain in office as Chairman and CEO of Monoprix. After the signature of the settlement agreement, a new Chairman and CEO of Monoprix whose nomination will be put forward by Casino will be appointed. Casino and Groupe Galeries Lafayette will withdraw, after the disposal of the shares, from the legal proceedings in progress.

Groupe GO Sport

During the first half of the year, GO Sport France continued to deploy its new merchandising model in three of the total of eight stores planned in 2012, and notably reopened its Paris La Défense flagship store successfully. The brand also opened a store in the new commercial center at Lyon Confluence and deployed a dozen GO Shoes dedicated retail spaces in the stores remodeled in 2010 and 2011.
Courir confirmed its successful commercial positioning by recording a fourth consecutive half-year of sales growth (a 5.0% increase on a comparable basis). The brand remodeled five stores in the first half of the year (out of the nine stores planned in 2012), with the stores that were renewed last year continuing to clearly outperform the rest of the network.

- Successful capital increase achieved in the second quarter of 2012

Group GO Sport raised, during the first half of 2012, €30m as part of a capital increase that was guaranteed and largely subscribed by Rallye. This transaction enables Groupe GO Sport, on the one hand, to achieve its investment plan in order to continue with the commercial boost of the two brands and, on the other hand, to reinforce its financial structure.

- New purchasing partnership with Hervis Sports, widened to include Twinner in June 2012

On April 30, 2012, Groupe GO Sport announced the end of its purchasing partnership with Sport 2000 and, at the same time, the signing of a new purchasing agreement, as part of the shared entity "Sport Trade Marketing International" (STMI), with the Austrian group Hervis Sports, a major player in sporting goods retailing in Central and Eastern Europe. On June 25, 2012, this partnership was widened with the inclusion into STMI of Twinner, a sporting goods retailer with operations primarily in France and Spain. This purchasing cooperation, now covering nine European countries and approximately 1,270 stores, will enable the three groups to improve their supply conditions and their market shares by making their offers and sales prices more attractive to their clients.

Subsequent events

Casino:

- GPA takeover

On July 2, 2012, Wilkes' General Meeting approved a change in the Board of Directors consisting of appointing a board member whose nomination was put forward by Casino to replace one board member named by Abilio Diniz. Casino thus obtained the majority on the Wilkes' Board of Directors. This control enables Casino to decide how Wilkes will vote at the General Meeting of GPA and, therefore, also to irrevocably control GPA. As from that date, the Group will therefore consolidate GPA by the full consolidation method.

See Note 17 in the Notes to the interim consolidated statements for more details regarding this event.

Groupe GO Sport

The Board of Directors of Groupe GO Sport, at its meeting of July 19, 2012, decided, upon recommendation of the Appointments and Compensation Committee, to appoint Mr. Loïc Le Borgne, Chief Executive Officer of the company, to replace Mr. François Neukirch.

At 51 years of age, Mr. Loïc Le Borgne has close to 30 years experience in the retail sector. After spending 21 years at Auchan (1984-2005), notably as Director of Hypermarkets, Central Purchasing Director, and Regional Director, after which he joined the ready-to-wear retail group Kiabi, in 2005, as Manager of Business in France. Since 2011, he was International Director at Kiabi.

Following the €30 million capital increase at the end of May 2012, the Board of Directors of Groupe GO Sport currently wishes to initiate a new phase in the group's recovery,

specifically by accelerating the commercial boost of its brands. With the support of the current management team, Mr. Loïc Le Borgne will implement this initiative.

Rallye

The promise to sell the Manufaktura center in Poland was signed on July 26, 2012; this disposal is expected to become effective, after meeting the conditions precedent, by the end of 2012.

Business report

Sales

Rallye's consolidated sales as of June 30, 2012, were €17.7 billion, up 7.3% as compared to June 30, 2011. The breakdown by business operation is as follows:

(In €millions)	6/30/2012	6/30/2011	Change
Casino:	17,348	16,144	+7.5%
Groupe Go Sport	324	328	-1.1%
Other *	8	9	-
Total	17,681	16,480	+7.3%

* Holding company business and investment portfolio

In the first half of 2012, **Casino** posted consolidated sales of €17.3 billion, up 7.5%, with exchanges rates providing a favorable 0.3% impact and the scope of consolidation having a positive effect of 3.1%, primarily due to the impact of the increase in the interest held in GPA's capital. On an organic basis[1], the increase in sales was 4.1% in the first half, driven by good comparable stores growth and international expansion.

In France, sales were up by 0.5 on an organic basis[1] and by 0.3% excluding fuel. Growth was driven by the solid performance of the Casino Supermarkets and Monoprix, as well as by the continuing more than double-digit growth of Cdiscount. Franprix/Leader Price sales, which were impacted by the negative scope effect related to the deconsolidation of a master franchisee, declined by 4.5% over the half-year. Monoprix posted 3.0% growth in sales, driven by a very satisfactory performance on a same-store basis (up 2.2%). The sales posted by the Géant Casino hypermarkets were down 3.4%. Excluding fuel, same-store sales were down 3.4%. Food segment sales were resilient, supported by the emphasis on the first "*Tous les jours*" ("every day") prizes and the restart of the all-brands promotion. Casino Supermarkets posted sales up 3.3% (down 0.5% in same-store sales, excluding fuel), while small supermarkets recorded a limited loss of 0.3%. Sales in other business activities were solidly higher, backed by the strong performance of Cdiscount.

The International segment is establishing itself as a major growth driver with organic growth[1] of 8.6% over the half-year (+18.2% overall over the half-year). This organic growth[1] (up +9.4% in South America, and +8.6% in Asia) was spurred by the growth in same-store sales in South America, by expansion in Colombia, as well as by the sustained organic growth of Big C and continued very strong growth in Vietnam

As of June 30, 2012, consolidated sales at **Groupe GO Sport** were €324.1 million, up 1.0% on a same-store basis and at constant exchange rates as compared to the first half of 2011.

In France, GO Sport brand's sales reported a slight decline of 0.6% on a same-store-network basis. This development can be attributed, among other things, to the substandard performance of non-remodeled stores, located primarily outside Paris and its region, in a particularly difficult context in the second quarter of 2012, as well as by the shift in summer sales for the month of July. The Courir brand posted a fourth consecutive half-year of sales growth, with a 5.0% increase on a comparable basis, thus confirming the lasting success of its new concept.

In Poland, the GO Sport brand posted a 3.8% increase on a comparable store basis and at constant exchange rates. Sales in euro were negatively impacted by the unfavorable developments in exchange rates. Sales fared well on account of the return to growth of winter markets, but also due to the performance of non-seasonal categories, such as running and soccer. The continued outperformance of the remodeled stores also partially explains the increase.

1 On a like-for-like basis and at constant exchange rates, excluding the impact of property disposals

Current operating income

The Group's current operating income stood at €633 million, up +12.4% over the first half of 2011. The breakdown by businesses is as follows:

(In €millions)	6/30/2012	6/30/2011	Change
Casino:	638	572	11.6%
Groupe Go Sport	-14	-12	-
Other *	9	3	-
Total	632	563	12.3%

* Holding company business and investment portfolio

Casino's current operating income has increased 11.6% (5.3% on an organic basis[2]), due to the effect of significant organic growth of Monoprix, Franprix-Leader Price, as well as of Brazil, Colombia, and Thailand. International business now represents 61% of the current operating income (compared to 53% in the first half of 2011). France's COI was down 7.3% compared to the first half of 2011, due among other things to the decline in non-food sales at Géant and the payment of the profit-sharing premium. Franprix-Leader Price COI posted a rise of 15.4% due to the action plans deployed by the brands. International COI was up sharply to 28.7% due to the strong organic growth[1] and the increase in the interest held in the capital of GPA. On a like-for-like basis and at constant exchange rates, it experienced double-digit growth (17.4%), boosted by sustained organic growth both in Latin America and in Asia.

Groupe GO Sport's current operating income was -€13.7 million as of June 30, 2012, down €2.0 million compared to the first half of 2011, due to the decline in gross profit (impacted by the major promotional efforts to sustain sales).

Net income, Group share

(In €millions)	6/30/2012	6/30/2011
Current operating income	632	563
Cost of net financial debt	-318	-326
Other financial income and expenses	-52	-2
Net income from continuing operations	38	40
Net income from discontinued operations	-1	-1
Net income	37	39
Net income, Group share	-124	-57

Net income, Group share as of June 30, 2012, was - €124 million versus - €57 million as of June 30, 2011.

Shareholders' equity

Shareholders' equity, Group share totaled €1,506 million as of June 30, 2012, versus €1,632 million on December 31, 2011. The change was mainly due to:

- first half net income, Group share of - €124 million,
- change in ownership interests in the subsidiaries of €55 million,
- recognition of -€36 million in negative exchange differences;
- payment of dividends in the amount of -€49 million

2 On a like-for-like basis and at constant exchange rates, excluding the impact of property disposals

Financial structure of the holding company scope of consolidation

Rallye's holding company scope of consolidation includes Rallye and its wholly-owned subsidiaries that operate as holding companies and hold Casino and Groupe GO Sport shares and the investment portfolio.

- Net debt of the Rallye holding company scope of consolidation

As of June 30, 2012, the restated net assets of the Rallye holding company scope of consolidation totaled €4,238 million. These comprised €3,859 million of Casino shares, €302 million in the investment portfolio[3], and €77 million in various other assets (including Groupe GO sport securities totaling €43 million).

Net debt of the Rallye[1] holding company scope of consolidation totaled €2,735 million as of June 30, 2012, and therefore is hedged 1.55 times by the restated assets.

This debt, which is comprised of a gross sum of €2,966 million in bond and bank financing, plus a total of €50 million in accrued interest and IFRS restatements[1], is net of €280 million in monetary investments and recorded cash on hand.

- Investment portfolio of the Rallye holding company scope of consolidation

As of June 30, 2012, the investment portfolio totaled €351[4] million versus €365 million euros as of December 31, 2011. It was made up of financial investments with a market value[5] of €257 million and real estate development measured at historical cost[6] in the amount of €94 million. The decrease in the value of the portfolio over the course of the first half of 2012 can be explained by the €20 million in disposals made during the half-year (corresponding to the disposal of several lines of investments, primarily in the LBO/Capital Development and energy segments).

Parent Company Results

Rallye's sales totaled €0.8 million as of June 30, 2012, compared to €1.0 million as of June 30, 2011.
Rallye's net income totaled €40.3 million versus net income of €48.4 million as of June 30, 2011.

The Rallye Board of Directors resolved to pay an interim dividend of €0.80 per share, on October 10, 2012, unchanged from the prior year. Shareholders will have the option to receive the entire interim dividend in shares.

Major related-party transactions

The related-party transactions are described in Rallye's Reference Document for fiscal year 2011, which was filed with the French Financial Markets Authority (AMF) on April 24, 2012, under number D.12-0397. They mainly concern current transactions with companies over which the Group exercises notable influence or joint control and which have been consolidated under the equity or the proportionate consolidation method. The transactions are concluded at market price.

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[3] Net of €49 million in investment portfolio assets held-for-sale and recognized in accordance with IFRS 5.
[4] Net of €49 million in investment portfolio assets held-for-sale and recognized in accordance with IFRS 5.
[5] The market value of financial investments is the accounting value used for the consolidated financial statements (fair value – IAS 39) and is generally based on outside valuations (fund general partners) or pending transactions.
[6] Real estate developments are recorded at historic cost and not remeasured before the sale of investments (IAS 40).

Transactions with related parties who are individuals (directors, executive officers, and members of their families) were not material, nor were transactions with the parent companies.

As of June 30, 2012, Foncière Euris owned 55.74% of Rallye's capital and 71.09% of its voting rights.

The only transaction during the first half between Rallye and Foncière Euris concerned the payment of the dividend balance for fiscal year 2011. Shareholders may opt to receive this balance either in cash or in new company shares. Foncière Euris chose to be paid in shares and therefore received 688,104 new company shares.

Rallye benefits from the guidance of Euris, the Group's parent company, under the terms of a strategic advisory services agreement signed in 2003.

Relationships with related parties, including the methods for compensating company directors, have remained comparable to those of the 2011 fiscal year, and no unusual transactions, in nature or amount, occurred during the period.

Main risks and uncertainties for the second half of 2012

The Group's business activities are exposed to certain risk factors described in the Rallye Reference Document related to fiscal year 2011, and filed with the French Financial Markets Authority on April 24, 2012, under number D.12-0397.

Trends and outlook

- By taking over control of GPA and signing a letter of intent regarding Monoprix, Casino passed in the second half a historical strategic mark: Its profile is now for the most part exposed to the strong growth markets and promising business models.

  In France, in a very competitive context, Casino is set to step up its action plans in the second half of the year. It will accelerate its leadership in the non-food e-commerce segment through Cdiscount as well as the deployment of the multi-channel model. The expansion will continue based on the convenience business models, with ambitious objectives for all the business models. Casino will strive to curb its costs and reinforce its operational excellence. The action plans in the hypermarkets are reinforced, in the food segment, by continually applying programs seeking to achieve business momentum and, in the non-food segment, by the proactive and accelerated decrease of the sales areas and by making the sites more attractive.

  Internationally, where Casino operates in four growing strong-potential markets with more than 400 million inhabitants, Casino will support the consolidation of the leadership of its large subsidiaries.

- ✓ In Brazil, GPA continues a strategy that has yielded positive results in a country with favorable prospects. Casino, a long-term strategic partner of its subsidiary, will continue to support its proven development plan. In addition, Casino has reasserted its confidence in the management team of the company.
- ✓ In Colombia, Exito continues to grow and to consolidate its leadership by annually opening 100 new stores focused on the promising convenience and discount business models. The company continues to develop its activities that are complementary to retail, which strengthen its margin, and to integrate the Disco and Devoto brands in Uruguay.
- ✓ Big C in Thailand will continue to deploy its proven high growth and profit-generating strategy. The sustained commercial momentum will continue growing stronger by expanding to the small business models and based on the dual business model, combining hypermarkets and shopping malls. The financial flexibility and the development potential of Big C are backed up by the refinancing of its debt under attractive conditions and by the success of its capital increase through a private placement, which will contribute to it becoming a major player in the region.

- ✓ In Vietnam, the expansion continues based on the dual business model by the opening of four hypermarkets with shopping malls and of the new convenience business model which is being tested.

  Finally, when the loss of control of Mercialys becomes effective, the interest of the Group in the company will be equity accounted.

  Casino reasserts its objectives for 2012:

- ✓ An increase in sales by over 10%
- ✓ Steady Casino market share in the food segment in France
- ✓ Increase in FPLP's COI
- ✓ Preserving a net financial debt/EBITDA ratio below 2.2x
- ✓ Plan to dispose of assets/increase capital by €1.5 billion

- To initiate a new phase in the recovery of Groupe GO sport, the Board of Directors, which met on July 19, 2012, decided to name Mr. Loïc Le Borgne, Chief Executive Officer of the company, to replace Mr. François Neukirch
  The second half of the year will be punctuated by the major consumer events such as the summer Olympic Games, the back-to-school period, and the Christmas holidays. Groupe GO Sport is confident in its ability to accelerate the commercial boost of its two brands, and to transform these two events into success stories.

- With regard to **the investment portfolio**, sales will continue, both in private equity according to market conditions, and in commercial real estate. Financial investments are currently held for sale and recognized in accordance with IFRS 5 for a total amount of €49 million.

- **Rallye** enjoys a strong cash position, with €1.6 billion in unused, confirmed, immediately available credit lines, and over €280 million in cash and cash equivalents. The confirmed lines of credit mature far into the future, due, among other things, to the renewal of several lines of credit over the half-year.
  Rallye has confirmed its commitment to continue to improve its financial structure and sharply reduce the net financial debt of the holding company scope as early as in 2012.

3 – INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS OF JUNE 30, 2012

Rallye Group Consolidated Income Statement

(In €millions)	Note	June 30, 2012	June 30, 2011
CONTINUING OPERATIONS			
Net sales before tax	5.1	17,681	16,480
Full purchase costs of goods sold		(13,131)	(12,210)
Gross margin		**4 550**	**4 270**
Other income		195	175
Cost of goods sold	6.2	(3,350)	(3,170)
General and administrative expenses	6.2	(763)	(712)
Current operating income	**5.1**	**632**	**563**
Other operating income	7	53	103
Other operating expenses	7	(162)	(237)
Operating income		**523**	**429**
Income from cash and cash equivalents	8.1	51	38
Cost of financial debt	8.1	(369)	(364)
Cost of net financial debt	8.1	(318)	(326)
Other financial income	8.2	144	109
Other financial expenses	8.2	(196)	(111)
Profit before tax		**153**	**101**
Income tax expense	9	(100)	(53)
Net income from affiliated companies		(16)	(8)
Net income from continuing operations		**38**	**40**
Company owners		**(123)**	**(56)**
Non-controlling interests		162	96
DISCONTINUED OPERATIONS			
Net income from discontinued operations		**(1)**	**(1)**
Company owners		**(1)**	**(1)**
Non-controlling interests			(0)
CONSOLIDATED NET INCOME		**37**	**39**
Company owners		**(124)**	**(57)**
Non-controlling interests		162	96

	June 30, 2012	June 30, 2011
Consolidated net earnings per share attributable to company owners (in €)		
Base	(2.68)	(1.22)
Diluted	(2.68)	(1.22)
Net income per share from continuing operations, attributable to company owners (in €)		
Base	(2.67)	(1.21)
Diluted	(2.67)	(1.21)

Statement of Comprehensive Income

(In €millions)	June 30, 2012	June 30, 2011
Consolidated net income	**37**	**39**
Currency translation adjustments on international operations (1)	47	(152)
Actuarial differences on obligations for defined benefit plans	(14)	15
Financial assets available for sale	11	29
Effective portion of the income or losses on hedging instruments	(6)	(2)
Net investment hedging	(24)	
Income tax on elements of comprehensive income	15	(8)
Other comprehensive income items net of taxes	29	(118)
Total comprehensive income:	**66**	**(79)**
Company owners	**(161)**	**(85)**
Non-controlling interests	228	6

(1)The positive change in the first half of 2012 was primarily the result of the Colombian currency's appreciation in the amount of €263 million, offset by the depreciation of the Brazilian currency in the amount of €203 million. The negative change in the first half of 2011 was primarily the result of the Thai and Brazilian currencies' depreciation in the amount of €64 million and €49 million, respectively.

Statement of Financial Position

ASSETS (In €millions)	Note	June 30, 2012	December 31, 2011
Goodwill	10	8,899	8,970
Intangible assets	10	1,256	1,248
Property, plant, and equipment:	10	6,823	6,713
Investment property	10	661	1,785
Share of income/loss of associates		264	207
Non-current financial assets		1 229	971
Non-current hedging financial assets		158	129
Deferred tax assets		409	394
Total non-current assets		**19,699**	**20,416**
Inventories		3,437	3,541
Trade receivables		1,411	1,881
Other assets		1,614	1,743
Current tax receivables		80	63
Other current financial assets		403	465
Cash and cash equivalents	11	3,634	3,923
Assets and liabilities held for sale	12	1,381	42
Total current assets		**11,959**	**11,658**
TOTAL ASSETS		**31,658**	**32,074**

SHAREHOLDERS' EQUITY AND LIABILITIES (in €millions)	Notes	6/30/2012	December 31, 2011
Capital	13	142	139
Reserves and income/loss, Group share		1,364	1,493
Shareholders' equity attributable to company owners		**1,506**	**1,632**
Non-controlling interests		6,038	6,281
Shareholders' equity		**7,543**	**7,913**
Provisions		361	350
Non-current financial liabilities	14	8,957	9,085
Other non-current liabilities		701	540
Deferred tax liabilities		668	708
Total non-current liabilities		**10,687**	**10,683**
Provisions		182	189
Trade payables		4,714	5,517
Current financial liabilities	14	4 360	3,950
Tax liabilities payable		78	61
Other current liabilities		3,016	3,761
Liabilities related to assets held for sale	12	1,077	
Total current liabilities		**13,427**	**13,478**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**31,658**	**32,074**

Consolidated Cash Flow Statement

(In €millions)	June 30, 2012	June 30, 2011
Net income attributable to company owners	(124)	(57)
Net income attributable to non-controlling interests	162	96
Consolidated income	**37**	**39**
Amortization, depreciation, and provisions	422	396
Unrealized gains and losses related to changes in fair value	(76)	3
Expenses and income calculated and related to stock options and the like	9	10
Other calculated expenses and income	(23)	(58)
Amortization, depreciation, provisions and other non-disbursable items	**332**	**351**
Income/loss on asset disposals	(9)	12
Losses/(profits) related to changes in interests in subsidiaries with loss of control or non-controlling interests	(7)	1
Share of income/loss of associates	16	8
Dividends received from associates	2	2
Cash Flow	**371**	**413**
Cost of net financial debt (excluding changes in fair value and amortization)	296	299
Tax liability (including deferred taxes)	99	52
Cash flow before cost of net debt and taxes	**766**	**764**
Taxes paid	(147)	(133)
Change in working capital requirement (1)	(782)	(744)
Net cash flow from operating activities (A)	**(163)**	**(113)**
Acquisition of property, plant, and equipment, intangible assets, and investment property	(554)	(531)
Disposal of property, plant, and equipment, intangible assets, and investment property	36	28
Acquisition of financial assets	(157)	(48)
Sale of financial assets	5	4
Change in loans and advances made		(1)
Impact of changes in scope of consolidation with change of control (2)	(47)	(1,241)
Net cash flow from investing activities (B)	**(717)**	**(1,789)**
Dividends paid to shareholders of the parent company	(31)	(6)
Dividends paid to minority shareholders of consolidated companies	(703)	(231)
Dividends paid to holders of perpetual super subordinated notes	(11)	(12)
Capital reductions/increases in cash	(1)	(3)
Sums received from the exercise of stock options	2	2
Other transactions with minority shareholders	242	(304)
Purchases and sale of treasury stock	(3)	(131)
Acquisitions and sales of financial investments	83	8
Bond issues	2 380	2 314
Bond redemptions	(1,250)	(760)
Net financial interest paid	(352)	(364)
Net cash flow from financing activities (C)	**356**	**513**
Impact of currency translation adjustments (D)	22	(35)
Change in cash (A+B+C+D)	**(502)**	**(1,424)**
Net cash at beginning of period	3,336	3,094
Net cash from activities held for sale		
Opening net cash from continuing activities (note 11) (E)	3,336	3,094
Net cash from activities held for sale (note 12) (F)	(35)	(6)
Net cash at end of period	2,834	1,670
Net cash from continuing activities at closing (Note 11) (G)	2,799	1,664
Change in cash and cash equivalents (G-E-F)	(502)	**(1,424)**

(1) Change in working capital requirement

(In €millions)	**June 30, 2012**	**June 30, 2011**
Merchandise inventories	100	(124)
Real estate development inventories	28	(48)
Trade payables	(827)	(562)
Trade receivables and related accounts	146	129
Receivables related to credit activities	31	(172)
Financing of credit activities	(5)	222
Other	(255)	(189)
Change in working capital requirement	**(782)**	**(744)**

(2) Impact of changes in scope of consolidation with change of control

(In €millions)	**June 30, 2012**	**June 30, 2011**
Sale price of securities, including:	**22**	**79**
Venezuela sale		*79*
Mercialys sub-group sale	*12*	
Franprix-Leader Price sub-group	*5*	
Other	*5*	
Acquisition price of securities, including:	**(64)**	**(1,464)**
Big C Thailand - acquisition of Carrefour business activities		*(1,018)*
GPA (change in holding percentage)		***(262)***
Casino France Distribution sub-group		*(41)*
Franprix-Leader Price sub-group	*(47)*	*(108)*
Store Assets sub-group		*(34)*
Other	*(17)*	*(1)*
Cash balance of subsidiaries acquired or sold, including:	**(5)**	**144**
Carrefour Thailand business activities (takeover)		*75*
GPA (change in holding percentage)	*5*	***60***
Franprix-Leader Price sub-group	*2*	*5*
Casino France Distribution sub-group		*3*
Other	*(12)*	*1*
Impact of changes in scope of consolidation with change of control	**(47)**	**(1,241)**

Statement of Changes in Consolidated Shareholders' Equity

(In €millions)	Capital	Additional paid-in capital	Treasury shares	Income/ loss recorded directly in equity	Consolidated reserves and income/ loss	Shareholders equity attributeable to owners	Non-controlling interests	Total shareholders' equity
As of January 1, 2011 *	**133**	**1,348**	**(9)**	**452**	**41**	**1,965**	**6,000**	**7,965**
Income and expenses recognized directly in equity (1)				(28)		(28)	(90)	(118)
Net income for the period (2)					(57)	(57)	96	39
Total income and expenses recognized	**0**	**0**	**0**	**(28)**	**(57)**	**(85)**	**6**	**(79)**
Capital transactions (3)	4	35				39		39
Transactions in treasury shares (4)			(13)		(14)	(27)	(103)	(130)
Dividends paid					(45)	(45)	(230)	(275)
Change in interests without gain or loss of control of subsidiaries (5)					(74)	(74)	(235)	(309)
Changes in interest relating to the gain or loss of control of subsidiaries (6)						0	71	71
Other changes					(13)	(13)	(4)	(17)
As of June 30, 2011, restated *	**137**	**1,383**	**(22)**	**424**	**(162)**	**1,760**	**5,505**	**7,265**
As of January 1, 2012	**139**	**1,398**	**(14)**	**276**	**(167)**	**1,632**	**6,281**	**7,913**
Income and expenses recognized directly in equity (1)				(37)		(37)	66	29
Net income for the period (2)					(124)	(124)	162	38
Total income and expenses recognized	**0**	**0**	**0**	**(37)**	**(124)**	**(161)**	**228**	**67**
Capital transactions (3)	3	13			12	28	29	57
Transactions in treasury shares			3		(1)	2	(5)	(3)
Dividends distributed (7)					(49)	(49)	(747)	(796)
Change in interests without gain or loss of control of subsidiaries (8)					55	55	256	311
Changes in interest relating to the assumption or loss of control of subsidiaries						0	1	1
Other changes					(2)	(2)	(6)	(7)
As of June 30, 2012	**142**	**1,411**	**(11)**	**240**	**(276)**	**1,506**	**6,038**	**7,544**

* The previously published financial statements were restated following the definitive recognition of the Nova Casa Bahia business combination (see Note 2.6 of the Consolidated Financial Statements as of December 31, 2011).

(1) Details of the income and expenses booked directly in shareholders' equity

(In €millions)	Cash flow hedges	Net investment hedging	Transla-tion adjust-ments	Actuarial differ-ences	Financial assets available for sale	Total attribu-table to owners	Non-control-ling interests	Total
As of January 1, 2011	**(2)**		**409**	**(4)**	**42**	**445**	**536**	**981**
Income and expenses realized directly in equity			(58)	4	26	(28)	(90)	(118)
As of June 30, 2011	**(2)**		**351**	**0**	**68**	**417**	**446**	**863**
As of January 1, 2012	**(1)**		**243**	**(5)**	**40**	**277**	**350**	**627**
Income and expenses realized directly in equity	(6)	(8)	(37)	(4)	19	(37)	66	29
As of June 30, 2012	**(7)**	**(8)**	**206**	**(9)**	**59**	**240**	**416**	**656**

(2) Non-controlling interests originate primarily from the Casino group, in which the Group held 51.03% in 2011 and 49.45% in 2012.

(3) The result of the exercise of stock subscription options, the payment of a portion of the dividends in shares and the cancellation of shares (see Notes 13.2 and 13.3)

(4) Includes -102 million corresponding to Casino's acquisition of 1.8 million of its own shares.

(5) Includes -50 million in Group share and -161 million corresponding to Rallye's acquisition of 2.8 million Casino shares.

(6) The impact of €71 million in the form of minority interests corresponds primarily to the new minority interests following the takeover within the Franprix-Leader Price sub-group and to the acquisition of an additional stake in GPA in the amount of €38 million and €35 million, respectively.

(7) The dividends paid to the minority shareholder in the first half of 2012 resulted from a distribution to the minority shareholders of Mercialys, Exito, and Big C Thailand in the amount of €528, €39, and €15 million, respectively, compared to €34, €18, and €13 million, respectively, in 2011. The change in Mercialys' dividends can be explained primarily by an extraordinary distribution (see Note 3.2).

(8) The positive impact of €319 million originates, in the amount of €155 million, from the transactions carried out in relation to the Big C Thailand subsidiary related to the decrease in the percentage interest of the Casino group in the subsidiary following (i) the capital increase to which the Casino group did not subscribe and (ii) the disposal in the market (see Note 4.2.2)

NOTE 1: GENERAL INFORMATION

Rallye is a *société anonyme* (joint-stock company) registered in France and listed on NYSE Euronext Paris, in Eurolist Compartment A. The company and its subsidiaries are hereinafter referred to as the "Group" or the "Rallye group."

The condensed consolidated financial statements as of June 30, 2012, reflect the company's financial position and that of its subsidiaries and joint ventures, as well as the Group's interests in associates. The statements were subjected to a limited review by our auditors.

On July 26, 2012, the Board of Directors prepared and authorized the publication of Rallye's consolidated financial statements for the six-month period ended June 30, 2012.

NOTE 2: BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS AND ACCOUNTING METHODS

2.1. Compliance Statement

Pursuant to European Regulation No. 1606/2002 of July 19, 2002, the June 30, 2012, condensed 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 of the period end date.

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

2.2. Basis of preparation

The condensed interim consolidated financial statements were established in compliance with the international financial reporting standard IAS 34 ("Interim financial reporting").

The interim consolidated financial statements are to be read as a supplement to the consolidated financial statements for the fiscal year ended December 31, 2011, as they appear in the Reference Document filed with the French Financial Markets Authority (AMF) on April 24, 2012, under number D.12-0397.
The Rallye Group's consolidated financial statements as of December 31, 2011, are available on request from the company's financial department located at 32, rue de Ponthieu in Paris' 8th arrondissement, or at the Internet site www.rallye.fr.

The financial statements are expressed in millions of euros, the Group's functional and reporting currency. Figures in the tables are denominated in euros and rounded to the nearest million.
Calculations based on rounded figures may differ slightly from reported aggregates and sub-totals.

2.3. Accounting methods

The accounting rules and methods applied in the preparation of the condensed interim financial statements are identical to those used for the consolidated financial statements for the fiscal year ended December 31, 2011, taking into account or with the exception of the new standards and interpretations listed hereafter.

2.3.1. Standards, amendments to standards, and interpretations applicable to fiscal years beginning on or after January 1, 2012

The application of the following revised or new standards and interpretations has become mandatory for the financial year 2012:

- IFRS 7 Amendment - Financial Instruments: disclosure requirements when transferring financial assets (applicable as from July 1, 2011);
- IAS 12 Amendment – Deferred Taxes: collection of underlying assets. Even though the IASB set the application date to as from January 1, 2012, this amendment has not been adopted by the European Union and therefore cannot be applied by the Group.

The IFRS 7 amendment applies only to the nature and extent of disclosures regarding the transfer of financial assets, regardless of whether they are "deconsolidating." This amendment has not had a material impact on the results or the financial position of the Group. Likewise, the Group is not anticipating a material impact on its financial statements in relation to the IFRS 12 amendment.

2.3.2. Standards and interpretations published, but not yet effective

Texts adopted by the European Union

- IAS 1 Amendment – Presentation of Financial Statements (applicable to annual periods beginning on or after January 1, 2013);
- IAS 19 Amendment – Employee Benefits: recognition of defined benefit plans (applicable to annual periods beginning on or after January 1, 2013);

The Group did not apply these new amendments early and does not expect them to have material impacts on its financial statements.

Texts not adopted by the European Union

Subject to their definitive adoption by the European Union, the standards, amendments to standards, and interpretations published by the IASB and presented hereinafter are applicable to annual periods beginning after January 1, 2013:

- IFRS 7 Amendment – Presentation – Offsetting Financial Assets and Liabilities;
- IAS 32 Amendment – Offsetting Financial Assets and Liabilities;
- IFRS 9 - Financial Instruments: Classification and Measurement and Amendments Subsequent to IFRS 9 and IFRS 7;
- IFRS 10 – Consolidated Financial statements;
- IFRS 11 – Joint Arrangements;
- IFRS 12 – Disclosure of Interests in Other Entities;
- IFRS 13 – Fair Value Measurement;
- IAS 27 revised – Separate Financial Statements;
- IAS 28 revised – Investment in Associates and Joint Ventures;
- Annual Improvements of IFRS Standards (May 17, 2012).

The Group did not apply any of these new standards or interpretations early and is currently assessing the impacts resulting from the first-time application of these new texts, especially those relative to IFRS 10 on the scope of consolidation and IFRS 11, which eliminates the proportionate consolidation of joint ventures. As of June 30, 2012, the main joint ventures of the Group were GPA (see Note 3.3) and Monoprix (see Note 3.1). The condensed financial statements of these proportionately consolidated companies are presented in Note 17.1 of the Notes to the Consolidated Financial Statements for the Fiscal Year Ended December 31, 2011.

On June 1, 2012 the Accounting Regulatory Committee (ARC) voted in favor of the adoption by the European Union of IFRS 10, IFRS 11, IFRS 12, IAS 27 revised, and IAS 28 revised with mandatory application on or after January 1, 2014, instead of on or after January 1, 2013, as set by the IASB. The European adoption is expected to follow by the end of the year.

2.4. Using estimates and judgments

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

When preparing these interim consolidated financial statements, the main judgments made by management, and the main assumptions used, are the same as those applied when preparing the consolidated financial statements for the fiscal year ended December 31, 2011.

The main judgments for the period concern the consolidation methods used in relation to Monoprix, Mercialys and GPA (see Note 3).

NOTE 3: EVENTS DURING THE PERIOD

3.1 Monoprix

In 2000 and 2003, Galeries Lafayette sold its share (50%) of the joint control over Monoprix to Casino. Pursuant to the contractual agreements signed by Casino and Galeries Lafayette, Casino holds a call option for 10% of the capital, which offers it the possibility to take control over Monoprix, and Galeries Lafayette holds a put option for its 50% ownership interest, which are exercisable as from January 1, 2012 and until 2028. In addition, according to those same agreements, Casino holds the right, under all circumstances, to name as from March 31, 2012, the Chairman and CEO for three-year periods alternating with Galeries Lafayette.

In this context, on December 7, 2011, Galeries Lafayette started the price assessment procedure, which subsequently gave it a time period in which to decide whether to sell its stake in Monoprix to Casino.

On June 28, 2012, in the conciliation proceedings under the direction of the presiding judge of the Paris Commercial Court, the two parties signed a letter of intent regarding the disposal by Galeries Lafayette of the 50% held in Monoprix to Casino. The objective is to soon reach a settlement agreement setting forth the disposal by Galeries Lafayette to Casino of its interest by October 30, 2013, at the price of €1,175 million, indexed as from April 1, 2013. Casino has already agreed on the terms of the settlement agreement and has set up a first demand guarantee granted in favor of Galerie

Lafayette callable in October 2013. The acquisition by Casino would take place after the approval of the Competition Authority.

In terms of governance, Mr. Jean-Charles Naouri, Chairman and CEO of Casino, was named board member of Monoprix at the General Meeting held on June 29, 2012. Mr. Philippe Houzé will remain in office as Chairman and CEO of Monoprix. Subsequently to the signature of the settlement agreement, a new Chairman and CEO of Monoprix, whose nomination will be put forward by Casino, will be appointed. Casino and Galeries Lafayette will withdraw, after the disposal of the shares, from the legal proceedings in progress.

Casino's acquisition of Galerie Lafayette's interest in Monoprix is contingent upon the prior agreement of the Competition Authority. The call option is therefore not exercisable immediately. Therefore, and taking into account the absence of changes in the agreements binding Casino and Galeries Lafayette until the withdrawal of the latter and the fact that Galeries Lafayette will continue to act as partner in Monoprix until the disposal of the securities, the Group estimated that the proportionate consolidation method remains appropriate.

3.2 Loss of control over Mercialys procedure

In early January 2012, the Casino group started a procedure of loss of control in its subsidiary Mercialys. As from that date, the assets and liabilities of that subsidiary have been classified in accordance with IFRS 5 as "assets held for sale and related liabilities" (see Note 12). The loss of control is expected to materialize during the second half of the year.

During the first half, the transfer procedure resulted in the sale in the market of 0.1% of the capital, which led the Casino group's interest to fall below the 50% threshold, and to the set up, on April 30, 2012, together with a financial institution, of a Total Return Swap (TRS) involving 9.8% of Mercialys' capital.

As of June 2012, since this instrument was not deconsolidating within the meaning of IAS 39, the disposal of securities through this contract was not recognized in the financial statements and the cash contribution of €136 million it generated likewise did not have a material impact on the Group's net debt. Thus, as of June 30, 2012, Casino held 49.2% of Mercialys' securities, including 9.0% corresponding to securities not transferred as of that date by the financial institution.

Even though what needed to be done for the changes in the governance of Mercialys and the implementation of a new partnership agreement and a current account loan agreement has been completed for the half-year (see below), Casino still holds a percentage of ownership interest giving it the majority at general meetings and thereby a *de facto* position of control. Based on the foregoing, Casino continued to apply the full consolidation method with respect to Mercialys in its consolidated financial statements as of June 30, 2012.

The implementation of the transfer procedure resulted, among other things, in the half-year in:

- the change in the governance of Mercialys led to the loss of the majority of the board members on the company's Board of Directors;
- the implementation of a new partnership agreement of 3.5 years relative to the development of real property programs;
- the implementation of a cash agreement with the Casino group.

In line with its new strategy, on April 20, 2012, Mercialys made an extraordinary distribution of reserves and paid the balance of the distribution for fiscal year 2011 for a total amount of €1,060 million, including €532 million received by the Casino group. Based on the June 29, 2012 market price, the value of the 49.2% ownership interest held by Casino stood at €665 million as compared to a net asset book value of €85 million as of June 30, 2012.

3.3 Increase in ownership interest in GPA and implementation of the control takeover procedure

As of June 30, 2012, the Group held 40.32% of the capital of GPA as compared to 40.13% as of December 31, 2011, i.e. a 0.19% increase resulting primarily from (i) the issue in favor of Casino of 1.6 million preferred shares at the price of 85.66 reais per share and (ii) the dilutive effect of the stock-options exercised during the period.

The preferred issuance, which pays for the tax savings generated by the impairment of a portion of the goodwill associated with GPA, was finalized in May after GPA shareholders exercised their preemptive rights. Casino thus received 1.6 million shares and €8 million in cash. This transaction generated an accretion income of €21 million, recorded under "Other Operating Income."

To prepare the restructuring of the control over GPA as planned in Wilkes' shareholders' pact, on March 21, 2012, Casino informed its partner Mr. Abilio Diniz that it intended to exercise its contractual option to appoint the chairman of Wilkes' Board of Directors.

The extraordinary shareholders' meeting of Wilkes, GPA's holding company, took place on June 22, 2012 in Sao Paulo. It voted in favor of the appointment of Jean-Charles Naouri, Chairman and CEO of Casino, to the office of Chairman of the Board of Directors of Wilkes. On that same date, the extraordinary shareholders' meeting of GPA approved the appointment of Messrs. Eleazar de Carvalho Filho, Luiz Augusto de Castro Neves, and Roberto Oliveira de Lima, board members proposed by Casino. These appointments bring to eight the number of board members named by the Group in a Board of Directors with fifteen members.

Control over GPA depends on the ability to control its General Meeting (the latter being the body approving the company's key decisions).

Since, as of June 30, 2012, Casino was not holding the majority of Wilkes' voting rights – such majority is expected to occur no later than August 22, 2012 (when its call option on a share with voting rights is exercisable) – or the majority of seats on the Board of Directors of Wilkes, which controls 99% of GPA's voting rights (see Note 17), Casino continued to consolidate GPA in its consolidated financial statements by the proportionate consolidation method.

3.4 MonShowroom

On February 28, 2012, the Casino Group acquired a minority interest in the capital of Monshowroom.com with the option to become a majority interest holder in the future. This company, which specializes in the sale of multi-brand ready-to-wear and fashion accessories, will enable the Group to strengthen its position in the online commerce segment. The amount of the equity-accounted securities stood at €17 million as of June 30, 2012.

3.5 Option of Rallye's shareholders to receive payment of the balance of the 2011 dividend in Rallye shares

The general meeting of the shareholders of May 23, 2012, decided that shareholders may elect to have the balance of the 2011 dividend of €1.03 euros paid in cash or in new company shares. 35.3% of rights were exercised in favor of a payment in shares.

This transaction enabled Rallye to strengthen its equity by €16.7 million by creating 774,497 new shares for the balance of the 2011 dividend (see Note 13).

NOTE 4: TRANSACTIONS RELATIVE TO THE SCOPE OF CONSOLIDATION

4.1. Changes in the scope of consolidation

During the first half of 2012, the following main changes in the scope of consolidation took place:

- **Main newly consolidated and deconsolidated companies:**

Company name/sub-group	Business	Country	Type of Transaction	Consolidation method
Franprix-Leader Price sub-group (Note 4.2.1)	Retail	France	Takeover	FC
Monshowroom (Note 3.4)	Retail	France	Acquisition	EM

- **Main changes in holding percentage without modification of the consolidation method:**

Company name/sub-group	Business	Country	Change in the % of holding	Consolidation method
Groupe GO Sport (1)	Sporting goods	France	16.44%	FC
GPA (Note 3.3)	Retail	Brazil	0.19%	PC
Big C Thailand (Note 4.2.2)	Retail	Thailand	-3.13%	FC
Mercialys (Note 3.2)	Real estate	France	-1.13%	FC
Franprix-Leader Price sub-group (2)	Retail	France	10%/23%	EM
Casino Guichard-Perrachon	Retail	France	-1.58%	FC

(1) In the second half of 2012, the Rally group largely subscribed to the €30 million increase in capital of Groupe GO Sport, thereby increasing its stake in the Groupe GO Sport group to 90.14%.

(2) In June 2012, the Franprix – Leader Price sub-group acquired additional ownership interest in the sub-groups Planes and Faure of 10% and 23%, respectively, thereby increasing its stakes to 36% and 49%, respectively. These sub-groups are still recognized at the Franprix - Leader Price sub-group level by the equity method, and were acquired respectively for €5 million each (fees included).

4.2. Consolidation scope transactions

4.2.1 Franprix – Leader Price sub-group transactions

On March 1, 2012, Franprix-Leader Price took exclusive control over the sub-group Barat in which it held a minority stake. The control takeover was completed by increasing the ownership interest of Groupe Franprix-Leader Price to 100% of the sub-group's capital (+51%) in the amount of €40 million.

As a result, this sub-group previously recognized by the equity method is now fully consolidated as from its acquisition date. This transaction includes the acquisition of 22 Franprix and Leader Price stores, and generated the recognition of interim goodwill in the amount of €48 million and a €1 million revaluation charge of the interest share previously held.

The contribution of these stores to Casino's sales and net income before tax for the period from March 1, 2012, to June 30, 2012, was €37 million and -€1 million, respectively. If this acquisition had taken place as early as January 1, 2012, the contribution of these stores to sales and to net income would have been €55 and -€1 million, respectively.

4.2.2 Big C Thailand transactions

Change in the percentage of interest held by the Group in Big C Thailand

The 3.13% decrease in the percentage interest held by the Casino group in Big C Thailand results from (i) the dilution following the non-subscription by the Casino group to the increase in capital issued by Big C Thailand and (ii) a disposal in the market. These transactions had a positive impact on equity (Group share) and on non-controlling interests, of €92 and €60 million, respectively.

Refinancing of the Carrefour Thailand acquisition

At the time of the acquisition of Carrefour Thailand in January 2011, a loan of 38.5 billion baths (i.e. €981 million) was taken out for an initial term of one year. The loan included a renewal option to extend the term of the loan by six months. The option was exercised and brought the maturity of the loan to July 2012, On June 28, 2012, as part of the refinancing of the acquisition of Carrefour Thailand, Big C Thailand signed the implementation of a financing of 32 billion baths (i.e. €802 million), with maturities of between two and seven years.

NOTE 5: SEGMENT REPORTING

5.1 Key indicators by operating segment

Period ended June 30, 2012

(In €millions)	**Food and general retailing**				**Sporting goods retailing**		**Holdings and financial investments**		**Continuing operations June 30, 2012**
	France	**Latin America**	**Asia**	**Other international segments**	**France**	**Other international segments**	**France**	**Other international segments**	
Sales	9,026	6,257	1,641	424	295	29	4	5	17,681
Current operating income*	250	266	117	5	(14)		(8)	16	632

Period ended June 30, 2011:

(In €millions)	**Food and general retailing**				**Sporting goods retailing**		**Holdings and financial investments**		**Continuing operations June 30, 2011**
	France	**Latin America**	**Asia**	**Other international segments**	**France**	**Other international segments**	**France**	**Other international segments**	
Sales	9,102	5,186	1,431	425	299	29	2	6	16,480
Current operating income*	270	197	96	8	(13)	1	(10)	14	563

* In accordance with IFRS 8 "Operating Segments" reporting by operating segment is prepared based on internal reporting.

5.2 Non-current assets by geographic region

Non-current assets* by geographic region are as follows:

(In €millions)	Food and general retailing				Sporting goods retailing		Holdings and financial investments		Total
	France	Latin America	Asia	Other international segments	France	Other international segments	France	Other international segments	
As of June 30, 2012	9,634	5,867	2,063	322	104	5	21	174	18,190
As of December 31, 2011	10,675	5,875	1,968	320	104	5	29	203	19,179

(*) Non-current assets include goodwill, property, plant, and equipment, and intangible assets, investment properties, interests in related companies, and long-term prepaid expenses.

NOTE 6: REPORT ON CURRENT OPERATING INCOME

6.1 Seasonal nature of the business

The Group's business activities are slightly seasonal in nature, with more business in the second half, especially in the month of December.

6.2 Expense type by function

(In €millions)	Logistics *	Cost of goods sold	General and administrative expenses	June 30, 2012
Personnel expenses	(259)	(1,493)	(429)	(2,181)
Other expenses	(409)	(1,571)	(262)	(2,242)
Amortization and depreciation	(19)	(287)	(72)	(378)
Total	**(687)**	**(3,350)**	**(763)**	**(4,801)**

(In €millions)	Logistics *	Cost of goods sold	General and administrative expenses	June 30, 2011
Personnel expenses	(246)	(1,396)	(390)	(2,032)
Other expenses	(381)	(1,482)	(263)	(2,126)
Amortization and depreciation	(19)	(291)	(59)	(369)
Total	**(646)**	**(3,170)**	**(712)**	(4,528)

(*) Logistics costs are included under "Full cost of goods sold"

NOTE 7: OTHER OPERATING INCOME AND EXPENSES

(In €millions)	June 30, 2012	June 30, 2011
Total other operating income	53	103
Total other operating expenses	(162)	(237)
Total operating income and expenses	**(109)**	**(134)**
Breakdown by type:		
Income/loss on asset disposals	**7**	
Other operating income and expenses	**(116)**	**(134)**
Restructuring provisions and expenses (1)	(46)	(42)
Provisions and expenses for disputes and contingencies	(13)	(5)
Net income/(expenses) related to the consolidation scope transactions (2)	(62)	35
Other	11	(10)
Net losses on value of assets	(6)	(18)
Cost of consolidating Thailand and Brazil		(22)
Property tax (Colombia) (3)		(72)
Total net other net operating income and expenses	**(109)**	**(134)**

(1) This restructuring expense for the first half of 2012 concerns primarily the Casino France and Franprix-Leader Price segments, at €26 and €14 million, respectively. As of the first half of 2011, it concerned primarily the same sectors at €18 million each.

(2) The €62 million loss recorded in the first half of 212, resulted primarily from the transaction costs related to the scope of consolidation transactions and to those expected for the second half (see Note 3). This income of €35 million recorded as of June 30, 2011, consisted of €48 million from the revaluation of previously held interests associated with the takeovers by the Franprix-Leader Price sub-group in February 2011, offset by €13 million in transaction costs.

(3) As from January 1, 2011, the Exito subsidiary was subjected to tax on assets calculated based on equity. This tax is payable in eight half-yearly installments. The debt was therefore recorded as of that date for the updated amount of payments to be made over the next four years.

NOTE 8: FINANCIAL INCOME (LOSS)

8.1 Cost of net financial debt

(In €millions)	June 30, 2012	June 30, 2011
Gain from the sale of cash equivalents		2
Income from cash and cash equivalents	51	37
Income from cash and cash equivalents	51	38
Interest expenses on financing activities after hedging	(366)	(362)
Interest expense on lease finance contracts	(3)	(2)
Cost of financial debt	(369)	(364)
Cost of net financial debt	**(318)**	**(326)**

8.2 Other financial income and expenses

(In €millions)	June 30, 2012	June 30, 2011
Financial income from investments	1	1
Foreign exchange gains (excluding financing activities)	58	14
Income from discounting and undiscounting calculations	9	15
Positive change in the fair value of non-hedging derivatives (1)	38	48
Other financial income	38	31
Total other financial income	144	109
Foreign exchange losses (excluding financing activities)	(64)	(44)
Expenses from discounting and undiscounting calculations	(7)	(11)
Negative change in the fair value of non-hedging derivatives (2)	(57)	(7)
Other financial expenses	(69)	(49)
Total other financial expenses	(196)	(111)
Total other financial income and expenses	**(52)**	**(2)**

(1) In December 2011, Casino subscribed a Total Return Swap (TRS) on GPA's preferred shares (see Note 6.2 of the Notes to the 2011 annual financial statements). The TRS, derived in fair value through profit or loss, was measured by reference to the market price of June 29, 2012, and totals €30 million.

(2) The loss results primarily from interest-rate swaps and derivatives for €19 and €29 million, respectively.

NOTE 9: TAX EXPENSE

The tax expense of €100 million as of June 30, 2012, was up compared to June 30, 2011 (€53 million), but after adjustment for non-recurring items, the standard tax rate is on the same order as in 2011.

NOTE 10: GOODWILL, INTANGIBLE ASSETS, PROPERTY, PLANT, AND EQUIPMENT, AND INVESTMENT PROPERTY

During the first half of 2012, acquisitions of intangible assets, property, plant, and equipment, and investment property totaled €473 million, compared to €508 million for the same period of 2011.

The decline in investment property resulted primarily from the reclassification of Mercialys' assets and liabilities according to IFRS 5 (see Note 12).

The Group tests its goodwill for impairment annually as of December 31, after management has approved the medium-term plans. With regard to any excess between the value in use and the book value resulting from the 2011 annual tests, test updates did not reveal any impairment as of June 30, 2012.

As of June 30, 2012, the Group's operating subsidiaries reviewed the impairment indicators relative to goodwill and to fixed assets. Certain Cash Generating Units (CGUs) presented impairment indicators and impairment tests were affected as a result.

In terms of goodwill, test updates did not reveal any impairment as of June 30, 2012. The excess between the value in use and the book value resulting from the 2011 annual tests of the CGU combinations concerned, remains sufficient to justify the absence of any impairment risk even by reducing the main assumptions made in determining value in use.

With regard to other fixed assets, impairment test updates also did not reveal any material impairment as of June 30, 2012.

NOTE 11: NET CASH AND CASH-EQUIVALENTS

The “Net Cash and Cash Equivalents" aggregate breaks down as follows:

(In €millions)	June 30, 2012	December 31, 2011
Cash equivalents	2,106	1,889
Cash	1,528	2,034
Cash and cash equivalents	**3,634**	**3,923**
Bank overdrafts	(835)	(587)
Net cash and cash equivalents	**2,799**	**3,336**

“Cash and Cash Equivalents” include €183 million in cash received on the assignment of receivables that meets IAS 39 financial asset de-recognition criteria, versus €219 million as of December 31, 2011.

NOTE 12: ASSETS HELD FOR SALE AND RELATED LIABILITIES

Assets held for sale and related liabilities break down as follows:

(In €millions)	June 30, 2012	December 31, 2011
Assets of the Mercialys sub-group (Note 3.2)	1,332	6
Other	49	36
Assets and liabilities held for sale	**1,381**	**42**
Liabilities related to assets held for sale (Note 3.2)	**1,077**	

Assets and liabilities held for sale relative to the Mercialys sub-group break down as follows:

(In €millions)	June 30, 2012
Goodwill, property, intangible fixed assets, and property, plant, and equipment	51
Investment property	1,174
Other non-current financial assets	4
Non-current assets	**1,228**
Other current assets	65
Cash and cash equivalents	39
Current assets	**104**
Total assets	**1,332**
Non-current financial liabilities	1,001
Other non-current financial assets	23
Non-current liabilities	**1,024**
Current financial liabilities	11
Trade payables	8
Other current liabilities	34
Current liabilities	**53**
Total liabilities	**1,077**

The cash flows related to Mercialys are the following:

(In €millions)	June 30, 2012
Net cash flows from operating activities:	120
Net cash flows from investing activities	(15)
Net cash flows from financing activities:	(70)
TOTAL	**35**

NOTE 13: SHARE CAPITAL

13.1 Share capital

As of June 30, 2012, the share capital consisted of 47,189,855 shares representing a par value of €142 million.

13.2 Changes in share capital

The share capital comprises ordinary shares issued and fully paid in with a par value of €3 per share.

	June 30, 2012	December 31, 2011
Number of shares as of January 1	**46,466,160**	**44,300,003**
Exercise of stock subscription options	23,703	50,802
2010 dividend payment in shares (balance)		1,321,416
2011 dividend payment in shares (interim and balance)	774,497	793,939
Cancellation of shares (1)	(74,505)	
Number of shares at the end of the period	**47,189,855**	**46,466,160**

(1) At its meeting of May 23, 2012, the Board of Directors cancelled 74,505 treasury shares held by Rallye. The number of shares cancelled corresponds to the new shares issued in relation to the share subscription options exercised in November and December 2011 and in May 2012.

13.3 Dividend payments

The general meeting of the shareholders held on May 23, 2012, resolved to pay a dividend of €1.83 per share for fiscal year 2011. An interim dividend of €0.80 per share was paid in October 2011, leaving a balance of €1.03 per share.

It was decided to give the shareholder the choice to opt for payment of the balance in cash or new company shares. The issue price for new shares was set at €21.47, which is 90% of the average opening price for the twenty trading sessions preceding the general meeting, less the dividend amount. 35.3% of rights were exercised in favor of a payment in shares.

This transaction increases Rallye's shareholders' equity by €16.7 million by issuing 774,497 new company shares (1.64% of the share capital). Cash payments for dividends totaled €30.6 million and were issued on June 28, 2012.

NOTE 14: BORROWINGS, DEBTS, AND FINANCIAL LIABILITIES

14.1 Breakdown of net financial debt

(In €millions)	June 30, 2012			December 31, 2011		
	Non-current share	**Current share**	**Total**	**Non-current share**	**Current share**	**Total**
Bond issues	**7,411**	**834**	**8,245**	7,080	626	7,706
Other financial debt	**1,427**	**3,404**	**4,831**	1,853	3,189	5,042
Lease contracts	**51**	**28**	**79**	61	41	102
Debt related to put options on minority interests	**46**	**71**	**117**	66	43	109
Financial derivatives recognized as liabilities	**22**	**23**	**45**	25	51	76
Total financial liabilities	**8,957**	**4,360**	**13,317**	**9,085**	**3,950**	**13,035**
Financial derivatives recognized as assets	**(158)**	**(38)**	**(196)**	(129)	(75)	(204)
Receivables related to the disposal of Cativen (Venezuela)	**0**	**(104)**	**(104)**	0	(106)	(106)
Marketable securities and similar assets	**0**	**(365)**	**(365)**	0	(390)	(390)
Cash and cash equivalents	**0**	**(3,634)**	**(3,634)**	0	(3,923)	(3,923)
Total financial assets	**(158)**	**(4,141)**	**(4,299)**	**(129)**	**(4,494)**	**(4,623)**
Net financial debt	**8,799**	**219**	**9,018**	**8,956**	**(544)**	**8,412**

14.2 Change in financial debt

(In €millions)	**June 30, 2012**	**December 31, 2011**
Financial debt at the beginning of the period	**12,831**	**10,567**
New borrowings (1)	1,768	3,924
Repayments (principal and interest) (2)	(1,454)	(2,032)
Other financial assets		11
Change in fair value (through profit or loss)	4	7
Translation adjustments	(44)	(108)
Change in consolidation scope (3)	23	414
Debt related to put options on minority interests (4)	8	51
Other	(15)	(3)
Financial debt at the end of the period	**13,121**	**12,831**
Financial liabilities (see Note 14.1)	13,317	13,035
Financial derivatives recognized as assets (see Note 14.1)	(196)	(204)

(1) The new borrowings include primarily the transactions described below: Subscriptions related to (i) the subscription by Casino, Guichard Perrachon, and GPA of new bond issues for a total amount of €971 million (€600 and €371 million, respectively), (ii) the subscription of new loans by the Exito and GPA subsidiaries for €116 and €72 million, respectively, and (iii) the recognition of the debt related to the Mericalys TRS of €125 million (see Note 3.2). The balance of the movement resulted for the most part from bank overdrafts within the subsidiaries (notably Franprix – Leader Price and Monoprix)

(2) The repayments of borrowings correspond primarily to the following events: Repayment (i) of bond issues with Casino, Guichard-Perrachon and GPA for €501 and €43 million, respectively, (ii) other loans and debt related to Exito, GPA, Big C Thailand, and Franprix – Leader Price for €146, €116, €112 and €22 million, respectively, and (iii) commercial paper net flows in the amount of €138 million.

The €600 million bond issued by Casino, Guichard-Perrachon matures in 2020 with an effective interest rate of 4.05%.

14.3 Debt repayment schedule

(In €millions)	**June 30, 2012**	**Less than 1 year**	**1-5 years**	**Over 5 years**	**December 31, 2011**
Financial liabilities					
Bond issues	**8,245**	834	4,591	2,819	7,706
Other borrowings	**4,832**	3,404	1,311	117	5,042
Lease finance contracts	**79**	28	45	6	102
Debt connected with put options on minority interests	**117**	71	26	20	109
Financial derivatives (fair value hedging)	**45**	23	22	,	76
Trade payables	**4,714**	4,714	,	,	5,517
Other debt	**3,717**	3,016	496	206	4,301

NOTE 15: CONTINGENT LIABILITIES AND ASSETS

15.1 Dispute with the Baud family

Various legal disputes filed by the Baud family following some new petitions, all totally unfounded, remain pending, in particular in relation to the termination in 2006 by Casino of the brand license agreement signed by Geimex with Leader Price Polska.

Geimex is proportionately consolidated in the Casino group's consolidated financial statements. As of June 30, 2012, Casino's interests in the company totaled €84 million, of which €61 million is goodwill.

By way of information, sales revenue excluding taxes and the net consolidated income of the Geimex group for fiscal year 2011 stood at €245 and €8 million, respectively.

15.2 Respondent proceedings introduced by the sellers of the control block in Globex Utilidades SA

In June 2009, GPA, through one of its subsidiaries, acquired a controlling block in Globex Utilidades SA, a leading company in the electronic and household goods retail market under the "Ponto Frio" brand.
The former majority shareholder (Morzan Empreendimentos), considering that GPA and, jointly and severally, its controlling shareholders, including Wilkes, GPA's controlling holding company, as well as Casino, Guichard-Perrachon and another three of its sub-holding companies, did not respect the provisions set forth in the contract relative to the terms of payment of the price for the portion payable in GPA shares, introduced arbitration proceedings in the International Chamber of Commerce by filing a petition dated May 30, 2012. The petition seeks damages of approximately 160 million reais (approximately €62 million).

At this stage, the arbitration tribunal is in the process of being formed. In any event, neither GPA nor its controlling shareholders consider the petition to be well-founded. Subsidiarily, apart from GPA and Wilkes, which are parties to the securities disposal contract, none of the other respondents summoned would be bound by the stipulations of said agreement.

15.3 Thailand disaster

In connection with the events that took place in Bangkok in the second quarter of 2010, the subsidiary Big C Thailand suffered losses resulting from a fire that caused the total or partial destruction of a certain number of assets and operating losses. The insurance companies are in the process of finalizing their investigations, which are expected to lead to the payment of the compensation recognized in the financial statements of €11 million by the end of the fiscal year.

From August to November 2011, that country suffered serious flooding which directly affected four retail centers, five hypermarkets, and fifteen small stores; other stores were affected indirectly. This led to the partial or total destruction of certain real property and operating assets, as well as to a material operating loss. The calculation of the loss is in progress; as of June 30, 2012, damages suffered and losses incurred were valued at approximately €42 million, of which €33 million is for operating losses. In relation to these damages, the Casino group recognized a right to reimbursement of the insurance companies, net of deductibles, of €22 million as of June 30, 2012, of which €11 million is for the half-year.

15.4 Disputes with the tax authorities

The Casino group was subject to back taxes bearing on the 1998 fiscal year and relating to recovering tax losses considered abusive by the tax authorities. In August 2011, the Casino group was ordered to pay the sum of €27 million by the Administrative Court of Cergy-Pontoise and appealed the order on October 3, 2011, in Versailles' Administrative Court of Appeals. Casino considers, in fact, that the grounds relied upon by the Administrative Court are contestable. The Casino group is confident of its chances to obtain a favorable decision and therefore has not booked a provision for this legal dispute.

NOTE 16: RELATED PARTIES

Rallye is controlled by Foncière Euris, which is in turn held by Finatis, and then by Euris.

As of June 30, 2012, Foncière Euris held 55.74% of Rallye's share capital and 71.09 % of the voting rights.
The Rallye Group benefits from the guidance of Euris, the Group's ultimate controlling company, under the terms of a strategic advisory services agreement signed in 2003.

Relationships with other related parties, including the methods for compensating company directors, have remained comparable to those of the 2011 fiscal year and no unusual transactions, in nature or amount, occurred during the period.

The main transaction during the first half of the year between Rallye and Foncière Euris concerned the payment of the dividend balance for fiscal year 2011 in the amount of €12 million which was made in Rallye shares.

NOTE 17: EVENTS AFTER THE BALANCE SHEET DATE

- **GPA takeover**

On July 2, 2012, Wilkes' General Meeting approved a change in the Board of Directors consisting of appointing a board member whose nomination was put forward by Casino to replace one board member named by Abilio Diniz. Casino thus finalized the takeover process and obtained the majority at Wilkes' Board of Directors which enables it to decide how Wilkes will vote at GPA's General Meeting and therefore to also irrevocably control GPA. As from that date, the Group will therefore consolidate GPA by the full consolidation method.

The table below presents the impact of the full consolidation of GPA in the consolidated financial statements of the Group for the year ended June 30, 2012, if GPA's takeover had occurred on January 1, 2012.

(In €millions)	**June 30, 2012, as reported**	**June 30, 2012, proforma**
Sales	17,681	23,647
Current operating income	632	920
Operating income	523	784
Net financial income (loss)	(370)	(515)
Profit before tax	153	269
Consolidated net income	**37**	**130**
Company owners*	(124)	(131)
Non-controlling interests	162	262

(*) The €7 million decrease in net income (Group share) results from the recognition of certain transactions directly in equity since they were transactions between shareholders, whereas previously those transactions were carried out with a consolidated company in accordance with the proportionate method and posted to income for the period. These transactions correspond to the issue of preferred shares in favor of Casino and to the exercise of stock options (see Note 3.3)

These proforma financial statements do not include the potential impact of the fair value measurement of assets and liabilities or the fair value remeasurement of the 40.32% interest held by the Group. The fair value measurement work has just been started. Based solely on the stock market price of the preferred shares as of July 2, 2012 (applied to all the GPA shares), the income from the remeasurement of the 40.32% interest held would be €724 million.

In addition, the impact of the takeover on net debt is provisionally estimated at €1,059 million, which includes the full consolidation of the GPA debt, as well as the debt related to the put options granted to the Diniz family (the terms of the put options are described in Note 32.2 of the Notes to the consolidated financial statements for the period ended December 31, 2011).

4 - AUDITORS' REPORT ON THE 2012 INTERIM FINANCIAL REPORT

This is a free translation into English of the statutory auditors' report issued in French and it is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with and construed in accordance with French law and professional auditing standards applicable in France.

For the six-month period ended June 30, 2012

To the Shareholders,

Following our appointment as statutory auditors by your annual general meeting and in accordance with article L. 451-1-2 III of the French Monetary and Financial Code ("Code monétaire et financier"), we hereby report to you on:

- the review of Rallye's condensed interim consolidated financial statements for the six-month period ended June 30, 2012, as attached herein;
- the verification of information contained in the half-yearly management report.

These condensed interim consolidated financial statements are the responsability of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

1. Conclusion on the financial statements

We conducted our review in accordance with the professional standards applicable in France. A review of interim financial information consists of making inquiries, primary of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.
Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim consolidated financial statements are not prepared in all material respects in accordance with IAS 34, the standard of the IFRS as adopted by the European Union applicable to interim financial statements.

2. Specific verification

We have also verified information given in the half-yearly management report on the condensed consolidated interim financial statements subject to our review.

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

Paris-La Défense, July 26, 2012
The Statutory Auditors
French original signed by

KPMG Audit
Department of KPMG S.A.
Patrick-Hubert Petit

ERNST & YOUNG et Autres
Pierre Bourgeois