RALLYE

Paris July 30, 2010

INTERIM FINANCIAL REPORT

Article 222-4 of the AMF General Regulations

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1 - DECLARATION BY THE PERSON RESPONSIBLE FOR THE INTERIM FINANCIAL REPORT

To the best of my knowledge, the statements given in the interim financial report have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets, financial position and profitability of the Rally group. Moreover, the interim activity report gives a true and fair view of the key events that occurred in the first six months of the fiscal year and their impact upon the interim financial statements, the main risks and uncertainties for the remaining six months of the year and the main transactions between related parties.

Paris July 30, 2010

Jean-Charles NAOURI
Chief Executive Officer

2 - INTERIM ACTIVITY REPORT

Highlights of the first half of 2010 and subsequent events as at June 30, 2010

Rallye

Successful floating of a four-year Rallye bond issue of €500 million and launch of a buyback offer on bonds due in 2011.

Rallye successfully floated a bond issue of €500 million, maturing on March 24, 2014, allowing it to extend its debt maturity. Moreover, the bond redemption due in October 2011 was reduced by €116m following a simultaneous buyback offer.

Dividend payment in Rallye shares

Rallye's shareholders general meeting held on May 19, 2010 decided to proceed with the payment of a dividend of €1.83 per share for 2009, unchanged from 2008. An interim dividend of €0.80 per share was paid on October 2, 2009, the balance thus coming to €1.03. It was decided that shareholders could choose to receive 50% of this balance, i.e. €0.515, in either cash or in new shares. 75.25% of the rights were exercised in favor of payment in shares.
This operation allowed Rallye to strengthen its shareholders' equity by €16.2 million, through the creation of 688,754 new shares (1.6% of capital), bearing interest from January 1, 2010 and assimilated into the company's outstanding shares.
The cash dividend payment, in the amount of €26.7 million, was made on June 18, 2010.

Casino

The first half of 2010 was marked for Casino by strong sales growth of +7.1%, driven by improved activity in France and considerable growth in international business.

Several events also marked the early part of 2010 for Casino:

Nationalization of Exito hypermarkets operated in Venezuela, ordered by the Venezuelan authorities.

On January 17, 2010, the Venezuelan authorities ordered the nationalization of Exito's supermarkets operated in Venezuela. Beginning on January 1, 2010, Casino's interests in Venezuela are no longer fully consolidated and have been reclassified under "assets held for sale" in application of IFRS 5. Discussions with the Venezuelan government are ongoing as regards the sale of a majority stake in Cativen's capital.

Casino group's debt profile improved and its maturity extended.

During the first half of 2010, Casino completed two bond exchange offers on bonds maturing in 2011, 2012 and 2013. In exchange for the securities brought in, a new €888 million line maturing February 2017 and a new €508 million line maturing November 2018 were issued. The redemptions due in 2011, 2012 and 2013 were thus reduced by €190 million, €596 million and €481 million respectively.
These two operations allowed the Group to improve its debt profile considerably and extend its average bond debt maturity from 2.9 years to 4.4 years.

Casino's stake in GPA increased following the issuance of new shares

In accordance with the agreement signed in 2005 with Abilio Diniz' family, under which the Casino group transferred to GPA, at the end of 2006, the acquisition goodwill generated from each successive investment in the company, 1.1 million preferred shares were issued to Casino at the price of 60.39 reais per share, an amount equivalent to 67 million reais (€30 million) This issue, which was finalized in early June, increased Casino's financial interest in GPA from 33.4% to 33.7%.

Negotiations on the agreement between GPA and Casas Bahia finalized

On July 2, GPA announced the signature of an amendment to its partnership agreement with Casas Bahia, Brazil's leading non-food retailer. In this amendment, GPA and Casas Bahia agreed to revise certain terms, without modifying the overall principles of the agreement signed by the two parties in December 2009.
This strategic partnership will allow GPA to consolidate its position as the leading retailer in Brazil and confirms the strategic importance of GPA and Brazil for the Casino group.

Partnership agreement between Casino and Groupe Crédit Mutuel-CIC

On July 27, 2010, the Casino group announced the signature of a long-term partnership agreement in financial products and services in France with Groupe Crédit Mutuel-CIC, through its subsidiary Banque Casino.
Under the terms of the agreement, Groupe Crédit Mutuel-CIC will acquire a 50% stake in Banque Casino. At present, 60% of Banque Casino is owned by Casino and 40% by LaSer Cofinoga.
Casino has exercised its call option on the shares owned by LaSer Cofinoga. These shares, as well as 10% of Banque Casino's capital currently held by Casino, will be sold to Crédit Mutuel. The transaction should be completed in the next 18 months.
This project is subject to approval by the competent regulatory authorities.

Groupe GO Sport

The first half of 2010 was difficult for Groupe GO Sport, which saw its sales fall by 9.6% on a same-store and constant currency basis compared with the first half of 2009. The resulting gross margin (€-4.3 million) hindered current operating income, which fell by €5.0 million compared with June 30, 2009.

Sales

Rallye's consolidated sales as at June 30, 2010 amounted to €13.9 billion, up 6.8% compared with June 30, 2009. They break down by activity as follows:

(In € millions)	6/30/2010	6/30/2009*	Change
Casino	13,589	12,688	7.1%
Groupe GO Sport	311	339	-8.2%
Others **	10	4	-
Total	13,910	13,030	6.8%

* The income statement published previously was restated owing to the impact of the sale in December 2009 of all of Super de Boer's assets and liabilities

** Corresponds to the holding business and investment portfolio

In the first half of 2010, Casino achieved consolidated sales of €13.6 billion, up by a significant 7.1% (+8.5% in Q2), with a favorable exchange rates impact of +4.5% and the impact of changes in the scope of consolidation hindering sales by -1.1%. Organically, sales increased by 3.7% in the first half of the year (+2.8% excluding fuel), reflecting considerable growth compared with 2009 (-0.1% excluding fuel), both in France and abroad.

In France, organic sales rose by 1.0% over the first half of the year (-0.3% excluding fuel), improving in the second quarter thanks mainly to the upturn in Leader Price's sales on a same-store basis, driven by the banner's sales initiatives. Total sales for Franprix-Leader Price were stable in the first half (after an increase of +3.2% in Q2). Monoprix posted a very satisfactory sales performance (+3.8%) over the period. Géant Casino's organic sales excluding fuel declined by 4.6% during the first half. The banner continued to deploy its action plans aimed at strengthening its sales dynamic in food and non-food. Casino Supermarkets' organic sales rose by 0.9% (excluding petrol), whilst sales for small supermarkets declined slightly (-1.4%). The other businesses enjoyed sustained growth in sales, driven by Cdiscount's strong performance.

Internationally, sales increased by a very strong +20.1% (+9.8% organically in the first half of the year), with faster growth in the second quarter. This organic growth (+12.2% in South America and +6.4% in Asia) was driven by dynamic same-store sales in South America, Big C's satisfactory same-store performance and continued strong growth in Vietnam.

Groupe GO Sport's consolidated sales as at June 30, 2010 amounted to €310.7 million, down -9.6% on a same-store and constant currency basis compared with the first half of 2009.

In France, sales for the Go Sport banner fell by -11.1% on a same-store basis, owing mainly to a fall in both footfall and the average selling price. Courir's sales fell by 5.8% on a same-store basis in the first half of 2010 and were virtually unchanged, excluding the impact of the summer sales shift to the second half of 2010.

In Poland, GO Sport's sales on a same-store and constant currency basis were down 5.2% in the first half of 2010 compared with 2009 and were hindered by a gloomy economic climate.

Current operating income

The Group's current operating income amounted to €525 million, up +13.1% compared with the first half of 2009. It breaks down by activity as follows:

(In € millions)	6/30/2010*	6/30/2009**	Change
Casino	541	483	12.0%
Groupe GO Sport	-11	-6	-
Others ***	-5	-13	-
Total	525	464	13.1%

* The Group has reviewed the accounting treatment of taxes in France following changes introduced in the French Finance Law of December 31, 2009 abolishing the liability of French tax entities to the "taxe professionnelle" (business tax) as of 2010. Beginning in the 2010 fiscal year, the total amount of the current and deferred expense related to the "businesses added value contribution" (Cotisation sur la Valeur Ajoutée des Entreprises (CVAE)), is presented under "income tax", which had a positive automatic impact on the EBITDA and current operating income (+ €32.5m) and no impact on net income

** The income statement published previously was restated owing to the impact of the sale in December 2009 of all of Super de Boer's assets and liabilities

*** Corresponds to the holding business and investment portfolio

Casino's current operating income increased by 12.0%, or 5.7% before the reclassification of the CVAE under income tax, driven by the strong growth in net income abroad. In France, current operating income declined by 5.5% organically, owing mainly to the sales revitalization plans at Géant and Leader Price. Internationally, current operating income increased by 34.5% (+18.6% organically) with an operating margin up +30 basis points organically, due to a marked improvement in profitability in both South America and Asia.

Groupe Go Sport's current operating income amounted to -€11 million as at June 30, 2010, down €5 million compared with the first half of 2009.

Net income, Group share

(In € millions)	6/30/2010	6/30/2009
Current operating income	525	464
Cost of net financial debt	-257	-239
Other financial income and expenses	-15	-2
Net income from continuing operations	82	77
Net income from discontinued operations	-8	3
Net income	74	80
Net income, Group share	-60	-37

Net income, Group share, as at June 30, 2010 amounted to -€60 million, compared with -€37 million as at June 30, 2009.

Total shareholders' equity

Shareholders' equity for the Group amounted to €1,964 million as at June 30, 2010, compared with €1,785 million as at December 31, 2009, arising from:

- net income, Group share for the first half, amounting to -€60 million;
- the payment of the balance of the 2009 dividend, for a cash amount of €27 million;
- and, conversely, positive translation differences in the amount of €269 million.

Holding perimeter financial structure

Rallye's holding perimeter includes Rallye and its wholly-owned subsidiaries that act as holdings and own shares in Casino, Groupe GO Sport and the investment portfolio.

Net debt of the Rallye holding perimeter

As at June 30, 2010, the revalued assets of the Rallye holding perimeter amounted to €3,920 million, made up of: Casino shares (€3,347 million), Groupe GO Sport shares (€41 million), the investment portfolio (€497 million) and other miscellaneous assets (€35 million).

The net debt of the Rallye holding perimeter amounted to €2,589 million as at June 30, 2010 and was thus covered 1.5 times by the revalued assets. This coverage rate is unchanged since 31 December 2009.

This debt, made up of bank loans and bonds totaling a gross amount of €3,291 million, to which are added accrued interest and IFRS restatements for a total amount of €90 million, is net of monetary placements and placements of cash and cash equivalents posted in the amount of €792 million.

Rallye holding perimeter investment portfolio

Rallye's investment portfolio is recognized at fair value in equity. As at June 30, 2010, it amounted to €497 million, compared with €517 million as at December 31, 2009. It is made up of financial investments with a market value[1] of €317 million and real estate developments carried at historical cost[2] in the amount of €180 million. The change in the portfolio's value over the first half of 2010 was the result of disposals worth €27 million (corresponding to around ten financial investments in the LBO segment in Europe), €1 million in investments net of cash inflows and changes in scope and a value increase of €6 million.

Parent company profit and loss

Rallye's sales amounted to €3.3 million as at June 30, 2010, compared with €2.8 million as at June 30, 2009. Rallye's net income came to -€5.8 million, compared with €6.3 million as at June 30, 2009.

Rallye's Board of Directors decided upon an interim dividend of €0.80 per share, unchanged from last year. The shareholders may choose to receive the entire interim dividend in shares.

Main transactions between related parties

The transactions with related parties are described in Rallye's registration document corresponding to the 2009 fiscal year and filed with the French Financial Markets Authority (hereinafter referred to as the AMF) on April 28, 2010, under number D.10-339. They mainly concern operational transactions with companies over which the Group exercises notable influence or joint control. These companies are consolidated under the equity method or are proportionately consolidated. The transactions are concluded at market price.

[1] The market value of financial investments is their carrying amount in the financial statements (fair value - IAS 39) and is generally based on independent valuations (General Partners of the funds) or ongoing transactions.
[2] Real estate developments are carried at historical cost and only restated on sale of the investments (IAS 40).

Transactions with related parties who are natural persons (directors, executive officers and members of their family) were not material.

As at June 30, 2010, Foncière Euris held 57.78% of Rallye's share capital and 73.51% of voting rights.

The only transaction during the first half of the year between Rallye and Foncière Euris related to the payment of the balance of the 2009 dividend. Shareholders could choose to receive 50% of this balance, i.e. €0.515, in either cash or in new shares. Foncière Euris opted to receive payment in shares and was thus issued with 536,079 new shares. It also received the amount of €12.6 million for the remaining 50%.

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 terms of compensation for senior executives, remained comparable to 2009 and no unusual transactions in either nature or amount were carried out over the period.

Main risks and uncertainties for the second half of 2010

The Group's activities are exposed to various risk factors described in Rallye's registration document corresponding to the 2009 fiscal year and filed with the AMF on April 28, 2010, under number D.10-339.

Trends and outlook

Rallye benefits from a strong cash situation, with more than €2 billion in available resources including €1.4 billion in unused, confirmed and immediately available credit lines and almost €800 million in cash and cash equivalents. Debt maturity was extended in the first half of the year through dynamic bond and bank debt management, with a new €500m bond issue, the buyback of €123m in bonds maturing in 2011 and reimbursements of €323m in medium-term bank loans.

Rallye has an asset portfolio with strong fundamentals:

- During the first half of the year, Casino confirmed the good positioning of its format mix in France and the dynamism of its international operations, the contribution of which to current operating income increased significantly.
  In France, Casino intends to strengthen its market share by improving its banners' price competitiveness and speeding up the expansion of the convenience and discount formats. Outside France, the quality of Casino's assets in high-potential countries is expected to drive strong and profitable growth in 2010 and beyond.
  Casino has reaffirmed its objective of reducing the net financial debt/EBITDA ratio to less than 2.2x by the end of 2010, notably by pursuing its €1 billion asset disposal program.

- Groupe GO Sport, encouraged by the very promising results of its new GO Sport and Courir concepts in the "pilot" stores, intends to pursue the implementation of its action plans focused on offer differentiation, mainly through the deployment of the new concept, a strengthened customer relationship and tight control over costs and investments, within both GO Sport and Courir.

- Concerning the investment portfolio, disposals will continue both in terms of private equity, depending on market conditions, and commercial real estate. In July 2010, the Beaugrenelle shopping center was partially disposed of, under terms that secured the financing of the development with no shareholders' equity issued by the Group whilst maintaining the majority of the expected margin. Moreover, negotiations are currently taking place for the disposal of four financial investments worth an approximate €8 million and for the sale of the Carré de Soie shopping center in Lyon.

Rallye has confirmed its commitment to continue improving its financial structure and to reduce its net financial debt significantly by the end of 2012.

Rallye group consolidated income statement

(In € millions)	Notes	June 30, 2010	June 30, 2009 - restated *
CONTINUING OPERATIONS			
Net sales	5	13,910	13,030
Full purchase costs of goods sold	5	(10,327)	(9,607)
Gross margin		**3,583**	**3,423**
Other income	5	124	52
Selling costs	5	(2,585)	(2,458)
General and administrative expenses	5	(597)	(553)
Current operating income		**525**	**464**
Other operating income	6	27	107
Other operating expenses	6	(101)	(176)
Operating income		**451**	**395**
Income from cash and cash-equivalents		18	17
Cost of financial debt		(275)	(256)
Cost of net financial debt		(257)	(239)
Other financial income		38	101
Other financial expenses		(53)	(103)
Income before tax		**179**	**154**
Income tax expense	7	(108)	(78)
Income from associated companies		11	1
Net income from continuing operations		**82**	**77**
Company owners		(56)	(38)
Non-controlling interests		138	115
DISCONTINUED OPERATIONS			
Net income from discontinued operations	8	**(8)**	**3**
Company owners		(4)	
Non-controlling interests		(4)	3
Total consolidated net income		**74**	**80**
Company owners		**(60)**	**(37)**
Non-controlling interests		134	117
Consolidated net income per share attributed to company owners (in €)			
Before dilution		(1.34)	(0.90)
After dilution		(1.34)	(0.90)
Net income per share from continuing operations, attributed to company owners (in €)			
Before dilution		(1.43)	(0.90)
After dilution		(1.43)	(0.90)

(*) The income statement published previously was restated owing to the impact of the sale in December 2009 of all of Super de Boer's assets and liabilities and their classification under discontinued operations in 2009 (see note 2.3.3).

Total Comprehensive Income Statement

(In € millions)	June 30, 2010	June 30, 2009 - restated *
Total consolidated net income	**74**	**80**
Translation differences of foreign operations (1)	716	270
Actuarial differences on defined benefit plan obligations	0	2
Available-for-sale financial assets	20	(14)
Effective portion of gains or losses on hedging instruments	19	(9)
Tax on comprehensive income components	(7)	(1)
Other comprehensive income components net of tax	**748**	**248**
Total comprehensive income:	**822**	**328**
Company owners	**209**	**68**
Non-controlling interests	616	260

(1) The change in the first half of 2010 of €716 million was principally the result of the rise in the Brazilian, Colombian and Thai currencies, in the respective amounts of €253 million, €369 million and €108 million.

Financial Position Statement

ASSETS (In € millions)	Notes	June 30, 2010	December 31, 2009 - restated *
Goodwill	9	7,749	7,463
Intangible assets	9	794	721
Property, plant and equipment	9	6,060	5,789
Investment property	9	1,505	1,465
Interests in associated companies		217	195
Non-current financial assets		918	819
Non-current hedging financial assets		318	207
Deferred tax assets		126	127
Total non-current assets		**17,687**	**16,786**
Inventories		2,874	2,730
Trade receivables		1,505	1,517
Other assets		1,474	1,271
Current tax credit		85	67
Other current financial assets		119	259
Cash and cash equivalents	10	2,470	3,308
Assets held for sale		213	77
Total current assets		**8,740**	**9,229**
TOTAL ASSETS		**26,427**	**26,015**

LIABILITIES AND SHAREHOLDERS' EQUITY (In € millions)	Notes	June 30, 2010	December 31, 2009 - restated *
Share capital	11	129	127
Reserves and net income attributed to company owners		1,835	1,658
Equity attributed to company owners		**1,964**	**1,785**
Non-controlling interests		5,383	5,176
Total shareholders' equity		**7,347**	**6,961**
Provisions		256	242
Non-current financial liabilities	13	9,671	8,884
Other non-current liabilities		239	194
Deferred tax liabilities		405	369
Total non-current liabilities		**10,571**	**9,689**
Provisions		236	226
Suppliers		3,979	4,455
Current financial liabilities	13	1,350	1,732
Tax liability due		57	58
Other current liabilities		2,877	2,877
Liabilities related to assets held for sale		10	17
Total current liabilities		**8,509**	**9,365**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**26,427**	**26,015**

(*) The income statement published previously was restated further to the changes in the method used to determine the fair value of Globex' assets and liabilities (see note 3.2.4).

Consolidated cash flow statement

(In € millions)	June 30, 2010	June 30, 2009 - restated (*)
Net income attributed to company owners	(60)	(37)
Net income attributed to non-controlling interests	134	117
Total consolidated net income	**74**	**80**
Allowance for depreciation, amortization and provisions	391	451
Unrealized gains and losses from changes in fair value	12	(26)
Calculated income and expenses relative to stock options and assimilated instruments	12	7
Other calculated income and expenses	42	26
Depreciation, amortization, provisions and other non-cash items	**457**	**458**
Income from asset divestments	(30)	(56)
Income from associated companies	(11)	(3)
Dividends from associated companies	3	6
Cash flow	**493**	**485**
Cost of net financial debt (changes in fair value and amortization excluded)	234	227
Income tax expense (including deferred tax)	106	77
Cash flow before cost of net financial debt and income tax	**833**	**790**
Tax paid	(128)	(60)
Change in working capital requirement (2)	(882)	(966)
Net cash provided by operating activities (A)	**(177)**	**(236)**
Purchase of property, equipment and intangible assets	(363)	(497)
Sale of property, plant and equipment and intangible assets	26	68
Purchase of financial assets	(43)	(11)
Sale of financial assets	53	42
Change in loans and advances granted	(3)	(3)
Impact of changes in scope of consolidation (3)	(28)	(46)
Net cash used in investing activities (B)	**(358)**	**(447)**
Dividends paid to shareholders of the parent company	(27)	(42)
Dividends paid to minority shareholders of consolidated companies	(234)	(185)
Dividends paid to TSSDI – perpetual super subordinated securities holders	(14)	(16)
Cash decrease/increase in capital	(135)	15
Other transactions with shareholders	(24)	(6)
Purchase and sale of treasury stock	(3)	6
Purchase and sale of financial securities		47
Debt issuance	1,368	1,182
Debt redemption	(1,111)	(1,453)
Net financial interest paid	(275)	(281)
Net cash used in financing transactions (C)	**(455)**	**(733)**
Impact of currency fluctuations (D)	96	37
Change in cash and cash equivalents (A+B+C+D)	**(894)**	**(1,379)**
Net opening balance	2,894	1,872
-Net opening balance of assets held for sale		
Net opening balance of continuing operations (E)		
Reclassification of cash and cash equivalents (F)		
Net closing balance	2,000	493
Net closing balance of continuing operations (G)	2,000	493
Change in cash and cash-equivalents (G-E-F)	**(894)**	**(1,379)**

(*) The income statement published previously was restated following the retrospective application of the amendment to IAS 7 (see note 2.3.3).

(2) Change in working capital requirement

(In € millions)	**June 30, 2010**	**June 30, 2009 - restated (*)**
Merchandise inventories	(24)	162
Real estate inventories	(55)	(29)
Suppliers	(600)	(1,116)
Trade receivables and related accounts	31	137
Receivables from the banking business	42	32
Financing of the banking business	(18)	(18)
Other	(258)	(134)
Change in working capital requirement	**(882)**	**(966)**

(3) Impact of changes in scope of consolidation

(In € millions)	**June 30, 2010**	**June 30, 2009 - restated (*)**
Share selling price, of which:	**14**	**3**
Shopping Property Fund 1 (change in ownership percentage)	*9*	
GPA (change in ownership percentage)	*3*	
Miscellaneous	*2*	
Easy Holland BV		*3*
Share purchase price, of which:	**(22)**	**(64)**
Mercialys sub-group (entry in scope)	*(4)*	
Dilux and Challin (entries in scope)		*(23)*
GPA (change in scope - Miravalles shares)		*(2)*
Franprix-Leader Price sub-group (entries in scope)	*(6)*	*(29)*
Miscellaneous	*(12)*	*(10)*
Cash balance of acquired or sold subsidiaries, of which	**(20)**	**15**
Loss of control of the Venezuelan entities	*(21)*	
Franprix - Leader Price sub-group	*3*	
Casino Groupe Limited and EMC Limited		*7*
Franprix - Leader Price sub-group		*5*
GPA group (change in scope)		*3*
Miscellaneous	*(2)*	
Impact of changes in scope of consolidation	**(28)**	**(46)**

(*) The income statement published previously was restated following the retrospective application of the amendment to IAS 7 (see note 2.3.3).

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	Equity attributed to owners	Non-controlling interests	Total shareholders' equity
As at January 1, 2009	**127**	**1,309**	**(19)**	**(6)**	**95**	**1,506**	**4,506**	**6,012**
Income and expenses recognized directly in shareholders' equity (1)				105		105	143	248
Net income from first half of 2009 (2)					(37)	(37)	117	80
Total recognized income and expenses				**105**	**(37)**	**68**	**260**	**328**
Transactions on capital						0	(4)	(4)
Transactions on treasury shares			5			5	2	7
Dividends paid					(42)	(42)	(345)	(387)
Changes in scope (3)						0	162	162
Miscellaneous changes					2	2	(10)	(8)
As at June 30, 2009	**127**	**1,309**	**(14)**	**99**	**18**	**1,539**	**4,571**	**6,110**
As at January 1, 2010	**127**	**1,309**	**(12)**	**221**	**140**	**1,785**	**5,176**	**6,961**
Income and expenses recognized directly in shareholders' equity (1)				269		269	479	748
Net income from first half of 2010 (2)					(60)	(60)	134	74
Total recognized income and expenses				**269**	**(60)**	**209**	**613**	**822**
Transactions on capital (4)	2	14				16	4	20
Transactions on treasury shares			1			1	(3)	(2)
Dividends paid					(43)	(43)	(237)	(280)
Changes in scope					(5)	(5)	(19)	(24)
Miscellaneous changes (5)					1	1	(151)	(150)
As at June 30, 2010	**129**	**1,323**	**(11)**	**490**	**33**	**1,964**	**5,383**	**7,347**

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

(In € millions)	Cash flow hedge reserve	Translation difference reserve	Actuarial difference reserve	Fair value reserve of previously held assets and liabilities	Reserve of available-for-sale financial assets	Total	Non-controlling interests	Total
As at January 1, 2009	**(5)**	**(41)**	**3**	**44**	**29**	**30**	**(66)**	**(36)**
Income and expenses recognized directly in shareholders' equity	(2)	121	0	(14)	0	105	142	247
As at June 30, 2009	**(7)**	**80**	**3**	**30**	**29**	**135**	**103**	**211**
As at January 1, 2010	**(4)**	**199**	**1**	**44**	**16**	**256**	**216**	**472**
Income and expenses recognized directly in shareholders' equity	6	249	0	0	14	269	479	748
As at June 30, 2010	**2**	**448**	**1**	**44**	**30**	**525**	**695**	**1,220**

(2) The non-controlling interests are mainly from the Casino group, in which the Group holds a 48.65% interest.

(3) The impact of €162 million shown under non-controlling interests is related mainly to the distribution of Mercialys shares by the Casino Guichard-Perrachon group.

(4) Result from the payment in shares of part of the 2009 dividend balance (see Note 12).

(5) Include an impact of €138 million shown under non-controlling interests, which corresponds to a capital repayment in the Whitehall fund managed by Goldman Sachs further to the disposal in 2009 of two real estate development sites in Poland.

NOTE 1: GENERAL INFORMATION

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

The consolidated financial statements as at June 30, 2010 set out the financial position of the company and its subsidiaries and joint companies, as well as the Group's interests in associated companies. The statements have undergone a limited review by our statutory auditors.

On July 29, 2010, the board of directors authorized the publication of the Rallye group's consolidated financial statements for the half-year period ending on June 30, 2010.

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

2.1. Declaration of compliance

Pursuant to European regulation no. 1606/2002 of July 19, 2002, the summarized consolidated financial statements of the Rallye group as at June 30, 2010, 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 the accounts.

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

2.2. Basis of preparation

The summarized interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standard IAS 34 ("Interim Financial Reporting").

The interim consolidated financial statements should be consulted as a complement to the consolidated financial statements for the year ended December 31, 2009, as shown in the registration document filed with the AMF on April 28, 2010 under number D.10-0339.
The consolidated financial statements of the Rallye group as at December 31, 2009, are available on request from the company's financial department, located at 32 rue de Ponthieu in Paris, or on the website at www.rallye.fr.

The financial statements are presented in millions of euros, the Group's functional and presentation currency. The 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 principles and methods applied in preparing the summarized interim financial statements are identical to those applied to the consolidated financial statements for the year ended December 31, 2009, taking into account or with the exception of the new standards and interpretations listed hereafter.

2.3.1. Standards and interpretations applicable or applied from January 1, 2010

The application of the following revised or new standards and interpretations has become mandatory for the financial year 2010:

- IAS 27 (revised) – "Consolidated and Separate Financial Statements" (prospective application);
- IFRS 3 (revised) – Business Combinations (prospective application);
- Amendment IAS 39 – Financial Instruments: recognition and measurement on eligible hedged items (retrospective application);
- Amendments IFRIC 9 and IAS 39 – Reassessment of Embedded Derivatives and Financial Instruments: Recognition and Measurement (retrospective application);
- IFRIC 17 – Distributions of Non-cash Assets (prospective application);
- Amendment IFRS 2 – Share-based Payment: Group cash-settled share-based payment transactions (retrospective application);
- Annual improvements to IFRS standards (April 16, 2009).

These newly-published IASB standards did not have any impact on the Group's financial statements when first applied; standards IAS 27 (revised) and IFRS 3 (revised) apply prospectively, i.e. to transactions carried out after January 1, 2010.

2.3.2. Standards and interpretations compulsory after June 30, 2010 with no early application decided by the Group

The Group is currently assessing the impacts resulting from the preliminary application of these standards, amendments to standards and interpretations.

- Amendment IFRIC 14 – IAS 19: The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction[1] ;
- Amendment IAS 32 – Classification of Rights Issues[3];
- IAS 24 (revised) – Related Party Disclosures[4];
- IFRS 9 – Financial Instruments : classification and measurement[2];
- IFRS 19 – Extinguishing Financial Liabilities with Equity Instruments[2];
- Annual improvements to IFRS standards (August 26, 2009) [2].

2.3.3. Changes in methods

<u>**IFRS 3 (revised) – IAS 27 (revised)**</u>

The revised versions of IFRS 3, "Business Combinations" and IAS 27, "Consolidated and Separate Financial Statements" are mandatory for the Group from January 1, 2010. They are applied prospectively. Combinations prior to January 1, 2010, are thus still recognized according to the accounting principles applied when preparing the financial statements as at December 31, 2009 and were therefore not affected by the application of these new standards.

The new standard IAS 27 (revised) brought about an amendment to standard IAS 7, "Cash flow statement", applicable retrospectively. The cash flow statement, dated June 30 2009, was therefore restated as a result (see note 2.5).

<u>**Sale of all Super de Boer assets and liabilities**</u>

The income statement published previously was restated owing to the impact of the sale of all of Super de Boer's assets and liabilities during the second half of 2009. As this operation met the definition criteria of a discontinued operation, the 2009 income statement was thus restated, reclassifying the cash flows relating to Super de Boer under "Discontinued operations" in accordance with standard IFRS 5, "Non-current Assets Held for Sale and Discontinued Operations."

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[1] Adopted by the European Union
[4] Not adopted by the European Union

2.4. Use of estimates and assumptions

The preparation of consolidated financial statements demands that executive management use estimates and assumptions that may have an impact on the assets, liabilities, income, and expense 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 apply mainly to:
- the fair value of derivatives, in particular those related to hedge instruments;
- the financial assets available for sale;
- the assets or groups of assets classified as held for sale.

Moreover, the estimates and assumptions applied by the operating subsidiaries concern in particular:
- depreciation of doubtful accounts;
- provisions for risks and other provisions related to activity;
- commitments to buy back minority interests;
- impairment of non-current assets and goodwill;
- non-current assets or groups of assets classified as held for sale (e.g. Venezuela).

These estimates and/or assumptions are described in more detail in the financial statements for the year ended December 31, 2009.

2.5. Business combinations

IFRS 3 (revised) modifies the terms according to which acquisition method is applied. The consideration transferred (acquisition cost) is measured at the fair value of the assets given, equity instruments issued and liabilities incurred at the date of exchange. The company's identifiable assets and liabilities are measured at their fair value on the acquisition date. Costs directly attributable to the acquisition are recognized under "Other operations expenses".

Any excess of the consideration transferred over the Group's share in the net fair value of the identifiable assets and liabilities of the company acquired is recognized as goodwill. On the takeover date and for each combination, the Group may choose either partial goodwill (limited to the share acquired by the Group) or full goodwill. If the full goodwill method is chosen, the non-controlling interests are measured at fair value and the Group recognizes goodwill on all identifiable assets and liabilities.

In a step acquisition, the interest held previously is reassessed at fair value as at the takeover date. The difference between the fair value and the net book value of this stake is recorded directly under profit and loss from the fiscal year ("Other operating income" or "Other operating expenses).

The amounts recognized as at the acquisition date may be adjusted, provided that the factors used as a basis to adjust them represent new information brought to the attention of the acquirer and originating in facts and circumstances that existed prior to the acquisition date. After the measurement period ends (of a maximum duration of 12 months after the takeover date of the acquired entity), goodwill cannot be adjusted; the subsequent acquisition of non-controlling interests will not give rise to the recognition of additional goodwill.

Moreover, earn-out agreements are included in the acquisition cost at their fair value from the acquisition date, regardless of their probability of occurrence. During the measurement period, subsequent adjustments are made against goodwill when they relate to facts and circumstances existing at the time of the acquisition; after the period ends, adjustments to earn-out agreements are recognized directly under profit and loss ("Other operating income" or "Other operating expenses") unless the earn-out agreements were offset against an equity instrument.

IFRS 3 (revised) modifies the treatment of deferred tax assets as it requires deferred tax assets that would not have been recognized on the acquisition date or during the measurement period to be recognized in income.

2.5.1 Summary of changes: IAS 27 (revised)

Standard IAS 27 (revised) presents the consolidated financial statements of a group as those of a single economic entity with two categories of owners: the owners of the parent company on the one hand (Rallye shareholders) and the holders of non-controlling interests on the other (minority shareholders of subsidiaries). A non-controlling interest is defined as the "equity in a subsidiary which is not attributable, directly or indirectly, to a parent" (hereinafter referred to as "non-controlling interests"). As a result of this new approach, transactions completed with minority shareholders leading to a change in the parent company's equity interest with no loss of control only affect shareholders' equity since control within the economic entity does not change.
Thus, with effect from January 1, 2010, in the event that additional interests are acquired in a fully-consolidated subsidiary, the Group recognizes the difference between the acquisition cost and the book value of the non-controlling interests under "Changes in shareholders' equity attributed to Rallye's shareholders". The costs related to these operations are also recorded under shareholders' equity. The same applies to sales with no loss of control.

As regards the sale of minority interests leading to a loss of control, the Group recognizes a 100% sale of the shares held followed, where applicable, by an acquisition at fair value on the interest kept. The Group therefore recognizes a sale gain or loss recorded under "Other operating income" or "Other operating expenses", on the entirety of its interest (sold and kept shares), leading to the kept share being re-measured against the gain or loss.

2.5.2 Impact of IAS 27 on the Cash flow statement (IAS 7)

The new standard IAS 27 (revised) led to an amendment to standard IAS 7 "Cash flow statement": cash flows originating from the obtaining or loss of control in a subsidiary are allocated to net cash used in investment transactions, whilst those originating from changes in equity interests in a fully-consolidated subsidiary that do not result in a loss of control (this concept includes increases in equity interests) are included in net cash used in financing transactions.

Compared with the principle applied by the Group until December 31, 2009, the change lies in the presentation of cash flows related to changes in interest percentages in fully-consolidated subsidiaries with no change in control. These flows are now classified under financing flows, where previously they were classified under investment flows. As this amendment is applied retrospectively, the cash flow statement data as at June 30, 2009 was restated as a result.
This amendment had no impact on the classification of transactions completed with associated or jointly-controlled companies: these companies are still classified under investment flows.

2.6. Put options granted to minority shareholders

The Group has granted the minority shareholders of some of its subsidiaries put options on their shares. The exercise price of these operations may be fixed or established according to a predefined calculation formula; moreover, these operations may be exercised at any time or on a set date.

Standard IAS 27 (revised), applied in the consolidated financial statements with effect from January 1, 2010, sets out the accounting treatment of additional acquisitions of shares in companies. The Group decided to apply two different accounting methods for these put options, according to whether the options were issued before or after the first application date of the revised version of the standard in accordance with the recommendations of the AMF. The first are treated using the current goodwill method, whilst the second are treated as transactions between shareholders (shareholders' equity impact).

2.7. Revenue

Revenue is made up of two items: "Net sales" and "Other income".

"Net sales" includes sales by the Group's stores, self-service restaurants and warehouses, as well as financial services revenues, rental income, income from banking operations and various services performed by the business units.

"Other income" consists of revenue from real estate business, miscellaneous income from services provided and miscellaneous incidental revenues and revenues from secondary activities, including commissions for the sale of travel packages, franchise payments and income from sub-leases.

Revenue is measured at fair value of the consideration received or receivable, net of trade discounts and rebates and taxes related to sales. They are recognized as follows:

- goods sales are recognized as soon as the risks and rewards inherent in the ownership of the goods have been transferred to the customer, generally when the transfer of ownership has occurred, the amount of income can be reliably measured and collection is reasonably assured.
- services, such as sales of warranty extensions, services directly related to the sale of goods and services rendered to suppliers, are recognized on the period during which the services are provided. When a service carries various commitments, including volume commitments, the Group analyzes the de facto and de jure elements in order to determine the recognition schedule of the service. As a result, depending on the nature of the service, the income may be recognized immediately, with the services considered as rendered, or recognition may be staggered over the period during which the service is rendered or the relevant commitment met.

In the event of a deferred payment outside the usual credit terms and not borne by a financing body, the income from the sale is equal to the updated price and the difference between that price and the cash payment, if significant, is recognized under financial income distributed over the duration of the deferral duration.

Rewards granted to customers under loyalty programs constitute elements separate from the original sale. Income related to these rewards is deferred until the date upon which the rewards are used by customers.

NOTE 3: EVENTS DURING THE PERIOD

3.1. Changes in the scope of consolidation

During the first half of 2010, the following main changes in the scope of consolidation took place:

- **Main entries and exits from consolidation scope:**

Company / sub-group name	Activity	Country	Operation	Consolidation method
Alamea Investments (1)	Financing	Luxembourg	Acquisition	Full
Cativen (2)	Retailing	Venezuela	Loss of control	Equity
Leader Price Argentina	Retailing	Argentina	Disposal	-
Franprix - Leader Price sub-group (3)	Retailing	France	Disposal	Equity
Groupe Go Sport Suisse Sarl	Sporting goods	Switzerland	Formation	Full
International Sports Retail Development Sarl	Sporting goods	Switzerland	Formation	Equity

(1) See note 13.1.

(2) See note 3.2.5.

(3) In February 2010, the Franprix-Leader Price sub-group signed a partnership agreement with its subsidiary RLPI and Nougein SA, consisting of the formation of the new company Leader Centre Gestion ("LCG"). RLPI and Nougein SA contributed assets to LCG, of which they own 49% and 51% respectively. The impacts of this operation including the gain on the equity interest sold and on the re-measurement of the share kept (IAS 27R - see note 2.5) are described in Note 6.

- **Main variations in ownership percentage without change in the consolidation method:**

Company / sub-group name	Activity	Country	Variation in ownership percentage	Consolidation method
GPA (1)	Retailing	Brazil	Increase (0.07%)	Proportionate
Globex Utilidades (2)	Retailing	Brazil	Increase (3.3%)	Proportionate

(1) The change in the ownership percentage in GPA was due mainly to the operation described in Note 3.2.2.

(2) See Note 3.2.4

3.2. Other highlights

3.2.1 Bond transactions

On March 15, 2010, Rallye floated a bond issue in the amount of €500 million, maturing in March 2014, the income from which allowed the bond redemption due in October 2011 to be reduced by €116 million under a simultaneous buyback offer.
The new bonds offer a 5.875% coupon and a 6% yield, with the latter having been swapped into variable rate.

On February 8, 2010, the Casino group completed a bond exchange offer related to bonds reaching maturity in 2012 and 2013. In exchange for the securities brought in, which reduced the bond redemptions due in 2012 and 2013 by €440 million and €354 million respectively, a new €888 million line maturing in February 2017 was issued, paying interest equivalent to midswap plus 135 basis points.

On May 11, 2010, the Casino group completed a second bond exchange offer related to bonds reaching maturity in 2011, 2012 and 2013. In exchange for the securities brought in, which reduced the bond redemptions due in 2011, 2012 and 2013 by €190 million, €156 million and €127 million respectively, a new €508 million line maturing November 2018 was issued, paying interest equivalent

to midswap plus 160 basis points.

The accounting treatment of these transactions is described in Note 13.1

3.2.2 Remuneration in preferred shares of the tax saving inherent in the goodwill amortization in GPA's financial statements

On April 29, 2010, the percentage held by Casino in GPA increased from 33.7% to 33.9% following the approval, at GPA's General Meeting, to issue 1.1 million preferred shares to Casino at the price of 60.39 reais per share (giving an amount equivalent to 67 million reais or €30 million). This operation generated an accretion income of €11 million, recorded under "Other operating income".

3.2.3 Partnership agreement between Globex Utilidades and Casas Bahia

In December 2009, GPA signed a partnership agreement between its subsidiary Globex Utilidades S.A. ("Ponto Frio") and the retailing activities of Casas Bahia Comercial Ltda ("Casas Bahia"), Brazil's leading non-food retailer. Casas Bahia's current shareholders will transfer their retailing activities to Ponto Frio, in which they will be minority shareholders, with GPA maintaining a majority stake in the company.

On July 1, 2010, GPA and Casas Bahia signed an amendment to their original partnership agreement. In this amendment, the two parties agreed to revise certain terms, without modifying the overall principles of the agreement signed by them last December. The agreement should come into force within 120 days of the amendment date.

This agreement generated no accounting implications over the period other than the costs related to the operation.

3.2.4 Acquisition of Globex Utilidades (Ponto Frio brand) completed in 2009

During the third quarter of 2009, GPA acquired 95.46% of Globex Utilidades' capital and its Ponto Frio brand. The takeover of Globex Utilidades was booked at historical cost (application of standard IFRS 3 in force in 2009, the principles of which are described in the notes to the consolidated financial statements closed on December 31, 2009).

The total cost of the combination came to 1,155 million reais (€425 million), of which 200 million reais (€74 million) which was settled through the issue of class B preferred shares by GPA.

These class B preferred shares are devoid of voting rights and specifically provide an entitlement to a fixed dividend of 0.01 reais per share. They will automatically be converted into class A preferred shares based on a 1-to-1 ratio according to a pre-determined schedule. As at June 30, 2010, 40% of these shares remained to be converted (20% on July 7, 2010 and 20% on January 7, 2011).

In connection with this conversion, GPA will pay, where necessary, any negative difference between the guaranteed price of 40 reais per share, adjusted according to the change in the CDI interest rate, and the weighted average of the class A preferred shares over the last 15 trading days prior to the conversion. Any implementation of this price guarantee will lead on the one hand to a correction of the value of the capital issue by GPA and, on the other, to an additional dilution in the Casino group's consolidated financial statements.

As at the takeover date, the fair value of the assets and liabilities of Globex Utilidades in GPA's financial statements are summarized as follows:

(In € millions)	**Fair value**
Intangible assets	228
Property, plant and equipment	73
Interests in associated companies	6
Deferred tax assets	116
Inventories	157
Trade receivables and other receivables	265
Other assets	141
Cash and cash equivalents	32
Assets	**1,018**
Borrowings	156
Provisions	94
Trade payables	209
Tax and social security liabilities	54
Other debt	123
Deferred tax liabilities	74
Liabilities	**709**
Net identifiable assets and liabilities	**309**
Net identifiable assets and liabilities, acquired portion (95.46%)	**295**
Goodwill	130
Acquisition cost	**425**
of which acquisition expenditure	9

The Company is currently finalizing the fair value of Globex Utilidades' identifiable assets and liabilities but does not foresee any significant modification to the values shown above.

The consolidated financial statements closed on December 31, 2009 were restated as a result, in order to take into account the finalization of the valuation procedures. The adjustments applied mainly to the brand, any liabilities and related deferred taxes.

In February 2010, GPA acquired a further 3.3% of Globex Utilidades, increasing its total interest to 98.32% for a cash amount of 28 million reais (€13 million) and the issue of 137,014 class B preferred shares. The difference between the acquisition cost and the book value of the interests acquired was recorded directly as shareholders' equity in the amount of 20 million reais (€9 million) in GPA's financial statements (€3 million for our share).

As at June 30, 2010, the goodwill recognized in the Group's financial statements relating to Globex Utilidades amounted to 119 million reais (€54 million).

3.2.5 Group operations in Venezuela

The Group owns hypermarkets and supermarkets in Venezuela through its subsidiary Cativen, one of the leading companies on that country's retail market (6 hypermarkets and 35 supermarkets under the Exito and Cada names respectively). Cativen has three warehouses, five logistics platforms and one shopping mall under construction.

On January 17, 2010, the Venezuelan authorities decided to nationalize Exito's supermarkets operated in Venezuela. Since that date, the Group has lost control of its Venezuelan assets, leading to the deconsolidation of our subsidiary Cativen, with the group exerting considerable influence since.

At the same time, the Group entered an amicable transfer process with the Venezuelan government. As a result, the share of the Cativen entity's assets and liabilities was classified under "Assets held for sale" in accordance with standard IFRS 5, as at the same date.

NOTE 4: SEGMENT REPORTING

In application of IFRS 8, "Operating segments", the information shown is based on internal reporting used by the management to assess the performance of the various segments. The information published below complies with the IFRS reference framework as adopted by the European Union.

4.1 Definition of operating segments

The operating segments used correspond to the three main activities of the Group:

- food and general retailing;
- sporting goods retailing;
- financial holdings and investments.

4.2 Key indicators per operating segment

Period ended June 30, 2010:

(In € millions)	Food and general retailing				Sporting goods		Financial holdings and investments		Continuing operations June 30, 2010
	France	Latin America	Asia	Other international segments	France	Other international segments	France	Other international segments	
Sales	8,597	3,608	970	414	285	26	4	6	13,910
Current operating income (1)	346	132	55	8	(12)	1	(7)	2	525

(1) as shown in Note 7, the positive impact on the France region's current operating income of the reclassification of the CVAE under "Income tax expense" stands at €32 million.

Period ended June 30, 2009 - restated:

(In € millions)	Food and general retailing				Sporting goods		Financial holdings and investments		Continuing operations June 30, 2009 - restated
	France	Latin America	Asia	Other international segments	France	Other international segments	France	Other international segments	
Sales	8,530	2,891	865	402	314	24	4		13,030
Current operating income	338	94	43	8	(8)	1	(15)	3	464

NOTE 5: REPORTING ON CURRENT OPERATING INCOME

5.1 Business seasonality

The Group's operations are somewhat seasonal with higher activity in the second half of the year, particularly in December.

5.2 Revenue

(In € millions)	June 30, 2010	June 30, 2009 - restated
Net sales	13,910	13,030
Other income	124	52
Revenue	**14,034**	**13,082**

5.3 Full purchase cost of goods sold

(In € millions)	June 30, 2010	June 30, 2009 - restated
Purchases and changes in inventory	9,791	9,069
Logistics costs	536	538
Full purchase costs of goods sold	**10,327**	**9,607**

5.4 Breakdown of expenses by function

Period ended June 30, 2010:

(In € millions)	Logistics *	Selling costs	General and administrative expenses	Total
Personnel expenses	(170)	(1,179)	(314)	**(1,663)**
Other expenses	(351)	(1,142)	(225)	**(1,718)**
Depreciation and amortization	(15)	(264)	(58)	**(337)**
Total	**(536)**	**(2,585)**	**(597)**	**(3,718)**

(*) Logistics costs are included in the "Full cost of goods sold".

Period ended June 30, 2009 - restated:

(In € millions)	Logistics *	Selling costs	General and administrative expenses	Total
Personnel expenses	(166)	(1,109)	(295)	**(1,570)**
Other expenses	(354)	(1,084)	(213)	**(1,651)**
Depreciation and amortization	(18)	(265)	(45)	**(328)**
Total	**(538)**	**(2,458)**	**(553)**	**(3,549)**

(*) Logistics costs are included in the "Full cost of goods sold".

NOTE 6: OTHER OPERATING INCOME AND EXPENSES

(In € millions)	**June 30, 2010**	**June 30, 2009 - restated**
Total other operating income	27	107
Total other operating expenses	(101)	(176)
Total other operating income and expenses	**(74)**	**(69)**
Details by type:		
Gains (losses) on disposal of assets	**14**	**49**
of which: capital gain on sale of Franprix & Leader Price (1)	14	
of which: capital gain on sale of Mercialys shares (2)		78
of which: capital loss on sale of Easy Colombia		(28)
Miscellaneous		(1)
Other operating income and expenses	**(87)**	**(118)**
Net asset impairment	(18)	(29)
Provisions and expenses for restructuring (3)	(36)	(42)
Provisions and expenses for litigation	(4)	(20)
Provisions and expenses for risks	(21)	(40)
Risks in connection with the TRS Exito transaction	(2)	6
Miscellaneous (4)	(6)	7
Total	**(73)**	**(69)**

(1) The capital gain on the Franprix – Leader Price sub-group relates to the transaction shown in Note 3.1. This transaction generated a capital gain of €14 million

(2) The capital gain recorded during the first half of 2009 was a result of the distribution of a dividend paid in Mercialys shares to shareholders of Casino Guichard-Perrachon

(3) This restructuring cost in the first half of 2010 was mainly due to the store and warehouse network streamlining plan, which relates essentially to Casino France. In the first half of 2009, this cost related in the main to Casino France and Franprix – Leader Price

(4) As at June 30, 2010, this entry mainly contained a net dilution income of €6 million related to GPA, composed of €11 million related to the transaction presented in Note 3.2.2 and the expense of €5 million related to the tragedy in Thailand (see Note 14.3).

NOTE 7: INCOME TAX EXPENSE

With effect from January 1, 2010, the "businesses added value contribution" (Cotisation sur la Valeur Ajoutée des Entreprises (CVAE)) is shown under "Income tax expense", where it was previously entered under operating expenses related to business tax.
This change of allocation is the main reason for the variation in this entry as at June 30, 2010.

NOTE 8: DISCONTINUED OPERATIONS

The income statement for the activities sold, presented under "Net income from discontinued operations", breaks down as follows:

(In € millions)	As at June 30, 2010			As at June 30, 2009		
	Super de Boer	Other	Total	Super de Boer	Other	Total
Net sales		1	1	759	1	760
Gross margin		**1**	**1**	**78**		**78**
Current operating income		**(3)**	**(3)**	**5**	**(1)**	**4**
Other operating income and expenses	(3)	(2)	(5)			
Operating income	**(3)**	**(6)**	**(9)**	**5**	**(1)**	**4**
Net financial income (loss)				(3)		(3)
Income tax		1	1			
Net income from associated companies				1		1
Net income from discontinued operations	**(3)**	**(5)**	**(8)**	**4**	**(1)**	**3**
of which Company owners	(1)	(3)	(4)			
of which non-controlling interests	(2)	(2)	(4)	4	(1)	3

Cash flows from discontinued operations are set out in the table below:

(In € millions)	As at June 30, 2010			As at June 30, 2009		
	Super de Boer	Other	Total	Super de Boer	Other	Total
Net cash provided by operating activities	(8)	(5)	(14)	5	(5)	0
Net cash used in investment transactions				(17)	0	(17)
Net cash used in financing transactions				12	(1)	11
Net change in cash from discontinued operations	**(8)**	**(5)**	**(14)**	**0**	**(6)**	**(6)**

NOTE 9: GOODWILL, INTANGIBLE AND TANGIBLE ASSETS AND INVESTMENT PROPERTY

The €286 million increase in goodwill from December31, 2009 is attributable, for €309 million, to the change in exchange rates over the period, in particular the rise in the Brazilian real and Colombian peso, and, for €29 million, to the reclassificationin accordance with IFRS 5 "Assets held for sale" of the goodwill attached to the Venezuelan entities (see Note 3.2.5).
In the first half of 2010, acquisitions of intangible and tangible assets and investment property amounted to €360 million, compared with €384 millio as at June 30, 2009.

The Group carries out a goodwill impairment test every year on 31 December, once the Management has approved the medium-term plans.

In light of the existing excess between the value in use and the book value of Rallye's operating subsidiaries produced by the 2009 annual tests, no impairment loss was recognized as at June 30, 2010.

On June 30, 2010, the Group's operating subsidiaries carried out a review of the impairment indicators related to goodwill and capital assets. Some cash generating units showed impairment indicators and impairment tests were carried out as a result.
As at June 30, 2010, non-significant impairment losses were recognized on some CGU stores (see Note 6).

NOTE 10: NET CASH AND CASH EQUIVALENTS

The "Cash and cash equivalents" aggregate breaks down as follows:

(In € millions)	June 30, 2010	December 31, 2009
Cash equivalents	1,588	2,184
Cash	882	1,124
Cash and cash equivalents	**2,470**	**3,308**
Spot and confirmed credit lines	(2)	(55)
Bank overdrafts	(468)	(359)
Net cash and cash-equivalents	**2,000**	**2,894**

Cash and cash equivalents include €134 million of the cash received on the assignment of receivables that meet IAS 39 financial asset derecognition criteria, as against €181 million as at December 31, 2009.

As at June 30, 2010 much like 31 December, 2009, cash equivalents comprised interest-bearing current accounts, euro-denominated money market mutual funds and other marketable securities.

NOTE 11: SHARE CAPITAL

11.1 Share capital

As at June 30, 2010, share capital comprised 43,048,894 shares with a par value of €129 million.

11.2 Changes in share capital

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

	2010	2009
Number of shares as at January 1	**42,360,140**	**42,360,140**
Partial dividend payment in shares (balance)	688,754	
Number of shares as at June 30	**43,048,894**	**42,360,140**

NOTE 12: DIVIDEND PAYMENTS

The shareholders general meeting held on May 19, 2010 approved a dividend payment of €1.83 per share for 2009. An interim dividend of €0.80 per share was paid on October 2, 2009, the balance thus coming to €1.03.

It was decided that shareholders could choose to receive 50% of this balance, i.e. €0.515, in either cash or in new shares. The issue price for the new shares was set at €23.47, corresponding to 90% of the average opening price of the twenty stock market sessions prior to the date of the General Meeting, less the dividend amount. The rights were exercised in favor of payment in shares in the amount of 75.25%.

This operation allowed Rallye to strengthen its shareholders' equity by €16.2 million, through the creation of 688,754 new shares (1.6% of capital). The cash dividend payment amounted to €26.7 million and was paid on June 18, 2010.

NOTE 13: BORROWINGS, DEBT AND FINANCIAL LIABILITIES

13.1 Breakdown of net financial debt

(In € millions)	June 30, 2010			December 31, 2009		
	Non-current share	**Current share**	**Total**	**Non-current share**	**Current share**	**Total**
Financial debt	9,545	1,259	10,804	8,698	1,588	10,286
Debt related to puts on non-controlling interests	3	61	64	3	77	80
Financial derivatives recognized as liabilities	123	30	153	183	67	250
Total financial liabilities	**9,671**	**1,350**	**11,021**	**8,884**	**1,732**	**10,616**
Financial derivatives recognized as assets	(319)	**(53)**	(372)	(207)	(116)	(323)
Marketable securities and similar assets		**(66)**	(66)		(143)	(143)
Cash and cash equivalents		**(2,470)**	(2,470)		(3,308)	(3,308)
Total financial assets	**(319)**	**(2,589)**	**(2,908)**	**(207)**	**(3,567)**	**(3,774)**
Net financial debt	**9,352**	**(1,239)**	**8,113**	**8,677**	**(1,835)**	**6,842**

During the period ended June 30, 2010, the Group carried out the following main operations:

- **Bond issue of €500 million and 2011 partial bond buyback**

On March 15, 2010, Rallye floated a bond issue in the amount of €500 million, maturing in March 2014, which allowed the bond redemption due in October 2011 to be reduced by €123 million, of which €116 million under a simultaneous buyback offer. The redemption premium paid as part of the early redemption amounted to €6 million and is shown under "Cost of financial debt".
The new bonds offer a 5.875% coupon and a 6% yield, with the latter having been swapped into variable rate.

- **Bond exchange offers**

On February 8, 2010 and May 11, 2010, the Casino group completed two bond exchange offers on debt maturing between 2011 and 2013 which reduced the redemptions due in 2011, 2012 and 2013 by €190 million, €596 million and €481 million respectively (see Note 3.2.1).

The two new bond issues, in the amounts of €888 million and €508 million respectively, are due in 2017 and 2018. The respective interest rates are 5.85% and 5.25%.

The accounting treatment of the two offers was analyzed in accordance with IAS 39, relating to the derecognition of a financial liability. After being analyzed by the Group, these offers were treated as an exchange of financial debt due to the fact that the changes to the contractual terms were not considered substantial. The impact of the bond exchange constitutes an adjustment of the book value of the 2017 and 2018 bond issues and is amortized on an actuarial basis over the residual duration of the liabilities modified. This accounting treatment also applies to premiums and unamortized issuance costs related to exchanged bond offers, and all costs borne as part of the exchange (commissions, expenses, exchange premiums) will be amortized until 2017 and 2018 respectively. Similarly, the impact of the unwinding of hedges related to the original debt is amortized over the duration of the new debt.

The two new bond issues contain commitment and default clauses that are standard for this type of contract: maintaining the loan at the same level (pari passu), limiting the securities allocated to other lenders (negative pledge) and cross-default. They also contain an early redemption clause in the event that Casino Guichard-Perrachon's senior long-term debt rating is downgraded to non-investment grade following a change in the majority shareholder of Casino Guichard-Perrachon, together with a coupon step-up clause increasing the interest rate by 125 basis points in the event that Casino Guichard-Perrachon's senior long-term debt rating is downgraded to non-investment grade.

- **Financing transaction through Alamea Investments**

In May 2010, the Casino group raised €300 million through a five-year bond issue underwritten by Alamea Investments, a joint stock corporation 95% owned by a bank and 5% by the Group. This company is a structured special-purpose entity and, given the characteristics of the structure in place, is fully consolidated. Thus, 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 €300 million.

13.2 Schedule of financial liabilities

(In € millions)	June 30, 2010	Less than 1 year	1-5 years	Over 5 years	December 31, 2009
Financial liabilities					
Bond issues	**7,637**	112	4,929	2,596	7,001
Other borrowings	**2,586**	632	1,811	143	2,739
Lease finance contracts	**111**	45	60	6	131
Financial derivatives (fair value hedging)	**153**	30	123		249
Debt connected with put options on minority interests	**64**	61	3		80
Trade payables	**3,979**	3,979			4,455
Other debt	**3,115**	2,876	239		3,071
Short-term bank borrowings	**470**	470			415

NOTE 14: CONTINGENT ASSETS AND LIABILITIES

14.1 Dispute with the Baud family

The Court of Arbitration, called upon to adjudicate in the disagreement between the Casino group and the Baud family, issued its decision on July 2, 2009 and ruled that the removal of the members of the Baud family from the management bodies of Franprix and Leader Price had 'just cause'. The Court of Arbitration thus acknowledged that the Casino group had legitimate grounds to take over operational management of Franprix and Leader Price.

In accordance with the shareholders' agreement and following the calculation of the final price by the expert arbitrator of the interest of the Baud family (mainly held by Baudinter, a company incorporated under Belgian law), which exercised its put option on April 28, 2008, the price amounted to €428.6 million and was paid on November 12, 2009 by the Casino group, which now holds all the capital of Franprix and Leader Price. The interest on this price, which was paid during the first half of the year into an escrow account, and the Baud family's demands for compensation in relation to claimed dividend entitlements, are being examined by the Court of Arbitration in accordance with the award of July 2, 2009. These dividend entitlements, which would be claimed for Franprix and Leader Price shares in respect of 2006, 2007 and 2008, and which the Casino group disputes entirely before the Court given that the financial statements were not approved owing to the errors and irregularities committed by the Baud family, are nonetheless kept until the end of the proceedings under "Other current liabilities", in the amount of €67 million.

With respect to Geimex, the owner of the Leader Price brand abroad and owned 50% by the Casino group and 50% by the Baud family, a temporary administrator was appointed in May 2008 by the Paris Commercial Court to manage the company, following the disagreement between the two shareholders on the organization and running of the company. The financial statements for the 2009 fiscal year (sales: €245 million, net income: €8 million) will be submitted to the shareholders general meeting by October 31, 2010.

The disputes between the two shareholders relate specifically to the sale of Leader Price Polska by Casino in 2006 and the activities in Switzerland of the Baud family, for which an arbitration body and reciprocal legal action are ongoing. The Casino group is confident as regards the outcome of these proceedings.

Geimex is proportionately consolidated in the Group's consolidated financial statements. The Casino group's interests in the company total €78 million,including goodwill of €62 million.

41.2 Unicentro dispute (Colombia)

During the second half of 2009, a dispute relating to the operation of an asset in Colombia emerged; a preliminary ruling ordered the subsidiary Exito to return this asset to a third party. Exito, whose appeal against the first instance ruling was rejected, took the matter to the Constitutional Council. The Council suspended the first instance ruling and must now make a decision on Exito's appeal. The Casino group believes that it is within its rights; thus, its application should succeed and the first instance ruling should be declared void.

14.3 Tragedy in Thailand

After the events that took place in the second quarter of 2010 in Bangkok, the subsidiary Big C Thailand suffered losses resulting from the total or partial destruction of a number of assets and operating losses amounting to €10 million as at June 30, 2010. The damages to goods, operating losses and expenses are covered by insurance.

The total cost is being calculated by experts and insurers. The valuation of the disaster, relating mainly to the cost of restructuring and replacing the non-current and current assets and compensating operating losses, represents an amount currently estimated at €36 million. Given that these damages are covered by insurance and taking into account the franchise levels, the impact of the disaster on the financial statements closed on June 30, 2010 represents a net expense of €5 million, including the recognition of an insurance redemption fee further to an asset of €10 million.

NOTE 15: RELATED PARTIES WITH CONTROL OF THE GROUP

As at June 30, 2010, Foncière Euris held 57.78% of the Company's share capital and 73.51% of voting rights.

Rallye benefits from the guidance of its majority shareholder Foncière Euris through Euris, the Group's ultimate controlling company, under the terms of a strategic advisory services agreement signed in 2003.
Relationships with related parties remained comparable to 2009 and no unusual transactions in either nature or amount were carried out over the period.
The main transaction in the first half, between Rallye and Foncière Euris related to the payment of the balance of the 2009 dividend, in the amount of €126 million.

NOTE 16: SUBSEQUENT EVENTS

- **Amendment to the partnership agreement between GPA and Casas Bahia**

On July 1, 2010, an amendment was signed to the partnership agreement between GPA and Casas Bahia. This amendment revises certain terms, without modifying the overall principles of the agreement signed by them last December (see Note 3.2.3).

- **Partnership agreement between Casino and Groupe Crédit Mutuel-CIC**

On July 27, 2010, the Casino group announced the signature of a long-term partnership agreement in financial products and services in France with Groupe Crédit Mutuel-CIC, through its subsidiary Banque Casino.

Under the terms of the agreement, Groupe Crédit Mutuel-CIC will acquire a 50% stake in Banque Casino. At present, 60% of Banque Casino is owned by Casino and 40% by LaSer Cofinoga.
Casino has exercised its call option on the shares owned by LaSer Cofinoga. These shares, as well as 10% of Banque Casino's capital currently held by Casino, will be sold to Crédit Mutuel. The transaction should be completed in the next 18 months.

This project is subject to approval by the competent regulatory authorities.

4 - STATUTORY AUDITORS' REPORT ON THE 2010 INTERIM FINANCIAL REPORTING

Period from January 1 to June 30, 2010

Dear Shareholders,

In compliance with the assignment entrusted to us by your General Meetings and in application of Article L.451-1-2 III of the French Monetary and Financial Code, we have:

- carried out a limited review of the accompanying summarized interim consolidated financial statements of Rallye, relating to the period from January 1, 2010 to June 30, 2010;
- checked the information given in the interim activity report.

These summarized interim consolidated financial statements were prepared under the responsibility of the Board of Directors. Our role is to give a conclusion on these financial statements based on our limited review.

1. Conclusion on the financial statements

We conducted our limited review in accordance with the professional standards applicable in France. A limited review essentially consists of consulting with the members of the management responsible for accounting and financial issues and implementing analytical procedures. These procedures are less extensive than those required for an audit in accordance with the professional standards applicable in France. Consequently, the guarantee obtained from a limited review that the financial statements as a whole contain no significant anomalies is moderate and less certain than the guarantee obtained from an audit.

From our limited review, we did not observe any significant anomalies likely to call into question the compliance of the summarized interim consolidated financial statements with IAS 34 - IFRS reference framework standard as adopted by the European Union.

Without calling into question the conclusion given above, we draw your attention to Note 2.3.1, which sets out accounting method changes related to the new standards and interpretations that the group applied with effect from January 1, 2010.

2. Specific verification

We have also verified the information given in the interim activity report explaining the summarized interim consolidated financial statements to which our limited review related.

We have no matters to report regarding its fair presentation and conformity with the summarized interim consolidated financial statements.

Paris-La Défense and Neuilly-sur-Seine, July 30, 2010
The Statutory Auditors

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

ERNST & YOUNG et Autres
Pierre Bourgeois