

RALLYE

2006 first half results

Current operating income up 8.6% at €444m
Twofold increase in net income group's share at €29m
Payment of an interim dividend of €0.80 per share

The Board of directors of RALLYE chaired by Jean-Charles NAOURI, met on September 20, 2006 to review accounts for the first half ended 30 June 2006.

2006 first half results

Provisional unaudited consolidated figures

Continuing operations ⁽¹⁾ (in €m)	H1 2006	H1 2005	Change
Net sales	11,998	10,326	+16.2%
EBITDA ⁽²⁾	727	635	+14.5%
Current operating income	444	409	+8.6%
Operating income	537	411	+30.7%
Net income from continuing operations	222	167	+32.7%
Net income from discontinued operations	(3)	(2)	NS
Net income, Group's share	29	14	+107.1%

(1) In line with IFRS 5, Casino's Polish activities are accounted for as divested activities and accounts for first half 2005 are adjusted accordingly

(2) EBITDA = current operating income + current depreciation and amortisation expense

1. GROUP ACTIVITY

Rallye consolidated net sales reached €12.0bn, up 16.2% compared to the first half of 2005.

Current operating income increased by 8.6% to €444m, mainly reflecting the strong growth of Casino in international results. Net income, Group's share reached €29m, up 107.1%.

2. SUBSIDIARIES ACTIVITY

CASINO

- NET SALES AND COMMERCIAL MARGIN TARGETS MET IN FRANCE
- STRONG GROWTH IN INTERNATIONAL RESULTS
- RAPID PROGRESS WITH DISPOSAL PROGRAMME

Casino consolidated net sales for the first half of 2006 rose to €11.6bn, up 16.5%. EBITDA reached €724m and current operating income was €450m, respectively up 13.2% and 6.1%.

In France, Casino reported strong sales performances and enjoyed the initial benefits of cross-banner projects now underway. The current strategy has led to an increase in operating costs (partly non-recurring) which affected first half profitability. Net sales increased by 3.6%, commercial margin improved both in absolute and percentage terms (+30 basis points) and current operating income reached €347m down 8.4%.

Results from international markets rose strongly during the first half, led by the growing contributions of the most profitable countries, with mainly the CBD consolidation. Latin America and South-East Asia improved their profitability during the period and strengthened their leadership positions by a sustained expansion policy together with the acquisition of a controlling interest in Carulla Vivero by Exito in Colombia.

Net income, Group's share reached €258m, up 27.6% compared to the first half of 2005.

The divestment of Taiwanese assets brings the total impact of disposals to date on debt to more than €1.5bn, or more than ¾ of the target :

- Unwinding of the Cora equity swap€253m
- Disposal of 15% of Mercialys.....€210m
- Disposal of Feu Vert.....€90m
- Disposal of Polish assets.....€925m
- Disposal of Taiwanese assets€50m

These transactions enable the Casino group to refocus on its most promising, profitable assets and to strengthen its balance sheet. Some of them (Cora, Mercialys) have already had a positive impact on debt, but the main impacts are expected in the second half (particularly with the closing of the Polish assets deal).

GROUPE GO SPORT : SUSTAINED GROWTH IN NET SALES AND IMPROVED CURRENT OPERATING INCOME

During the first half of the year, the restructuring of Groupe Go Sport continued, notably through renewal of teams, progressive implementation of new concepts and optimisation of logistics. It started to produce its first effects on the results.

Consolidated net sales increased by 7.1% to €357.7m, showing the growth dynamic of both banners Courir and GO Sport which keep on gaining market shares in France.

Growth in net sales and improvement in commercial margin rate increased current operating income by €2.4m despite non-recurring costs: Moviesport losses and stores closed.

Net income reached €8.5m compared to €9.3m in the first half of 2005.

3. OUTLOOK

Rallye is confident in the growth outlook of its subsidiaries:

- **Casino** confirms its targets:
 - 2006 organic sales growth higher than 2005
 - Growth in current operating income from 2006
 - Significant reduction in debt from 2006 and continued disposal programme of at least €2 billion in assets before the end of 2007, to achieve a net debt/EBITDA ratio of < 2.5 at the end of 2007

Looking beyond 2006, the Group is positioned to improve margins and return on capital employed.

- Investments realised by **Groupe Go Sport** in teams, concepts and systems begin to deliver benefits with sales growth higher than the market and improvement of results.

The Board of directors of Rallye decided the payment of an interim dividend of €0.80 by share to be paid on October 18, 2006. Without prejudice to the annual amount, the €0.80 amount allows to readjust the breakdown between the interim dividend and the balance of the 2006 dividend.

For more information, please consult the company's Internet site (<http://www.rallye.fr>)