Paris, 30 July 2019

RALLYE

INTERIM FINANCIAL REPORT
30 JUNE 2019

Article 222-4 of the AMF General Regulation

TABLE OF CONTENTS

1-	STATEMENT BY THE PERSON RESPONSIBLE FOR THE INTERIM FINANCIAL REPORT	2
2-	INTERIM BUSINESS REPORT	3
3-	INTERIM CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2019	19
4-	STATUTORY AUDITORS' REVIEW REPORT ON THE HALF-YEARLY FINANCIAL INFORMATION	54

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

I certify, to the best of my knowledge, that the financial statements presented in the interim financial report have been prepared in accordance with the applicable accounting standards and give a true and fair view of the Rallye Group's assets, financial position and results, and that the interim business report presents a true and fair review of the main events which occurred during the first six months of the year, their impact on the interim consolidated financial statements, the main risks and uncertainties for the remaining six months of the year and the main related-party transactions.

Paris, 30 July 2019

Franck Hattab
General Manager

2 - INTERIM BUSINESS REPORT

Significant events of the first half of 2019

Casino

- On **19 January 2019**, the Casino Group announced that it had signed agreements to sell six Géant Hypermarkets in France to Leclerc members for a combined consideration of €100.5 million covering both the hypermarket properties and the businesses. The stores represented combined net sales of around €150 million in 2018 and a total trading loss of around €8 million.

- On **21 January 2019**, the Casino Group announced that it had signed an agreement with funds managed by Fortress for the sale of 26 hypermarket and supermarket properties (13 Géant Hypermarkets, 3 Casino Hypermarkets and 10 Casino Supermarkets) worth €501 million. The 26 assets represent annual rent of €31.8 million. The Casino Group will be involved in the value creation of this operation through a participation in the specific entity constituted by funds managed by Fortress, to acquire the portfolio in order to enhance its value and sell it on the market under the best possible conditions. Depending on the entity's performance, the Casino Group could receive up to an additional €150 million in the next few years. This transaction brought the aggregate disposal of non-strategic assets to €1.5 billion and therefore achieved, in January 2019, the Casino Group's initial objective, which was set out on 11 June 2018. The transaction was completed on 11 March 2019.

- On **14 February 2019**, the Casino Group announced that it had signed an agreement with Compass Group providing for the sale of Casino's contract catering services, R2C. The transaction was completed on 1 July 2019.

- On **15 February 2019**, the Casino Group signed agreements for the sale of integrated stores and stores operated by master-franchisees valued at a total of €42 million. In the case of the integrated stores, these commitments represented a value of €25 million in sale proceeds and related to the following: 17 stores (8 Leader Price, 8 Casino Supermarkets and 1 Casino Hypermarket) to be sold to Lidl, and the Géant Hypermarket business in Roubaix to be sold to a Leclerc member, with the hypermarket property to be sold to the owner of the shopping mall. These 18 stores represented net sales of €88 million in 2018 for a trading loss of €12 million. At the same time, master-franchisees of the Casino Group signed agreements to sell 16 stores (9 Leader Price and 7 Casino Supermarkets) to Lidl for a total of €17 million. These 16 stores represented net sales of €60 million in 2018 for a trading loss of €9 million.

- On **28 February 2019,** the Casino Group signed unilateral purchase agreements with a view to the sale of 2 Géant Hypermarkets located in the French towns of Nevers and Montauban to Groupement Les Mousquetaires for a total value of €23.4 million covering the real estate and business assets. The stores represented net sales of some €36 million in 2018 for a trading loss of around €3.5 million. The operation was finalised on 27 June 2019.

- On **6 March 2019**, the Casino Group officially launched Horizon International Services, its alliance with Auchan Retail, Metro and Dia, announced in June 2018. Horizon International Services is dedicated to selling services to suppliers that operate internationally. It is up and running and covers the 47 countries in Europe, Asia and South America in which these companies operate.

- On **2 April 2019**, Moody's downgraded Casino's credit rating from Ba1/negative outlook to Ba3/negative outlook.

- On **12 April 2019**, the Casino Group signed unilateral purchase commitments concerning 4 structurally loss-making stores: the Carcassonne Cité 2 Hypermarket, with intangible business assets and real estate to be sold to a Leclerc member; the Château d'Olonne Hypermarket, with intangible business assets to be sold to an experienced professional in the retail sector, whose project is to operate it under the Système U brand, and real estate to a private investor; and 2 Leader Price stores to be sold to Lidl. These stores represented net sales of €42 million in 2018

for a trading loss of €1.5 million. The disposals are expected to be completed in the third quarter of 2019, subject to prior consultation with the relevant employee representative bodies and fulfilment of the usual conditions precedent.

- On **20 April 2019**, Standard & Poor's downgraded Casino's credit rating from BB/negative outlook to BB-/negative outlook.

- On **22 April 2019**, the Casino Group signed an agreement with funds managed by affiliates of Apollo Global Management for the sale of 32 store properties (12 Géant Casino and 20 Monoprix and Casino Supermarkets stores) valued at €470 million. Located primarily outside Paris, these 32 properties represent €26.6 million in annual rent, including €14.2 million from hypermarket assets and €12.4 million from Monoprix and supermarket assets. Nearly 80% of the value of the assets after deduction of registration fees, i.e. €374 million, are to be paid to the Casino Group at closing of the proposed transaction. The proposed transaction is subject to the provision of financing, the terms of which have been agreed in principle. The Apollo Funds will create a specific entity to acquire the portfolio in order to enhance its value and sell it on the market under the best possible conditions. The Casino Group will receive an interest in this new entity, enabling it to benefit from the value created by the transaction. Depending on the entity's performance, the Casino Group could receive up to an additional €110 million in the next few years. This operation is part of the additional €1 billion of non-core asset disposals to be completed by the first quarter of 2020.

- On **23 April 2019**, the Casino Group announced the expansion of its partnership with Amazon, with i) the installation of Amazon Lockers in 1,000 Casino Group stores by the end of the year, ii) Casino private-label products (organic, fresh, premium, wine, etc.) made available on Amazon, in addition to Monoprix products, and iii) extension of delivery services to a further 35 large French cities in the next 12 months.

- On **23 May 2019**, Casino was informed by its reference shareholder, Rallye, of the initiation of safeguard proceedings relating to respectively Rallye and its subsidiaries Cobivia and HMB, as well as Foncière Euris, Finatis and Euris. The proceedings were initiated after the court noted the financial difficulties experienced by the holding companies. They have the effect of freezing these companies' financial liabilities. Each proceeding only concerns the entity for which it was initiated and none of them apply to either Casino, Guichard-Perrachon or its subsidiaries. The Casino Group therefore continues to operate in the normal course of business and remains focused on executing the strategic plan announced to the market in June 2018, providing for the disposal of €2.5 billion worth of non-strategic assets, a sharp reduction in the Casino Group's debt in France and achievement of the business objectives communicated to the market.
  To date, the initiation of safeguard proceedings for Rallye has had two impacts at the level of Casino, Guichard-Perrachon:

  i) Rating downgrades by Standard & Poor's and Moody's. On 28 May 2019, Standard & Poor's downgraded the Casino Group's credit rating to B/negative outlook (from BB/negative outlook). On 31 May 2019, Moody's downgraded Casino's credit rating to B1/negative outlook (from Ba3/negative outlook). These rating downgrades had no impact on the cost or availability of Casino's existing financial resources.

  ii) A reduction in borrowings under the commercial paper programme. Outstanding commercial paper amounted to €167 million at 30 June 2019, compared with €450 million before the Rallye safeguard proceedings were initiated.

  The Casino Group has not observed any change in supplier payment terms or any reduction in its available overdraft facilities.

  As announced by Rallye and its holding companies on 12 July 2019, structured financing arrangements with certain financial institutions are secured by pledges over the shares of their subsidiaries. These financial institutions would have the option to exercise these share pledges under the safeguard proceedings (Article L.211-40 of the French Monetary and Financial Code [*Code monétaire et financier*]). Casino confirms that such transactions would have no impact on the control held over Casino by Rallye and its holding companies. In addition, Casino reiterates that should Rallye or its holding companies lose control over Casino, this would have no legal impact on Casino's debt and would not constitute an event of default, whether in respect of bank

financing documentation or Casino's bond financing documentation. The Casino Group's approach to managing liquidity risk in normal or impaired market conditions is presented in note 9.5 to its interim consolidated financial statements. The Group continuously examines and discusses its various options to refinance or extend the maturity of its bank and bond debt, especially following its recent rating downgrades.

- On **29 May 2019**, the Casino Group announced that it had completed the sale of 3 hypermarkets to Leclerc members and received €38 million.

- On **7 June 2019**, the Casino Group entered into unilateral purchase commitments concerning the Barberey-Saint-Sulpice hypermarket, with a view to sell the business and real estate to a Leclerc member, and 5 stores (4 Casino Supermarkets and 1 Leader Price), with a view to their sale to Groupement Les Mousquetaires. Together, these stores represented net sales of approximately €43 million in 2018 for a trading loss of around €3 million. The sales are expected to be completed in the second half of 2019, subject to prior consultation with the employee representative bodies and fulfilment of the usual conditions precedent.

- On **27 June 2019**, the Casino Group announced that on 26 June 2019, the Board of Directors of GPA, a subsidiary of Casino Group in Brazil, had approved the formation of an ad hoc committee of independent directors in order to study a project to simplify the Casino Group's structure in Latin America through i) an all-cash tender offer launched by GPA on 100% of Éxito's shares, to which Casino would tender all of its stake (55.3%), ii) the acquisition by Casino of the shares held by Éxito in Segisor (which itself holds 99.9% of the voting rights and 37.3% of the economic rights of GPA), iii) the migration of GPA shares to the Novo Mercado B3 listing segment, with the conversion of preferred shares into ordinary shares at an exchange ratio of 1:1, bringing an end to the existence of two classes of shares and giving GPA access to a broader base of international investors. After implementation of the project, the Casino Group would alone hold 41.4% of GPA, which would itself control Éxito and its subsidiaries in Uruguay and Argentina. This operation will be subject to the corporate approvals of the governance bodies of the three companies concerned.

- On **27 June 2019**, the Casino Group also completed the sale of 3 hypermarkets, 11 Casino supermarkets and 16 Leader Price stores and received €58 million.

Rallye

- On **28 February 2019**, Rallye announced that its wholly-owned subsidiary Groupe GO Sport had completed the disposal of the Courir business to Equistone Partners Europe for €283 million, following the binding offer received from the latter on 19 October 2018.
- Further to the decisions of **23 May 2019 and 17 June 2019**, Rallye and its subsidiaries Cobivia and HMB along with Alpétrol, announced that they had requested and obtained the initiation of safeguard proceedings (*procédure de sauvegarde*) for a six-month period. The Paris Commercial Court appointed Ms. Hélène Bourbouloux and Mr. Frédéric Abitbol as administrators.

Business report

The comments in the Interim Financial Report reflect comparisons with first-half 2018 results from continuing operations. The Group has applied IFRS 16 effective from 1 January 2019. In first-half 2019, application of IFRS 16 added €463 million to EBITDA and €90 million to recurring operating income, and reduced consolidated net income by €87 million excluding Via Varejo. For the majority of leases, IFRS 16 requires recognition of an asset (the right to use the leased item) and a financial liability (representing discounted future lease payments). Operating lease expense is replaced with depreciation on the right-of-use asset and interest expense relating to the lease liability. The Group elected to apply the "full retrospective" transition method, which led to the restatement of the 2018 financial statements, allowing them to be compared with the 2019 financial statements. The impact of applying IFRS 16 is discussed in detail on page 19.

IAS 29 on the treatment of hyperinflation in Argentina has been applied since the second half of 2018, with limited retrospective application in first-half 2018. Previously reported data for the period from 1 January to 30 June 2018 have therefore been restated. In light of the decision made in 2016 to sell Via Varejo, this business was classified as a discontinued operation in 2018, in accordance with IFRS 5. The sale was completed on 14 June 2019.

Organic changes are calculated based on a comparable scope of consolidation and at constant exchange rates, excluding fuel and calendar effects. Same-store changes exclude fuel and calendar effects.

Main changes in the scope of consolidation

- Acquisition of Sarenza on 30 April 2018 (Monoprix)
- Various store disposals and acquisitions during 2018 and first-half 2019 by Franprix-Leader Price
- Disposals and closures of loss-making stores during 2018 and first-half 2019
- Disposal of Via Varejo on 14 June 2019
- Disposal of Courir businesses on 28 February 2019

Currency effects

	Average exchange rates			Closing exchange rates		
	H1 2018	**H1 2019**	**% change**	**H1 2018**	**H1 2019**	**% change**
Colombia (EUR/COP) (x1,000)	3.4470	3.6008	-4.3%	3.4154	3.6369	-6.1%
Brazil (EUR/BRL)	4.1415	4.3435	-4.7%	4.4876	4.3511	+3.1%

Net sales

Rallye's consolidated net sales amounted to €18.1 billion for the six months ended 30 June 2019, stable compared to the first six months of 2018. The breakdown by business segment is as follows:

(€ millions)	H1 2019	H1 2018	Change
France Retail	9,044	9,310	-2.86%
Latam Retail	7,908	7,601	4.04%
E-commerce	889	876	1.48%
Other(1)	308	408	-24.51%(2)
Total	**18,149**	**18,195**	**-0.25%**

[1] *Corresponds to the activity of the holding company, the investment portfolio and Groupe GO Sport.*
[2] *Consolidated net sales include two months' of operations for Courir, which was sold on 28 February 2019.*

Casino

Consolidated net sales amounted to €17.8 billion in first-half 2019, representing an increase of 0.3% after taking into account the negative impact of currency movements, and 3.5% on an organic basis. Exchange rate fluctuations and hyperinflation had a 2.5% negative impact.

France Retail net sales totalled €9,044 million in first-half 2019 versus €9,310 million in the same period of 2018, representing a decrease of 1.6% on an organic basis and an increase of 0.5% on a same-store basis.

Sales performances by format were as follows:

- **Monoprix** reported organic growth of 0.3% and same-store growth of 0.2%, led by food sales. On a two-year basis, second-quarter 2019 sales were up 1.6%. Sales of organic products were up 5.9% on a same-store basis. The banner continued to rapidly develop the E-commerce business, up 47.7%, led by the successful partnership with Amazon Prime Now, which was extended in March 2019. In the second half of 2019, the service will be accelerated and extended in Paris, its suburbs and France's other major cities. Amazon Lockers will be installed in 1,000 of the Group's stores. Sixteen new stores were opened during the period, including four Naturalia stores. Inter-banner synergies will be leveraged in the second half of 2019, especially with Franprix. Monoprix will benefit from the Ocado solution as from early 2020.

- **Casino Supermarkets** reported 0.7% same-store growth. Compared with two years ago, second-quarter 2019 sales were up 2.8%. Same-store sales of organic products were up by a strong 10.7%. The banner continued to deploy stores that are 100% autonomous for part of the week. There were 81 such stores as of end-June 2019. Casino Max continued to expand, with users of the app accounting for 19% of Casino Supermarkets and Géant Hypermarkets sales in the first half of 2019 (versus 15% in the first quarter).

- Organic growth at **Franprix** was affected by changes in the store base. Net sales of the most popular lines accelerated during the period, with organic products up 16.7% and ready-cooked meals up 10.7% on a same-store basis. Franprix considerably expanded its E-commerce business, which grew 62.6% during the period. In March, the new "Bibi!" loyalty programme was deployed, featuring real-time personalised offers. As of 30 June 2019, 43 stores operated on an autonomous basis during part of the week under a model that is being adapted to lower income urban areas. The Casino Group is also planning to open 50 premium and convenience stores[3] in the second half of the year.

- **Convenience** sales rose by 3.5% on an organic basis and 3.1% on a same-store basis, reflecting dynamic marketing performances. The franchisees continued to enjoy strong momentum during the period. Same-store sales of organic products were up 46.1% in the integrated store network. The Convenience segment has also deployed 3 stores operating on an autonomous basis.

- At **Leader Price**, the store base optimisation process continued. The banner continued to add to its organic product range and deployed its new Leader Price Max app based on the Casino Max model. Leader Price Max got off to a strong start, with 280,000 downloads within the first month of its launch. The banner now has 42 stores operating autonomously during part of the week, including 2 stores open 24/7.

- **Géant Hypermarkets** delivered 2.1% organic growth and 1.0% same-store growth. Non-food sales returned to growth in the second quarter of 2019, led by the good performance of the in-store Cdiscount corners. New specialist "shops-in-shop" are being developed, along with the

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Note: Organic and same-store changes exclude fuel and calendar effects.

[3] *Franprix, Monoprix, Naturalia and Casino Supermarkets.*

Casino Optique service. The E-commerce business is continuing to grow, with first-half 2019 sales up 8.4%.

New businesses

GreenYellow, the Casino Group's energy subsidiary, continued to consolidate its leadership in the photovoltaic systems market, with a pipeline of solar projects representing over 350 MWp at 30 June 2019 (150 MWp at 30 June 2018) with industrial customers and local authorities in France (including installation of photovoltaic systems on the buildings owned by the Saint Etienne city authority, representing 150 sites), Thailand, Colombia, Morocco and Brazil. The company aims to have a 450MWp solar project pipeline by the end of the year. GreenYellow continues to develop its energy performance contracts both internally and with external customers.

At the same time, in the second half of 2019, it plans to enter the electrical mobility market through a partnership with Allego (a wholly-owned subsidiary of Méridiam) for the deployment of the first national network of ultra-fast electric vehicle charging stations, to be located on Group sites. Around a dozen stations will be installed between now and end-2020.

3w.relevanC reported net sales of €24 million in first-half 2019, representing an increase of 38% that was attributable to the advertising campaign activation business. The subsidiary outperformed[4] its competitors.

ScaleMax is deploying its first data centre in a Cdiscount warehouse in the Paris region, with a deployed processing power of over 10,000 cores (equivalent to around 1,000 servers). Further centres are due to be installed at new sites in the second half of the year. It is acquiring new external customers, especially in the banking sector.

E-commerce gross merchandise volume (GMV) amounted to €1,752 million, an 11.0%[5] organic increase led by the rapid expansion of the Cdiscount à Volonté customer base, which has topped the 2 million subscriber mark, and by robust growth in the number of unique visitors (up 5% in the first four months of the year), strengthening Cdiscount's number 2 position in France[6].

During the second half of 2019, Cdiscount plans to step up development of its marketplace and its international expansion.

Latam Retail net sales came to €7,908 million in first-half 2019, up 10.1% on an organic basis and 4.9% on a same store basis excluding fuel and calendar effects.

Sales by **GPA Food in Brazil** rose 12.0% on an organic basis and 5.3% on a same-store basis. Sales have been trending upwards for several quarters, despite the depressed consumer environment.

- **Within Multivarejo**, Pão de Açucar was affected by a high basis of comparison in second-quarter 2018 reflecting notably the FIFA World Cup. The hypermarkets increased their market shares over the 12 months to end-June 2019 and saw positive trends in food sales. Non-food sales were affected in the second quarter by the high basis of comparison in the year-earlier period. Sales by Extra Supermarkets were boosted by double-digit growth at stores converted to the new Compre Bem and Mercado Extra concepts, and the Convenience format continued to perform well, enjoying strong momentum while also leveraging the synergies with the Extra and Pão de Açucar banners and stronger demand for its private-label lines. Multivarejo also continued to build its E-commerce business and to develop its express delivery and click & collect solutions, available in

Note: Organic and same-store changes exclude fuel and calendar effects.

4 *Source: SRI.*

5 *Data published by the subsidiary. The organic changes include sales and services at "corners" (shops-in-shop) but exclude sales made in the Casino Group's hypermarkets and supermarkets.*

6 *Médiamétrie study, April and May 2019.*

94 Pão de Açucar and Extra stores as of 30 June 2019[7]. The "My Discount" loyalty app has been downloaded more than 9.2 million time[7].

- **Assaí** reported same-store growth of 9.4%[7] and organic growth of 24.5%. The banner accounted for over 50% of GPA Food sales for the first time in second-quarter 2019, reflecting the success of the business model and expansion of the store base.

Via Varejo was sold on 14 June 2019 for a total disposal price of €615 million.

Éxito saw organic growth in sales of 4.7% and same-store growth of 3.9%.

On 27 June 2019, a project was launched to simplify the Casino Group's structure in Latin America, notably by combining all of its activities in the region within GPA and migrating GPA shares to the Novo Mercado. After the project had been studied by a committee of independent directors, on 24 July 2019, GPA's Board of Directors approved the launch of an all-cash tender offer for Éxito shares at a price of COP 18,000. The offer will be filed by GPA once Éxito has approved the agreements giving Casino exclusive control over Segisor (the holding company that controls GPA) and allowing Casino to acquire Éxito's stake in Segisor at a price that values GPA shares at BRL 109. On the same day, Casino's Board of Directors approved the purchase offer at a price of BRL 109 per share, which was submitted to Éxito's Board of Directors for review.

Groupe GO Sport

Groupe GO Sport business volume was 7% higher in first-half 2019 at over €328 million. Net sales totalled €305 million, up 0.4% on a reported basis and up 2.1% on a same-store basis and at constant exchange rates.

The repositioning of **GO Sport France** is bearing fruit, with sustained and profitable growth in net sales at 4.9% over the period on a same-store basis. Alongside these results, the banner launched a far-reaching plan to transform its business model: based on an operational and financial audit carried out by the new management, the product development and sales strategy as well as the integrated and affiliated network development policy have been completely revisited.

Outside France, GO Sport opened two affiliated stores in India, continuing to develop on emerging markets.

The entire Courir business was sold on 28 February 2019 to the Equistone investment fund, generating a capital gain of €170 million for the Rallye Group.

After receiving a binding offer, Groupe GO Sport entered into exclusive negotiations with Sportmaster on 22 July 2019 with a view to selling its subsidiary GO Sport Poland.

All networks combined, Groupe GO Sport comprises 347 stores at 30 June 2019, including 82 outside France.

Recurring operating income

Rallye posted recurring operating income of €328 million for the first half of 2019. The breakdown by business is as follows:

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[7] *Data reported by the subsidiary.*

(€ millions)	H1 2019	H1 2018	H1 2019 incl. IFRS 16	H1 2019 incl. IFRS 16
France Retail	151	136	191	164
Latam Retail	214	324	262	373
E-commerce	(18)	(23)	(16)	(20)
Other[8]	-19[9]	(14)	(14)	(8)
Total	**328**	**422**	**423**	**508**

Consolidated trading profit for the Casino Group amounted to €347 million in first-half 2019 versus €437 million in the same period of 2018, down 20.7% as reported and 12.1% on an organic basis. Excluding tax credits, trading profit was up 2.9% as reported and 12.9% on an organic basis.

France Retail's trading profit in first-half 2019 was €151 million, up 11.3% as reported and 22.3% on an organic basis compared with the same period of 2018. This included €121 million in trading profit for the retail business versus €114 million in first-half 2018, an increase of 6.1% as reported and 19.5% on an organic basis. Property development trading profit stood at €30 million, compared with €21 million in first-half 2018. Trading margin for the retail business improved by 11 bps to 1.3% from 1.2% in first-half 2018. The cost saving plan (+€60 million) and the improvement in the format mix driven by the Rocade plan more than offset the negative impacts related to rent (-€29 million), the one-off "purchasing power bonus" (-€10 million) and cost inflation (payroll and energy, -€10 million).

The Rocade plan represents a full-year positive impact of €52 million on the integrated stores' trading profit over the full year, including €6 million in the first half and €19 million in the second. The full-year impact on net sales will be in the region of €500 million for the stores that have already been closed or sold. This impact is partially offset by the many independent retailers who have joined the network, including the Quattrucci family. The disposal proceeds represent €233 million. Non-recurring cash costs related to the plan amount to €85 million.

For the franchise network, the positive full-year impact on trading profit will be €27 million (adding €13 million to consolidated net profit, Group share.

Margins improved thanks to the increased marketplace share, which represented 40.5% in second-quarter 2019 (versus 36.6% in the same period of 2018). This was supported by the significant 6.3-point growth in the Fullfilment by Cdiscount service and brisk growth in B2C revenues.

Latam Retail trading profit totalled €214 million in first-half 2019 compared with €324 million in first-half 2018, reflecting the high basis of comparison due to tax credits. Excluding tax credits, trading profit was up 2.1% on an organic basis.

Other operating income and expenses amounted to a net expense of €308 million in first-half 2019 versus a net expense of €137 million in the year-earlier period.

The total included a net expense of €53 million for the Latin America and E-commerce segments, down from a net expense of €61 million in first-half 2018.

In France, other operating income and expenses represented a net expense of €254 million (versus a net expense of €75 million in first-half 2018), corresponding mainly to:

- Asset impairment losses in the amount of €99 million in first-half 2019 versus €1 million in first-half 2018, relating primarily to the disposal plan.

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[8] *Corresponds to the activity of the holding company, the investment portfolio and Groupe GO Sport.*

[9] *Recurring operating income includes two months' of operations for Courir, which was sold on 28 February 2019.*

- Restructuring costs (excluding the Rocade plan) for €28 million in first-half 2019 compared with €49 million in first-half 2018.
- Net costs of €67 million related to the Rocade plan.

Net income/(loss), Group share

(€ millions)	H1 2018	IFRS 16 impact	H1 2018 incl. IFRS 16	H1 2019	IFRS 16 impact	H1 2019 incl. IFRS 16
Recurring operating income	**422**	85	**508**	**328**	95	**423**
Other operating income and expenses	(138)	1	(137)	(145)	(75)	(220)
Operating income	284	86	370	183	19	203
Cost of net debt	(209)	4	(205)	(204)	3	(201)
Other financial income and expenses	(103)	(122)	(226)	(35)	(138)	(173)
Income/(loss) before tax	**(28)**	(32)	**(60)**	**(56)**	**(116)**	**(171)**
Income tax expense	(27)	9	(18)	(57)	28	(28)
Share of net income/(loss) of equity-accounted investees	10	0	10	(1)	0	(1)
Net income/(loss) from continuing operations, Group share	**(132)**	**(6)**	**(137)**	**(71)**	**(40)**	**(111)**
Consolidated net income/(loss), Group share	**(131)**	**(3)**	**(134)**	**(70)**	**(42)**	**(112)**

Rallye reported a net loss, Group share of €70 million for first-half 2019 versus a loss of €131 million one year earlier.

Financial structure of Casino

At 30 June 2019, **Casino Group consolidated net debt** stood at €4.7 billion versus €3.4 billion at 31 December 2018. Net debt in Brazil improved following completion of the sale of the stake in Via Varejo. **Net debt in France[10]** rose to €2.9 billion at 30 June 2019 from €2.7 billion at 31 December 2018, due to the impact of the asset disposal plan.

At 30 June 2019, Casino in France(10) had €4.4 billion in liquidity, composed of a gross cash position of €1.7 billion and confirmed undrawn lines of credit of €2.7 billion.

The Casino Group is continuing to implement the asset disposal plan announced in June 2018 and increased to €2.5 billion on 14 March 2019. A full €2.1 billion worth of disposals have been agreed, including €1.5 billion for which the proceeds have already been received. The Apollo transaction is expected to close in late October.

[10] *Casino Group holding company scope, including the French businesses and wholly-owned holding companies.*

Cash flow from operations (cash flow from continuing operations less gross CAPEX) **in France** improved by €46 million, driven by cost reductions and lower CAPEX. The trajectory puts the Group on track to meet the full-year target of €500 million in free cash flow excluding the disposal plan and Rocade plan

First-half free cash flow in France, in € millions. Excluding IFRS 16	**H1 2019**
EBITDA	**296**
Other items (head office expenses, dividends from equity-accounted investees)	*(74)*
Non-recurring items (excl. the Rocade plan)	*(76)*
Cash flow from continuing operations	**146**
Change in working capital	(247)
Income taxes	(52)
Net cash from/(used in) operating activities (excl. Rocade)	**(153)**
Investments (gross CAPEX)	(199)
Asset disposals (excluding asset disposal plan)	49
Net CAPEX	(150)
Asset disposal plan (real estate, catering business)	380
Rocade plan	55
Free cash flow[11] + net proceeds from disposal and Rocade plans	**133**

Consolidated equity, Group share totalled €6,243 million at 30 June 2019 compared with €6,731 million at 31 December 2018.

Safeguard proceedings

Details regarding the initiation of safeguard proceedings for Rallye and its subsidiaries Cobivia, HMB and Alpétrol are provided in note 2 to Rallye's condensed interim consolidated financial statements.

As a result of the safeguard proceedings, the drawdown commitments granted by banks and not used at the date the proceedings were initiated have become null and void.

Financial structure of the holding company scope

The Rallye holding company scope 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 for the holding company scope

Net debt for the Rallye holding company scope totalled €2,925 million at 30 June 2019.

This breaks down as follows:

- unsecured private placements and bond debt with a notional amount of €1,280 million, secured and unsecured bank financing amounting to €1,835.5 million (including

[11] *Before dividends paid to owners of the parent and holders of deeply-subordinated perpetual bonds (TSSDI), and excluding financial expenses.*

€1,625 million[12] secured and €210 million unsecured), and outstanding unsecured commercial paper for €58.5 million;
- €25 million in interest due, the payment of which was suspended following the initiation of the safeguard proceedings. However, interest continues to be calculated and provisioned in the financial statements;
- €19 million in expenses, mainly for arranging the financing facilities drawn and bonds amortised over the life of the instruments, which continue to be amortised for accounting purposes;
- €145 million in cash collateral pledged[12];
- a €104 million cash deficit;
- other financial assets and assets classified as held for sale in accordance with IFRS 5, representing a negative amount of €6 million.

- Details of pledges granted to creditors of entities within the holding company's scope of consolidation

The following security interests had been granted at the date the safeguard proceedings were initiated and at 30 June 2019:
- 53.5 million Casino shares had been pledged to creditors of entities within the holding company's scope of consolidation out of a total of 56.7 million shares held by Rallye, including 9.5 million Casino shares pledged to banks with which the Group entered into structured financing agreements in the form of prepaid forwards and equity swaps, representing 8.7% of Casino's share capital;
- €145 million in cash collateral had been pledged to banks;
- shares in Groupe GO Sport and in Parande – a wholly-owned Rallye subsidiary carrying the financial investment portfolio on its books – had been pledged in order to secure the €500 million September 2018 facility on which €202 million had been drawn at the date the safeguard proceedings were initiated.

- Investment portfolio of the Rallye holding company scope

Rallye's investment portfolio was valued at €45 million at 30 June 2019.

Rallye parent company results

Rallye's sales totalled €0.7 million in first-half 2019, compared to €0.6 million in the prior-year period.

Rallye's net income totalled €20.0 million versus net income of €28.0 million in first-half 2018.

Major related-party transactions

Related-party transactions are described in Rallye's Registration Document for the 2018 financial year, which was filed with the French Financial Markets Authority (*Autorité des marches financiers* – AMF) on 18 April 2019, under number D.19-0361. They mainly concern current transactions with companies over which the Group exercises notable influence or joint control and which have been consolidated by the equity method. The transactions are concluded at market price. Related-party transactions with individuals (Directors, corporate officers and members of their families) are not material. nor were transactions with the parent companies.

[12] *Structured financing in the form of prepaid forwards and equity swaps represented a notional amount of €273 million at 30 June 2019. Taking into account cash collateral of €42 million pledged to secure the structured financing agreements, the net amount represents €231 million.*

At 30 June 2019, Foncière Euris owned 61.3% of Rallye's capital and 73.8% of its voting rights[13].

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

More details on related-party transactions are available in notes 4.3.3 and 13 to the financial statements.

Relationships with related parties, including the compensation methods applicable for company directors, have remained comparable to those in 2018 and no unusual transactions, in nature or amount, occurred during the period.

Major risks and uncertainties for the second half of 2019

The Group's business activities are exposed to certain risk factors described in the 2018 Rallye Registration Document, which is available on the Group's website, and was filed with the AMF on 18 April 2019, under number D.19-0361.

Details regarding liquidity risk factors for the Group and the initiation of safeguard proceedings for Rallye and its subsidiaries Cobivia, HMB and Alpétrol are provided in note 2 to the 2019 condensed interim consolidated financial statements.

[13] *In a press release dated 8 July 2019, following enforcement of a pledge of Rallye shares to Société Générale, Foncière Euris held 58.1% of Rallye's share capital and 71.1% of its voting rights.*

Other information

The definition of non-GAAP indicators is available on the Rallye Group website at www.rallye.fr/en.

Trends and outlook

2019 financial outlook for Casino

(excluding IFRS 16)

France

- +10% growth in trading profit (excluding property development)
- At least €2.5 billion from the disposal plan by first-quarter 2020 and a reduction in debt
- €0.5bn in free cash flow(14) excluding disposal plan and Rocade plan

Cdiscount

- Sharp improvement in EBITDA

GPA

- Assaí: 30-40bps improvement in EBITDA margin
- Multivarejo: 30bps improvement in EBITDA margin

Éxito

- Improvement in EBITDA margin

Acceleration of the debt reduction plan

- The Board of Directors will propose to the 2020 Annual Shareholders' Meeting **the non-payment of dividend in 2020 for the 2019 fiscal year and has also decided not to pay a 2020 interim dividend for the 2020 fiscal year.**
    - This would represent a **total cash saving of around €500 million at end-2020[15]** taking into account the absence of interim dividend decided for the 2019 fiscal year.
- In light of its cash flow objectives, its €2.5bn disposal plan, which is expected to be completed by first-quarter 2020, and the absence of dividend, **the Group is targeting net debt in France of less than €1.5 billion at end-2020** and foresees to maintain it under this level over time.
- Payments to holders of deeply-subordinated perpetual bonds (TSSDI) will be maintained.

Rallye dividend policy

Rally's Board of Directors will ask shareholders at the 2020 Annual Shareholders' Meeting to approve the **non-payment in 2020 of the 2019 dividend.**

Subsequent events

- On **2 July 2019**, the Casino Group announced that it had completed the sale of 3 hypermarkets, 4 Casino supermarkets and 1 Leader Price store for €39 million.

[14] *Before financial expenses and dividends.*
[15] *Based on 2018 dividends.*

- On **22 July 2019**, the Casino Group and GBH announced the signing of a unilateral purchase agreement to sell Vindémia for an enterprise value of €219 million.
- After receiving a binding offer, Groupe GO Sport entered into exclusive negotiations with Sportmaster on **22 July 2019** with a view to selling its subsidiary GO Sport Poland.
- On **24 July 2019**, the Casino Group announced that it had signed new agreements as part of its strategy to dispose of structurally loss-making stores (hypermarkets, supermarkets, Leader Price stores). The pledges represent total proceeds of €42 million and concern the sale of the real estate and business of the Marmande Hypermarket to an experienced retailer that intends to convert the store to the U banner, the sale of the real estate and business of the Onet-le-Chateau Hypermarket to an associate of the Système U network, and the sale of the real estate and business of the Béziers Hypermarket to a Leclerc member. Together, these stores represented net sales of approximately €76 million in 2018 for a trading loss of around €2 million. The signed pledges provide for the transfer of the employment contracts of the stores' employees to the buyers in accordance with French rules. The transactions are expected to be completed at the end of 2019, after the prior consultation of employee representatives and fulfilment of the customary conditions precedent.

- On 27 June 2019, a project was launched to simplify the Casino Group's structure in Latin America, notably by combining all of its activities in the region within GPA and migrating GPA shares to the Novo Mercado. After the project had been studied by a committee of independent directors, on **24 July 2019**, GPA's Board of Directors approved the launch of an all-cash tender offer for Éxito shares at a price of COP 18,000. The offer will be filed by GPA once Éxito has approved the agreements giving Casino exclusive control over Segisor (the holding company that controls GPA) and allowing Casino to acquire Éxito's stake in Segisor at a price that values GPA shares at BRL 109. On the same day, Casino's Board of Directors approved the purchase offer at a price of BRL 109 per share, which was submitted to Éxito's Board of Directors for review.

Appendix 1: Alternative performance indicators

The definition of key non-GAAP indicators are available on Rallye's website (http://www.rallye.fr/en/investors/financing), particularly underlying net income (see below).

Underlying net income corresponds to net income from continuing operations, adjusted for (i) the impact of other operating income and expenses, as defined in the "Significant accounting policies" section in the notes to the consolidated financial statements, (ii) the impact of non-recurring financial items, as well as (iii) income tax expense/benefits related to these adjustments.

Non-recurring financial items include fair value adjustments to equity derivative instruments (for example total return swaps and forward instruments related to GPA shares) and the effects of discounting Brazilian tax liabilities.

In €m – Excluding IFRS 16	**2018**	**Restated items**	**2018 underlying**	**2019**	**Restated items**	**2019 underlying**
Recurring operating income	**423**	**-**	**423**	**328**	**-**	**328**
Other operating income and expenses	(138)	138	-	(145)	145	-
Operating income	**286**	**138**	**423**	**183**	**145**	**328**
Cost of net debt	(208)	-	(208)	(204)	-	(204)
Other financial income and expenses	(103)	45	(58)	(34)	(47)	(81)
Income tax expense	(27)	(39)	(66)	(57)	(18)	(75)
Share of net income of equity-accounted investees	10	-	10	-	-	-
Net income/(loss) from continuing operations	**(44)**	**144**	**100**	**(112)**	**80**	**(32)**
Attributable to non-controlling interests[16]	87	80	167	(41)	123	81
Attributable to owners of the parent	**(131)**	**64**	**(67)**	**(70)**	**(43)**	**(113)**

[16] *Non-controlling interests have been restated for amounts associated with the restated items listed above.*

Appendix 2: Governance structure set up following initiation of safeguard proceedings for the Company

At its meeting on 25 June 2019, the Board of Directors decided to set up a specific governance structure following initiation of safeguard proceedings for the Company and its subsidiaries HMB, Cobivia and Alpétrol, as well as its parent companies.

The Board wished to set up a special committee (the "Safeguard monitoring committee") to deal with issues arising from the safeguard proceedings. This committee is chaired by an independent director and independent directors account for three quarters of its members. It will be primarily responsible for:

- monitoring the safeguard proceedings and, in particular, preparing safeguard plans;
- reviewing any conflicts of interest that may arise within the Board (different non-controlling shareholders in each of the listed entities concerned);
- keeping the Board informed on the progress of the proceedings;
- preparing deliberations, the details of which will be submitted to the Board in connection with the proceedings.

These arrangements are designed to ensure that the Rallye Group's governance mechanisms are appropriate and that the Board of Directors:

- is kept regularly informed of developments in the safeguard proceedings and in the preparation of the safeguard plans;
- is in a position to identify and manage Board members' potential conflicts of interest.

3 – INTERIM CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2019

Consolidated income statement

(€ millions)	Notes	H1 2019	H1 2018 (restated[1])
Continuing operations			
Net sales	6/7.2	18,149	18,195
Other revenue	7.2	328	240
Total income	**7.2**	**18,477**	**18,434**
Cost of goods sold		(13,950)	(13,766)
Gross margin		**4,527**	**4,669**
Selling expenses	7.3	(3,344)	(3,438)
General and administrative expenses	7.3	(760)	(723)
Recurring operating income	**6.1**	**423**	**508**
Other operating income	7.5	411	107
Other operating expenses	7.5	(631)	(244)
Operating income		**203**	**370**
Income from cash and cash equivalents	10.3.1	11	23
Cost of gross debt	10.3.1	(212)	(228)
Cost of net debt	**10.3.1**	**(201)**	**(205)**
Other financial income	10.3.2	107	60
Other financial expenses	10.3.2	(281)	(286)
Income/(loss) before tax		**(171)**	**(60)**
Income tax expense	8	(28)	(18)
Share of net income/(loss) of equity-accounted investees	4.3.1	(1)	10
Net income/(loss) from continuing operations		**(201)**	**(68)**
Attributable to owners of the parent		(111)	(137)
Attributable to non-controlling interests		(90)	70
Discontinued operations			
Net income from discontinued operations		**13**	**74**
Attributable to owners of the parent		(1)	3
Attributable to non-controlling interests		14	71
Continuing and discontinued operations			
Consolidated net income/(loss)		**(188)**	**7**
Attributable to owners of the parent		(112)	(134)
Attributable to non-controlling interests		(76)	141

(in €)	H1 2019	H1 2018 (restated[1])
Earnings per share		
From continuing operations		
Basic	(2.11)	(2.51)
Diluted	(2.11)	(2.51)
From continuing and discontinued operations		
Basic	(2.13)	(2.44)
Diluted	(2.13)	(2.44)

(1) Previously published comparative information has been restated to reflect the retrospective application of IFRS 16 – Leases, and the application of IAS 29 – Financial Reporting in Hyperinflationary Economies in Argentina (note 1.3).

Consolidated statement of comprehensive income

(€ millions)	H1 2019	H1 2018[1]
Consolidated net income/(loss)	**(188)**	**7**
Cash flow hedges and cash flow hedge reserve[2]	(36)	20
Foreign currency translation reserves[3]	83	(838)
Debt instruments and other instruments at fair value through other comprehensive income	4	2
Hedges of net investments in foreign operations		(2)
Share of items of equity-accounted investees that may be subsequently reclassified to profit or loss	(2)	(4)
Income tax effects	12	(7)
Items that may be subsequently reclassified to profit or loss	**61**	**(829)**
Equity instruments at fair value through other comprehensive income	(2)	(9)
Share of items of equity-accounted investees that will never be subsequently reclassified to profit or loss	(10)	
Actuarial gains and losses	1	8
Income tax effects		(2)
Items that will never be reclassified to profit or loss	**(11)**	**(3)**
Other comprehensive income/(loss), net of tax	**50**	**(833)**
Total comprehensive income/(loss) for the period, net of tax	**(138)**	**(826)**
Attributable to owners of the parent	**(120)**	**(346)**
Attributable to non-controlling interests	(18)	(480)

(1) Previously published comparative information has been restated to reflect the retrospective application of IFRS 16 – Leases, and the application of IAS 29 – Financial Reporting in Hyperinflationary Economies in Argentina (note 1.3).

(2) The change in the cash flow hedge reserve in first-half 2019 and 2018 was not material.

(3) The positive change in the first half of 2019 arose mainly from the appreciation of the Brazilian real for a positive €112 million, partially offset by the depreciation of the Uruguayan peso for a negative €37 million. The €844 million negative change in first-half 2018 reflects the depreciation of the Brazilian real in an amount of €817 million.

Consolidated statement of financial position

ASSETS (*€millions*)	Notes	30 June 2019	31 December 2018 (restated[1])	1 January 2018 (restated[1])
Goodwill	9	9,736	9,684	10,106
Intangible assets	9	2,217	2,141	2,191
Property, plant and equipment	9	5,551	5,871	7,370
Investment property	9	507	498	494
Right-of-use assets	1.3/9	5,110	4,949	4,781
Investments in equity-accounted investees	4.3	514	500	563
Other non-current assets		1,476	1,368	1,304
Deferred tax assets		680	658	615
Total non-current assets		**25,791**	**25,669**	**27,423**
Inventories		4,068	3,980	4,014
Trade and other receivables		925	923	906
Other current assets		1,420	1,364	1,300
Other current financial assets		266	220	54
Current tax assets		124	166	139
Cash and cash equivalents	10.1	3,342	3,801	3,511
Assets held for sale	4.2	1,334	8,606	7,545
Total current assets		**11,480**	**19,061**	**17,470**
Total assets		**37,270**	**44,730**	**44,893**

EQUITY AND LIABILITIES (*€millions*)	Notes	30 June 2019	31 December 2018 (restated[1])	1 January 2018 (restated[1])
Share capital	11.1	157	161	156
Retained earnings and net income		564	691	1,131
Equity attributable to owners of the parent		**721**	**852**	**1,287**
Non-controlling interests		8,072	9,067	9,715
Total equity		**8,793**	**9,920**	**11,002**
Non-current provisions for employee benefits		371	371	363
Other non-current provisions	12.1	477	480	512
Non-current financial liabilities	10.2	6,323	9,442	9,531
Non-current lease liabilities		4,186	3,893	3,751
Non-current put options granted to owners of non-controlling interests		62	62	28
Other non-current liabilities		249	485	497
Deferred tax liabilities		514	667	740
Total non-current liabilities		**12,183**	**15,399**	**15,423**
Current provisions for employee benefits		11	11	11
Other current provisions	12.1	173	154	166
Trade payables		5,888	6,789	6,768
Current financial liabilities	10.2	6,062	2,827	2,334
Current lease liabilities	1.3	718	693	678
Current put options granted to owners of non-controlling interests		119	127	143
Current tax liabilities		105	124	88
Other current liabilities		2,892	2,681	2,589
Liabilities associated with assets held for sale	4.2	327	6,007	5,689
Total current liabilities		**16,295**	**19,411**	**18,467**
Total equity and liabilities		**37,270**	**44,730**	**44,893**

(1) Previously published comparative information has been restated to reflect the retrospective application of IFRS 16 – Leases (note 1.3). The 2018 consolidated financial statements have been restated further to the allocation of the Sarenza purchase price to the fair value of assets acquired and liabilities assumed (note 1.3).

Consolidated statement of cash flows

	Notes	H1 2019	H1 2018 (restated[1])
Net income/(loss) before tax from continuing operations		(171)	(61)
Net income/(loss) before tax from discontinued operations		65	125
Consolidated net income/(loss) before tax		**(106)**	**64**
Depreciation/amortisation for the period	7.4	713	716
Provision expense	5.1	128	(4)
Unrealised losses/(gains) arising from changes in fair value	10.3.2	(36)	46
Expenses/(income) on share-based payment plans		9	15
Other non-cash items		(4)	(15)
(Gains)/losses on disposals of non-current assets		(185)	(4)
(Gains)/losses due to changes in percentage ownership of subsidiaries resulting in acquisition/loss of control		60	(1)
Dividends received from equity-accounted investees	4.3.1	24	27
Cost of net debt	10.3.1	201	205
Interest paid on leases, net	10.3.2	138	117
Non-recourse factoring and associated transaction costs	10.3.2	36	38
(Gains)/losses on disposal of discontinued operations, net of tax		(38)	0
Adjustments related to discontinued operations		78	90
Net cash from operating activities before change in working capital and income tax		**1,019**	**1,293**
Income tax paid		(120)	(104)
Change in working capital	5.2	(1,265)	(856)
Income tax paid and change in working capital: discontinued operations	4.2.3	(623)	(402)
Net cash used in operating activities		**(989)**	**(69)**
o/w continuing operations		***(510)***	***91***
Acquisitions of property, plant and equipment, intangible assets and investment property	5.3	(524)	(539)
Disposals of property, plant and equipment, intangible assets and investment property	5.4	414	223
Acquisitions of financial assets		(27)	(22)
Disposals of financial assets		60	20
Effect of changes in scope of consolidation resulting in acquisition or loss of control	5.5	412	(74)
Effect of changes in scope of consolidation related to equity-accounted investees		(16)	(4)
Change in loans and advances granted		(6)	2
Repayment of receivables on net investments in leases		0	0
Interest received		0	0
Net cash from/(used in) investing activities of discontinued operations	4.2.3	464	(58)
Net cash from/(used in) investing activities		**778**	**(452)**
o/w continuing operations		***314***	***(394)***
Dividends paid to owners of the parent	11.5	(57)	(17)
Dividends paid to non-controlling interests		(138)	(116)
Dividends paid to holders of deeply-subordinated perpetual bonds (TSSDI)	11.5	(42)	(43)
Capital reductions/increases for cash		0	0
Transactions between the Group and owners of non-controlling interests	5.6	(32)	7
Purchases and sales of treasury shares		(59)	(151)
Change in financial assets related to liabilities		26	(1)
Increase in borrowings	5.7	1,107	2,011
Repayments of borrowings	5.7	(882)	(376)
Repayment of lease liabilities		(391)	(368)
Interest paid, net	5.8	(458)	(468)
Net cash used in investing activities of discontinued operations	4.2.3	(242)	(388)
Net cash from/(used in) financing activities		**(1,167)**	**91**
o/w continuing operations		***(925)***	***508***
Effect of changes in exchange rates on cash and cash equivalents of continuing operations		47	(152)
Effect of changes in exchange rates on cash and cash equivalents of discontinued operations		19	(54)
Change in cash and cash equivalents	**5.9**	**(1,312)**	**(636)**

	Notes	H1 2019	H1 2018 (restated[1])
Net cash and cash equivalents at beginning of period		**4,578**	**4,251**
- o/w net cash and cash equivalents of continuing operations	10.1	3,652	3,350
- o/w net cash and cash equivalents of discontinued operations		926	901
Net cash and cash equivalents at end of period		**3,266**	**3,616**
- o/w net cash and cash equivalents of continuing operations	10.1	3,212	3,402
- o/w net cash and cash equivalents of discontinued operations		54	214
Change in cash and cash equivalents		**(1,312)**	**(636)**

(1) Previously published comparative information has been restated to reflect the retrospective application of IFRS 16 – Leases, and the application of IAS 29 – Financial Reporting in Hyperinflationary Economies in Argentina (note 1.3).

Consolidated statement of changes in equity

(€ millions)	Share capital	Additional paid-in capital	Treasury shares	Retained earnings and net income for the period	Other reserves[1]	Equity attributable to owners of the parent[2]	Non-controlling interests	Total equity
At 1 January 2018 (reported)	**156**	**1,483**	**(10)**	**887**	**(1,145)**	**1,373**	**9,899**	**11,272**
Effects of applying IFRS 16 (note 1.3)				(85)		(85)	(185)	(270)
At 1 January 2018 (restated*)	**156**	**1,483**	**(10)**	**802**	**(1,145)**	**1,287**	**9,715**	**11,002**
Other comprehensive income/(loss) for the period (restated*)					(212)	(212)	(621)	(833)
Net income/(loss) for the period (restated)				(134)		(134)	141	7
Consolidated comprehensive income/(loss) for the period (restated*)				**(134)**	**(212)**	**(346)**	**(480)**	**(826)**
Equity transactions	9	25				34		34
Purchases and sales of treasury shares			(5)	43	(29)	9	(154)	(145)
Dividends paid[3]				(52)		(52)	(113)	(165)
Changes in percentage interest resulting in the acquisition/loss of control of subsidiaries								
Changes in percentage interest not resulting in the acquisition/loss of control of subsidiaries[5]				(9)		(9)	30	21
Other movements				0		0	(37)	(37)
At 30 June 2018 (restated)	**165**	**1,508**	**(15)**	**651**	**(1,386)**	**924**	**8,960**	**9,884**
At 31 December 2018 (reported)	**161**	**1,496**	**(17)**	**658**	**(1,342)**	**957**	**9,230**	**10,187**
Effects of applying IFRS 16 (note 1.3)				(107)	3	(104)	(163)	(267)
At 31 December 2018 (restated*)	**161**	**1,496**	**(17)**	**551**	**(1,339)**	**852**	**9,068**	**9,920**
Effects of applying IFRIC 13 (note 1.1)				(4)		(4)	(3)	(7)
At 1 January 2019	**161**	**1,496**	**(17)**	**547**	**(1,339)**	**848**	**9,065**	**9,913**
Income and expenses recognised directly in equity					(8)	(8)	58	50
Consolidated net income/(loss) for the period				(112)		(112)	(76)	(188)
Consolidated comprehensive income/(loss) for the period				**(112)**	**(8)**	**(120)**	**(18)**	**(138)**
Equity transactions	(4)	(12)				(16)		(16)
Purchases and sales of treasury shares			16	11		27	(68)	(41)
Dividends paid[3]				(53)		(53)	(148)	(200)
Changes in percentage interest resulting in the acquisition/loss of control of subsidiaries[4]				28		28	(747)	(719)
Changes in percentage interest not resulting in the acquisition/loss of control of subsidiaries[5]				(4)		(4)		(4)
Other movements				10		10	(12)	(2)
At 30 June 2019	**157**	**1,484**	**(1)**	**428**	**(1,347)**	**721**	**8,072**	**8,794**

** Previously published comparative information has been restated to reflect the retrospective application of IFRS 16 – Leases, and the application of IAS 29 – Financial Reporting in Hyperinflationary Economies in Argentina (note 1.3).*

(1) See note 11.3.

(2) Attributable to shareholders of Rallye.

(3) In first-half 2019, Rallye distributed €52 million in dividends to its shareholders. The main subsidiaries Casino, GPA and Éxito paid €103 million, €24 million and €21 million, respectively, to non-controlling interests. In 2018, Rallye distributed €51 million in dividends to its shareholders. The main subsidiaries Casino, Éxito and Uruguay paid €80 million, €18 million and €12 million, respectively, to non-controlling interests.

(4) The negative amount for non-controlling interests mainly corresponds to the loss of control in Via Varejo in an amount of €750 million (note 3).

(5) The negative amount of €6 million mainly corresponds to the purchase of non-controlling interests in Vindémia. In the first half of 2018, the €21 million positive impact related to (a) the additional contribution of €36 million made by the private equity fund Fondo Immobiliaro Colombia to the Viva Malls real estate trust created by Éxito in 2016, less (b) the impact of the sale of Franprix-Leader Price and Distribution Casino France stores for €7 million and €4 million, respectively.

Notes to the interim consolidated financial statements at 30 June 2019

Rallye is a French *société anonyme* (joint stock company) registered in France and listed in Eurolist Compartment B of Euronext Paris. The Company and its subsidiaries are hereinafter referred to as the "Group" or the "Rallye Group".

The condensed consolidated financial statements at 30 June 2019 present the fair and true position of the Company and its subsidiaries, as well as the Group's interests in joint ventures and associates.

On 24 July 2019, the Board of Directors approved the publication of the consolidated financial statements of the Rallye Group for the six months ended 30 June 2019.

Note 1 Significant accounting policies

1.1 Accounting standards

Pursuant to European Commission regulation 1606/2002 of 19 July 2002, the 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), as adopted by the European Union at 30 June 2019.

These standards are available on the European Commission's website:
https://ec.europa.eu/info/business-economy-euro/company-reporting-and-auditing/company-reporting/financial-reporting_en

The interim consolidated financial statements should be read in conjunction with the consolidated financial statements for the year ended 31 December 2018, as reported in the Registration Document filed with the AMF on 18 April 2019 under number D.19-0361.

The condensed interim consolidated financial statements were prepared in accordance with international financial reporting standard IAS 34 ("Interim Financial Reporting"). They do not contain all the information and notes included in the annual financial statements. They should therefore be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2018.

The consolidated financial statements of the Rallye Group at 31 December 2018 are available on request from the Company's finance department at 32 rue de Ponthieu, Paris 8th, or from its website at www.rallye.fr/en.

The accounting principles used to prepare these consolidated financial statements for the six months ended 30 June 2019 are identical to those applied to the annual consolidated financial statements for the year ended 31 December 2018, with the exception of the accounting changes related to new standards applicable from 1 January 2019:

- IFRS 16 – Leases
- IFRIC 23 – Uncertainty over Income Tax Treatments
- Amendments to IFRS 9 – Prepayment Features with Negative Compensation
- Amendments to IAS 19 – Plan Amendment, Curtailment or Settlement
- Amendments to IAS 28 – Long-term Interests in Associates and Joint Ventures
- IFRS Annual Improvements – 2015-2017 Cycle

The effects of applying IFRS 16 are presented in note 1.3. The adoption of the other new standards did not have a material impact on the consolidated financial statements.

1.2 Basis of preparation and presentation of the consolidated financial statements

1.2.1 Basis of measurement

The consolidated financial statements are presented in euros, which is the functional currency of the parent company. The figures in the tables have been rounded to the nearest million euros and include individually rounded data. Consequently, the totals and subtotals shown may not correspond exactly to the sum of the reported amounts.

1.2.2 Use of estimates and judgements

The preparation of consolidated financial statements requires management to make judgements, estimates and assumptions that may affect the reported amounts of assets and liabilities and income and expenses, as well as the disclosures made in certain notes to the consolidated financial statements. Due to the inherent uncertainty of assumptions, actual results may differ from the estimates. Estimates and assessments are reviewed at regular intervals and adjusted where necessary to take into account past experience and any relevant economic factors.

In preparing these interim consolidated financial statements, the main judgements made by management and the key assumptions adopted were the same as those applied when preparing the consolidated financial statements for the year ended 31 December 2018.

The main judgements and estimates used in the period concern non-current asset and goodwill measurements (note 9).

For operating subsidiaries, the judgements, estimates and assumptions used also concern:
- classification and measurement of France Retail segment assets (note 4.2);
- review of impairment indicators, and non-current asset and goodwill measurements (note 9);
- assumptions used to measure deferred tax assets;
- recognition, presentation and measurement of the recoverable amounts of tax credits or taxes (mainly ICMS, PIS and COFINS in Brazil) (notes 6.1 and 12);
- IFRS 16 transition method, notably the determination of discount rates and the lease term for the purpose of measuring the lease liability for leases with renewal or termination options (note 1.3);
- provisions for risks (note 12), particularly tax and employee-related risks in Brazil.

1.2.3 Going concern

On 23 May 2019, Rallye requested and obtained the initiation of safeguard proceedings for a six-month period by the Paris Commercial Court (note 2). These proceedings are designed to enable Rallye to restructure its debt and carry on its business in a stable manner. The Group's consolidated financial statements were prepared on a going concern basis in this context.

1.3 Changes in accounting methods

1.3.1 Impact on the consolidated financial statements

The tables below show the impact on the previously published consolidated income statement, statement of comprehensive income, consolidated statement of financial position and consolidated statement of cash flows, resulting from:
- full retrospective application of IFRS 16 – Leases;
- limited retrospective application at 1 January 2018 (cumulative catch-up without restating prior periods) of IAS 29 – Financial Reporting in Hyperinflationary Economies in Argentina. IAS 29 requires that the statements of financial position and income statements of subsidiaries operating in hyperinflationary economies should be (i) restated by applying a general price index so that they are stated in terms of the measuring unit current at the end of the reporting period, and (ii) converted into euros at the period-end exchange rate.
  Since the Group applied IAS 29 from the second half of 2018 with retroactive effect at 1 January 2018, the impacts of applying this standard in first-half 2019 solely concern published information for the first six months of 2018;
- the main impact of the final allocation of the purchase price for Sarenza, acquired in 2018, was the recognition of the Sarenza trademark.

Impact on the main consolidated income statement indicators

(€ millions)	**H1 2018 (reported)**	IFRS 16 adjustments	IAS 29 adjustments	**H1 2018 (restated)**
Net sales	18,224		(29)	18,195
Other revenue	243		(3)	240
Total income	**18,467**		(32)	**18,434**
Cost of goods sold	(13,798)	12	20	(13,766)
Gross margin	**4,668**	12	(12)	**4,669**
Selling expenses	(3,518)	72	8	(3,438)
General expenses	(725)		1	(723)
Recurring operating income	**425**	84	(3)	**508**
Operating income	**288**	85	(2)	**370**
Cost of net debt	(211)	4	3	(205)
Other financial income and expenses	(101)	(122)	(2)	(226)
Income/(loss) before tax	**(25)**	(33)	(2)	**(60)**
Income tax expense	(26)	9		(18)
Share of net income of equity-accounted investees	10			10
Net income/(loss) from continuing operations	**(41)**	**(24)**	**(2)**	**(68)**
Attributable to owners of the parent	(130)	(6)	(1)	(137)
Attributable to non-controlling interests	89	(18)	(2)	70
Net income from discontinued operations	**48**	26		**74**
Attributable to owners of the parent	2	1		3
Attributable to non-controlling interests	46	25		71
Consolidated net income/(loss)	**7**	2	(2)	**7**
Attributable to owners of the parent	(128)	(5)	(1)	(134)
Attributable to non-controlling interests	136	7	(2)	141

(1) The positive amount mainly reflects the discontinuation of the amortisation of Via Varejo lease premiums in connection with its classification as held-for-sale in accordance with IFRS 5.

Impact on the main consolidated statement of comprehensive income indicators

(€ millions)	**H1 2018 (reported)**	IFRS 16 adjustments	IAS 29 adjustments	**H1 2018 (restated)**
Consolidated net income	**7**	2	(2)	**7**
Items that may be subsequently reclassified to profit or loss	(841)	14	0	(827)
o/w foreign currency translation reserves	*(856)*	*14*	*0*	*(842)*
Items that will never be reclassified to profit or loss	(6)	0		(6)
Total comprehensive income/(loss) for the period, net of tax	**(840)**	16	(2)	**(826)**
Attributable to owners of the parent	(343)	(2)	(1)	(346)
Attributable to non-controlling interests	(498)	20	(2)	(480)

Impact on the main consolidated statement of cash flows indicators

(€ millions)	**H1 2018 (reported)**	**IFRS 16 adjustments**	**IAS 29 adjustments**	**H1 2018 (restated)**
Net cash used in operating activities	**(633)**	**572**	**(3)**	**(64)**
o/w consolidated net income/(loss) before tax	*49*	*20*	*(2)*	*68*
o/w other components of cash flow	*699*	*534*	*(4)*	*1,229*
o/w change in operating working capital and income tax paid	*(1,381)*	*17*	*3*	*(1,361)*
Net cash used in investing activities	**(453)**		**1**	**(452)**
Net cash from financing activities	**653**	**(569)**	**7**	**91**
Effect of changes in exchange rates on cash and cash equivalents	(202)		(3)	(205)
Change in cash and cash equivalents	**(635)**			**(635)**
Net cash and cash equivalents at beginning of period	**4,251**			**4,251**
Net cash and cash equivalents at end of period	**3,616**			**3,616**

Impact on the main consolidated statement of financial position indicators

Impact of first-time application of IFRS 16 at 1 January 2018

(€ millions)	**1 January 2018 (reported[1])**	IFRS 16 adjustments	**1 January 2018 (restated)**
Goodwill	10,106		10,106
Intangible assets, property, plant and equipment, and investment property	10,828	(774)	10,054
Right-of-use assets		4,781	4,781
Investments in equity-accounted investees	564		564
Other non-current assets	1,313	(9)	1,304
Deferred tax assets	524	91	615
Total non-current assets	**23,336**	**4,089**	**27,423**
Inventories	4,015	(1)	4,014
Trade and other receivables	906		906
Other current assets	1,321	(21)	1,300
Other current financial assets	54		54
Current tax assets	139		139
Cash and cash equivalents	3,511		3,511
Assets held for sale	6,551	995	7,546
Total current assets	**16,496**	**973**	**17,469**
Total assets	**39,832**	**5,062**	**44,893**
Equity attributable to owners of the parent	1,373	(85)	1,287
Non-controlling interests	9,899	(185)	9,715
Total equity	**11,272**	**(270)**	**11,002**
Non-current provisions for employee benefits	363		363
Other non-current provisions	514	(2)	512
Non-current financial liabilities	9,578	(47)	9,531
Non-current lease liabilities		3,751	3,751
Non-current put options granted to owners of non-controlling interests	28		28
Other non-current liabilities	505	(8)	497
Deferred tax liabilities	725	15	740
Total non-current liabilities	**11,714**	**3,709**	**15,423**
Current provisions for employee benefits	11		11
Other current provisions	168	(2)	166
Trade payables	6,788	(20)	6,768
Current financial liabilities	2,352	(17)	2,334
Current lease liabilities		678	678
Current put options granted to owners of non-controlling interests	143		143
Current tax liabilities	88		88
Other current liabilities	2,619	(30)	2,589
Liabilities associated with assets held for sale	4,678	1,011	5,689
Total current liabilities	**16,846**	**1,620**	**18,467**
Total equity and liabilities	**39,832**	**5,060**	**44,893**

(1) Since Argentina has been considered as a hyperinflationary economy since July 2018, the statement of financial position at 1 January 2018 presented in the 2018 consolidated financial statements already included the impact of applying IAS 29.

Impacts of the retrospective application of IFRS 16 and the changes in the Sarenza purchase price allocation at 31 December 2018

(€ millions)	**31 December 2018 (reported)**	IFRS 16 adjustments	Sarenza PPA adjustment	**31 December 2018 (restated)**
Goodwill	9,691		(8)	9,684
Intangible assets, property, plant and equipment, and investment property	9,332	(832)	10	8,511
Right-of-use assets		4,949		4,949
Investments in equity-accounted investees	500			500
Other non-current assets	1,380	(12)		1,368
Deferred tax assets	554	103		657
Total non-current assets	**21,458**	**4,208**	**3**	**25,669**
Inventories	3,981	(1)		3,980
Trade and other receivables	924			924
Other current assets	1,378	(14)		1,364
Other current financial assets	220			220
Current tax assets	166			166
Cash and cash equivalents	3,801			3,801
Assets held for sale	7,241	1,365		8,606
Total current assets	**17,711**	**1,351**		**19,061**
Total assets	**39,169**	**5,559**	**3**	**44,730**
Equity attributable to owners of the parent	957	(106)		852
Non-controlling interests	9,230	(162)		9,068
Total equity	**10,187**	**(268)**		**9,920**
Non-current provisions for employee benefits	371			371
Other non-current provisions	483	(3)		480
Non-current financial liabilities	9,477	(35)		9,442
Non-current lease liabilities		3,893		3,893
Non-current put options granted to owners of non-controlling interests	63			62
Other non-current liabilities	492	(7)		485
Deferred tax liabilities	637	28	3	668
Total non-current liabilities	**11,521**	**3,876**	**3**	**15,399**
Current provisions for employee benefits	11			11
Other current provisions	157	(3)		154
Trade payables	6,809	(20)		6,789
Current financial liabilities	2,839	(12)		2,827
Current lease liabilities		693		693
Current put options granted to owners of non-controlling interests	126			127
Current tax liabilities	124			124
Other current liabilities	2,712	(30)		2,681
Liabilities associated with assets held for sale	4,683	1,323		6,006
Total current liabilities	**17,461**	**1,951**		**19,412**
Total equity and liabilities	**39,169**	**5,559**	**3**	**44,730**

1.3.2 Impact of the first-time adoption of IFRS 16 – Leases

IFRS 16 supersedes IAS 17 and the related interpretations as from 1 January 2019 and removes the distinction between operating and finance leases, introducing a single lessee accounting model and requiring lessees to recognise assets (right to use the underlying leased asset for the estimated term of the lease) and liabilities (lease liability representing the obligation to make lease payments) for substantially all leases. Operating lease expense in the consolidated income statement is replaced by depreciation of the right-of-use asset presented in "Cost of goods sold" or "Selling expenses", and interest expense on the financial liability presented in "Other financial expenses". Previously, the Group classified most of its leases as operating leases and recognised rental expense on a straight-line basis over the lease term. No asset or liability was recognised except to reflect any timing difference between the rental payment period and the period in which the related expense is recognised.

Compared to IAS 17, applying IFRS 16 has a positive impact on EBITDA (as defined in note 6.1) as well as, to a lesser extent, on recurring operating income, and a negative impact on net financial income/(expense).

Consolidated net income may be reduced progressively over successive periods because total rental expense is generally higher at the beginning of the lease and decreases over time, unlike the straight-line charge recognised under the previous standard (IAS 17). Additionally, net cash from operating activities is higher as cash outflows corresponding to the repayment of the principal amount of the lease liability and related interest payments are classified within cash flows from financing activities.

Right-of-use assets and lease liabilities are presented on separate lines of the consolidated statement of financial position. Lease liabilities are not included in the calculation of net debt, the definition of which remains unchanged. Accordingly, applying IFRS 16 has the effect of decreasing net debt due to the restatement of finance lease liabilities, which were included within "Financial liabilities" under IAS 17.

The Group has decided to apply IFRS 16 from 1 January 2019 using the retrospective transition approach, by restating all comparative information presented in accordance with IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors.

The Group has chosen to apply the recognition exemptions in IFRS 16 concerning:
short-term leases (less than 12 months); and
leases for which the underlying asset is of low value (value of underlying leased asset less than €5,000).
Lease payments not included in the initial measurement of the financial liability (for example, variable lease payments) will be recorded in operating expenses, together with payments for short-term leases and leases for which the underlying asset is of low value.
The assets and finance lease liabilities previously classified under IAS 17 within property, plant and equipment and financial liabilities have been reclassified to right-of-use assets and lease liabilities, respectively, except for those related to short-term leases and leases for which the underlying asset is of low value.

Lease premiums previously classified within intangible assets have been reclassified to "Right-of-use assets". Right-of-use assets relating to lease premiums are not generally amortised and are tested for impairment whenever there is an indication that they may be impaired.

Sale-and-leaseback transactions prior to 1 January 2019 have not been restated, in accordance with IFRS 16.

A net deferred tax effect has been recorded for the difference between the right-of-use assets and the lease liabilities within the scope of IFRS 16, as was previously the case for finance lease liabilities.

The lease term corresponds to the non-cancellable period, and takes account of the period covered by any option to terminate or extend the lease, if the Group is reasonably certain to exercise that option. The Group applies the position of the French accounting standard-setter (*Autorité des normes comptables* – ANC) concerning the lease term to be applied to standard 3/6/9-year commercial leases and other similar leases. In the absence of explicit guidance, the Group amortises leasehold improvements and the right of use of the underlying leased asset over different periods. Aligning these amortisation periods would have a material impact on the consolidated financial statements, which would be recognised retrospectively. The European Securities and Markets Authority has requested clarification from the IFRS Interpretation Committee on the interaction between the amortisation period of leasehold improvements and fixtures that cannot be dissociated from the leased asset (within the meaning of IAS 16) and the lease term (determined in accordance with IFRS 16), and whether these two periods should be aligned. The Group will monitor any developments in this area during the second half of 2019.

The discount rate used to calculate the value of right-of-use assets and the lease liabilities is determined on a country-by-country basis, depending on the lease term. It is calculated for each asset according to the lease term, using the incremental borrowing rate at inception of the lease.

The impacts on the consolidated statement of financial position at 1 January 2018 and 31 December 2018 are presented above, and mainly concern the recognition of right-of-use assets and lease liabilities in respect of operating property leases on stores and warehouses. The other leases restated by the Group chiefly concern cooling systems, vehicles and logistics equipment.

Note 2 **Initiation of safeguard proceedings for Rallye**

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

➢ Implementation of safeguard proceedings for Euris, Finatis, Foncière Euris, Rallye, Cobivia, L'Habitation Moderne de Boulogne (HMB) and Alpétrol

Following persistent and massive speculative attacks against the Group's securities, Rallye and its subsidiaries Cobivia, HMB and Alpétrol, along with the Rallye parent companies Foncière Euris, Finatis and Euris, requested and obtained the initiation of safeguard proceedings for a six-month period, further to the Court decisions of 23 May 2019 and 17 June 2019.

Certain liabilities contracted by Rallye, Cobivia and HMB are secured by pledges over the Casino shares held by these companies. The number of shares pledged prior to the initiation of the safeguard proceedings was correlated to the performance of the Casino share. On this basis, Rallye and its subsidiaries pledged 94.3% of the Casino shares they held prior to the initiation of the safeguard proceedings, i.e., 53.5 million of the 56.7 million Casino shares held.

Since any failure to comply with the share pledge undertakings would have resulted in the debts owed falling due ahead of term, the companies applied for the initiation of safeguard proceedings to ensure the Group's integrity and consolidate their financial position in a more stable environment.

➢ Information regarding the net debt of entities within the Rallye holding company scope

Rallye's consolidated net debt totalled €7,614 million at 30 June 2019, including €2,295 million contracted by entities within the Rallye holding company's scope of consolidation.

At 30 June 2019, this amount includes:

- unsecured private placements and bond debt with a notional amount of €1,280 million, secured and unsecured bank financing amounting to €1,835 million (including €1,625 million[1] secured and €210 million unsecured), and outstanding unsecured commercial paper for €58.5 million;
- €25 million in interest due, the payment of which was suspended following the initiation of the safeguard proceedings. However, interest continues to be calculated and provisioned in the financial statements;

[1] *Structured financing in the form of prepaid forwards and equity swaps represented a notional amount of €273 million at 30 June 2019. Taking into account cash collateral of €42 million pledged to secure the structured financing agreements, the net amount represents €231 million.*

- €19 million in expenses, mainly for arranging the financing facilities drawn and bonds amortised over the life of the instruments, which continue to be amortised for accounting purposes;
- €145 million in cash collateral pledged to banks[1];
- a €104 million cash deficit;
- other financial assets and assets classified as held for sale in accordance with IFRS 5, representing a negative amount of €6 million.

➢ Details of pledges granted to creditors of entities within the holding company scope

The initiation of safeguard proceedings suspended the activation of all further guarantees – whether relating to Casino shares or cash collateral. The enforcement of security interests granted by the entities is also suspended by the proceedings, except for structured financing agreements in the form of prepaid forwards and equity swaps falling within the scope of Article L. 211-40 of the French Monetary and Financial Code.

The following security interests had been granted by Rallye and its subsidiaries at the date the safeguard proceedings were initiated and at 30 June 2019:

- 53.5 million Casino shares had been pledged to creditors of entities within the holding company's scope of consolidation out of a total of 56.7 million shares held, including 9.5 million shares pledged in respect of structured financing agreements in the form of prepaid forwards and equity swaps, representing 8.7% of Casino's share capital;
- €145 million in cash collateral had been pledged to banks;
- shares in Groupe GO Sport and in Parande – a wholly-owned Rallye subsidiary carrying the financial investment portfolio on its books – had been pledged in order to secure the €500 million facility signed in September 2018 and on which €202 million had been drawn at the date the safeguard proceedings were initiated.

The entities within the holding company scope retain all of the economic interests and voting rights attached to the shares pledged to secure structured and unstructured financing.

➢ Observation period

The principles above apply throughout the observation period.

The decisions initiating the safeguard proceedings set the initial observation period at six months, ending 23 November 2019. If the Paris Commercial Court has not approved the safeguard plans for the entities at said date, it is likely to order the observation period to be extended for a further six months, i.e., until 23 May 2020, at the request of the court-appointed administrators, the entities or the public prosecutor. In this case, the entities must be able to demonstrate that they are able to finance any debts arising since the safeguard proceedings were initiated ("post-initiation debts") during this additional six-month period. Exceptionally, the observation period may be further extended by up to six months at the request of the public prosecutor, following a reasoned decision of the Court (Article L. 621-3 of the French Commercial Code (*Code de commerce*).

In accordance with IAS 1, Rallye has therefore chosen to classify all of the financial liabilities of entities within its holding company's scope of consolidation as current liabilities in an amount of €2,648 million. The treatment of other non-current liabilities carried by the Group's other entities remains unchanged.

➢ Deferrals and waivers imposed on the creditors within the context of the safeguard plan

The entities are free to draw up their own safeguard plans, assisted by the court-appointed administrators. However, they are required to consult their respective creditors before adopting any such plan, except creditors whose payment terms are not affected by the draft plan or those for whom the plan provides for a full cash payment as soon as the plan is approved or the amounts owed are accepted.

Since none of the entities meets the legal thresholds of 150 employees and €20 million in net sales, they may choose to consult their creditors either individually or within the scope of a committee.

The Court will ultimately decide whether to adopt the entities' various safeguard plans, the term of which may not exceed ten years, by confirming the deferrals and waivers accepted by the creditors (these deferrals and waivers may however be shortened/limited by the Court). The Court will impose standard payment periods on any creditors who do not accept the deferrals and waivers. These periods cannot exceed the term of the plan, it being specified that the first payment will be made by the entities at the latest by the end of the first year after the plans are approved (Article L. 626-18 of the French Commercial Code). As French law does not stipulate a minimum amount for this first payment, the Court may freely set an amount commensurate with the entities' financial resources based on the business plans drawn up for the purpose of each of the safeguard plans.

The entities and their counsel are working closely with the court-appointed administrators to prepare their safeguard plans.

➢ Suspension of debts arising prior to the initiation of safeguard proceedings ("pre-initiation debts"), prevention from using shares as payment and prevention from reducing rights or increasing contractual obligations during the observation period

The decisions initiating the safeguard proceedings dated 23 May 2019 (for Rallye and its parent companies, i.e., Foncière Euris, Finatis, and Euris, along with the subsidiaries Cobivia and HMB) and on 17 June 2019 (for the Rallye Alpétrol subsidiary) automatically prevent the entities from repaying any debts that arose before the initiation decision (Article L. 622-7 of the French Commercial Code). This mainly relates to bank debts and bonds (principal and interest) held by these entities.

Only debts arising after the decisions to initiate the safeguard proceedings and incurred for the purposes of the observation period or in exchange for services provided to the entities during said period, i.e., in practice, post-initiation debts arising in the ordinary course of operations, are to be paid by the entities when they fall due.

As a result of the suspension of pre-initiation debts, the initiation of safeguard proceedings prevents any action from being taken against the entities for the purpose of having them repay those pre-initiation debts or in order to terminate agreements due to default on those debts. During the observation period of the safeguard proceedings, the entities' assets cannot be seized due to a failure to reimburse the pre-initiation debts (except as specified in Article L. 211-40 discussed below).

The safeguard proceedings also prohibit co-contractors from terminating their agreements, accelerating payments on a loan, reducing the contractual rights or increasing the contractual obligations of the entities solely on account of the safeguard proceedings initiated, irrespective of whether or not those agreements are in effect. Any provisions to the contrary shall be deemed null and void.

➢ Treatment of derivatives transactions entered into by Rallye and its subsidiaries Cobivia and HMB within the scope of the safeguard proceedings

Under Article L. 211-40 of the French Monetary and Financial Code, security interests granted in respect of financing agreements may be terminated, offset or exercised despite the initiation of safeguard proceedings. The other exemptions granted under safeguard proceedings are however applicable to these agreements.

Insofar as certain structured financing entered into by the entities with various banks in the form of prepaid forwards and equity swaps fall within the scope of Article L. 211-40 of the French Monetary and Financial Code, the banks would have the option to terminate the agreements and enforce any related pledges despite the safeguard proceedings initiated. At the level of Rallye and its subsidiaries Cobivia and HMB, these pledges concern a total of 9.5 million Casino shares, or 8.7% of Casino's share capital. In the event all of them were exercised, Rallye's stake in Casino would amount of 43.6% of the share capital and 53.2% of the voting rights, therefore having no impact on Rallye's control over Casino.

As of the date hereof, no bank had exercised its pledge and there were no legal proceedings in progress in respect of these financing agreements.

In the event the banks were to terminate these agreements, the balance would represent a post-initiation debt which we believe did not arise for the purposes of the proceedings or observation period, or for provisionally keeping the companies in business, and which should not therefore be eligible for protection under the safeguard proceedings as set out in Article L. 622-17 of the French Commercial Code. This opinion is currently shared by the court-appointed administrators. This means that the main provisions of the safeguard proceedings will apply to debts arising in connection with the termination of these agreements, which should therefore be declared by the various banks as a liability for the entities concerned.

Were all of the pledges securing the structured financing to be enforced, the Rallye Group's financial statements would be impacted as follows:

(€millions)	**Equity interest in Casino: 43.6% pro forma**	**Equity interest in Casino: 52.3% at 30 June 2019**
Rallye Group shareholders' equity	9,077	8,793
attributable to owners of the parent	413	721
attributable to non-controlling interests	8,664	8,072
Rallye Group consolidated net debt	**7,330**	**7,614**
Net debt of entities within the holding company scope	2,641	**2,925**

The termination of these agreements would however have no impact on the controlling interest in Casino held by Rallye, which owns 53.2% of Casino's voting rights.

➢ Going concern

The consolidated financial statements for the six months ended 30 June 2019 were prepared on a going concern basis.

The cash flow forecasts prepared for Rallye and its subsidiaries within the holding company's scope of consolidation for the next 12 months show a cash flow position in line with the estimated obligations resulting from the initiation of the safeguard proceedings. The forecasts factor in the following assumptions:

- stable recurring operating expenses for the next 12 months, in line with historical operating expenses;
- financial income assuming that no dividends will be paid by Casino over the next 12 months;
- no dividend payment by Rallye over the next 12 months;
- an initial observation period of six months that may be extended once for a further six months at the Company's request following a decision of the Court. The observation period may be extended a second time for a further six-month period at the public prosecutor's request, following a reasoned decision of the Commercial Court, bringing the total potential term of the observation period to eighteen (18) months.

However, in the event of an adverse change in the assumptions used, or a failure by the Company or the subsidiaries concerned by the safeguard proceedings to meet their obligations at the end of the period covered by those proceedings, the terms and conditions of which are to be defined in the context of the proceedings in progress, the entities may not be able to realise their assets or settle their liabilities within the ordinary course of their operations.

Note 3 Significant events of the period

Significant events during the period are the following:

➢ Disposal of Courir

On 28 February 2019, Rallye announced that its wholly-owned subsidiary Groupe GO Sport had completed the disposal of Courir businesses to Equistone Partners Europe for €283 million.

➢ Sale of Via Varejo

In line with its long-term strategy to focus on developing its food retailing business, on 14 June 2019 GPA completed the process begun on 23 November 2016 to sell its entire stake in its subsidiary, Via Varejo. The transaction was carried out through a block sale on the market at the price of BRL 4.90 per share, representing a total sale price of BRL 2.3 billion (€517 million). Taking into account the two total return swaps (TRS) entered into during the first half of 2019, the total proceeds received on the sale of the stake in Via Varejo amounted to BRL 2.7 billion (€615 million). These transactions led to the recognition of a capital gain after tax of BRL 55 million (€12 million attributable to the Casino Group), presented under "Net profit from discontinued operations". The sale decreased non-controlling interests by €750 million (note (4) to the consolidated statement of changes in equity).

Excluding the gain on the sale of Via Varejo, net profit from discontinued operations, mainly corresponding to the Via Varejo business between 1 January 2019 and the disposal date, amounted to €1 million.

➢ Disposal plan for non-strategic assets

On 11 June 2018, the Casino Group announced that it was launching an asset disposal plan to support ongoing transformation of its business model and accelerate the deleveraging process in France. The plan concerns non-strategic real estate and other assets identified by the Casino Group with an initially estimated total realisable value of €1.5 billion. The plan objective was raised in March 2019 to €2.5 billion.

On 30 June 2019, transactions carried out under the plan generated proceeds of €1,871 million, of which €1,105 million in 2018 (the sale of 15% of Mercialys through an equity swap for €213 million (note 4.1.2), the acquisition by Tikehau Capital and Bpifrance of shares in GreenYellow for €150 million and the sale of Monoprix real estate assets for €742 million).

The main transactions in first-half 2019 included:

- The sale-leaseback on 8 March 2019 of 13 Géant Casino, 3 Hyper Casino and 10 Casino Supermarkets store properties to funds managed by Fortress for a sale price of €392 million plus a variable component whereby the Casino Group could receive up to an additional €150 million depending mainly on the future yield on the properties sold; this variable component has not been recognised in the financial statements. The Casino Group will continue to operate the stores under leases representing annual rent of €32 million. The sale-leaseback transaction generated a capital gain before tax of €15 million presented in "Other operating income", taking into account the impact of IFRS 16.

- The signing of an agreement with funds managed by companies affiliated with Apollo Global Management for the sale-leaseback of 32 store properties (12 Géant Casino and 20 Monoprix and Casino Supermarkets stores) worth €470 million. The operation is expected to be concluded by end of October 2019. The sale price is €374 million and is expected to include a positive variable component representing up to €110 million. These properties are presented at 30 June 2019 in "Assets held for sale" in accordance with IFRS 5, for €338 million. The Casino Group expects to continue operating the stores under leases representing annual rent of €27 million.

In addition, following an agreement signed in February 2019 with Compass Group PLC, the Casino Group sold its contract catering services subsidiary R2C at the end of June 2019. This transaction had no material impact on the financial statements.

Lastly, on 22 July 2019 the Casino Group announced the signing of an agreement to sell Vindémia for €219 million (note 14).

- **Closure and disposals of loss-making stores**

The Casino Group continued with the plan announced in 2018 to close or dispose of loss-making stores. In first-half 2019, agreements were signed to sell 36 integrated stores (including 12 hypermarkets) for a combined consideration of €191 million; at 30 June 2019, the Casino Group had completed the sale of 27 stores (including 8 hypermarkets), mainly in June, and received proceeds of €105 million.
In addition, the Casino Group announced on 24 July that it had signed agreements to sell 3 hypermarkets for a combined consideration of €42 million (note 14).
Also, 56 loss-making integrated stores have been closed since 2018. Together, these stores represented net sales of around €500 million in 2018 for a trading loss of €52 million. All of these streamlining transactions gave rise to the recognition of a €67 million expense in "Other operating expenses" for the six months ended 30 June 2019 (note 7.5).

- **Project to simplify the Casino Group's structure in Latin America (note 14)**

On 26 June 2019, the Board of Directors of GPA, a subsidiary of the Casino Group in Brazil, approved the formation of an ad hoc committee of independent directors to study a project that would simplify the Casino Group's structure in Latin America.

The Board of Directors of Casino reviewed the project, which would include following steps:
an all-cash tender offer launched by GPA for 100% of Éxito's shares, to which Casino would tender all of its stake (55.3%);
the acquisition by Casino of the shares held by Éxito in Segisor (which itself holds 99.9% of the voting rights and 37.3% of the economic rights of GPA);
the migration of GPA shares to the Novo Mercado B3 listing segment, with the conversion of preferred shares (PN) into ordinary shares (ON) at an exchange ratio of ratio of 1:1, bringing an end to the existence of two classes of shares and giving GPA access to a broader base of international investors.
The tender price offered by GPA and the acquisition price offered by Casino for the shares held by Éxito in Segisor would include a premium on the current share prices.

After implementation of the project, the Casino Group would hold 41.4% of GPA, which would itself control Éxito and its subsidiaries in Uruguay and Argentina.
This operation will be subject to the corporate approvals of the governance bodies of the three companies concerned. As the transaction is in the project stage, it had no impact on the interim financial statements.

Note 4 Scope of consolidation

4.1 Transactions affecting the scope of consolidation

4.1.1 Franprix-Leader Price

Franprix-Leader Price acquired control of 36 stores during the period from two master-franchisees, for a non-material acquisition price. Only a small portion (€8 million) of the acquisition price was recognised in goodwill due to the negative net worth of some of the acquired companies. If the acquisitions had been completed on 1 January 2019, the impact on the Casino Group's consolidated net sales, trading profit and net profit would not have been material.

4.1.2 Mercialys TRS

On 26 July 2018, in connection with the announced asset disposal plan, the Casino Group reduced its stake in Mercialys from 40.3% of the voting rights to 25.3%, through the block sale to a bank of shares representing 15% of the capital under a total return swap (TRS). Under the terms of the transaction, the Casino Group received immediate proceeds amounting to €213 million before disposal costs (€209 million after disposal costs).

Under IFRS 9, the block sale is only effective once the shares are actually sold on the market by the bank. Consequently the shares were not derecognised at 31 December 2018. The underlying sale was not recorded in the financial statements and a liability was recorded for €198 million corresponding to the value of the shares not yet sold on the market (at the price sold to the bank). The sale of the shares and the related capital gains or losses are recognised when the bank sells the shares on the market. The income statement impact of the bank's sale of 1% of the capital was not material.

At 30 June 2019, 50.4% of the shares underlying the TRS had been sold. A corresponding capital loss of €13 million was recorded in "Other operating expenses" and the liability now stands at €125 million.

The consolidated financial statements include the Casino Group's 32.7% interest in Mercialys at 30 June 2019 (39.2% at 31 December 2018) on an equity-accounted basis, of which 7.5% corresponds to the shares not sold on the market at that date by the bank.

The unsold portion of the shares concerned by the TRS arranged by Casino continue to be classified as "Assets held for sale" in accordance with IFRS 5, recognised at their carrying amount for €59 million at 30 June 2019 (€114 million at 31 December 2018) (note 4.2).

At 31 December 2018, Rallye's economic exposure to Mercialys concerned 2% the share capital through two TRS. At 30 June 2019, one of the TRS was terminated by the counterparty bank and is in the process of being unwound. Rallye's remaining economic exposure at 30 June 2019 solely results from its 1.6% interest in Mercialys' share capital.

4.2 Assets held for sale and liabilities associated with assets held for sale

(€ millions)	Notes	30 June 2019		31 December 2018 (restated)	
		Assets	Liabilities	Assets	Liabilities
Via Varejo sub-group	2			6,812	5,493
Other France Retail[1]		1,310	327	1,515	375
Other Latam Retail		20		20	
Courir				248	132
Other		4		11	7
Total		**1,334**	**327**	**8,606**	**6,007**
Net assets		1,007		2,599	
o/w attributable to owners of the parent of the selling subsidiary	10.2	*1,004*		*1,834*	

(1) At 30 June 2019, this line corresponds primarily to stores and property assets for approximately €742 million (Casino Group share) relating to asset disposal plans (including the Vindémia sub-group) and optimisation of the store base, and Mercialys shares underlying the TRS for €59 million. At 31 December 2018, this line corresponded primarily to stores and property assets for approximately €874 million (Casino Group share) relating to asset disposal plans and optimisation of the store base, and Mercialys shares underlying the TRS for €114 million.

4.3 Investments in equity-accounted investees

4.3.1 Changes in investments in equity-accounted investees

(€ millions)	Opening balance (restated)	Impairment loss	Share of net income/(loss) for the period	Dividends	Other	Closing balance
Associates						
FIC (GPA)	39		18	(6)	(6)	46
Mercialys	349		30	(43)	(129)[1]	207
Franprix-Leader Price Group associates	4		(50)		54[2]	8
Other	39			(5)	33	66
Joint ventures						
Banque du Groupe Casino	85		3		11	99
Tuya (Éxito)	32		15		7	55
Other	16		0		4	19
Full-year 2018 (restated)	**564**		**16**	**(54)**	**(26)**	**500**
Associates						
FIC (GPA)	46		**9**	(2)	1	**53**
Mercialys	207		**18**	(21)	(4)	**201**
Franprix-Leader Price Group associates	8		**(26)**		26[2]	**7**
Other	66		**(3)**	(2)	1	**63**
Joint ventures						
Banque du Groupe Casino	99		**2**		13	**114**
Tuya (Éxito)	55		**(1)**		2	**56**
Other	19		**1**			**21**
H1 2019	**500**		**1**	**(24)**	**39**	**514**

(1) The €129 million negative movement in 2018 mainly reflects the reclassification as "Assets held for sale" in accordance with IFRS 5 of the shares underlying a total return swap (TRS) and not yet sold on the market, for €114 million. It also includes the previously eliminated share of margin on transactions between Mercialys and the Casino Group now recorded in trading profit for €5 million following the sale on the market of Mercialys shares representing 1% of the capital that were included in the TRS.

(2) The amount of €26 million in 2019 related to the reclassification of the share of losses from associates of Franprix-Leader Price that exceeds the book value of the investments, when Franprix-Leader Price has an obligation to cover its share in the losses of those associates. The amount of €54 million in 2018 mainly related to (i) the same type of reclassification concerning the share of these losses from associates for an amount of €20 million; and (ii) and an amount of €20 million subscribed by Franprix-Leader Price to the capital increase of a master-franchisee.

4.3.2 *Share of contingent liabilities of equity-accounted investees*

At 30 June 2019 and 31 December 2018, none of the Group's associates or joint ventures had any material contingent liabilities.

4.3.3 *Related-party transactions (equity-accounted investees)*

The related-party transactions shown below mainly concern transactions carried out in the normal course of business on arm's length terms with companies over which the Group exercises significant influence (associates) or joint control (joint ventures) that are accounted for in the consolidated financial statements using the equity method.

	2019		2018 (restated)	
(€ millions)	Associates[1][3]	Joint ventures[2]	Associates[1][3]	Joint ventures[2]
Closing balance at 30 June 2019 and 31 December 2018				
Loans	26	11	28	11
o/w impairment	*(20)*		*(44)*	
Receivables	172	61	152	49
o/w impairment				
Payables	40	381	43	549
First-half transactions				
Expenses[1][2]	6	828	10	987
Income[3]	463	19	519	13

(1) Following the application of IFRS 16, the above amounts do not include the lease payments associated with the 66 leases signed with Mercialys. These payments represented €27 million in first-half 2019 (first-half 2018: 71 leases for €26 million).

(2) Including €574 million in fuel purchases from Distridyn and €229 million in goods purchases from CD Supply Innovation in the first half of 2019 (first-half 2018: €576 million and €400 million respectively). The partnership with CD Supply Innovation was unwound during the period.

(3) Income of €463 million in first-half 2019 (first-half 2018: €519 million) also includes sales of goods by Franprix-Leader Price and Distribution Casino France to master-franchisees accounted for by the equity method, for €352 million (first-half 2018: €440 million). It also includes income related to property development transactions with Mercialys reported under "Other revenue" for €53 million in first-half 2019 (first-half 2018: €8 million), generating a margin of €30 million (note 6.1). The decline in Casino's stake in Mercialys during the first half of 2019 led to the recognition of previously eliminated past property development transactions.

Note 5 Additional cash flow disclosures

5.1 Reconciliation of provision expense

(€ millions)	Notes	H1 2019	H1 2018 (restated)
Goodwill impairment			
Impairment of intangible assets			3
Impairment of property, plant and equipment		(33)	(12)
Impairment of investment property		(7)	
Impairment of right-of-use assets			
Impairment of other assets[1]		(91)	(1)
Net additions to provisions for risks and charges	12.1	3	17
Provision expense adjustment in the statement of cash flows		**(128)**	**4**

(1) Mainly concerns net assets classified as held for sale in accordance with IFRS 5.

5.2 Reconciliation of changes in operating working capital with changes in the corresponding items in the statement of financial position

(€ millions)	1 January 2019	Cash flows from operating activities	Cash flows Other	Changes in scope of consolidation	Changes in exchange rates	Reclassifications and other	30 June 2018
Goods inventories	(3,796)	39		(8)	(29)	2	(3,791)
Property development work in progress	(184)	(84)	(6)	(2)	(2)	(3)	(281)
Trade payables	6,789	(920)		17	51	(49)	5,888
Trade and other receivables	(923)	(56)		55	1	(3)	(925)
Other receivables/payables	214	(244)	(139)	77	(21)	75	(37)
Total	**2,099**	**(1,265)**	**(145)**	**139**		**23**	**854**

(€ millions)	1 January 2018 (restated)	Cash flows from operating activities	Cash flows Other	Changes in scope of consolidation	Changes in exchange rates	Reclassifications and other	H1 2018 (restated)
Goods inventories	(3,882)	(147)		(50)	147	(2)	(3,934)
Property development work in progress	(132)	(21)		(1)	4	(12)	(161)
Trade payables	6,768	(533)		26	(183)	21	6,109
Trade and other receivables	(906)	74		4	24	(4)	(806)
Other receivables/payables	423	(229)	(70)	(6)	64	3	182
Total	**2,272**	**(856)**	**(70)**	**(27)**	**56**	**6**	**1,392**

5.3 Reconciliation of acquisitions of non-current assets

(€ millions)	H1 2019	H1 2018 (restated)
Additions to and acquisitions of intangible assets	(110)	(90)
Additions to and acquisitions of property, plant and equipment	(376)	(366)
Additions to and acquisitions of investment property	(9)	(25)
Change in amounts due to suppliers of non-current assets	(31)	(64)
Capitalised borrowing costs (IAS 23)[1]	2	6
Cash used in acquisitions of intangible assets, property, plant and equipment and investment property	**(524)**	**(539)**

(1) Non-cash movements.

5.4 Reconciliation of disposals of non-current assets

(€ millions)	H1 2019	H1 2018 (restated)
Derecognition of intangible assets	5	4
Derecognition of property, plant and equipment	91	73
Derecognition of investment property		
Gains and losses on disposals of non-current assets	72	4
Change in receivables related to non-current assets	(69)	4
Reclassification of non-current assets as “Assets held for sale” (IFRS 5)	316	137
Cash from disposals of intangible assets, property, plant and equipment and investment property	**414**	**223**

5.5 Effect on cash and cash equivalents of changes in scope of consolidation resulting in acquisition or loss of control

(€ millions)	H1 2019	H1 2018
Amount paid for acquisitions of subsidiaries	(14)	(70)
Cash/(bank overdrafts) acquired	7	(19)
Proceeds from disposals of subsidiaries	422	15
(Cash)/bank overdrafts sold	(3)	0
Effect of changes in scope of consolidation resulting in acquisition or loss of control	**412**	**(74)**

In first-half 2019, the net impact of these transactions on the Group's cash position was mainly due to the loss of control of loss-making stores in connection with the plan to optimise the store base for €105 million (note 3) and the disposal of Courir for €283 million.

5.6 Effect on cash and cash equivalents of transactions with non-controlling interests

(€ millions)	H1 2019	H1 2018 (restated)
Distribution Casino France – Disposal without loss of control	(18)	0
GreenYellow – Disposal without loss of control	(10)	0
Éxito – additional contribution of FIC in Viva Malls	3	36
Distribution Casino France – Disposal without loss of control	0	20
Other	(7)	(49)
Effect on cash and cash equivalents of transactions with non-controlling interests	**(32)**	**7**

5.7 Reconciliation of change in cash and cash equivalents with

(€ millions)	Notes	H1 2019	H1 2018
Change in cash and cash equivalents		**(1,312)**	**(636)**
New borrowings[(1)]	11.2.2	(1,107)	(2,012)
Repayments of borrowings[(1)]	11.2.2	883	376
Non-cash changes in debt[(1)]		(10)	246
Change in net assets held for sale attributable to owners of the parent		*(232)*	*114*
Change in other financial assets		*77*	*1*
Effect of changes in scope of consolidation		*70*	
Change in fair value hedges		*(24)*	*17*
Change in accrued interest		*86*	*75*
Other		*13*	*39*
Effect of movements in exchange rates[(1)]		(62)	84
Change in debt of discontinued operations		314	619
Change in net debt		**(1,291)**	**(1,321)**
Net debt at beginning of period (restated[(2)])	11.2.1	6,322	7,131
Net debt at end of period	11.2.1	7,613	8,452

(1) These impacts relate exclusively to continuing operations.

(2) Taking into account the impact of IFRS 16 for a negative €57 million at 1 January 2018 and a negative €67 million at 1 January 2019.

5.8 Reconciliation of net interest paid

(€ millions)	Notes	H1 2019	H1 2018
Cost of net debt reported in the income statement	**10.3.1**	**(202)**	**(204)**
Neutralisation of unrealised exchange gains/losses		**7**	(12)
Neutralisation of amortisation of debt issuance/redemption costs and premiums		**14**	16
Capitalised borrowing costs		**(2)**	(6)
Change in accrued interest and fair value hedges of borrowings		**(102)**	(110)
Interest paid on lease liabilities	10.3.2		
Non-recourse factoring costs	10.3.2	**(36)**	(38)
Interest paid, net as presented in the statement of cash flows		**(454)**	**(469)**

Note 6 Segment information

In accordance with IFRS 8 – Operating Segments, the information presented below is based on the internal reporting used by management (as the chief operating decision maker) to assess performance and allocate resources, and reflects the impacts of applying IFRS 16.
Segment reporting includes two operating segments corresponding to:
The "Food and general retailing" division which includes the various activities of the Casino Group, namely:
- France Retail: for all retail activities in France (mainly the Casino, Monoprix, Franprix-Leader Price and Vindémia banners);
- Latam Retail: for all food retailing operations in Latin America (mainly the GPA, Éxito, Disco, Devoto and Libertad banners);
- E-commerce: for Cdiscount.

The "Holdings and other activities" division which combines the activities of the holding companies, the sale of sporting goods and financial and property investments. Taken individually, these activities are not material at Group level.

6.1 Key indicators by operating segment

(€ millions)	Food and general retailing			Holdings and other activities	Continuing operations in first-half 2019
	France Retail[2]	Latam Retail[1]	E-commerce		
External net sales (note 7.2)	9,044	7,908	889	308	**18,149**
EBITDA[1] [2]	606	507	14	8	**1,136**
Net depreciation and amortisation expense (notes 7.3/7.4)	(415)	(245)	(30)	(22)	**(713)**
Recurring operating income/(loss)[2]	191	262	(16)	(14)	**423**
Including effect of applying IFRS 16 on EBITDA	*310*	*141*	*12*	*23*	*486*
Including effect of applying IFRS 16 on recurring operating income	*40*	*48*	*2*	*5*	*95*

(1) EBITDA (earnings before interest, taxes, depreciation and amortisation) is defined as recurring operating income (EBIT) plus net depreciation and amortisation expense.

(2) Of which €30 million in respect of property deals carried out in France, corresponding in first-half 2019 to the recognition of previously eliminated margins on property development transactions involving Casino and Mercialys following the decrease in Casino's stake in Mercialys (note 4.3.3).

(€ millions)	Food and general retailing			Holdings and other activities	Continuing operations in first-half 2018 (restated)
	France Retail[2]	Latam Retail[3]	E-commerce		
External net sales (note 7.2)	9,310	7,601	876	408	**18,195**
EBITDA[1][2][3]	586	610	4	24	**1,224**
Net depreciation and amortisation expense (notes 7.3/7.4)	(422)	(237)	(25)	(32)	**(716)**
Recurring operating income/(loss)[2][3]	164	373	(20)	(8)	**508**
Including effect of applying IFRS 16 on EBITDA	*279*	*139*	*11*	*29*	*458*
Including effect of applying IFRS 16 on recurring operating income	*28*	*49*	*2*	*5*	*84*

(1) EBITDA (earnings before interest, taxes, depreciation and amortisation) is defined as recurring operating income (EBIT) plus net depreciation and amortisation expense.

(2) Of which €21 million for property development transactions carried out in France.

(3) Of which BRL 414 million (€100 million) recognised in respect of tax credits by GPA during the period (mainly reversal of the valuation allowance on Assai's ICMS-ST tax credit following a change in the law).

6.2 Key indicators by geographical area

(€ millions)	Food and general retailing			Holdings and other activities		Total
	France	Latin America	Other regions	France	Other regions	
External net sales for first-half 2019	9,931	7,904	6	273	34	**18,149**
External net sales for first-half 2018 (restated)	10,185	7,600	2	370	38	**18,195**

(€ millions)	Food and general retailing			Holdings and other activities		Total
	France	Latin America	Other regions	France	Other regions	
Non-current assets at 30 June 2019[1]	13,632	9,889	58	187	4	**23,770**
Non-current assets at 31 December 2018 (restated)[1]	13,831	9,694	60	203	4	**23,792**

(1) Non-current assets include goodwill, intangible assets and property, plant, and equipment, investment property, right-of-use assets, investments in equity-accounted investees, contract assets and prepaid expenses beyond one year.

Note 7 Operating data

7.1 Seasonality of operations

Across all businesses, seasonal fluctuations on the income statement are minor in terms of net sales (first-half 2018 represented 49% of full-year 2018, or 48% based on the average 2018 exchange rate), but are more significant in terms of recurring operating income (first-half 2018 represented 37% of full-year 2018, or 36% based on the average 2018 exchange rate).

These seasonal fluctuations have an even greater impact on the cash flows generated by the Group. The change in working capital observed in the first half of the year is structurally negative as a result of the large payments made to suppliers at the beginning of the financial year in return for purchases made to meet strong demand in December of the previous year.

7.2 Breakdown of revenue

The following tables present a breakdown of revenue:

(€ millions)	Food and general retailing			Holdings and other activities	H1 2019
	France Retail	Latam Retail	E-commerce		
Net sales	9,044	7,908	889	308	18,149
Other revenue	244	83		2	328
Total income	9,288	7,991	889	309	**18,477**

(€ millions)	Food and general retailing			Holdings and other activities	H1 2018
	France Retail	Latam Retail	E-commerce		
Net sales	9,310	7,601	876	408	18,195
Other revenue	163	75		2	240
Total income	9,472	7,676	876	**410**	**18,434**

7.3 Expenses by nature and function

(€ millions)	Notes	Logistics costs[1]	Selling expenses	General and administrative expenses	H1 2019
Employee benefits expense		(273)	(1,549)	(433)	(2,255)
Other expenses		(430)	(1,252)	(231)	(1,913)
Depreciation/amortisation for the period	6.1/7.4	(74)	(543)	(96)	(713)
Total		**(777)**	**(3,344)**	**(760)**	**(4,881)**

(1) Logistics costs are reported in the consolidated income statement under "Cost of goods sold".

(€ millions)	Notes	Logistics costs[1]	Selling expenses	General and administrative expenses	H1 2018 (restated)
Employee benefits expense		(270)	(1,606)	(423)	(2,299)
Other expenses		(414)	(1,276)	(212)	(1,901)
Depreciation/amortisation for the period	6.1/7.4	(71)	(556)	(88)	(716)
Total		**(755)**	**(3,438)**	**(723)**	**(4,916)**

(1) Logistics costs are reported in the consolidated income statement under "Cost of goods sold".

7.4 Depreciation and amortisation

(€ millions)	Notes	H1 2019	H1 2018 (restated)
Amortisation of intangible assets		(70)	(61)
Depreciation of property, plant and equipment		(243)	(273)
Depreciation of investment property		(6)	(4)
Depreciation of right-of-use assets		(393)	(377)
Total depreciation and amortisation expense	**6.1/7.3**	**(713)**	**(716)**

7.5 Other operating income and expenses

(€ millions)	H1 2019	H1 2018 (restated)
Total other operating income	411	107
Total other operating expenses	(631)	(244)
	(220)	**(137)**
Breakdown by type		
Gains and losses on disposal of non-current assets(1)(6)	(4)	10
Net asset impairment losses(2)(6)	(118)	(2)
Net income/(expense) related to changes in scope of consolidation(3)(6)	58	(33)
Gains and losses on disposal of non-current assets, net asset impairment losses, and net income/(expense) related to changes in scope of consolidation	**(65)**	**(25)**
Restructuring provisions and expenses(4)(6)	(96)	(96)
Provisions and expenses for litigation and risks(5)	(44)	(16)
Other operating income and expenses	(15)	
Other operating income and expenses	**(155)**	**(112)**
Total other operating income (expense), net	**(220)**	**(137)**

(1) The net gain on disposal of non-current assets in the first half of 2019 primarily concerned the France Retail segment.

(2) The impairment loss recognised in first-half 2019 mainly concerns the France Retail segment and relates to the asset disposal plan.

(3) The net income of €58 million in first-half 2019 notably includes income on the disposal of Courir amounting to €170 million and the expense relating to the store optimisation plan in the France Retail segment, including employee costs, store closure costs, inventory reduction costs and impairment, which totalled €67 million in first-half 2019 (of which €21 million corresponding to changes in scope and €46 million to restructuring). The other changes in scope of consolidation mainly concern the France Retail segment. The €33 million expense recorded in first-half 2018 primarily concerned fees related to various projects for changes in the scope of consolidation.

(4) Excluding the impact of the store optimisation plan, restructuring provisions and expenses for first-half 2019 mainly concerned the France Retail and Latam Retail segments for €28 million and €20 million, respectively. Restructuring expenses for first-half 2018 related chiefly to the France Retail segment for €49 million (including employee-related costs and store closure costs for €41 million, and store conversion costs of €8 million) and to Latam Retail for €37 million.

(5) Provisions and expenses for litigation and risks represented a net expense of €44 million in first-half 2019, including €24 million for tax risks at GPA. In the first half of 2018, the net expense of €16 million concerned the France Retail and Latam Retail segments in the amounts of €6 million and €8 million respectively.

(6) Reconciliation of the breakdown of asset impairment losses:

(€ millions)	H1 2019	H1 2018 (restated)
Goodwill impairment losses	0	0
Impairment/(losses)/reversals on intangible assets, net	0	3
Impairment/(losses)/reversals on property, plant and equipment, net	(27)	(12)
Impairment/(losses)/reversals on investment property, net	0	0
Impairment/(losses)/reversals on right-of-use assets, net	(7)	(3)
Impairment/(losses)/reversals on other assets, net (IFRS 5 and other)	(96)	(2)
Total net impairment losses of continuing operations	**(130)**	**(13)**
o/w presented under "Restructuring provisions and expenses"	*(10)*	*(2)*
o/w presented under "Net impairment (losses)/reversals on assets"	*(118)*	*(1)*
o/w presented under "Net income/(expense) related to changes in scope of consolidation"	*(1)*	*(3)*
o/w presented under "Gains and losses on disposal of non-current assets"	*0*	*(9)*

Note 8 Income tax

Income tax expense for first-half 2019 amounts to €28 million, representing an effective tax rate of 16.5% for the Group versus an effective tax rate of 29.4% in first-half 2018 (as restated).

Note 9 Goodwill, intangible assets, property, plant and equipment, and investment property

Acquisitions of intangible assets, property, plant and equipment, and investment property amounted to €494 million in first-half 2019 versus €482 million for the same period in 2018. In addition, right-of-use assets recognised in first-half 2019 in respect of new leases amounted to €505 million versus €458 million in the prior-year period.

The Group carried out a review of goodwill and other non-current assets at 30 June 2019 to determine whether there was any evidence of impairment, as defined in the notes to the 2018 consolidated financial statements.

Impairment charges on intangible assets, property, plant and equipment, investment property and right-of-use assets were recognised in a total amount of €40 million for the period (note 7.5), mainly in relation to the France Retail segment.

Concerning goodwill, the main tests carried out on CGUs with impairment indicators concerned the Argentina segment; those tests did not result in the recognition of an impairment loss at 30 June 2019.

Note 10 Financial structure and finance costs

10.1 Net cash and cash equivalents

"Net cash and cash equivalents" break down as follows:

(€ millions)	30 June 2019	31 December 2018
Cash equivalents	1,273	1,184
Cash	2,070	2,617
Gross cash and cash equivalents	**3,342**	**3,801**
Bank overdrafts	(131)	(149)
Net cash and cash equivalents	**3,212**	**3,652**

At 30 June 2019, cash and cash equivalents were not subject to any material restrictions.

10.2 Financial liabilities

10.2.1 Net debt

(€ millions)	Notes	30 June 2019			31 December 2018 (restated)		
		Non-current portion	Current portion	Total	Non-current portion	Current portion	Total
Bonds[1]		5,009	2,840	7,849	6,623	1,239	7,861
Other borrowings and financial liabilities[2]		1,314	3,216	4,530	2,816	1,585	4,401
Fair value hedges – liabilities[3]		1	6	6	3	3	6
Financial liabilities		**6,323**	**6,062**	**12,385**	**9,442**	**2,827**	**12,268**
Fair value hedges – assets[4]		(146)	(31)	(177)	(82)	(34)	(116)
Net assets held for sale attributable to owners of the parent of the selling subsidiary	4.2		(1,004)	(1,004)		(1,834)	(1,834)
Other financial assets		(13)	(235)	(248)	(8)	(186)	(195)
Cash and cash equivalents	10.1		(3,342)	(3,342)		(3,801)	(3,801)
Cash and cash equivalents, other financial assets and net assets held for sale		**(159)**	**(4,612)**	**(4,771)**	**(90)**	**(5,855)**	**(5,946)**
Net debt		**6,164**	**1,450**	**7,614**	**9,351**	**(3,029)**	**6,323**

(1) Of which €6,726 million in France and €1,123 million at GPA at 30 June 2019 (31 December 2018: €6,942 million in France and €919 million at GPA).

(2) Structured financing taken out by Rallye in the form of prepaid forwards and equity swaps represented a notional amount of €273 million at 30 June 2019 (excluding cash collateral).

(3) Of which €4 million in Colombia and €1 million in Brazil at 30 June 2019 (31 December 2018: €3 million in France, €2 million in Colombia and €1 million in Brazil).

(4) Of which €140 million in France, €22 million in Brazil and €15 million in Colombia at 30 June 2019 (31 December 2018: €69 million in France, €20 million in Brazil and €27 million in Colombia).

Breakdown of net debt

(€ millions)	30 June 2019				31 December 2018 (restated)			
	Debt[1]	Cash and cash equivalents	Attributable net assets reclassified as "held for sale" (IFRS 5)	Net debt	Debt[1]	Cash and cash equivalents	Attributable net assets reclassified as "held for sale" (IFRS 5)	Net debt
Rallye Group[2]	**3,067**	**(148)**	**(4)**	**2,916**	**3,165**	**(71)**	**(123)**	**2,970**
Casino Group	**8,892**	**(3,195)**	**(1,000)**	**4,698**	**8,793**	**(3,730)**	**(1,710)**	**3,354**
France Retail	**5,542**	**(1,665)**	**(983)**	**2,894**	**5,924**	**(2,097)**	**(1,126)**	**2,700**
Latam Retail	**2,901**	**(1,436)**	**(17)**	**1,448**	**2,635**	**(1,597)**	**(20)**	**1,018**
o/w GPA food	1,811	(1,105)	(5)	701	1,597	(1,000)	(8)	589
o/w Éxito[3]	1,034	(596)	(13)	426	1,031	(596)	(12)	423
Latam Electronics							**(563)**	**(563)**
E-commerce	**449**	**(94)**		**356**	**234**	**(36)**		**199**
Total	**11,960**	**(3,342)**	**(1,004)**	**7,614**	**11,958**	**(3,801)**	**(1,834)**	**6,324**

(1) Financial liabilities net of fair value hedging derivative assets and other financial assets.
(2) Groupe GO Sport contributed a negative €9 million to net debt at 30 June 2019 versus €73 million at 31 December 2018.
(3) Éxito excluding GPA, including Argentina and Uruguay.

10.2.2 Change in financial liabilities

(€ millions)	Notes	30 June 2019	31 December 2018 (restated)
Financial liabilities at beginning of period		12,269	11,931
Fair value hedges – assets		(115)	(112)
Financial liabilities at beginning of period (including hedging instruments) (reported)		**12,154**	**11,819**
Effects of applying IFRS 16 (note 1.3)			(65)
Financial liabilities at beginning of period including hedging instruments (restated)		**12,154**	**11,866**
New borrowings[1]		1,107	2,806
Repayments of borrowings[2]		(889)	(2,495)
Change in fair value of hedged debt		28	92
Change in accrued interest		(86)	(35)
Effect of movements in exchange rates		49	(165)
Changes in scope of consolidation[3]		(110)	302
Reclassification of financial liabilities associated with assets held for sale		4	59
Other reclassifications[4]		(49)	(165)
Financial liabilities at end of period (including hedging and cash flow instruments)		**12,208**	**12,152**
Financial liabilities at end of period	10.2.1	12,385	12,268
Fair value hedges – assets	10.2.1	(177)	(116)

(1) *In the first half of 2019, additions to borrowings mainly included: (a) a promissory notes issue at GPA for BRL 800 million (€184 million) as well as additions to borrowings for BRL 487 million (€112 million); (b) drawdowns on lines of credit at Rallye for €555 million and at Éxito for COP 310 billion (€86 million); and (c) drawdowns on lines of credit in the France Retail segment for €150 million.*

(2) *In first-half 2019, repayments of borrowings mainly concerned Rallye, Groupe GO Sport, Casino, Guichard-Perrachon, GPA and Éxito for €434 million, €247 million, €54 million, €71 million and €92 million, respectively.*

(3) *Including -€73 million and -€50 million in 2019 related to total return swaps (TRS) on Mercialys (note 4.1.2) and Via Varejo shares respectively (note 3). In 2018, including €198 million and €49 million related to total return swaps (TRS) set up during the year on Mercialys and Via Varejo shares respectively.*

(4) *Including a €35 million reduction in bank overdrafts in first-half 2019 (2018: a €96 million reduction).*

In first-half 2019, cash flows from financing activities amounted to a net outflow of €202 million, breaking down as repayments of borrowings for €912 million and net interest paid for €453 million (5.8), offset by additions to borrowings for €1,163 million. In 2018, cash flows from financing activities represented a net outflow of €371 million, consisting of repayments of borrowings for €1,471 million and net interest paid for €715 million (note 5.9), partly offset by the proceeds from new borrowings for €1,815 million.

10.3 Cost of net debt and other financial income and expenses, net

10.3.1 Cost of net debt

(€ millions)	H1 2019	H1 2018
Gains/(losses) on disposal of cash equivalents	0	0
Income from cash and cash equivalents	11	23
Income from cash and cash equivalents	**11**	**23**
Interest expense on borrowings after hedging	(212)	(228)
Cost of gross debt	(212)	(228)
Cost of net debt	**(201)**	**(205)**

10.3.2 Other financial income and expenses

(€ millions)	H1 2019	H1 2018 (restated)
Investment income	0	0
Foreign currency exchange gains (other than on borrowings)	19	17
Discounting and accretion adjustments	1	1
Gains on remeasurement at fair value of non-hedging derivative instruments(1)	57	11
Gains on remeasurement at fair value of financial assets at fair value through profit or loss		3
Impact of applying IAS 29 to operations in Argentina		
Other	31	29
Other financial income	**108**	**60**
Foreign currency exchange losses (other than on borrowings)	(24)	(20)
Discounting and accretion adjustments	(2)	(1)
Interest expense on lease liabilities	(138)	(121)
Losses on remeasurement to fair value of non-hedging derivative instruments(1)	(14)	(57)
Losses on remeasurement at fair value of financial assets	(7)	(2)
Non-recourse factoring and associated transaction costs	(36)	(38)
Impact of applying IAS 29 to operations in Argentina	(4)	
Other	(56)	(46)
Other financial expenses	**(281)**	**(286)**
Total other financial income and expenses	**(173)**	**(226)**

(1) The net gain on remeasurement at fair value of non-hedging derivative instruments reported in first-half 2019 in an amount of €43 million mainly reflects (a) fair value adjustments to the GPA TRS (positive adjustment of €36 million) and GPA forward (positive adjustment of €20 million) as well as dividend income (€1 million) and the cost of carry (€7 million) associated with these instruments, and (b) negative impacts related to other derivative instruments (€7 million). The net expense of €46 million in first-half 2018 mainly reflected (a) fair value adjustments to the GPA TRS (expense of €6 million), the GPA forward (expense of €18 million), the Mercialys TRS linked to 1.6% of the capital (€6 million), along with the cost of carry associated with these instruments (€7 million), and (b) negative impacts related to other derivative instruments (€9 million).

10.4 Fair value of financial instruments

The tables below compare the carrying amount and fair value of consolidated financial assets and liabilities, other than those for which the carrying amount corresponds to a reasonable approximation of fair value such as trade receivables, trade payables, contract assets and liabilities, and cash and cash equivalents. A definition of the different levels of the fair value hierarchy is provided in note 11.4.2 to the financial statements for the year ended 31 December 2018.

30 June 2019 (€ millions)	Carrying amount	Fair value	Level 1	Level 2	Level 3
Assets					
Financial assets at fair value through profit or loss(1)	28	28	1		27
Financial assets at fair value through other comprehensive income(1)	77	77	12	37	28
Fair value hedges – assets(2)	177	177		177	
Cash flow hedges and net investment hedges – assets(2)	3	3		3	
Other derivative instruments – assets	14	14	5		8
Liabilities					
Bonds(3)	7,849	7,458	6,346	1,112	
Other borrowings and financial liabilities(4)	4,530	4,519		4,519	
Lease liabilities	4,904	4,902		4,902	
Fair value hedges – liabilities(2)	6	6		6	
Cash flow hedges and net investment hedges – liabilities(2)	49	49		49	
Other derivative instruments – liabilities	242	242		242	
Put options granted to owners of non-controlling interests(5)	181	181		0	181

For the Rallye scope, the carrying amount of bonds and other financial liabilities represents €3,180 million, while the fair value as shown in the table above amounts to €3,343 million. The fair value calculation does not factor in any consequences (as-yet unquantified) of the safeguard proceedings described in note 2.

31 December 2018 (restated) (€ millions)	Carrying amount	Fair value	Level 1	Level 2	Level 3
Assets					
Financial assets at fair value through profit or loss(1)	36	36	2		34
Financial assets at fair value through other comprehensive income(1)	88	88	28	28	32
Fair value hedges – assets(2)	116	116		116	
Cash flow hedges and net investment hedges – assets(2)	8	8		8	
Other derivative instruments – assets	20	20	11		9
Liabilities					
Bonds(3)	7,861	7,721	6,814	907	
Other borrowings and financial liabilities(4)	4,401	4,212		4,212	
Lease liabilities	4,559	4,559		4,559	
Fair value hedges – liabilities(2)	6	6		6	
Cash flow hedges and net investment hedges – liabilities(2)	14	14		14	
Other derivative instruments – liabilities	297	297		297	
Put options granted to owners of non-controlling interests(5)	188	188			188

(1) Financial assets recognised at fair value are generally measured using standard valuation techniques. If their fair value cannot be determined reliably, they are not included in this note.

(2) Derivative financial instruments are valued (internally or externally) on the basis of the widely used valuation techniques for this type of instrument. Valuation models are based on observable market inputs (mainly the yield curve) and counterparty quality. Derivatives held as fair value hedges are almost fully backed by borrowings.

(3) The fair value of bonds is based on the latest quoted price on the reporting date.

(4) The fair value of other borrowings has been measured using other valuation techniques such as the discounted cash flow method, taking into account the Group's credit risk and interest rate conditions at the reporting date.

(5) The fair value of put options granted to owners of non-controlling interests is measured by applying the contract's calculation formulas and is discounted, if necessary. These formulas are considered to be representative of fair value and notably use net income or sales multiples.

10.5 Casino Group liquidity risk

As described in the notes to the 2018 consolidated financial statements, the Casino Group's liquidity policy is to ensure that it has sufficient liquid assets to settle its liabilities as they fall due, in either normal or impaired market conditions.

On 23 May 2019, the Casino Group's controlling shareholder Rallye and its parent companies announced that they had each requested and obtained the initiation of safeguard proceedings for an initial six-month period. These proceedings were initiated after the Court noted the financial difficulties experienced by the holding companies. They have the effect of freezing these companies' financial liabilities. Each proceeding only concerns the entity for which it was initiated and none of them apply to the Casino Group.

Therefore, the Casino Group continues to run its operations as usual.

To date, the initiation of safeguard proceedings for Rallye has had two notable impacts at the level of Casino, Guichard-Perrachon:

- Rating downgrades by Standard & Poor's and Moody's. On 28 May 2019, Standard & Poor's downgraded the Casino Group's credit rating to B/negative outlook (from BB/negative outlook). On 31 May 2019, Moody's downgraded the Casino Group's credit rating to B1/negative outlook (from Ba3/negative outlook). These rating downgrades had no impact on the Casino Group's borrowing costs or liquidity position.
- A reduction in the outstanding amount under the commercial paper programme. Outstanding Casino Group commercial paper amounted to €167 million at 30 June 2019 compared with €450 million before the Rallye safeguard proceedings were initiated.

The Casino Group has not observed any change in supplier payment terms or any reduction in its available overdraft facilities. In addition, the Casino Group continuously analyses and discusses the different options for refinancing or extending the maturity of its bank and bond debt, even more so in the current situation where its credit rating has been downgraded.

The main liquidity risk management methods consist in:

- diversifying sources of financing to include capital markets, private placements, banks (confirmed and unconfirmed facilities) and discounting facilities;
- diversifying financing currencies to include the euro, the Casino Group's other functional currencies and the US dollar;
- maintaining a level of confirmed financing facilities significantly in excess of the Casino Group's liabilities at all times;
- limiting the amount of annual repayments and proactively managing the repayment schedule;
- managing the average maturity of financing facilities and, where appropriate, refinancing them before they fall due.

The liquidity analysis is performed both at the Casino, Guichard-Perrachon holding company level (taking into account the cash pool operated with all French subsidiaries) and for each of the Casino Group's international subsidiaries.

In addition, the Casino Group carries out non-recourse receivables discounting without continuing involvement, within the meaning of IFRS 7, as well as reverse factoring. Most of the Casino Group's debt is carried by Casino, Guichard-Perrachon and is not secured by collateral or any secured assets. Financing is managed by the Corporate Finance department. The Casino Group's main subsidiaries (GPA, Monoprix and Éxito) also have their own financing facilities, which are not secured by collateral or any security interests in assets (except for GPA loans from BNDES totalling €7 million as at 30 June 2019 that are secured by security interests in assets) and are not guaranteed by Casino. All Casino Group subsidiaries submit weekly cash reports to Casino and all new financing facilities require prior approval from the Corporate Finance department.

At 30 June 2019, the Casino Group's liquidity position comprised:

- confirmed, undrawn lines of credit for a total of €3,212 million (of which €2,719 million for France);
- available cash of €3,195 million.

In France, confirmed credit lines that can be used at any time break down as follows:

		Due		Amount of the facility	Drawdowns
(€ millions)	**Rate**	**Within one year**	**In more than one year**		
Casino, Guichard-Perrachon syndicated credit lines(1)	Variable(1)	-	1,859	1,859	
Casino, Guichard-Perrachon bilateral credit lines	Variable(2)	225	215	440	90
Confirmed credit lines – Monoprix	Variable(3)	-	570	570	60
Total		**225**	**2,644**	**2,869**	**150**

(1) Syndicated credit lines comprise a €1,200 million line expiring in February 2021 and a USD 750 million line expiring in July 2022. Interest is based on Euribor (drawdowns in euros) or US Libor (drawdowns in US dollars) for the drawdown period plus a spread that depends on the amount borrowed and the Casino Group's net debt/EBITDA ratio.

(2) Interest on the bilateral credit lines is based on the Euribor for the drawdown period plus a spread. In some cases, the spread varies depending on the amount borrowed (lines totalling €240 million) and/or the Casino Group's net debt/EBITDA ratio (lines totalling €250 million). For one line, the spread is partially indexed to the Group's Sustainalytics CSR rating.

(3) Interest on these confirmed bank credit lines is based on the Euribor for the drawdown period plus a spread. The spread varies depending on the amount drawn down and/or the Casino Group's net debt/EBITDA ratio.

The only covenant for these credit lines is the Casino Group's consolidated net debt/EBITDA ratio (3.5x for the most restrictive, except for the Monoprix credit lines which are subject to a covenant related to Monoprix's net debt/EBITDA ratio). Compliance with the covenant is tested annually based on the ratio at 31 December.

Bonds issued by Casino, Guichard-Perrachon totalled €5,338 million at 30 June 2019, of which €1,171 payable within one year.

As announced by Rallye and its holding companies on 12 July 2019, structured financing arrangements with certain financial institutions are secured by pledges over the shares of their subsidiaries. These financial institutions would have the option to exercise these share pledges during the safeguard proceedings (note 2).

Casino confirms that:

- Such transactions would have no impact on the control held over Casino by Rallye and its holding companies.
- Should the exercise of these pledges lead to a loss of control over Casino by Rallye or its holding companies, this would have no legal impact on Casino's debt and would not constitute an event of default, whether in respect of bank financing documentation or Casino's bond financing documentation.

As a matter of fact:

- Most of Casino's bank financing documentation contains change of control clauses. The notion of change of control is defined not as the loss of control over Casino by Rallye or its holding companies, but as the acquisition of control over Casino by a third party (within the meaning of Article L. 233-3 of the French Commercial Code (*Code de commerce*), other than Rallye and its affiliates, whether acting alone or in concert. Activation of the change of control clauses would trigger the early redemption of bonds or the cancellation of confirmed credit lines at the individual discretion of each lender.
- Change of control clauses are included in all of Casino's bond financing documentation, except for the documentation relating to the €600 million in deeply-subordinated perpetual bonds (TSSDI) issued in 2005, which contains no such clause. Change of control is established when two criteria are met:
    - A third party, other than Rallye and its affiliates, acting alone or in concert, acquires shares conferring more than 50% of Casino's voting rights; and
    - The change of control directly triggers a downgrade of Casino's long-term credit rating (by at least one grade in the event that Casino's rating is not investment grade).

Should the acquisition of control over Casino by a third party lead to a rating downgrade for Casino, the consequences on Casino's bond financing would be as follows:

- For senior bonds, representing a cumulative nominal amount of €5,338 million at 30 June 2019, each bond investor would be entitled to request from Casino the early redemption of all their bonds at par.
- For €750 million worth of deeply-subordinated perpetual bonds (TSSDI) issued in 2013, the interest would be raised by an additional spread of 5% per annum and Casino would be entitled to buy back all of the bonds at par.

Note 11 Equity

11.1 Share capital

The share capital is made up of ordinary fully paid-up shares with a par value of €3 each. At 30 June 2019, the share capital consisted of 52,238,769 shares representing a total par value of €156 million.

	30 June 2019	31 December 2018
Number of shares at beginning of period	**53,738,266**	**52,064,824**
2017 dividend		3,058,947
Free share grants	145,621	278,330
Cancellation of shares	(1,645,118)	(1,663,835)
Number of shares at end of period	**52,238,769**	**53,738,266**

11.2 Treasury shares

On 24 May 2019, Rallye terminated the liquidity agreement with Rothschild Marti Maurel. At the date of termination, the 57,000 shares held under the agreement for €0.5 million were transferred to Rallye in order to be cancelled.

11.3 Breakdown of other reserves

(€ millions)	Cash flow hedges	Net investment hedges	Foreign currency translation reserves	Actuarial gains and losses	Equity instruments[1]	Debt instruments[1]	Total other Group reserves
At 31 December 2018 (reported)	**(3)**	**(4)**	**(1,218)**	**(56)**	**(57)**	**(2)**	**(1,342)**
IFRS 16 adjustments			3				3
At 31 December 2018 (restated)	**(3)**	**(4)**	**(1,215)**	**(56)**	**(57)**	**(2)**	**(1,339)**
Movements for the period	(3)		15		(9)	(12)	(9)
At 30 June 2019	**(6)**	**(4)**	**(1,201)**	**(56)**	**(66)**	**(14)**	**(1,348)**

(€ millions)	Cash flow hedges	Net investment hedges	Foreign currency translation reserves	Actuarial gains and losses	Equity instruments[1]	Debt instruments[1]	Total other Group reserves
At 1 January 2018	**(12)**	**(3)**	**(1,025)**	**(52)**	**(54)**	**1**	**(1,145)**
Movements for the period	4		(242)	3	(8)	(1)	(242)
At 30 June 2018	**(7)**	**(3)**	**(1,266)**	**(48)**	**(62)**	**0**	**(1,386)**

(1) Financial instruments at fair value through other comprehensive income.

11.4 Material non-controlling interests

Summarised financial information on the main subsidiaries with material non-controlling interests

The information presented in the table below is based on the IFRS financial statements, adjusted where applicable to reflect the remeasurement at fair value on the date of acquisition or loss of control, and to align accounting policies with those applied by the Group. The amounts are shown before intragroup eliminations. The Éxito group publishes its financial statements at a date later than that of the Casino Group; therefore information related to that subsidiary is not disclosed.

(€ millions)	Casino Group		GPA	
	2019	**2018**	**2019**	**2018**
Country	France		Brazil	
% of ownership interests held by non-controlling interests[(1)]	*47.07%*	*47.41%*	*66.90%*	*66.84%*
% voting rights held by non-controlling interests[(1)]	*38.34%*	*34.65%*	*0.06%*	*0.06%*
For the first half-year				
Net sales	17,841	17,787	5,914	5,561
Net income/(loss) from continuing operations	(262)	16	66	135
Net income from discontinued operations	13	74	20	77
Net income/(loss)	**(249)**	**90**	**86**	**212**
Attributable to non-controlling interests in continuing operations	*(90)*	*69*	*44*	*90*
Attributable to non-controlling interests in discontinued operations	*14*	*71*	*15*	*68*
Other comprehensive income/(loss)	59	(826)	95	(661)
Total comprehensive income/(loss) for the period	**(190)**	**(736)**	**181**	**(449)**
Attributable to non-controlling interests	(19)	(482)	124	(306)
At 30 June 2019 and 31 December 2018				
Non-current assets	24,514	24,368	7,899	7,603
Current assets	11,005	18,414	2,787	9,539
Non-current liabilities	(12,032)	(12,594)	(2,540)	(2,609)
Current liabilities	(12,965)	(18,424)	(2,865)	(8,608)
Net assets	**10,522**	**11,764**	**5,281**	**5,924**
Attributable to non-controlling interests[(2)]	*8,069*	*9,064*	*3,293*	*3,908*
For the first half-year				
Net cash used in operating activities	(945)	(87)	(808)	(306)
Net cash from/(used in) investing activities	524	(440)	250	(216)
Net cash from/(used in) financing activities	(1,118)	27	(226)	(284)
Effect of changes in exchange rates on cash and cash equivalents	66	(206)	92	(153)
Change in cash and cash equivalents	**(1,473)**	**(705)**	**(692)**	**(959)**
Dividends paid to the Group[(3)]	(88)	(88)	(21)	16
Dividends paid to owners of non-controlling interests during the period[(3)]	**(148)**	**(113)**	**(26)**	**26**

(1) The percentages of non-controlling interests set out in this table do not include the Group's own non-controlling interests in sub-groups.

(2) Including €1,350 million relating to issues of deeply-subordinated perpetual bonds (TSSDI) by Casino.

(3) GPA has a dividend payout obligation (note 12.8 to the Group's 2018 consolidated financial statements).

11.5 Dividend

The Annual Shareholders' Meeting of 15 May 2019 approved a dividend payment of €1 per share in respect of 2018.

The coupons payable on deeply-subordinated perpetual bonds (TSSDI) are as follows:

(€ millions)	**H1 2019**	**H1 2018**
Coupons payable on deeply-subordinated perpetual bonds (TSSDI)	**39**	**42**
o/w amount paid during the period	37	37
o/w amount payable in the following period	3	6
Impact on the statement of cash flows	**43**	**42**
o/w coupons awarded and paid during the period	37	37
o/w coupons awarded in the prior year and paid during the period	6	6

Note 12 Other provisions

12.1 Breakdown of provisions and movements

(€ millions)	1 January 2019 (restated)	Additions	Reversals (used)	Reversals (not used[3])	Changes in scope of consolidation	Effect of movements in exchange rates	Other	30 June 2019
Claims and litigation	486	61	(31)	(34)	(4)	15	(3)	490
Other risks and expenses	107	36	(15)	(14)	(1)		6	114
Restructuring	41	25	(25)	(2)	4			46
Total other provisions	**633**	**122**	**(71)**	**(50)**	**(1)**	**15**	**3**	**650**
o/w non-current	480	54	(30)	(30)	(5)	15	(6)	477
o/w current	154	67	(40)	(20)	4		9	173

Provisions for claims and litigation, and for other risks and expenses are composed of a wide variety of provisions for employee-related disputes (before a labour court), property disputes (concerning construction or refurbishment work, rents, tenant evictions, etc.), tax disputes and business claims (trademark infringement, etc.).

Provisions for claims and litigation amount to €490 million and include €445 million for GPA (note 12.2). Of this amount, additions to provisions, reversals of used provisions and reversals of surplus provisions, respectively, amounted to €52 million, a negative €10 million and a negative €45 million.

12.2 Breakdown of GPA provisions for claims and litigation

(€ millions)	PIS/COFINS/CPMF disputes[1]	Other tax disputes	Employee disputes	Civil litigation and other	Total
30 June 2019	**14**	**335**	**68**	**28**	**445**
31 December 2018 (excluding Via Varejo)	31	316	65	26	439

(1) VAT and similar taxes.

In the context of the dispute presented above and below in note 12.3, GPA Food is contesting the payment of certain taxes, contributions and payroll obligations. The legal deposits paid by GPA pending final rulings from the administrative courts on these various disputes are included in "Other non-current assets". GPA has also provided various guarantees in addition to these deposits, reported as off-balance sheet commitments.

(€ millions)	30 June 2019			31 December 2018		
	Legal deposits paid	Assets pledged as collateral	Bank guarantees	Legal deposits paid	Assets pledged as collateral	Bank guarantees
Tax disputes	56	193	2,148	53	189	2,033
Employee disputes	112		83	104	1	43
Civil litigation and other	18	3	103	17	3	97
Total	**186**	**196**	**2,333**	**175**	**192**	**2,173**

12.3 Contingent assets and liabilities

In the normal course of its business, the Casino Group is involved in a number of legal or arbitration proceedings with third parties or with the tax authorities in certain countries (mainly involving GPA – see below).

As stated in note 4.3.2, no associates or joint ventures have any significant contingent liabilities.

12.3.1 Arbitration between GPA and Peninsula

On 12 September 2017, GPA received a request for arbitration from Fundo de Investimento Inmobiliáro Península ("Península") in order to discuss the calculation of rental charges and other operational matters related to leasing agreements concerning stores owned by Peninsula and operated by GPA. The agreements have a duration of 20 years as from 2005 and are renewable for another 20-year period at the sole discretion of GPA. They set out the method for calculating rental charges.

Despite the discussions concerning application of the lease terms, the request for arbitration has no impact on the operation of the leased stores, which is contractually guaranteed. At this stage of the arbitration process, it is not possible to make a reasonable estimate of the related risk. Based on the opinion of its legal advisors, the Company considers as possible the risk of an unfavourable ruling by the arbitral tribunal.

12.3.2 Proceedings brought by the DGCCRF (French competition authority) against AMC and INCAA and investigations by the French and European competition authorities

On 28 February 2017, the French Ministry of the Economy, represented by the Department of Competition Policy, Consumer Affairs and Fraud Control (DGCCRF), brought an action against Casino in the Paris Commercial Court. The case involves a series of credit notes totalling €22.2 million issued in 2013 and 2014 by 41 suppliers. The DGCCRF is seeking repayment of this sum to the suppliers concerned together with a fine of €2 million.

Also, on 11 April 2017, the common purchasing entity INCA Achats, and its parent companies Intermarché and Casino, were prosecuted for economic imbalance and abusive commercial practices that allegedly took place in 2015 against 13 multinational companies in the hygiene and fragrance industry, with a fine of €2 million.

The proceedings in both cases are still in progress. The Casino Group considers that it complied with the applicable regulations during negotiations with the suppliers concerned by both sets of proceedings. Consequently, no provision has been set aside for these matters.

The Casino Group is also the subject of regular investigations conducted by the French and European competition authorities.

In early February 2017, representatives of France's Competition Authority raided the premises of Vindémia Logistique and Vindémia Group and seized certain documents concerning their consumer goods supply and distribution activities on Reunion Island. At this stage, the Competition Authority has not issued any complaint and the Casino Group's application contesting the legitimacy of the raids is still pending. The Group is not currently able to predict the outcome of the investigation.

At the end of February 2017, representatives of the European Commission raided the premises of Casino, Guichard-Perrachon Achats Marchandises Casino – A.M.C. (formerly E.M.C. Distribution) and Intermarché-Casino Achats (INCA-A), in connection with an investigation into fast-moving consumer goods supply contracts, contracts for the sale of services to manufacturers of branded products and contracts for the sale of fast-moving consumer goods to consumers.

In May 2019, representatives of the European Commission conducted additional raids of the premises of the same companies (except for INCA-A, which has since ceased operations and is in the process of being liquidated).

The European Commission has not issued any complaint at this stage. Applications filed by the Casino Group to contest the legitimacy of the European Commission's first series of raids are still pending before the General Court of the European Union and the Casino Group also intends to contest the legitimacy of the second series of raids before the same court. The Group is not currently able to predict the outcome of this matter.

In June 2018, after giving notice in accordance with French law No. 2015-990 of 6 August 2015, the French Competition Authority launched an informal investigation into the creation of joint purchasing organisations in the food retailing sector. The investigation concerns in particular the Horizon central purchasing organisation set up between Auchan, Casino, Metro and Schiever. It is still in progress.

12.3.3 GPA tax, social and civil contingent liabilities

Contingent liabilities essentially relate to the GPA group, and break down as follows:

(€ millions)	30 June 2019	31 December 2018
INSS (employer's social security contributions)	103	95
IRPJ – IRRF and CSLL (corporate income taxes)	233	224
PIS, COFINS and CPMF (VAT and similar taxes)	458	447
ISS, IPTU and ITBI (service tax, urban property tax and tax on property transactions)	34	34
ICMS (state VAT)	1,385	1,329
Civil litigation and other	96	115
Total	**2,308**	**2,244**

GPA employs consulting firms to advise it in tax disputes, whose fees are contingent on the disputes being settled in GPA's favour. As at 30 June 2019, the estimated amount totals €43 million (€38 million as at 31 December 2018).

Moreover, Casino has given a specific guarantee to its Brazilian subsidiary concerning notifications of tax adjustments received from the tax administration, for a total amount of €1,386 million at 30 June 2019 (31 December 2018: BRL 1,317 million), including penalties and interest. Under the terms of the guarantee, Casino has undertaken to indemnify GPA for 50% of any damages incurred, provided those damages are definitive. Based on the commitment given by Casino to its subsidiary, the risk exposure amounts to BRL 693 million (€159 million). As the risks of liability are only considered possible, Casino has not recognised a provision in its financial statements for this amount.

GPA contingent assets

Exclusion of ICMS from the PIS/COFINS tax base:

Since the introduction of non-cumulative PIS and COFINS tax credits, GPA has asserted the right to deduct ICMS tax from the base used to calculate PIS and COFINS taxes. On 15 March 2017, in line with the position historically taken by GPA, the Brazilian Federal Supreme court (STF) ruled that the ICMS tax should be excluded from the PIS and COFINS tax base. Based on the STF's ruling and the opinion of its internal and external advisors, GPA considers that the probability of having to settle the amounts deducted in prior periods was low. During that period, it therefore reversed the corresponding provisions set up in prior periods for an amount of BRL 117 million (€34 million).

Since the supreme court's ruling on 15 March 2017, the procedure has continued in line with the expectations of GPA and its advisors, without GPA's judgement being called into question concerning the reversal of the provisions, although the court has not yet handed down its final decision. GPA and its external legal advisors believe that this decision concerning the application method will not limit its rights under the legal proceedings brought since 2003 which are still in progress. However, an asset cannot be recognised for the tax credits until all the stages in the procedure have been completed. Based on the information available at 30 June 2019, GPA estimates that these tax credits represent a potential asset of BRL 1,400 million (€322 million) for its Retail business.

Note 13 **Related-party transactions**

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

At 30 June 2019, Foncière Euris held 61.53% of the capital of Rallye and 73.86% of the voting rights.

The Company has relations with all of its subsidiaries in its day-to-day management of the Group. The Group receives other routine services from Euris and Foncière Euris (technical assistance, provision of staff and premises). The expenses recorded during the period in respect of these agreements totalled €3 million, of which €2.7 million for administrative and strategic advisory services and €0.3 million for the provision of staff and premises.

The main transaction in the half-year between Rallye and Foncière Euris concerned the payment of a €32 million dividend for the 2018 financial year.

In connection with the deployment of its dual model associating retail and commercial real estate activities, Casino and its subsidiaries are involved in a number of property development operations with Mercialys (note 4.3.3).

Relations with other related parties, including remuneration of senior managers, remained comparable to those of the 2018 financial year, and no unusual transactions, in terms of either nature or amount, took place during the period.

Transactions with related equity-accounted investees are presented in note 4.3.3.

Note 14 Subsequent events

➢ Completion of the sale of 8 stores in the France Retail segment

Pursuant to the purchase agreements signed in January and February with Leclerc members and Lidl, the Casino Group announced on 2 July 2019 the completion of the sale of 8 stores, including 3 hypermarkets, for which it received a total consideration of €39 million.

➢ Agreement signed with GBH to sell Vindémia

On 22 July 2019, the Casino Group and GBH announced the signing of a unilateral purchase agreement with a view to the sale of Vindémia for an enterprise value of €219 million. The transaction is expected to be completed after consultation with employee representative bodies and is subject to approval by the French Competition Authority.

➢ Start of negotiations with Sportmaster to sell GO Sport Poland

On 22 July 2019, Groupe GO Sport, a wholly-owned Rallye subsidiary, received a binding offer from Sportmaster, with which it has entered into exclusive negotiations with a view to selling its subsidiary GO Sport Poland.

➢ Signing of new purchase pledges for the sale of 3 hypermarkets

As part of its strategy to dispose of or close loss-making stores, the Casino Group announced on 24 July 2019 that it had signed new unilateral purchase pledges with the aim of selling 3 Géant Casino hypermarkets representing a total amount of €42 million (note 3). Together, these stores generated net sales of approximately €76 million in 2018 for a trading loss of around €2 million. The transactions are expected to be completed at the end of 2019, after the prior consultation of employee representatives and fulfilment of the customary conditions precedent.

➢ Project to simplify the Casino Group's structure in Latin America

On 27 June 2019, a project was announced to simplify the Casino Group's structure in Latin America, notably by combining all of its activities in the region within GPA and migrating GPA shares to the Novo Mercado.

After the project had been studied by a committee of independent directors, on 24 July 2019, GPA's Board of Directors approved the launch of an all-cash tender offer for Éxito shares at a price of COP 18,000. The offer will be filed by GPA once Exito has approved the agreements giving Casino exclusive control over Segisor (the holding company that controls GPA) and allowing Casino to acquire Exito's stake in Segisor at a price that values GPA at BRL 109 per share.

On the same day, Casino's Board of Directors approved the purchase offer at a price of BRL 109 per share, which was submitted to Éxito's Board of Directors for review.

4 - STATUTORY AUDITORS' REVIEW REPORT ON THE HALF-YEARLY FINANCIAL INFORMATION

This is a free translation into English of the statutory auditors' review report on the half-yearly financial information issued in French and is provided solely for the convenience of English-speaking users. This report includes information relating to the specific verification of information given in the Group's half-yearly management report. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

To the Shareholders,

In compliance with the assignment entrusted to us by your Annual Shareholders' Meeting and in accordance with the requirements of 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 the accompanying condensed half-yearly consolidated financial statements of Rallye, for the period from 1 January to 30 June 2019;
- the verification of the information presented in the half-yearly management report.

These condensed half-yearly consolidated financial statements are the responsibility 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 professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily 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 financial information is not prepared, in all material respects, in accordance with IAS 34, the standard of the IFRS as adopted by European Union applicable to interim financial statements.

Without qualifying our conclusion, we draw your attention to:

- uncertainties as to the Group's ability to continue as a going concern, described in note 2 "Initiation of safeguard proceedings for Rallye" to the condensed interim consolidated financial statements, as well as the provisions and impacts of the safeguard proceedings for Rallye, certain entities in the holding company's scope of consolidation (as defined in this note) and the controlling shareholders Foncière Euris, Finatis and Euris;
- note 10.5 "Casino Group liquidity risk" to the condensed interim consolidated financial statements, particularly in light of the safeguard proceedings described in the aforementioned note 2;
- note 1.3 "Changes in accounting methods" to the condensed interim consolidated financial statements, which sets out the basis for the first-time application of IFRS 16 – Leases, along with the related impacts.

2. Specific verification

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

We have no matters to report as to the fair presentation and consistency with the condensed half-yearly consolidated financial statements.

Paris-La Défense, 30 July 2019

The Statutory Auditors
French original signed by

KPMG Audit	Ernst & Young et Autres
Department of KPMG SA	
Jean-Marc Discours	Henri-Pierre Navas