RALLYE

Paris, August 29, 2008

HALF-YEAR FINANCIAL REPORT

Article 222-4 of the General Regulation of the AMF

The English language version of this document is a free translation from the original, which was prepared in French. All possible care has been taken to ensure that the translation is an accurate representation of the original. However in all matters of interpretation of information, views or opinion expressed therein the original language version of the document in French takes precedence over the translation.

SUMMARY

1 - STATEMENT BY THE PERSON RESPONSIBLE FOR THE HALF-YEAR FINANCIAL REPORT

I hereby declare that, to the best of my knowledge, the financial statements included in the half-year financial report have been prepared under generally accepted accounting principles and give a true and fair view of the assets, liabilities, financial position and results of the Rallye group, and that the interim management report includes a fair review of the material events that occurred in the first six months of the financial year and their impact on the interim accounts, a description of the principal risks and uncertainties for the remaining six months of the year and of the main related-party transactions.

Paris, August 28, 2008

Jean-Charles NAOURI
Chairman and CEO

2 – INTERIM MANAGEMENT REPORT

Significant events of the first half of 2008 and events subsequent to June 30, 2008

Rallye

Cancellation of Rallye treasury stock in the first quarter of 2008
On March 19, 2008, Rallye canceled 316,452 treasury shares. Following the transaction, Rallye’s share capital totaled €127,008,420, divided into 42,336,140 shares.

Purchase of Casino’s preferred shares in the first quarter of 2008
Rallye purchased 665,818 Casino preferred shares in March 2008 for an aggregate €34 million.

Casino

During the first half of 2008, Casino’s net sales increased significantly, boosted by strong organic growth of 6.9% and the consolidation of Super de Boer (Netherlands) as at January 1, 2008 and Exito (Colombia) as at May 1, 2007.

Several other events were also significant for Casino at the beginning of 2008:

- Casino’s increased stake in Super de Boer in the first quarter of 2008
  On January 28, 2008, the Group announced its intention to Super de Boer’s management board to purchase 7 million shares, corresponding to a 6% stake in Super de Boer, from Amber Fund at €3.8 per share. The purchase took place on February 19, 2008. On March 17, 2008, the Group purchased a 6% stake in Super de Boer from Amber Fund at €4.3 per share. The transaction of €30 million enabled Casino to increase its stake and voting rights in Super de Boer to 57%.

- Casino’s sale of a block of shares in Mercialys in April 2008
  On April 3, 2008, Casino sold off-market a block of 1,357,962 shares in Mercialys at €27.75 per share or an aggregate amount of €37.7 million.
  This transaction enabled Casino to decrease its stake in Mercialys from 61.48% to 59.67% in accordance with the tax provisions of SIIC 4, which require the majority shareholder to own less than 60% of share capital and voting rights to retain its “SIIC” status.

- Purchase of Intexa
  On July 10, 2008, Casino purchased off-market 914,349 shares in Société International Textiles Associés (Intexa) from the majority shareholders, corresponding to a 90.35% stake and 89.70% of voting rights for €5.96 per share, or an aggregate amount of €5,449,520.04. Prior to the purchase, Intexa had transferred all the assets and liabilities relating to its textile design, manufacturing and trading business, along with its real estate assets, to its two subsidiaries, Intexalia and MB2, respectively. These two companies were sold on July 10 to the historic shareholders of Intexa. The company has ceased operations since these disposals.
  The Group plans to use Intexa as a listed vehicle for the business development projects it is currently researching in the field of renewable energies.
  In addition, on July 31, 2008, HSBC France filed a simplified takeover bid offer with the French Financial Markets Authority (AMF) for Intexa shares, at €5.96 per share.

- Increase of Casino’s stake in CBD in July 2008
  On July 24, 2008, Casino purchased 5.6 million voting shares, representing 2.4% of CBD’s share capital at BR$22.9 per share. The acquisition resulted from the exercise by Casino of the call option granted in 2005 by the Diniz family, when the option reached maturity. This transaction of €51.5 million enabled

Casino to increase its stake in CBD from 32.9% to 35.3%. It did not affect the joint control of CBD by Casino and the Diniz family.

Groupe GO Sport

In the first half of 2008, Groupe GO Sport's net sales decreased 2.2%, despite strong performance by Courir and business in Poland.

On May 27, 2008, Groupe GO Sport entered into an agreement to transfer five of its Belgian stores to the C&A group. The agreement should enter into effect before the end of the year. The transaction is part of Groupe GO Sport's streamlining of its business activities in Belgium, due to increasing competitive pressure on the sluggish, mature market.

Net sales

As at June 30, 2008, Rallye's consolidated net sales totaled €14.2 billion, up 19% from the first half of 2007. The breakdown per business was as follows:

(In € millions)	June 30, 2008	June 30, 2007	Change
Casino	13,813	11,547	+19.6%
Groupe GO Sport	348	356	-2.2%
Other (*)	8	3	-
Total	14,169	11,906	+19.0%

(*) Corresponds to the holding activity and investment portfolio.

Casino generated net sales of €13.8 billion, up 19.6%. The significant increase in net sales during the first half of 2008 was due to strong organic growth of 6.9% and the consolidation of Super de Boer (Netherlands) and Exito (Colombia).

In France, Casino performed well with net sales up 4.8%. For several months, the French consumer market environment has incited customers to turn to convenience and discount formats, along with own brands and discount prices. Casino has benefited directly from this trend due to its multi-format mix and the effectiveness of its brands' sales policies. Franprix/Leader Price thus posted a sharp increase in net sales of 8.7% during the first half of 2008.

International business continued to expand rapidly at 13.3% through organic growth, both in South America and South-East Asia. International retail, which now accounts for 35% of the Group's net sales, confirmed its role as a growth engine.

Groupe GO Sport generated net sales of €348 million, down 2.2% from the first half of 2007. The decrease in GO Sport's business in France was partially offset by the strong performance of Courir (11.8% growth on a same-store basis excluding Moviesport) and in Poland (20.9% growth during the first half).

Current operating income

The Group's current operating income totaled €520 million, down 2.3% from the first half of 2007. The breakdown by business activity was as follows:

(In € millions)	June 30, 2008	June 30, 2007	Change
Casino	540	492	9.8%
Groupe GO Sport	-14	-8	-
Other (*)	-6	48	-
Total	520	532	-2.3%

(*) Corresponds to the holding activity and investment portfolio

Casino's current operating income increased 9.8%. In France, Casino's operating income rose 1.9% to 385 million. Outside France, current operating income jumped 36.1% to €155 million, due to the consolidation of Exito and Super de Boer, corresponding to a 25.7% increase on a like-to-like basis and at constant exchange rates.

Groupe GO Sport posted current operating losses of €14.5 million as at June 30, 2008 compared with €7.9 million for the first half of 2007, mainly due to lower net sales and increased rental expenses.

The significant change in current operating results from other activities reflected the decrease in the contribution of the investment portfolio to Rallye's income in the first half of 2008. The investment portfolio generated income of €13 million as at June 30, 2008 compared with €65 million in the first half of 2007.

Net income, Group's share

(In € millions)	June 30, 2008	June 30, 2007
Current operating income	520	532
Cost of net financial debt	-264	-204
Other financial income and expenses	-47	28
Net income from continuing operations	119	257
Net income from continuing operations, Group's share	-51	94
Net income from discontinued operations	-3	164
Net income	116	421
Net income, Group's share	-53	172

Net income from continuing operations, Group's share, as at June 30, 2008 was -€51 million, compared with €94 million for the first half of 2007. It was adversely affected by net financial expense, which suffered from both an increase in the cost of borrowing and the performance of the listed securities investment portfolio, including changes in fair value (-€58 million as at June 30, 2008, as against +€33 million as at June 30, 2007).

Shareholders' equity

Shareholders' equity, Group's share totaled €1,843 million as at June 30, 2008, compared with €1,942 million as at December 31, 2007. The decrease is mainly due to:

- net income, Group's share of -€53 million for the half-year , and
- a €44 million payment for the balance of the 2007 dividend.

Financial structure of the holding level

The Rallye holding perimeter comprises Rallye and its wholly-owned subsidiaries which hold shares in Casino, Groupe GO Sport and the investment portfolio.

Net debt of the Rallye holding level

As at June 30, 2008, the fair value of Rallye's holding level assets totaled €4,682 million, comprising Casino shares worth €3,860 million, Groupe Go Sport shares of €94 million and the investment portfolio of €728 million.

The net debt of the Rallye holding level amounted to €2,630 million as at June 30, 2008 and was covered approximately 1.8 times by its assets at fair value. The coverage rate was 1.96 as at December 31, 2007.

Debt comprised bonds and bank borrowings of €3,005 million, which were offset by monetary investments and cash equivalents of €230 million and a diversified portfolio of marketable listed securities worth €145 million as at June 30, 2008.

Investment portfolio of the Rallye holding level

Rallye's investment portfolio is recognized at fair value with value adjustments in shareholders' equity. As at June 30, 2008, it was worth €728 million compared with €614 million as at December 31, 2007. It comprises financial investments with a market value[1] of €628 million and four real estate programs recorded at historical cost[2] of €100 million. The increase in value of the portfolio during the first half of 2008 was due to net investments of €90 million including €36 million for real estate programs and a €24 million appreciation in the value of investments.

Parent company net income

Rallye parent company recorded net sales of €2.3 million as at June 30, 2008, compared with €1.2 million for the first six months of 2007.

Net income generated by Rallye totaled €116.1 million, up from €46.5 million for the first half of 2007.

During the first half, stock options were exercised leading to the issue of 24,000 new shares, which increased the number of shares making up Rallye's share capital to 42,360,140.

Rallye's board of directors decided to pay an interim dividend of €0.80 per share, the same amount as for the previous year. The payment will be made on October 3, 2008.

Main transactions with related parties

The transactions with related parties are described in Rallye's reference document for fiscal year 2007, filed with the French market authorities on May 16, 2008 under registration number D.08-400. They mainly concern the ordinary transactions with companies held between 33.34% and 50% over which the Group exercises significant influence. They are either proportionately consolidated or accounted for by the equity method. These transactions are performed on the basis of market prices.

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[1] The fair value of the investments is their carrying value recorded in the consolidated financial statements (fair value - IAS 39) which is generally based on external valuations (General Partners) or on-going transactions.

[2] The real estate programs are recorded at historical cost and are not re-measured to fair value prior to their disposal (IAS 16).

The transactions with related parties that are natural persons (directors, executives and members of their family) were immaterial.

As at June 30, 2008, Foncière Euris directly and indirectly held €57.67% of Rallye's share capital and 70.39% of voting rights.

The only transaction of the first half-year between Rallye and Foncière Euris concerned the payment of the remainder of the 2007 dividend for €25.2 million.

Rallye receives strategic guidance and assistance from Euris, the Group's parent company, under an agreement signed in 2003.

Relations with related parties, including the remuneration of management, remained comparable to those for the previous year, with no unusual items in nature or amount recorded during the period.

Main contingencies and uncertainties for the second half of 2008

The Group's exposure to business risks is described in Rallye's reference document for fiscal year 2007, which was filed with the French Financial Market Authorities on May 16, 2008, under registration number D.08-400.

The 2007 financial statements of the main subsidiaries of the Franprix/Leader Price group have not yet been approved by Casino, pending the final outcome of appraisals and audits conducted for the takeover of the group's operations. However, the outstanding uncertainties are not likely to have a material impact on the Group's consolidated financial statements.

Developments and outlook

Casino has confirmed its objectives for 2008, which include faster organic growth in net sales and further growth in current operating income.

Groupe GO Sport's management is confident in the strategic approach adopted and intends to continue implementing the measures initiated in 2007 to reposition the commercial offering based on product differentiation, reorganize purchasing and logistics, improve cost control and implement a more selective investment policy.

A major disposal plan has been implemented, following the strategic decision to reduce the size of Rallye's investment portfolio:

- disposals of approximately €150 million, based on the fair value of the assets as at June 30, 2008, have been completed or initiated since the beginning of the year, and they should contribute €30 million to current operating income during the second half of 2008;
- additional assets worth approximately €100 million have been identified and will be sold in the next few months.

3 – HALF-YEAR CONSOLIDATED FINANCIAL STATEMENTS AS AT JUNE 30, 2008

CONSOLIDATED BALANCE SHEET
As at June 30, 2008

ASSETS (in € millions)	Notes	June 30, 2008 *	December 31, 2007
Goodwill		7,540	7,230
Intangible assets		591	570
Property, plant and equipment	7	6,079	5,891
Investment property	7	1,192	1,187
Interests in associated companies		97	279
Non-current financial assets		1,141	1,015
Non-current hedging financial assets	8	64	66
Deferred tax assets		196	190
Total non-current assets		**16,876**	**16,428**
Inventories		2,846	2,638
Trade receivables		1,664	1,665
Other assets		1,259	1,243
Current tax credit		72	47
Other current financial assets	8	240	455
Cash and cash-equivalents	8	1,795	2,727
Assets held for sale		10	2
Total current assets		**7,910**	**8,777**
TOTAL ASSETS		**24,786**	**25,205**

LIABILITIES AND SHAREHOLDERS' EQUITY (in € millions)	Notes	June 30, 2008 *	December 31, 2007
Share capital		127	128
Reserves and net income, Group's share		1,716	1,814
Shareholders' equity, Group's share		**1,843**	**1,942**
Minority interests		4,418	4,466
Total shareholders' equity		**6,261**	**6,408**
Provisions		364	310
Non current financial liabilities	11	7,984	7,394
Other non current liabilities		58	63
Deferred tax liabilities		437	423
Total non current liabilities		**8,843**	**8,190**
Provisions		245	227
Trade payables		4,005	4,582
Current financial liabilities	11	2,836	2,914
Current taxes due		37	124
Other current liabilities		2,557	2,760
Liabilities related to assets held for sale		2	
Total current liabilities		**9,682**	**10,607**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**24,786**	**25,205**

(*) The interim financial information as at June 30, 2008 has been subjected to a limited review by our Statutory Auditors.

CONSOLIDATED INCOME STATEMENT
For the six-month period ended June 30, 2008

(In € millions)	Notes	June 30, 2008*	June 30, 2007*
CONTINUING OPERATIONS			
Net sales	14	14,169	11,906
Full purchase cost of goods sold		(10,611)	(8,771)
Gross margin		**3,558**	**3,135**
Other income	14	96	117
Selling costs	15	(2,598)	(2,252)
General and administrative expenses	15	(536)	(468)
Current operating income		**520**	**532**
Other income and expenses from operations	17	(10)	
Operating income		**510**	**532**
Cost of net financial debt		(264)	(204)
Other financial income		132	103
Other financial expenses		(179)	(75)
Income before tax		**199**	**356**
Income tax expense		(87)	(110)
Income from associated companies		7	11
Net income – continuing operations		**119**	**257**
of which, Group's share		(51)	94
of which, minority interests		170	163
DISCONTINUED OPERATIONS			
Net income – discontinued operations		**(3)**	**164**
of which, Group's share		(2)	78
of which, minority interests		(1)	86
Net income		**116**	**421**
of which, Group's share		**(53)**	**172**
of which, minority interests		169	249
Net income, Group's share, per share (in €)			
Before dilution		(1.27)	4.40
After dilution		(1.26)	4.39
Net income – continuing operations, Group's share, per share (in €)			
Before dilution		(1.21)	2.41
After dilution		(1.21)	2.40

(*) The interim financial information as at June 30, 2008 and June 30, 2007 has been subjected to a limited review by our Statutory Auditors.

CONSOLIDATED CASH FLOW STATEMENT

As at June 30, 2008

(In € millions)	Notes	June 30, 2008*	June 30, 2007*
Net income, Group's share		(53)	172
Minority interests		169	249
Total consolidated net income		**116**	**421**
Depreciation and amortization		341	294
Provisions/reversals (WCR components excluded)		4	9
Unrealized gains and losses from changes in fair value		66	(30)
Calculated income and expenses relative to stock options and assimilated instruments		6	8
Other calculated income and expenses		25	29
Depreciation, amortization, provisions and other non-cash items		**442**	**310**
Income from asset divestments		(19)	(175)
Income from associated companies		(7)	(11)
Dividends from associated companies		13	8
Cash flow		**545**	**553**
Cost of net financial debt (changes in fair value and amortization excluded)		243	207
Income tax expense (including deferred tax)		87	124
Cash flow before cost of net financial debt and income tax		**875**	**884**
Tax paid		(165)	(110)
Change in the working capital requirement(1)		(972)	(418)
Net cash used in/provided by operating activities (A)		**(262)**	**356**
Purchase of property, equipment and intangible assets		(566)	(551)
Sale of property, equipment and intangible assets		18	54
Purchase of financial investments		(71)	(60)
Sale of financial investments		24	8
Changes in loans and advances granted		1	(15)
Impact of changes in scope of consolidation (2)		(222)	91
Net cash used in investing activities (B)		**(816)**	**(473)**
Dividends paid to shareholders of the parent company		(44)	(37)
Dividends paid to minority shareholders of consolidated companies		(165)	(149)
Dividends paid to TSSDI – perpetual super subordinated securities holders		(53)	(45)
Cash decrease/increase in capital		54	29
Cash received on stock options exercise		4	1
Purchase and sale of treasury stock		(51)	(23)
Purchase and sale of financial securities		26	(212)
Debt issuance		1,959	1,846
Debt redemption		(1,572)	(664)
Net financial interest paid		(232)	(206)
Net cash used in/provided by financing activities (C)		**(74)**	**540**
Impact of currency fluctuations (D)			30
Change in cash and cash equivalents (A+B+C+D)		**(1,152)**	**453**
Net opening balance (E)		2,154	1,585
Net opening balance of assets held for sale			(14)
Net opening balance of continuing activities (G)		2,154	1,571
Net closing balance		1,002	2,038
Net closing balance of assets held for sale (F)			
Net closing balance of continuing activities (G)	8	1,002	2,038
Change in cash and cash equivalents (G-E-F)		**(1,152)**	**453**

(*) The interim financial information as at June 30, 2008 and June 30, 2007 has been subjected to a limited review by our Statutory Auditors.

(1) Change in WCR

In € millions	June 30, 2008	June 30, 2007
Inventories	(175)	(86)
Accounts payable	(606)	(208)
Accounts receivable	93	115
Receivables from the banking business	(42)	(31)
Financing of the banking business	22	2
Other	(264)	(210)
Change in the working capital requirement	**(972)**	**(418)**

(2) Impact of changes in consolidation scope

In € millions	June 30, 2008	June 30, 2007
Sale price of securities, of which:	**42**	**404**
Groupe Casino USA	*0*	*265*
Far Eastern Geant	*0*	*35*
Géant Polska	*0*	*94*
Leader Price Polska	*0*	*10*
Mercialys	*37*	
Feu Vert	*3*	
Purchase price of securities, of which:	**(256)**	**(552)**
Exito (MEE)	*0*	*(43)*
Exito	*(12)*	*(299)*
Vegas Argentina	*0*	*(63)*
C'Discount	*0*	*(17)*
Vindémia sub-group	*0*	*(15)*
Casino	*(34)*	*(110)*
Franprix Leader Price (companies entering the scope of consolidation)	(49)	
Franprix Leader Price (changes in the scope of consolidation)	(87)	
SCI La Diane	(17)	
Super de Boer	(56)	
CBD	(2)	
Cash balance of acquired or sold subsidiaries, of which:	**(7)**	**239**
Exito	*0*	*143*
Latic	*0*	*80*
Exito sub-group (Carulla)	*0*	*19*
Franprix - Leader Price sub-group	*3*	
CBD sub-group (change in %)	*(6)*	
Easydis Service	*1*	
Vindemia (Mauritius)	*(1)*	
Super de Boer	*(4)*	*19*
Impact of changes in the scope of consolidation	**(222)**	**91**

STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY
As at June 30, 2008

In € millions	Share capital	Reserves related to share capital	Treasury shares	Net income recognized directly in equity	Reserves and consolidated net income	Shareholders' equity, Group's share	Minority interests	Total shareholders' equity
As at January 1, 2007	**118**	**1,192**	**(8)**	**140**	**30**	**1,472**	**3,721**	**5,193**
Income and expenses recognized directly in shareholders' equity				120		120	146	266
Half-year net income					172	172	249	421
Total recognized income and expenses	**0**	**0**	**0**	**120**	**172**	**292**	**395**	**687**
Transactions on capital						0	20	20
Transactions on treasury shares						0	(22)	(22)
Dividends paid					(33)	(33)	(153)	(186)
Changes in scope (i)						0	51	51
Miscellaneous changes (ii)					(7)	(7)	(43)	(50)
As at June 30, 2007 (iii) (*)	**118**	**1,192**	**(8)**	**260**	**162**	**1,724**	**3,969**	**5,693**
As at, January 1, 2008	**128**	**1,322**	**(19)**	**154**	**357**	**1,942**	**4,466**	**6,408**
Income and expenses recognized directly in shareholders' equity				4		4	(40)	(36)
Half-year net income					(53)	(53)	169	116
Total recognized income and expenses	**0**	**0**	**0**	**4**	**(53)**	**(49)**	**129**	**80**
Transactions on capital	1		15		(15)	1	38	39
Transactions on treasury shares			(1)			(1)	(38)	(39)
Dividends paid					(44)	(44)	(165)	(209)
Changes in scope						0	15	15
Miscellaneous changes					(6)	(6)	(27)	(33)
As at June 30, 2008 (*)	**129**	**1,322**	**(5)**	**158**	**239**	**1,843**	**4,418**	**6,261**

(*) The interim financial information as at June 30, 2008 and June 30, 2007 has been subjected to a limited review by our Statutory Auditors.

(i) The change in consolidation scope mainly relates to the inclusion of Exito's minority interests following the full consolidation of the subsidiary and the deconsolidation of minority interests following the sale of Casino USA (Smart & Final).
(ii) The decrease in minority interests reflects the Asinco and Vindémia puts and Exito. Other changes correspond to the amortization of the expense for share-based payments.
(iii) Shareholders' equity as at June 30, 2007 has been adjusted to account for the effect of the fair value measurement of Exito's assets and liabilities during the second half of 2007.

Consolidated statement of recognized income and expenses

In € millions	June 30, 2008	June 30, 2007
Change in cumulative translation adjustments	(44)	184
Actuarial gains and losses	1	8
Change in fair value of previously held assets and liabilities, net of tax		90
Changes in fair value of available-for-sale assets, net of tax	7	(13)
Hedge accounting		(3)
Income and expenses recognized directly in shareholders' equity	**(36)**	**266**
Net income for the half-year	116	421
Total income and expenses recognized for the period	**80**	**687**
of which, Group's share	(49)	292
of which, minority interests	129	395

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
As at June 30, 2008

The following schedules present figures rounded individually to the nearest million of euros. The calculations performed on the basis of rounded figures may differ from the aggregates or sub-totals presented.

NOTE 1: GENERAL INFORMATION

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

The unaudited consolidated financial statements for the six months ended June 30, 2008, which have been subjected to a limited review by the Statutory Auditors, reflect the financial position of the company, its subsidiaries and joint ventures and the Group's interests in associated companies.

As at August 28, 2008, the Board of Directors approved and authorized the publication of the half-year consolidated financial statements of the Rallye group for the six months ended June 30, 2008.

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

2.1. Declaration of compliance

Pursuant to European regulation no. 1606/2002 of July 19, 2002, the consolidated financial statements of the Rallye group for the six months ended June 30, 2008 have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and adopted by the European Union as at the closure of the accounts.

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

2.2. Basis of preparation

The condensed half-year consolidated financial statements have been prepared in compliance with IAS 34 «Interim Financial Reporting».

The half-year consolidated financial statements should be read in conjunction with the Group's consolidated financial statements for the year ended December 31, 2007, as presented in the reference document filed with the French Financial Markets Authority (AMF) on May 16, 2008 under registration number D.08-0400.
The Rallye group's consolidated financial statements as at December 31, 2007 are available for viewing at the Company's finance department located at 32, rue de Ponthieu, Paris 75008, or on the company's website at www.rallye.fr.

As the consolidated financial statements for the year ended December 31, 2008 and the comparative information for 2007 that they will contain have to be prepared in accordance with the standards and interpretations applicable as at December 31, 2008, the information presented in this document, for the periods ended December 31, 2007 and June 30, 2008, may have to be modified to take into account amendments to standards and interpretations and those newly adopted by the European Union.

2.3. Accounting methods

The accounting methods are identical to those used to prepare the 2007 consolidated financial statements, with the exception of the standards, amendments and interpretations whose adoption has become mandatory for all reporting periods since January 1, 2008.

a. New standards and interpretations applicable in 2008

IFRIC 11 "IFRS 2 – Group and Treasury Share Transactions" specifies how to account for share-based payment arrangements involving an entity's own equity instruments or equity instruments of its parent. The interpretation, which has been applicable by the Group since January 1, 2008, has not had an effect on the Group's consolidated financial statements.

b. New International Financial Reporting Standards and Interpretations approved by the European Union and applicable in future periods

- IFRS 8 "Operating segments" requires information to be presented on the Group's operating segments. It replaces the provisions determining primary segments (business) and secondary segments (geographical area). The Group has not opted for the early implementation of this standard, which will become applicable from January 1, 2009. The potential effect on the notes to the Group's consolidated financial statements is currently being assessed.

c. New standards and interpretations not yet adopted by the European Union, which will be applicable in the future

The following standards and interpretations issued by the IASB have not yet been adopted by the European Union:

- Revised IAS 23 "Borrowing costs".
- Revised IAS 1 "Presentation of financial statements".
- Revised IFRS 3 "Business combinations".
- Revised IAS 27 "Consolidated and separate financial statements".
- Amendment to IFRS 2 "Vesting conditions and cancellations".
- Amendment to IAS 32 and IAS 1 "Puttable financial instruments and obligations arising on liquidation".
- Amendment to IFRS 1 and IAS 27 "Cost of an investment in a subsidiary, jointly controlled entity or associate".
- IFRIC 12 "Service concession arrangements".
- IFRIC 13 "Customer loyalty programs".
- IFRIC 14 "The limit on a defined benefit asset, minimum funding requirements and their interaction".
- Improvements to IFRS relating to accounting for government loans at nil or low interest rates (IAS 20), the reversal of goodwill amortization (IAS 28), advertising and promotional expenditure (IAS 38) and amortization (IAS 38).

With regard to the improvement of International Financial Reporting Standards and IFRIC 12, 13 and 14, their early application is permitted by the European Union. The Group did not opt for their early implementation as at June 30, 2008.

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

2.4. Change in the presentation of previously published financial statements

Given international practice in the retail industry and to provide more comparable financial information, the Group has changed the presentation of its consolidated income statements to present items by function. Details of expense items presented by nature are provided in note 15. The presentation of the comparative consolidated income statement for the six-month period ended June 30, 2007 has also been altered - see note 16.
The new aggregates or those that have been re-defined are as follows:

- The definition of the "full purchase cost of goods sold" is equivalent to the previously used term "cost of sales".
- "Logistics costs" are the costs of the business managed or subcontracted by the Group, the cost of storage, handling and transport, before or after the goods are first received at one of the Group's sites, stores or warehouses.
  The costs invoiced by suppliers of goods (for instance Delivery Duty Paid) are presented under "purchase costs".
  The costs of services subcontracted (even if sub-contracted to goods suppliers) are recognized under "logistics costs".
- "Gross margin" now excludes "other income".
- "Other income" comprises brand fees, royalties, income from sub-leases and income generated by the investment portfolio.
- "Selling costs" comprises the costs incurred at sales outlets.
- "General and administrative expenses" comprise general and administrative costs of support services, particularly the purchasing and supplies, sales and marketing, IT and finance departments.

2.5. Use of estimates

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

The estimates and assumptions made on the basis of available information as at the date of the financial statements relate in particular to:
- trade cooperation,
- impairment of inventory and doubtful accounts,
- provisions,
- commitments to buy back minority interests and earn-out agreements on the acquisition of companies,
- impairment of intangible assets and goodwill,
- impairment of investments in associates accounted for under the equity method,
- fair value of options purchased to cover employee share options,
- deferred taxes,
- financial assets and liabilities.

NOTE 3: SIGNIFICANT EVENTS

- On March 19, 2008, Rallye cancelled 316,452 treasury shares. Following the transaction, Rallye's share capital totaled €127,008,420, divided into 42,336,140 shares.

- Rallye purchased 665,818 Casino preferred shares in March 2008 for an aggregate €34 million.

- Given Casino's call option on 6.24% of Super de Boer's share capital, which may be exercised between January 1, 2008 and March 31, 2009 inclusive, Super de Boer was fully consolidated in the financial statements from the inception date.
  In addition, during the period Casino purchased 12% of Super de Boer's share capital in two blocks of 6%, on February 19, 2008 for €27 million and on March 17, 2008 for €30 million, thus increasing the Group's stake in Super de Boer to 57% of share capital and voting rights.
  These transactions are described in note 5.1.

- On April 3, 2008, Casino sold off-market a block of 1,357,962 shares in Mercialys at €27.75 per share or an aggregate amount of €38 million, generating a gain of €23 million. This transaction enabled Casino to decrease its stake in Mercialys from 61.48% to 59.67% in accordance with the SIIC 4 obligation requiring the majority shareholder to own less than 60% of share capital and voting rights to retain its "SIIC" tax status.

- In connection with the dispute between the Casino group and the Baud family, a temporary administrator was appointed in May 2008 to head Geimex, the owner of the Leader Price brand abroad (not including mainland France and the overseas territories), which is 50% owned by Casino and 50% by the Baud family. The Casino group had requested the appointment of the administrator as early as September 2007.
  Geimex is proportionately consolidated in the Group's consolidated financial statements. Casino's interests in the company total €70 million, including goodwill of €60 million.

NOTE 4: CONSOLIDATION SCOPE

As at June 30, 2008, the Rallye group comprised approximately 1,170 consolidated companies. As at December 31, 2007, approximately 1,150 companies were consolidated.

Note 5 "Business combinations" describes the main scope changes during the period.

NOTE 5: BUSINESS COMBINATIONS

5.1. Super de Boer (formerly Laurus)

On January 1, 2008, the company changed its name from Laurus to Super de Boer.

The Casino group has call options on 6.24% of Super de Boer's share capital, which may be exercised between January 1, 2008 and March 31, 2009 inclusive. The potential voting rights attached were included in the assessment of the company's control over financial and operating policy from January 1, 2008. Pursuant to IAS 27, as the conditions for obtaining control over the Super de Boer group were fulfilled (Casino group holds a 45% stake in Super de Boer and 51% of potential voting rights), Super de Boer has been fully consolidated in the Group's financial statements since that date.

The purchase of the controlling interest in Super de Boer was accounted for using the acquisition method. Regarding the inclusion of the potential voting rights attached to the call options in the assessment of control, the acquisition cost was zero as at January 1, 2008. Consequently, 45% of the company was fully consolidated, and 55% was accounted for as minority interests.

The provisional fair value of the identifiable assets, liabilities and contingent liabilities is currently being determined. Therefore, as at June 30, 2008, the share previously recognized was not re-measured.

The provisional fair value of the identifiable assets, liabilities and contingent liabilities of Super de Boer at the date that control was acquired is summarized below.

In € millions	**Net book value** (i)	**Fair value adjustments and harmonization** (ii)	**Fair value recognized at the acquisition date** (iii)
Goodwill	20	(20)	0
Intangible assets	6	88	94
Property, plant and equipment	114	(10)	104
Investment property	24		24
Non-current financial assets	17	8	25
Deferred tax assets	13		13
Non-current assets	**194**	**66**	**260**
Inventories	57		57
Trade and other receivables	59		59
Current tax credit	6		6
Cash and cash equivalents	17		17
Assets held for sale	10		10
Current assets	**149**	**0**	**149**
Provisions	39		39
Non-current financial liabilities	73		73
Deferred tax liabilities	13		13
Non-current liabilities	**125**	**0**	**125**
Provisions	34	4	38
Trade payables	103		103
Current financial liabilities	21		21
Other current liabilities	10	2	12
Current liabilities	**168**	**6**	**174**
Net identifiable assets and liabilities	**50**	**60**	**109**
Net identifiable assets and liabilities, acquired portion	22	27	**49**
Goodwill			128
Value of equity-method investment			**178**

(i) : The net book values are measured according to IFRS, just before the acquisition of the controlling interest.
(ii) : The column "fair value adjustment" will be modified once fair values have finally been determined.
(iii) : Fair values have not yet been determined, and particularly the values of intangibles and liabilities or contingent liabilities are not reflected in the fair values presented in this table.

As the measurement to fair value of all the assets and liabilities has not yet been completed, they may be modified within the twelve-month period provided for under IFRS 3.

In addition, on February 19 and March 17, 2008, Casino purchased additional interests in Super de Boer (6% and 6%) for €27 million and €30 million respectively. The additional shares were treated as acquisitions of minority interests and in compliance with Casino's accounting principles, gave rise to the recognition of additional goodwill of €25 million and €28 million. The amount recorded under goodwill may be modified once the fair values of the above-mentioned assets and liabilities have been determined.

As at June 30, 2008, the goodwill recognized in the Group's financial statements for Super de Boer thus amounted to €221 million. It corresponds on the one hand to goodwill recognized prior to the takeover, which was previously included under equity-accounted investments, and on the other hand to goodwill generated after the takeover. In addition, the Group still holds the above-mentioned call options on 6.24% of Super de Boer's share capital.

Impact on the Group's financial statements

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

In € millions	
Net cash acquired as at January 1, 2008	(4)
Payments made for the two blocks acquired in February and March 2008	(56)
Net cash outflow (reported under "Impact of changes in consolidation scope" in the Cash Flow Statement)	**(60)**

5.2. Exito and CBD

The additional interests acquired in Almacenes Exito and Carulla recognized during the first half of 2007 did not give rise to goodwill adjustments during the twelve-month period provided for under IFRS 3.

Goodwill relating to CBD group's investments in Rossi and Assai was not modified as at June 30, 2008. The period during which the amount may be modified has not yet ended, and the fair value measurement of the assets, liabilities and contingent liabilities is still under way.

NOTE 6: SEASONALITY

The Group's activities are slightly seasonal, with higher levels of business in the second half, particularly in the month of December.

NOTE 7: PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTY

7.1. Acquisitions

During the first half of 2008, fixed asset acquisitions totaled €495 million, compared with €441 million as at June 30, 2007.

7.2. Impairment

There was no indication of impairment leading to significant write-downs of property, plant and equipment and investment property.

NOTE 8: CASH, CASH EQUIVALENTS AND NET FINANCIAL DEBT

The aggregates "Cash and cash equivalents" and "Net financial debt" comprise the following:

Cash and cash equivalents:

In € millions	June 30, 2008	December 31, 2007
Cash equivalents	696	973
Cash	1,099	1,754
Cash and cash equivalents	**1,795**	**2,727**
Spot and confirmed credit lines	(76)	(92)
Bank overdraft	(717)	(481)
Net cash and cash equivalents	**1,002**	**2,154**

Net financial debt:

In € millions	June 30, 2008	December 31, 2007
Net cash and cash equivalents	1,002	2,154
Non-current hedging financial assets	64	66
Current hedging financial assets	240	455
Non-current financial liabilities	(7,984)	(7,394)
Current financial liabilities (excluding bank overdraft and confirmed lines)	(2,043)	(2,341)
Net financial debt	**(8,721)**	**(7,060)**

The line item "Cash" includes €108 million received upon the securitization of financial assets as provided for under IAS 39, compared with €163 million as at December 31, 2007.

Net financial debt includes the put options granted to minority shareholders. Separate information on the put options granted to minority shareholders of the subsidiaries Franprix Holding and Leader Price Holding has been provided in note 12.

NOTE 9: PAYMENT OF DIVIDENDS

At their Annual General Meeting on June 4, 2008, the shareholders agreed on a dividend payment of €1.83 per share. An interim dividend of €0.80 was paid in October 2007.

NOTE 10: SHARE-BASED PAYMENTS

The terms and conditions of the plans, and the methods used to calculate the fair value of the options are specified in the consolidated financial statements for the year ended December 31, 2007 in note t. of the "Accounting principles and methods" section.

At its meeting on April 23, 2008, the Board of Directors decided to allocate 258,091 Rallye stock options and 44,161 Rallye bonus shares to the Group's managers and employees.

The characteristics and assumptions used to measure the value of the new stock option plan decided by the Board of Directors on April 23, 2008 are as follows:

- Valuation model: Trinomial
- Exercise price of option: €43.15,
- Expected dividend: 4%,
- Expected volatility: 28.39 %,
- Estimated life: 5.5 years,
- Risk-free interest rate: 3.99%.

On the basis of these criteria, the fair value of each stock option amounted to €8.74.

With regard to the new bonus share plans, the value of the shares is the share price at the grant date less the dividends not received during the mandatory holding period, or a bonus share price of €36.65.

During the six-month period ended June 30, 2008, 24,000 share options were exercised, increasing share capital by €0.8 million.

NOTE 11 : LOANS, BORROWINGS AND FINANCIAL LIABILITIES

During the first half of 2008, the Group’s main transactions were as follows:

- Redemption upon maturity on January 1, 2008 of the outstanding Rallye OCEANE bonds at an aggregate par value of €118.7 million.

- On March 3, 2008, Casino Guichard-Perrachon prepaid part of the second tranche of the 2004-2008 indexed bond maturing on March 31, 2008. The full amount of the tranche was redeemed upon maturity. The aggregate par value was €78 million. Given the characteristics of the bond, the net disbursement (including accrued interest) was €36 million for the early redemption on March 3, 2008 and €36 million for the remainder of the bond.

- Redemption by Casino of a bond on March 6, 2008 for an aggregate par value of €882 million.

- On March 26, 2008, Casino made a €650 million bond issue, maturing on April 4, 2013. The bonds are redeemable at 100% of par value. The nominal interest rate of the bond issue was set at 6.375% (effective interest rate of 6.396%). The cost of the bond issue after hedging is Euribor 3M + 234 bp. Additional bonds were issued on June 2, 2008 for a principal amount of €300 million with the same maturity date and terms and conditions. Thus, the aggregate par value of the bonds issued totaled €950 million as at June 30, 2008.

- Casino redeemed indexed bonds (indexed 2004-2009, third tranche) prior to maturity on May 19, 2008 for €38 million (net disbursement including accrued interest given the characteristics of the €32 million bond). The amount outstanding was €38 million as at June 30, 2008.

- On June 2, 2008, Casino issued additional bonds for €100 million in connection with its bond issue due in 2014. The financial conditions were the same as for the initial bond, which was issued on April 16, 2007.

- During the first half of the year, the Group contracted bank loans for €473 million, with maturities of between three and ten years.

NOTE 12 : CONTINGENT ASSETS AND LIABILITIES

- During the first half of 2008, an arbitration board ruled against Casino in connection with a liability guarantee granted upon the sale of assets in 2006 and limited to the assets’ value of €17 million. Casino believes that the decision is unfounded and has ordered a counter-appraisal. At this stage, it is not possible to estimate the amount of the contingent liability.

- The arbitration board called on to determine the conditions and arrangements for the operational takeover of the Franprix and Leader Price companies by the Casino group in March and April 2007 and the validity of the exercise of the put option by the Baud family members is still performing its appraisal. The Casino group, which has notified minority shareholders of the expiry of their rights, is confident of a positive outcome to the proceedings. Pending the arbitration board's decision, the Group nevertheless maintained the €422 million current financial liability, as at June 30, 2008, corresponding to the put options, based on calculations made under the contract terms. This amount differs from the amount requested by the Baud family (between €475 million and €581 million according to the assumptions used) as their calculation basis was inaccurate and has been contested by Casino.

In addition, further appraisals are being conducted in the Franprix and Leader Price subsidiaries on the construction cost of stores. The conclusions should be available during the second half of 2008, when the Casino group will draw any accounting conclusions. However, the remaining uncertainties are not likely to have a significant impact on the Group's consolidated financial statements as at June 30, 2008.

NOTE 13: SEGMENT REPORTING

The Group's primary segment reporting format is business segments, which comprise the following:

- "Food and general retailing", which corresponds to the Casino group,
- "Sporting goods retailing", which concerns Groupe GO Sport and subsidiaries,
- "Other activities", which corresponds to the holding business and investment portfolio.

Segment net income comprises current operating income adjusted for goodwill impairment.

As at June 30, 2008:

In € millions	**Food and general retailing**	**Sporting goods retailing**	**Other activities**	**Sub-total continuing activities**	**Discontinued activities**	**Total June 30, 2008 ***
Segment net sales	13,813	348	8	**14,169**	9	**14,178**
Segment net income *	540	(15)	(5)	**520**	(1)	**519**

As at June 30, 2007:

In € millions	**Food and general retailing**	**Sporting goods retailing**	**Other activities**	**Sub-total continuing activities**	**Discontinued activities**	**Total June 30, 2007 ***
Segment net sales	11,547	356	3	**11,906**	636	**12,542**
Segment net income *	492	(8)	48	**532**	22	**554**

(*) Segment net income = current operating income + goodwill impairment

NOTE 14 : REVENUE

In € millions	**June 30, 2008**	**June 30, 2007 ***
Net sales	14,169	11,906
Other income	96	117
Revenue	**14,264**	**12,023**

(*) The amount presented under "Other income" differs from the aggregate "Other income" published as at June 30, 2007 - see note 16.

NOTE 15: NATURE OF EXPENSES BY FUNCTION

As at June 30, 2008:

In € millions	Logistics *	Selling costs	General and administrative expenses	**Total**
Personnel expenses	(177)	(1,174)	(282)	**(1,633)**
Other expenses	(366)	(1,149)	(214)	**(1,728)**
Depreciation and amortization	(20)	(276)	(40)	**(336)**
Total	**(562)**	**(2,598)**	**(536)**	**(3,697)**

As at June 30, 2007:

In € millions	Logistics *	Selling costs	General and administrative expenses	**Total**
Personnel expenses	(139)	(1,024)	(243)	**(1,406)**
Other expenses	(314)	(985)	(192)	**(1,491)**
Depreciation and amortization	(18)	(243)	(33)	**(294)**
Total	**(470)**	**(2,252)**	**(468)**	**(3,191)**

(*) Logistics costs are included in the “Full cost of goods sold”

NOTE 16: RECONCILIATION OF 2007 ACCOUNTS BY NATURE

			Reclassifications for presentation						
In € millions	**June 30, 2007 published**	Logistics costs repositioned by nature	Other income (i)	Transportation (ii)	External personnel (iii)	Provisions (iv)	Reclassification as discontinued operations	**June 30, 2007 restated**	
Sales	11,916		2				(12)	11,906	Sales
Other income from operations	176		(54)			(5)		117	Other income from operations
Purchases and changes in inventory	(8,376)			64	4		7	(8,301)	Purchases and changes in inventory
Logistics costs	(408)	408							
Personnel expenses	(1,236)	(102)	14		(80)	(4)	2	(1,406)	Personnel expenses (v)
Other expenses	(1,183)	(293)	38	(64)	76	(68)	3	(1,491)	Other expenses (v)
Depreciation, amortization and provisions	(357)	(14)				77		(294)	Depreciation, amortization and provisions (v)
Current operating income	**532**	**0**	**0**	**0**	**0**	**0**	**0**	**532**	**Current operating income**

(i) Re-billed expenses are now presented as a deduction from “other expenses” and “personnel expenses”.
(ii) Costs of transportation before first delivery to all the Group’s sites, if not invoiced with the goods, are now presented under “other expenses” of the logistics function rather than as “purchase cost”.
(iii) Personnel expenses now include external personnel expenses (temporary, etc.), which were previously presented under “other expenses”.
(iv) Provision allowances and reversals are now presented in the expense line items by nature, and impairment of the investment portfolio is now included in other income.
(v) The accounts by nature are presented according to the three functions: logistics, selling costs, and general and administrative expenses in note 15.

NOTE 17: OTHER INCOME AND EXPENSES FROM OPERATIONS

Other income and expenses from operations amounted to a net expense of €10 million comprising the following items:
- income from asset disposals of €32 million (including €23 million proceeds from the sale of Mercialys shares),

- various asset impairment charges totaling €4 million,
- dilution losses of €6 million,
- contingency provisions of €14 million,
- restructuring provisions of €11 million.

NOTE 18: RELATED PARTIES WITH CONTROL OVER THE GROUP

As at June 30, 2008, Foncière Euris directly and indirectly held 57.67% of Rallye’s share capital and 70.39% of voting rights.

Rallye receives strategic guidance and assistance from Euris, the Group’s parent company, under a consulting services agreement signed in 2003.

Relations with related parties remained comparable to those for the previous year, and no unusual items in nature or amount were recorded during the period.

The main transaction of the period, between Rallye and Foncière Euris, concerned the payment of the outstanding amount of the 2007 dividend for €25.2 million.

NOTE 19: SUBSEQUENT EVENTS

- On July 24, 2008, Casino purchased 5.6 million voting shares, representing 2.4% of CBD’s share capital at BR$22.9 per share. The acquisition resulted from the exercise by Casino of the call option granted in 2005 by the Diniz family, when the option reached maturity. This transaction of €52 million enabled Casino to increase its stake in CBD from 32.9% to 35.3%.

- On July 10, 2008, Casino purchased off-market 914,349 shares in Société International Textiles Associés (Intexa) from the majority shareholders, corresponding to a 90.35% stake and 89.70% of voting rights for €5.96 per share, or an aggregate amount of €5.4 million. Prior to the purchase, Intexa had transferred all the assets and liabilities relating to its textile design, manufacturing and trading business, along with its real estate assets, to its two subsidiaries, Intexalia and MB2, respectively. These two companies were sold on July 10 to the historic shareholders of Intexa. The company has ceased operations since these disposals.
  The Group plans to use Intexa as a listed vehicle to handle the business development projects it is currently studying in the field of renewable energies.
  In addition, on July 31, 2008, HSBC France filed a simple takeover bid offer with the French Financial Markets Authority (AMF) for Intexa shares, at €5.96 per share.

4 – STATUTORY AUDITORS' REPORT ON THE FIRST HALF-YEAR FINANCIAL INFORMATION FOR 2008

To the Shareholders,

In accordance with the assignment entrusted to us by your General Meetings and in accordance with the requirements of Articles L. 232-7 of the French Commercial Code and L. 451-1-2 III of the Monetary and Financial Code, we have:
- performed a limited review of the accompanying condensed half-year consolidated financial statements of Rallye for the six-month period ended June 30, 2008;
- verified the information contained in the interim management report.

These condensed half-year consolidated financial statements were prepared under the responsibility of the Board of Directors. Our role is to draw conclusions on these financial statements, based on our review.

1. Conclusions on the financial statements
We conducted our limited review in accordance with the professional standards applicable in France. A limited review consists mainly of making inquiries, primarily with persons responsible for financial and accounting matters, and applying analytical and other review procedures. A limited review is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in France. Consequently, the assurance that the financial statements, taken as a whole, are free of any material misstatements is of a moderate level relative to the assurance that would be provided in the framework of an audit.

Based on our limited review, we did not find any material misstatements which could call into question the conformity, in all material respects, of the condensed half-year consolidated financial statements with the IAS 34 standard of the IFRS as adopted by the European Union for interim financial reporting.

Without qualifying the conclusions given above, we draw your attention to:
• the change in method regarding the presentation of the income statement per function, as described in note 2.4 "Changes in the presentation of previously published financial statements", with additional information on the restatement of the comparative period in note 16 "Reconciliation of 2007 accounts by nature;
• the circumstances that led the group to fully consolidate Super de Boer as at January 1, 2008, in accordance with IAS 27, as described in note 5 "Business combinations".

2. Specific verification
We have also verified the information provided in the interim management report commenting the condensed consolidated half-year financial statements which were subjected to our limited review.
We have no comments to make as to its fairness or compliance with the condensed half-year consolidated financial statements.

Paris-La Défense and Neuilly-sur-Seine, August 28, 2008
The statutory Auditors

KPMG Audit
Department of KPMG S.A.
Catherine CHASSAING

ERNST & YOUNG et Autres
Henri-Pierre NAVAS