

Rallye

2011 Annual report

2011 Annual Report

RALLYE

French public limited company (société anonyme) with share capital of €139,398,480
054 500 574 RCS PARIS

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RALLYE

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This reference document includes the annual financial report:

- Responsible person
- Management report
- Consolidated financial statements
- Company financial statements
- Auditors' reports on the consolidated and Company financial statements
- Chairman's report
- Auditors' reports on the Chairman's report

Corporate bodies

AND AUDITORS

Jean-Charles NAOURI
Chairman and Chief Executive Officer



> BOARD OF DIRECTORS⁽¹⁾

- **Jean-Charles NAOURI**
Chairman
- **André CRESTEY**
Vice-Chairman
- **Didier CARLIER**
Representing Foncière Euris
- **Philippe CHARRIER**
Independent Director
- **Jean CHODRON de COURCEL**
Independent Director
- **Jacques DERMAGNE**
Independent Director
- **Jacques DUMAS**
Director
- **Jean-Marie GRISARD**
Representing Finatis
- **Didier LÉVÊQUE**
Representing Matignon Corbeil Centre
- **Odile MURACCIOLE**
Representing Eurisma
- **Gabriel NAOURI**
Representing Euris
- **Christian PAILLOT**
Independent Director
- **Jean LÉVY**
Non-voting observer (advisor to the Board)

> EXECUTIVE MANAGEMENT

- **Jean-Charles NAOURI**
Chairman and Chief Executive Officer
- **Didier CARLIER**
Deputy Managing Director

> STATUTORY AUDITORS

- **ERNST & YOUNG and others**
Represented by Pierre BOURGEOIS
- **KPMG Audit – Department of KPMG SA**
Represented by Patrick-Hubert PETIT

(1) Proposed reappointments to be put to the Ordinary Shareholders' Meeting of May 23, 2012.

> CHAIRMAN'S MESSAGE

Over the past few years, Casino – Rallye's main subsidiary – has continued its development strategy based on combination of countries, activities and formats in line with major worldwide trends and with changes to methods of consumption, making the group into a unique player that is highly differentiated in the distribution sphere both in France and internationally.

In a still tense macroeconomic climate, Casino recorded a most remarkable growth in its sales and profitability in 2011. Organic growth increased to +5.7%, led by continued high growth internationally, and by the solid contribution made by France, where profitability was strengthened over the second half-year thanks to the effect of the action plans implemented.

The contribution made by international activities to the company's revenue and Current operating income increased significantly, standing at 45% and 50% respectively. This change is intended to become long-lasting.

In the current market environment, corporate financial structure is at the heart of investor attention. At Casino, development has always been supported, by constant concern for profitability and financial flexibility. Growth has regularly been financed by an active asset rotation policy. As at December 31, net debt stood at 2.35x EBITDA, a figure which should fall below 2.2 this year. Over the past financial year, the Casino Group also made the most of its excellent standing to carry out several bond issues and increase its credit lines.

In 2012, Casino will continue its profitable growth strategy by developing in its key countries banners that meet its customers' expectations even more. More international, and benefiting from solid positions in its markets, Casino is confident that its activity and profits will grow in 2012.

The consolidated revenue figure for Groupe GO Sport in 2011 was up +0.4% on a same-store basis and at constant exchange rates, while current operating income was down -11.7% specifically due to the effect of poor performance in seasonal goods, which have a higher margin. Sales for GO Sport banners is down in France and Poland by 1.7% and 3.1% respectively on a same-store basis. Revenue for Courir is however up sharply, standing at +8.9% on a same-store basis (after 3.6% in 2010), confirming the success of the brand's repositioning strategy.

To speed up its commercial momentum and strengthen its financial structure, Groupe GO Sport decided to carry out a capital increase for some €30 million⁽¹⁾ with maintained shareholder preferential subscription rights and guaranteed by Rallye.

In accordance with the announced strategic decision, the sale of Rallye's investment portfolio of €365 million as at December 31, 2011, is ongoing with €105 million of assets sold over the 2011 fiscal year.

Overall, Rallye's consolidated sales and current operating income rose by 17.7% and 20.6% respectively. The Net Income Group share stands at €15 million compared to -€1 million in 2010.

Rallye has a solid position in terms of liquidity, with €1.8 billion in confirmed unused and available immediately credit lines. The average maturity of these lines was extended to 4.2 years following the renegotiation or setting-up of some €1.8 billion of credit lines in 2011.

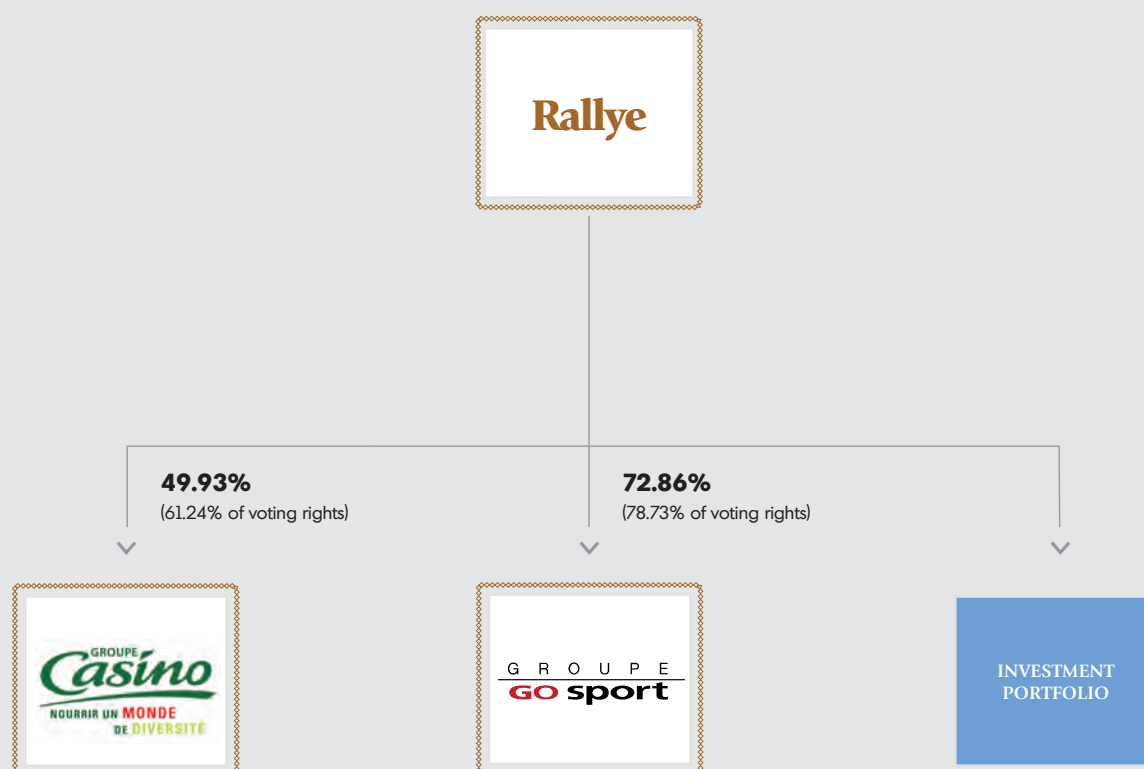
The Board of Directors will offer to pay a dividend of €1.83 per share at the Annual General Meeting on May 23, 2012. This figure remains stable compared to 2010 and includes an interim dividend of €0.80 which was paid on October 6, 2011. Shareholders will have the opportunity to opt for payment in shares for the balance of €1.03.


To conclude, I would like to mention operational excellence, which is at the heart of the group's corporate approach, and is a result of the efforts of all the men and women making up our teams. Everyone of them did a most remarkable job in 2011 which I would like to greet particularly.

Jean-Charles NAOURI

(1) This operation should be carried out over the second quarter of 2012, subject to the stamp of approval from the French Financial Markets Authority regarding the prospectus relating to the operation, and once the General Meeting of April 20, 2012 has approved the corresponding resolutions.

SIMPLIFIED GROUP ORGANIZATIONAL CHART AS OF DECEMBER 31, 2011



 Companies listed on the stock market

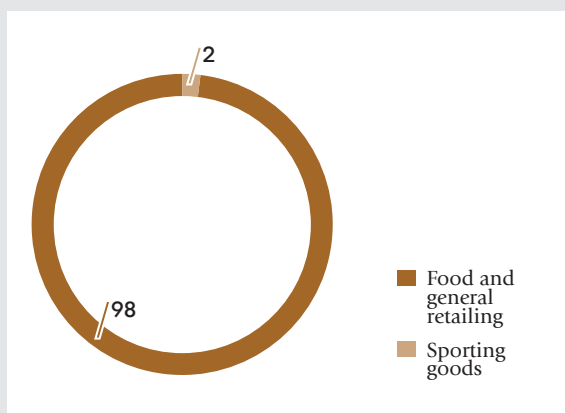
MAIN CONSOLIDATED FIGURES

(in € millions)	2010 ⁽²⁾	2011	Var.
Pre-tax sales from continuing operations	29,780	35,057	+17.7%
EBITDA⁽¹⁾	1,965	2,315	+17.8%
Current operating income	1,286	1,551	+20.6%
Net finance costs	(552)	(676)	
Other financial income and expenses	(16)	19	
Tax expenses	(210)	(234)	
Net income from continuing operations	482	483	
Net income from continuing operations, Group share	4	21	
Net income from discontinued operations	(10)	(11)	
Net income	472	472	
Net income, Group share	(1)	15	

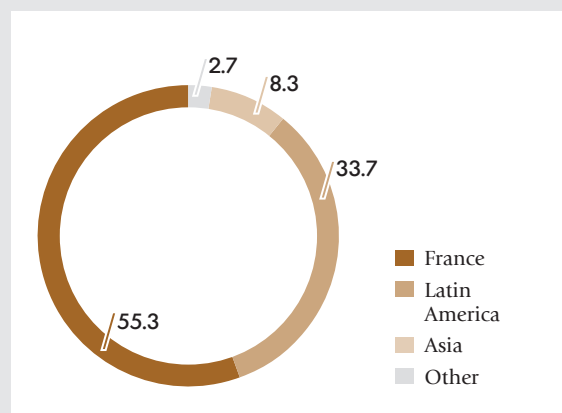
(1) EBITDA = current operating income + depreciation charges for current operations.

(2) The 2010 financial statements previously published have been restated following final accounting for the takeover of Nova Casa Bahia.

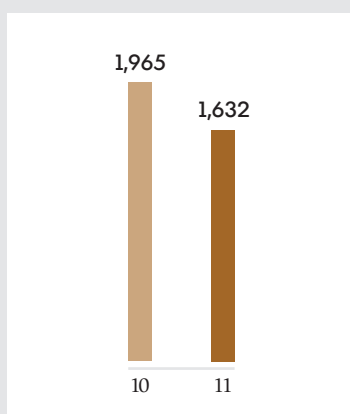
2011 KEY FIGURES



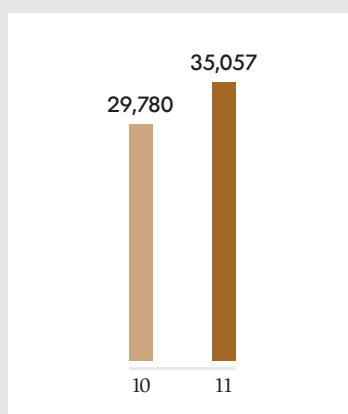
• **SALES BY ACTIVITY**
AS OF DECEMBER 31, 2011 (In%)



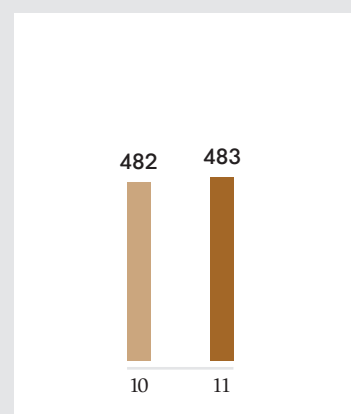
• **SALES BY GEOGRAPHICAL AREA**
AS OF DECEMBER 31, 2011 (In%)



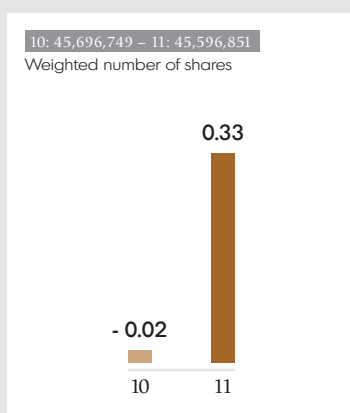
• **SHAREHOLDERS' EQUITY ATTRIBUTABLE TO THE COMPANY OWNERS**
(In € millions)



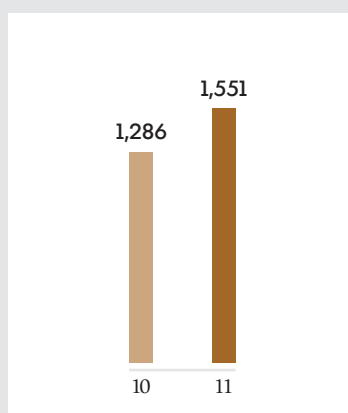
• **SALES**
(In € millions)



• **NET INCOME FROM CONTINUING OPERATIONS**
(In € millions)



• **NET INCOME ATTRIBUTABLE TO COMPANY'S OWNERS**
(In euros per share)



• **CURRENT OPERATING INCOME**
(In € millions)

Rallye management report

SIGNIFICANT EVENTS

CASINO

- **Casino acquires the Charle brothers' stake in Cdiscount**

On **January 6, 2011**, Casino announced the acquisition of the Charle brothers' remaining stake in Cdiscount of 16.56%. Casino now holds 99.6% in Cdiscount's capital. The Charle brothers, who have decided to pursue other career plans, also abandon their operational positions in Cdiscount.

- **Acquisition of Carrefour's Thailand business**

The agreement signed in November 2010 with Carrefour materialized on **January 7, 2011** with the acquisition of Carrefour's Thailand business by Big C Thailand. With this acquisition, which involves a portfolio of 42 stores (including 34 hypermarkets) and 37 shopping malls, Big C will become the co-leader on the hypermarkets segment. The stores and shopping malls were acquired for €857 million (price complement included).

- **Dispute with the Baud family**

On **February 4, 2011**, after ruling in favor of Casino in July 2009, the arbitration panel rejected the Baud family's request for payment of Franprix and Leader Price dividends for the years 2006 and 2007 due to anomalies and irregularities found in the financial statements. Thus Casino, pursuant to the panel's decision, only paid €34 million, corresponding to (i) Franprix and Leader Price dividends for the year 2008; (ii) a supplement to the sale price of Franprix and Leader Price shares previously bought by Casino, and; (iii) late interest payments in addition to the €18 million of interest already paid to the Baud family. This sum of €34 million is far less than the €67 million in provisions posted under "Other current debts".

- **The Casino Group's debt profile was improved and its average maturity extended**

On **May 18, 2011**, Casino issued under its EMTN program a new bond of €850 million with a ten-year maturity and annual coupon of 4.726%. In this context, €300 million of the bonds maturing in February 2012 (6.0% coupon), April 2013 (6.375% coupon) and April 2014 (4.875% coupon) were traded. Additional funds for €530 million were also raised through this issue. The Casino Group's bond debt average maturity was extended to 4.6 years (against 3.4 years before the operation).



CASINO SUPERMARCHÉ, Arcachon, France

• Position of the GPA group

Since the **end of May 2011**, the Brazilian and French press have been reporting on the status of the negotiations between the Diniz group (Casino's partner in Brazil), the Carrefour Group and Gama 2 SPE Empreendimentos e Participações ("Gama"), a special purpose vehicle wholly owned by a fund managed by BTG Pactual and to be capitalized by the Brazilian National Bank for Development (BNDES). Breaching the shareholders' agreement signed in 2006 between the Diniz family and Casino, in their jointly held company Wilkes, the project included, without any prior consultation or agreement between the two shareholders, a merger of Carrefour's Brazilian assets with those of GPA in a 50-50 joint venture, with Gama becoming a key Carrefour shareholder. In this context, on May 30 and July 1, 2011 Casino filed with the International Chamber of Commerce two arbitration proceedings against the Diniz group seeking compliance with and proper execution of the shareholders' agreement of November 27, 2006 relative to Wilkes, the company jointly held by them which controls the Brazilian company GPA.

Casino Guichard-Perrachon's Board of Directors then met on **July 12, 2011** to review the terms of the financial offer planned by the Diniz group, Carrefour group and Gama, made public on June 28, 2011.

At the completion of its work, the Board of Directors unanimously, with the exception of Mr. Abilio Diniz, who did not participate in

the voting, found the project to be against the interests of GPA, of all its shareholders and Casino.

On **July 13, 2011**, the Casino Group took official notice of the withdrawal of Abilio Diniz, BTG Pactual and Carrefour from their project.

In June, the Casino Group acquired 9 million preferred shares (i.e. 3.4% of GPA's capital) for \$382 million (i.e. €263 million), thereby bringing its stake in GPA's capital to 37.1%.

After June 30, 2011, the Group acquired another 15.8 million preferred shares (i.e. 6.1% of GPA's capital) for \$792 million (i.e. €547 million), thereby bringing its stake in GPA's capital to 43.2%.

Through these increased stakes, Casino reaffirmed its commitment to GPA and its faith in his management team. Casino thus demonstrates its wish to reinforce GPA's long-term development in GPA and its international development strategy focused on high-growth countries.

These events did not lead to a change in the control of GPA, which continues to be exercised by Wilkes, pursuant to the provisions stipulated both in Wilkes' shareholders' agreement of November 27, 2006 and in GPA's shareholders' agreement of December 20, 2006.

PAÕ DE AÇÚCAR, São Paulo, Brazil





EXITO, Cuba - Pereira, Colombia

- **Successful arrangement of a \$900 million medium-term financing**

Casino announced on **August 31, 2011**, the signing of a medium term financing for \$900 million (i.e. approximately €630 million) with a group of nine international banks.

With this transaction, which demonstrates Casino's creditworthiness, the Group will be able to strengthen its liquidity and gain access to competitive financial resources.

- **Successful €600 million bond issue**

Casino announced, on **September 27, 2011**, the successful placement of a bond issue for a total of €600 million and with a 4.5-year maturity. This transaction strengthens the Group's liquidity and extends the maturity of its total debt. It is intended to refinance the end of 2011 and start of 2012 bond maturities.

The new bond issued with a 4.47% coupon was largely subscribed by a diversified basis of investors.

- **Acquisition by Exito of Casino' stakes in Disco and Devoto and successful capital increase in Colombia**

Exito announced, on **June 29, 2011**, the signing of a share purchase agreement regarding the acquisition of Casino' stakes in Disco and Devoto for a total consideration of US\$ 746 million (€548 million). Exito also announced its intention to launch a share offering in Colombia of up to US\$ 1.4 billion in order to finance its expansion plan (including the aforementioned acquisition).

These two transactions demonstrate the Group's strategic ambitions in Hispanic Latin America, one of its key growth areas.

The execution of the transaction and the share placement were approved by Exito's shareholders during the general shareholders meeting which was convened the 6th of July 2011.

Almacenes Exito S.A. ("Exito"), a subsidiary of the Casino Group, announced on **September 27, 2011** the outcome of the allocation of its COP 2,500 billion (\$1.4 billion) capital increase. The capital increase was subscribed 2.6x (excluding the subscription announced by Casino for its stake) demonstrating the strong interest of local and international investors in Exito despite difficult market conditions.

Casino subscribed the capital increase up to its share in Exito's capital thereby maintaining its stake in Exito at 54.8% of the capital.

• Big C Thailand's capital increase calendar

Big C Thailand, a Casino Group subsidiary, announced on **October 20, 2011**, that it had received the unanimous approval of its board of directors to launch a capital increase for a maximum amount of THB 25 billion (approximately €595 million). Proceeds from the capital increase will be used in priority to repay existing debt incurred for the acquisition of Carrefour's operations in Thailand. The transaction will also provide the company with greater financial flexibility, hence enabling it to implement the next step in its growth strategy.

Big C Thailand announced, on **November 17, 2011**, the decision of its board of directors to postpone the calendar of its planned capital increase, in light of the extraordinary circumstances caused by the flooding in Thailand.

• Leader Price – Geimex: Arbitration decision in the legal dispute between the Baud family and Casino

The Court of Arbitration, called upon to hand down definitively in the legal dispute between the Casino Group and the Baud family for damages and interests concerning dividends, issued its decision on February 4, 2011. It rejected out of hand the Baud family's claim for payment of dividends for 2006 and 2007, and the additional compensation stemming from their tax situation abroad due to the observed errors and irregularities in their financial statements.

As a result of this new decision, during the first half, Casino paid €34 million, corresponding to the dividends for 2008 for €28 million and additional consideration for the Franprix and Leader Price shares previously acquired by Casino for €6 million.

All of the implications of this decision had been booked in the 2010 Casino Group's accounts, excluding the effective payment done during the first half.



MINI BIG C, Bangkok, Thailand

Concerning Geimex, the company exploiting the Leader Price brand internationally, which is held 50-50 by the Casino Group and the Baud family, a provisional administrator, appointed by the Paris Commercial Court, has been ensuring the company's management since 2008 following the disagreements between the two shareholders on the organization and operation of the company. The legal disputes between the two shareholders concern in particular the sale of Leader Price Polska by Casino in 2006 as well as the Swiss business of the Baud family for which an arbitration decision was handed down on December 23, 2011 and commercial and criminal proceedings are still in progress. In its decision of December 23, 2011, the arbitration panel, rejected the claims that Casino had acted in such manner intentionally and estimated that the failure to give a notice has caused a loss of opportunity in the amount of €7 million. Casino will have to pay that amount to the Baud family less €1 million, paid by the Baud family to Casino to reimburse legal costs. These amounts of €7 million and €1 million were recorded respectively under "net income from discontinued operations" and "Other operating income".

- **Strong growth in sales in the 4th quarter of 2011, to +14.5%, and +18.2% rise in Casino total sales for the entire year**

With consolidated sales up +18.2% in 2011, the Casino Group reached its target for an annual increase in sales exceeding +10%. Organic growth, excluding fuel stood at +5.7%, a sharply faster pace compared with 2010 (+3.9%).

In France, the food market share of the Group was unchanged over the entire year and confirmed the complementarities of the various brands within the Group. Cdiscount's good performance has led to the sustained growth in non-food e-commerce.

The International segment, which accounted for 45% of the Group's consolidated sales in 2011 (compared with 38% in 2010) continues to expand very rapidly.



LEADER PRICE, Brétigny-sur-Orge, France

RALLYE

• Increase in Rallye's stake in Casino

Rallye acquired 2,897,280 Casino shares for €212 million in **late April/early May 2011**, increasing its stake from 48.48% to 51.30% of the capital and from 60.38% to 62.84% of voting rights as of **May 10, 2011**.

• Outcome of the payment of the 2010 dividend and of 2011 interim dividend payment in shares

The May 4, 2011, Annual Shareholders' Meeting of Rallye resolved to pay a dividend of €1.83 per share for fiscal year 2010, unchanged as compared to the 2009 dividend. An interim dividend of €0.80 per share was paid on October 7, 2010, leaving a balance of €1.03. It was decided to give the shareholder the choice to opt for its payment in cash or new company shares. 87.07% of the rights were exercised in favor of a payment in shares, as a result of which Rallye was able to increase its equity by €39 million by issuing 1,321,416 new shares. The €5.8 million payment of the balance in cash was made on **June 6, 2011**.

Similarly, on September 06, 2011 the Board of Directors decided to distribute an interim dividend of €0.80 per share for the 2011 fiscal year, which could be taken in new company shares at the shareholder's option. 46.03% of the rights were exercised in favor of a payment in shares, as a result of which Rallye was able to increase its equity by €16.5 million by issuing 793,939 new shares. The €19.1 million payment of the balance in cash was made on **October 6, 2011**.

• Ownership interest acquired in Grupo Pao de Acucar

In **August 2011**, Rallye acquired 3.3 million preferred shares/ADRs⁽¹⁾ issued by Grupo Pão de Açúcar (GPA) and 4 million call options giving it the option to acquire the same number of ADRs. On **October 6, 2011**, Rallye announced that it had informed the GPA group of the increase of its stake by up to 0.6 million preferred shares/ADRs⁽¹⁾ and 5 million call options giving it the option to acquire the same number of ADRs. Rallye's total economic participation, including preferred shares/ADRs as well as the ADRs underlying the call options, currently represents 5% of GPA's capital. Considering these acquisitions, Rallye (Casino's majority shareholder) and Casino (GPA's leading shareholder) hold a total economic stake in GPA (including common shares, preferred shares/ADRs as well as the ADRs underlying the call options) representing as of October 6, 2011 48.1% of the latter. This acquisition underscores the commitment and the confidence that both Rallye and Casino have placed in Brazil and in GPA.

GROUPE GO SPORT

• Groupe Go Sport sales were slightly up like-for-like, but EBITDA was down due to the poor performance of seasonal items linked to unfavorable weather conditions

As of December 31, 2011, Groupe GO Sport's consolidated net sales stood at €680.4 million, up 0.4% on a same-store basis and at constant exchange rates. In France, the Go Sport banner's sales reported a 1.7% decline on a same-store basis in 2011. The banner experienced the negative effects of the poor performance of seasonal items due to the particularly unfavorable weather conditions. Sales for Courir were up sharply, standing at +8.9% on a same-store basis (after 3.6% in 2010), confirming the success of the brand's repositioning strategy. The sustained growth attests to the relevance of the offer and the attractiveness nature of the new concept, currently deployed in 21 stores.

In Poland, GO Sport's sales on a same-store basis and at constant exchange rates were down 3.1% in 2011, due to the negative effects of the mild winter season. The stores with the new merchandising, now 15 after 7 remodelings demonstrated in 2011, good resilience to the economic conditions.

EBITDA and current operating income were down from 2010 and stood at €8.6 million and €(12.1) million, respectively. Half of the decline is due to the €4.8 million drop in gross profit due for the most part to the poor performance of seasonal items, which have a higher margin. It also results from the personnel cost increase, associated with the efforts to boost momentum at Courir, and rising rents.

Net financial debt stood at €86.2 million, up €54.7 million compared to end of 2010. This rise is due primarily to the sharp increase in working capital requirements related to the decrease in trade payables, due among other things to the shorter payment deadlines imposed by LME in 2011 and a shift in the acceptance of goods compared to 2010.

(1) ADR: American Depositary Receipts, listed on the New York Stock Exchange and representing preferred shares.

Rallye management report

SUBSEQUENT EVENTS

CASINO

• Opinion of the Competition Authority regarding food retail in Paris

On referral of the matter by Paris' Mayor for Opinion, in 2011 the Competition Authority examined the status of competition in the food retail sector in Paris.

In the Opinion issued on January 11, 2012, the Authority found "that Paris' market is extremely concentrated" and stated "that the Casino Group holds a market share exceeding 60% of the area" which "hinders competition". The Casino Group completely rebuts the methods of analysis used by the Competition Authority, as the group considers that its market share in Paris, combined with that of Monoprix, does not exceed 38.5% based on several studies. Nevertheless, the Authority did not find any abuse of dominant position or anti-competitive practices by the Casino Group. It underscored that the Casino Group has invested in the Franprix-Leader Price and Monoprix networks "with the approval of the competition authorities" and acknowledged that "the success of the Casino Group can be attributed to its strategy and its own merits".

Since the matter was referred to the Competition Authority solely for an opinion, such opinion is without legal effect. Considering the qualifications expressed in that opinion, Casino however reserves the option to contest its validity.

• Mercialys' real estate and financial operation

To coincide with the launch of Mercialys' new strategy, Casino announced on February 9, 2012 that it would be significantly strengthening its financial flexibility:

- Casino will retain a stake in Mercialys of between 30% and 40% at the end of 2012, while renewing its partnership, and confirms its vision for the dual development model;
- Mercialys will announce a repayment of its shareholders' investments and a new financial structure.

In the context of this new stage in its real estate life, Mercialys intends to submit in 2012 to the vote of its shareholders two successive distributions for a total amount of €1.25 billion (€1.15 billion corresponding to a contribution redemption). The distribution of €1 billion is planned for the first half of the year. A second distribution, which could reach €250 million, is expected to occur in the second half of the year, following a second general meeting of shareholders, and contingent on the good performance of the disposal program, which requires the approval of the new board of directors.

The full completion of these distributions would enable Casino to recover its legacy contributions in the company.

Casino, which will reduce its stake to 30% to 40% of Mercialys' capital (compared to its current majority stake) will remain a first-rank partner for Mercialys. The composition of Mercialys' board of directors will be adjusted accordingly. The two companies plan to renew their partnership and Mercialys will thus continue to work together with Casino in the pursuit of the deployment of its dual value creating retail/real estate model. Mercialys will be equity accounted in Casino's financial statement at the date of loss of control.



GO SPORT, Paris, France

• Monoprix: Disagreement on Galeries Lafayette's divestment price

In 2000 and 2003, Galeries Lafayette sold its share (50%) of the joint control over Monoprix to Casino, which as from January 1, 2012, has the right to acquire the majority and as from March 31, 2012, to name the Chairman and CEO for three-year periods alternating with Galeries Lafayette.

Galeries Lafayette, which holds a put option, started on December 7, 2011, a price assessment procedure, which subsequently gives it a time period to decide whether to sell and to notify Casino of its intent to terminate the partnership.

The banks in charge of conducting this assessment could not reach an agreement and, pursuant to the memorandum of understanding, a third expert must be called in to conduct the assessment. The bank approached to complete the assessment has declared that it would not conduct it unless the two parties agreed beforehand on the main financial forecasts that are supposed to serve as a basis for the assessment. However, such agreement has not been reached.

Galeries Lafayette, which claims that the financial assumptions it uses should be binding on Casino, has refused to name another expert and has filed a complaint against Casino with the Commercial Court of Paris. According to Casino, the sole purpose of that complaint is to put pressure on it to accept the price targets Galeries Lafayette has set for itself. Shortly after having valued its stake at €1.95 billion as part of an assessment, Galeries Lafayette did make a €1.35 billion offer to sell to Casino, which Casino rejected, as its advising bank had, during the assessment, valued Galeries Lafayette's stake at €700 million.

This is the context in which, while the chairmanship of Monoprix's board of the directors is supposed to be held by Casino as from March 31, 2012, Galeries Lafayette has chosen to violate its contractual commitments by making the board members named it vote to extend Mr. Philippe Houzé's term of office as chairman and chief executive officer at the Monoprix board of directors meeting of **February 22, 2012**.

Casino will refer the matter to the competent courts to request enforcement of Galeries Lafayette's commitments.

GROUPE GO SPORT

• Planned capital increase of approximately €30 million, guaranteed by Rallye, intended to speed up the Group's recovery

To boost sales of both banners and reinforce its financial structure, the Board of Directors of Groupe GO Sport at its meeting on **February 21, 2012** decided in principle on a capital increase of approximately €30 million. This transaction, carried out with the preservation of preferential subscription rights for shareholders and guaranteed by Rallye, the majority shareholder of Groupe GO Sport, should be carried out over the second quarter of 2012, subject to obtaining the French Financial Markets Authority's approval for registration of the transaction's prospectus, and after the General Meeting of April 20, 2012 has approved the corresponding resolutions.



COURIR, Val d'Europe, Paris, France

Rallye management report

BUSINESS REVIEW

The Rallye Group operates within the specialized and food distribution industry through its majority holdings in Casino and Groupe GO Sport.

- As Rallye's main asset, representing 98% of consolidated sales, Casino is one of the world leaders in food sales. In France, its sales performance is based on a mix of brands and formats well suited to the economic environment and deep long-term trends in society; Casino's rollout abroad is centered on emerging countries that show high growth potential, with a priority on South America and Southeast Asia where its subsidiaries have strong local roots and a leading position.
- Groupe GO Sport specializes in retail sporting goods through its Go Sport and Courir brands.

Moreover, Rallye manages a diversified investment portfolio, comprising both financial investments in the form of direct stakes or stakes held through specialized funds, and commercial real estate development programs.

CASINO

In 2011, the Group reached its double-digit growth in sales target. In France, the good performance of most convenience stores enabled the group to keep a stable food market share in 2011. Internationally, the organic growth in sales significantly sped up, reaching a double-digit level. The external growth transactions made it possible to significantly increase the contribution of the International segment to the Group's sales and current operating income.

The Group's consolidated sales rose +18.2% in 2011; current operating income increased sharply by +19.1% and was up +3.0% on an organic basis. Current operating margins were up +4 bp, at 4.5%.

The Group's sales and current operating income breakdown as follows:

• Sales

(In € millions)	2011	2010	Change
France	18,748	17,956	+4.4%
International	15,613	11,122	+40.4%
Latin America	11,826	8,245	+43.4%
Asia	2,895	2,009	+44.1%
Other	892	868	+2.8%
GROUP TOTAL	34,361	29,078	+18.2%

• Current operating income

(In € millions)	2011	2010	Change
France	750	769	-2.6%
International	798	530	+50.5%
Latin America	565	372	+51.9%
Asia	212	121	+75.5%
Other	22	38	n.s.
GROUP TOTAL	1,548	1,300	+19.1%

• France

France's weighting declined in 2011, since it represents 55% of 2011 sales and 48% of the 2011 current operating income of the Group.

French activities sales stood at €18,748 million at December 31, 2011 compared with €17,956 million in 2010, up +4.4%.

The year was marked by greater growth of sales in France, up +2.6% on an organic basis, +1.4% excluding fuel (compared to respectively +1.8% and +0.6% in 2010).

Current operating income stood at €750 million, down -2.6% compared to 2010. On an organic basis, it declined -2.9%. This change reflects a significant increase in the second half of the year, after a drop in the first half.

Current operating margin stood at 4.0%, down -29 bp compared to 2010. On an organic basis, it declined by -23bp.

Casino's sales and current operating income in France breaks down as follows by type of store:

> Sales

(In € millions)	2011	2010	Change
Casino France	12,365	12,016	+2.9%
Monoprix	1,973	1,914	+3.1%
Franprix-Leader Price	4,410	4,026	+9.5%
TOTAL FRANCE	18,748	17,956	+4.4%

> Current operating income

(In € millions)	2011	2010	Change
Casino France	458	463	-1.1%
Monoprix	128	139	-8.2%
Franprix-Leader Price	164	167	-1.8%
TOTAL FRANCE	750	769	-2.6%



MONOPRIX, Paris, France



FRANPRIX, Paris, France

› Details by type of Casino store in France

Franprix-Leader Price sales recorded a significant increase (+9.5%) to €4,410 million (compared with €4,026 million in 2010).

- Same-store sales for **Leader Price** rose by +1.5% in 2011. The good performance is, among other things, the outcome of the operational excellence plans implemented by a renewed management. A new commercial policy has been deployed, based on a repositioning of prices, targeted promotional policy and reinforced communication. Leader Price opened 27 stores in 2011. The store base continued to improve with 67 stores renovated in 2011. The brand intends to conduct a controlled and profitable expansion strategy, while at the same time making its store base more attractive.
- **Franprix** posted growth in total sales of +8.6% due to the expansion trend and the integration of two franchisees. 67 new stores opened during the year bringing the number of stores under this brand to 897. Same-store sales for Franprix were down -4.2%.

Franprix-Leader Price's operating margin stood at 3.7%, down -43 bp compared with 2010 (-40 bp on an organic basis). This decline can be explained by the price repositioning which took place in the first half of 2011. The second half of the year was satisfactory and enjoyed the effect of the action implemented plans.

Monoprix's same-store sales, excluding fuel, rose by +1.4%. This performance is the result of commercial initiatives to make the brand more attractive, such as the launch in March 2011 of the online sales website for textiles. The deployment of the new packaging of the Monoprix proprietary brand to food and perfumery also intensified.

Monoprix continued its planned expansion policy for all its store types. Thus 33 stores opened in 2011, including 2 Citymarchés, 19 Monop', 3 Monop' Station and 6 Naturalia stores. Naturalia acquired 3 organic Serpent Vert stores.

Overall, Monoprix's sales were up by +3.1% to €1,973 million (vs €1,914 million in 2010). The market share remained unchanged for the year. Monoprix's operating margin stood at 6.5%, down -80 bp (-78 bp on an organic basis).



GEANT CASINO, Arles, France



PETIT CASINO, Lyon, France

- Sales of the **Géant Casino** hypermarkets stood at €5,623 million, up 1.9% compared with 2010. Excluding fuel, same-store sales declined -1.5%. The average basket rose 2.2%. Food sales recorded a rise of 0.2%, sharply better compared with the two previous years (-3.7% in 2010 and -4.9% in 2009). The renovated stores and market spaces as well as the successful "Anniversary operation" in October explain the recovery. The food market share was, overall, unchanged for the year. Non-food sales posted a decline of -5.9%. The brand continued implementing its strategy based, among other things, on the most attractive categories of products, as well as on the deployment of the multi-channel (pickup of packages heavier than 30kgs bought from Cdiscount and Géant coupons distributed on Cdiscount). The actions to reduce the non-food space also continued.
- In 2011, **Casino Supermarkets** posted a +3.7% growth in sales of €3,619 million compared with €3,490 million in 2010 (+1.6% excluding fuel). Same-store sales excluding fuel were slightly down (-0.9%). The brand continued to expand in 2011 and, just like in 2010; it opened 11 supermarkets compared with 3 in 2009. The market share of the Casino Supermarkets was steady over the year.
- **Small supermarkets** sales reported a slight decline (-0.6%) to €1,485 million compared with €1,494 million in 2010. The streamlining of the small supermarket base continued: During the fiscal year, 295 points of sale opened and 409 closed. The expansion will benefit in the coming years from an agreement signed with La Poste for the conversion of some sites. New concepts were deployed with the opening of 6 Casino Shopping and 16 Casino Shop stores.

- **Other activities**, which include primarily Cdiscount, Mercialis, Banque Casino and Casino Restauration, achieved sales of €1,638 million compared with €1,516 million in 2010, i.e. an increase of +8.1% (+8.5% on a same-store basis).

This rise is due primarily to the strong trends at **Cdiscount** whose sales rose 14.3%. Household appliances, Housewares and the new departments deployed in 2011 (Wines, Toys, etc.) contributed to the growth in sales. The development of "to go" items was also a key to this success. Overall, Cdiscount outperformed its direct competitors and strengthened its leadership.

The increase in sales of the e-commerce site offsets the decline in non-food sales by Géant and also helps the Group record an increase in non-food sales for the entire year.

Mercialis recorded a healthy growth from rental income (+6.0%⁽¹⁾). The company intensified the deployment of the "Esprit Voisin" program, completing 11 deliveries throughout the year. The deployment of the program has included, since 2010, an asset sales policy which is a part of the refocusing of the portfolio. The average size of the assets kept under management increases with a simultaneous decrease in quantity. €120 million in disposals, representing 16 assets and approximately 5% of the portfolio value were thus recorded in 2011.

Casino France's operating margin stood at 3.7% down -15 bp. On an organic basis, the margin was practically unchanged at -8 bp. Casino Supermarkets and the small supermarkets posted strong profits. Activities supplementing the retail business recorded higher operating income.

(1) Data published by the company.

• International

International sales were up +40.4% to €15,613 million.

Current operating income for International activities stood at €798 million compared with €530 million in 2010, up +50.5%. The strong increase is the result both of the scope effect and of a robust organic increase in sales in Latin America and Asia. On an organic basis, current operating income for International activities rose +11.3%.

Casino's international business is focused on two priority areas: South America, primarily with GPA (Grupo Pao de Açúcar) in Brazil and Exito in Colombia, and Southeast Asia with Big C in Thailand and Vietnam.

International activities contributed 45% to the Group's sales and 52% to current operating income (versus a 38% contribution to sales and 41% contribution to current operating income in 2010).

Latin America sales stood at €11,826 million compared with €8,245 at December 31, 2010, up +43.4%. The negative exchange rate effect was -1.1%. The scope effect was positive by +31.1% due to the increase in the stake held in GPA and the consolidation of Casas Bahia within GPA. On an organic basis, Latin America posted double-digit growth (+13.4%), due to the very strong increase in same-store sales for the entire region (+10.0%).

- In **Brazil**, GPA recorded a strong growth in same-store sales to +8.8%⁽¹⁾;

- In **Colombia**, Exito posted sustained growth in same-store sales (+8.4%⁽¹⁾ versus +5.7%⁽¹⁾ in 2010).

- **Argentina** and **Uruguay** continued to post very strong growth in same store sales.

Latin America's current operating income stood at €565 million in 2011, up +51.9%. On an organic basis, current operating income rose +15.1%. Latin America's same-store operating margin was up +7 bp due to a strong rise of the margin in Colombia.

Sales in **Asia** were up +44.1% to €2,895 million (versus €2,009 million in 2010). The negative exchange rate effect was +3.3%. On an organic basis, there was sustained growth (+11.3%), led by a strong performance in same store sales (+3.2%) and the contribution of the expansion activities.

- In **Thailand**, Big C's same-store sales were slightly up, despite the significant impact of the flooding that affected the country in the 4th quarter. Big C's total sales were up +46.8%⁽¹⁾, reflecting among other things the acquisition of Carrefour's business in the country, which was finalized in January 2011;

- **Vietnam** continued to post very high increases in sales at +272%. Organic increase was +46.9%. Big C Vietnam continued to deploy the dual model and opened 4 hypermarkets and 3 shopping malls. 5 convenience stores opened during the year.

Asia's current operating income rose +75.5% to €212 million (+16.4% on an organic basis). The operating margin was up +28 bp on an organic basis.

(1) Data published by the company.



LIBERTAD, Rafaela, Argentina



DEVOTO, Punto Del Este, Uruguay

• Casino's key figures

Casino's key figures for 2011 compared to 2010 were as follows:

(In € millions)	2011	2010*	Change
Net sales	34,361	29,078	+18.2%
EBITDA	2,287	1,953	+17.1%
Current operating income	1,548	1,300	+19.1%
Current operating profit	4,5%	4,5%	
Income before corporate income tax	987	936	+5.4%
Net income			
– continuing operations, Group share	577	542	+6.4%
– discontinued operations, Group share	(9)	(9)	
Net income, Group share	568	533	+6.5%
Net financial debt	5,379	3,845	

* The 2010 financial statements previously published for Casino have been restated following final accounting for the takeover of Nova Casa Bahia.

At December 31, 2011, the Group's net financial debt stood at €5,379 million, versus €3,845 million at December 31, 2010. The net debt-to-EBITDA ratio stood at 2.35x (versus 1.97x at the end of 2010).

The price of Casino shares as of December 31, 2011 was €65.08, with a market capitalization of €72 billion. Rallye owned 49.93% of Casino shares and 61.24% of its voting rights.

GROUPE GO SPORT

As of December 31, 2011, Groupe GO Sport's consolidated net sales stood at €680.4 million, up 0.4% on a same-store basis and at constant exchange rates (-0.4% overall).

In France, the Go Sport banner sales reported a 1.7% decline on a same-store basis in 2011. The brand experienced the negative effects of the poor performance of seasonal items due to the particularly unfavorable weather conditions. The increase in non-seasonal categories, which represent over 80% of sales, and the healthy business activity of the 42 new-merchandising model stores, offset in part that impact. Revenue for Courir was up sharply, at +8.9% on a same-store basis (after 3.6% in 2010), confirming the success of the brand's repositioning strategy. The sustained growth attests to the relevance of the offer and the attractive nature of the new concept, currently deployed in 21 stores.

In Poland, GO Sport's sales on a same-store basis and at constant exchange rates were down 3.1% in 2011, due to the negative effects of the mild winter season. The stores with the new merchandising, now 15 after 7 remodeling initiatives in 2011, showed good resilience to the economic conditions.

EBITDA and current operating income were down from 2010 and stood at €8.6 million and €(12.1) million, respectively. Half of the decline is due to the €4.8 million drop in gross profit due for the most part to the poor performance of seasonal items, which have a higher margin. It also results from the personnel cost increase, associated with the efforts to boost momentum at Courir, and rising rents.

Net financial debt stood at €86.2 million, up €54.7 million compared to end of 2010. This rise is due primarily to the sharp increase in working capital requirements related to the decrease in trade payables, due among other things to the shorter payment deadlines imposed by LME in 2011 and a shift in the acceptance of goods compared to 2010.

In 2011, Groupe GO Sport opened 4 GO Sport stores (1 in Poland and 3 franchised stores) and 1 Courir store (a franchise). Store base streamlining continued, both in France, with the closing of 3 GO Sport stores and 9 Courir stores, and abroad with the closing of 3 GO Sport stores (1 in Poland, 1 in Belgium and 1 franchise) and 3 Courir stores (franchises). This left the Group with a total of 349 outlets as of December 31, 2011: 175 GO Sport (including 31 franchises), and 174 Courir (including 14 franchises).

GO Sport's key consolidated figures for 2011 compared with 2010 were as follows:

(In € millions)	2011	2010
Net sales	680.4	683.1
Current operating income	(12.1)	(0.4)
Operating income	(8.1)	1.2
Profit before tax	(13.4)	(1.4)
Net income	(20.0)	(5.9)
Free cash flow*	11.1	18.5
Investment net of disposals	(21.6)	(15.8)

* Before tax and cost of net financial debt.

GO Sport's share price as of December 31, 2011 was €9.66, with a market capitalization of €36.5 million. Rallye held 72.86% of the shares and 78.73% of the voting rights at that date.

INVESTMENT PORTFOLIO

Rallye's investment portfolio was valued at €365 million as of December 31, 2011, compared to €435 million as of December 31, 2010. At the end of 2011, the portfolio consisted of financial investments with a market value⁽¹⁾ of €272 million (vs. €295 million at end-2010) and real estate developments measured at historical cost⁽²⁾ of €93 million (vs. €140 million at the end of 2010).

In 2011, the financial investment portfolio contributed €39 million to Rallye's current operating income, compared to €10 million in 2010.

The €272 million in **financial investments** are broadly diversified in terms of geography: 48% North America, 28% Europe, 18% Asia, 6% rest of the world. Investments are also diversified by sector. LBOs make up 35% of financial investments, real estate funds 23%, energy also 23% and other sectors 19%. The diversification of financial investments is not limited to geography and sector, but also includes the type of investment, partner and scale, generating a strong spreading of risks which is further enhanced by the large number of investments and their small size. As of December 31, 2011, the portfolio had around 110 lines, four-fifths being less than €4 million with a per-line ceiling of €18 million in net cash invested. Systematic currency hedging allows the Group to eliminate exposure to exchange rate movements.

The €365 million investment portfolio also includes 8 **real estate developments** valued at €93 million. These are high-quality real estate assets, mostly held jointly with Foncière Euris, and very broadly diversified geographically.

- 3 real estate assets in **Poland**: Manufaktura, one of the biggest shopping centers in Poland, opened in Lodz in May 2006; a center in Gdynia (near Gdansk) an expansion to which is under construction until 2013, and land in Poznan;
- a shopping center (Loop 5 near Frankfurt, opened in October 2009) and land near the Alexa shopping center in Berlin, **Germany**;
- 2 shopping centers in **France**: the Ruban Bleu center, in Saint-Nazaire, which has been in operation since May 2008 and leased-out in August 2009, and Paris-Beaugrenelle, partially sold in 2010 and under construction until 2013;
- Land (Repton Place), near Boston, in **the United States** and the marketing of the residential development was completed in first half 2011.

In accordance with the strategic decision to reduce the size of the portfolio, the planned sale of assets continued in 2011. €105 million in assets were sold over the entire fiscal year. Conversely, the group had to pay €12 million (net of inflows) for the year and recorded a strong €24 million value appreciation. Overall, the size of the investment portfolio was thus reduced by €70 million in 2011.

The value of disposals of **financial investments** was €53 million in 2011. This corresponds to the sale of some fifteen portfolio lines, primarily in the LBO segment, but in all regions of the world (geographic distribution by value: 41% North America, 29% Europe and 30% rest of the world).

Rallye also sold the **Leto shopping center** in Saint-Petersburg, which had opened in May 2011, and received contingent payment on the sale of the Alexa shopping center in Berlin signed at end 2009, for a total of €52 million for 2011.

The revaluation of the portfolio, for a 2nd year in a row (+€24 million in 2011 after +€12 million in 2010), supports the relevance of Rallye's strategy of gradual divestiture, aiming to maximize the price of the sale of its assets.

(1) The market value of financial investments is the book value entered into the consolidated accounts (fair value – IAS 39) and is calculated based on the latest available outside valuations (General fund Partners) adjusted if necessary based on the latest information available.

(2) Real estate developments are entered based on historic cost and restated before the sale of investments (IAS 16).

Rallye management report

FINANCIAL OVERVIEW

CONSOLIDATED FINANCIAL STATEMENTS

- Consolidation of GPA at 40.13% as of December 31, 2011.

• Main changes to the scope of consolidation

- Consolidation of Casas Bahia into the GPA group since November 1, 2010.
- Consolidation of Carrefour Thailand's operations into Big C since January 7, 2011.
- Consolidation by the full consolidation method of the three franchises within Franprix-Leader Price as from February 1, 2011 with deconsolidation of one of them as from September 1, 2011.

• Profit

Rallye made consolidated net sales of €35.1 billion versus €29.8 billion in 2010, a gain of 17.7%. Sales are broken down in detail under the business overview for each operating subsidiary.

Sales by activity in the last two years were as follows:

(In € millions)	2011		2010	
	Amount	%	Amount	%
Food and general retailing	34,361	98.0	29,078	97.6
Sporting goods retail	680	1.9	683	2.3
Other businesses*	16	0.1	19	0.1
TOTAL	35,057	100.0	29,780	100.0

* Holding company business and investment portfolio.

Sales by geographical region in the last two years was as follows:

(In € millions)	2011		2010	
	Amount	%	Amount	%
France	19,380	55.3	18,590	62.4
Latin America	11,826	33.7	8,245	27.7
Asia	2,895	8.3	2,009	6.7
Other	956	2.7	936	3.1
TOTAL	35,057	100.0	29,780	100.0

Current operating income rose by 20.6% to €1,551 million, mainly due to an increase in Casino's current operating income (+19.1%). Current operating income is broken down in detail under the business review for each operating subsidiary.

Other operating income and expenses was €(169) million, compared to €(41) million in 2010.

The net finance costs was €(676) million, up 22.5% over 2010. Other operating income and expenses was €(19) million, versus €16 million in 2010.

Income before taxes was €726 million compared to €679 million in 2010, a gain of over 6.9%.

The share of income from affiliated companies was €(9) million, compared to €13 million in 2010.

Net income attributable to the Company's owners was €15 million in 2011.

Rallye Group's headcount in 2011 was 227,995 people. Group employees break down as follows by business line in the last two years:

	2011		2010	
	Amount	%	Amount	%
Food retail*	223,050	97.8	170,248	97.1
Sporting goods retail	4,876	2.1	5,057	2.9
Other activities	69		75	
TOTAL	227,995	100.0	175,380	100.0

* The headcount of affiliated companies is not included in "headcount"; the headcount in joint ventures is recognized in proportion to the Group's holdings.

• Financial structure

Equity capital attributable to the company's owners was €1,632 million as of December 31, 2011, compared to €1,965 million as of December 31, 2010. This decrease is due, in particular, to:

- recognition of €(167) million in negative exchange differences;
- payment of €80 million in dividends, including a €36 million interim dividend for 2011, paid on October 6, 2011;
- €56 million increase in equity capital through the creation of 1,321,416 new shares in payment of the balance of the 2010 dividend, and 793,939 new shares in payment of the 2011 interim dividend;
- change in interest shares without gain or loss of control of subsidiaries for €(122) million;
- net income, Group share, of €15 million for 2011;
- sale of €34 million of treasury stock.

As of December 31, 2011, the EBITDA/financial expense coverage ratio (EBITDA is current operating income adjusted for current operating depreciation and amortization) was 3.42, compared with 3.56 in 2010.

Rallye group's net debt was €8,412 million as of December 31, 2011 compared to €6,565 million as of December 31, 2010, distributed among the following entities:

- Casino, with net debt of €5,379 million compared with €3,845 million at end-2010;
- Groupe GO Sport, whose net debt rose to €86 million from €31 million at December 31, 2010;
- Companies within the scope of the Rallye holding company, with net debt of €2,849 million compared with €2,591 million at end-2010;
- Rallye's investment subsidiaries, with net debt of €98 million (compared with €94 million in 2010), corresponding to specific financing packages for real estate developments in the investment portfolio without recourse against the holding companies.

The net debt to consolidated equity ratio (gearing) stood at 106% in 2011 compared with 82% in 2010 and can be broken down as follows:

(In € millions)	2011	2010
Net debt	8,412	6,565
Consolidated equity	7,913	7,979
Leverage	106%	82%

Also, the financial structure of companies within the Rallye holding company's scope, defined as Rallye plus all its wholly owned subsidiaries that act as holding companies and which own either Casino shares, Groupe GO Sport shares and the investment portfolio, is best understood by looking at two indicators:

- coverage of net financial expense of companies within the Rallye holding company's scope by the dividends received; and
- coverage of net debt of companies within the Rallye holding company's scope by assets at market value.

In 2011, companies within the Rallye holding company's scope received dividends totaling €149 million: 1.02 time their net financial expense. The drop in the coverage ratio compared with 2010 (1.34 time) came from the increase in net financial expenses. Note: in 2009, the ratio was 2.11.

As of December 31, 2011, the restated net assets of companies within the Rallye holding company's scope totaled €4,106 million. These comprised €3,674 million in Casino shares, €27 million in Go Sport shares and €365 million in the investment portfolio (other assets totaled €40 million). As of December 31, 2011, the net debt from the companies within the Rallye holding company's scope totaled €2,849 million; Rallye's restated assets were therefore 1.44 time the net debt of the companies within Rallye's holding company scope. The equivalent coverage ratios as of December 31, 2010 and 2009 were 1.71 and 1.52, respectively.

RALLYE FINANCIAL STATEMENTS

• Profit

Rallye made an operating loss of €32.2 million compared to a €47.4 million loss at December 31, 2010.

Rallye's headcount as of December 31, 2011 was 30.

Rallye's financial income totaled €72.6 million, compared to €53.0 million as of December 31, 2010.

It includes the following main items:

> Income

- Revenue and dividends collected from subsidiaries and holdings, especially from:
 - Casino: €59.4 million,
 - L'Habitation Moderne de Boulogne: €59.8 million.
- Income from the group's cash management of €1.8 million.

> Expenses

- Allocations to provisions for:
 - impairment to the value of Parande investment securities of €34.8 million,
 - bond redemption premiums of €7.1 million,
 - net charges on forward contracts (speculative swaps and swaps) of €1.7 million.

Other interest and similar income mainly refers to remuneration of current accounts with subsidiaries. Interest and similar charges are mostly interest on borrowings.

The extraordinary income of €39.8 million includes extraordinary gains of €51 million from the disposal of Casino stock.

Net income for the year totaled €80.3 million versus €75.6 million as of December 31, 2010.

The impact of the 2011 French law on modernizing the economy, which governs company-to-supplier payment deadlines, has no material impact on Rallye.

• Financial structure

Equity totaled €1,755.3 million as of December 31, 2011 versus €1,699.2 million on December 31, 2010, mainly due to:

- €80.3 million in net income for 2011;
- a €56 million increase in equity capital through the creation of 1,321,416 new shares in payment of the balance of the 2010

dividend, and 793,939 new shares in payment of the 2011 interim dividend.

And, conversely:

- payment of €80.4 million in dividends, including a €36 million for the 2011 interim dividend.

DIVIDEND

Rallye will propose at the General Shareholders' Meeting of May 23, 2012 the payment of a net dividend per share of €1.83 for 2011, the same as in 2010 and 2009. A 2011 interim dividend of €0.80 per share was paid on October 6, 2011, leaving an outstanding balance of €1.03.

This interim dividend could be collected in new company shares at the shareholder's option. The issue price for the new shares had been set at €20.77, which corresponds to 90% of the average opening price for the twenty trading sessions prior to September 6, 2011, less the interim dividend. 46.3% of the rights were exercised in favor of payment in shares. With this transaction Rallye was able to increase its equity by €16.5 million by issuing 793,939 new shares immediately included in the company's outstanding shares. Cash payment of the interim dividend totaled €19.1 million.

The company reserves the right to pay another interim dividend in 2012. The company's dividend distribution policy is presented under the heading "Further information" on page 207 of this registration document.

Rallye's balance sheet for fiscal year ended December 31, 2011 shows a profit of €80,256,091.38, which the Board of Directors has proposed to allocate as follows:

(In €)	
Net income for the year	80,256,091.38
Legal reserve	(649,847.10)
Retained earnings	98,062,369.57
Net income available for distribution	177,668,613.85
Dividend paid to shareholders ⁽¹⁾	(84,357,280.00)
Balance allocated to retained earnings	93,311,333.85

(1) The amount of the dividend to be paid to shareholders is calculated according to the number of shares comprising the share capital as of December 31, 2011 and will be adjusted according to the number of shares issued, if need be, between January 1, 2012 and the date of payment of the balance of the dividend following exercise of subscription options with rights to the balance of the dividend.

The net dividend per share will thus be set at €1.83.

New shares distributed as payment of the aforementioned interim dividend, as well as those arising from the exercise of subscription options carried out after payment of the interim dividend, only

give rights to payment of the balance of the dividend to be distributed (i.e. €1.03 per share). This balance will be paid on June 28, 2012 and can be collected in new company shares at the shareholder's option.

The whole of this dividend is eligible for the 40% rebate allowed under Article 158-3-2 of the French General Tax Code except where the flat-rate tax provided for under Article 117 quater of the General Tax Code applies.

Dividends paid on treasury stock held by the Company on the dividend payment date will be credited to "Retained earnings".

The dividends paid for the last three financial years are as follows:

(In €)	2010	2009	2008
Dividend	1.83	1.83	1.83

A table comparing net income for the past year and the four preceding years appears on page 182 of this report.

No non-tax-deductible expenses under Article 223-4 of the French General Tax Code have been incurred by the company in the course of year ended.

STOCK MARKET INFORMATION

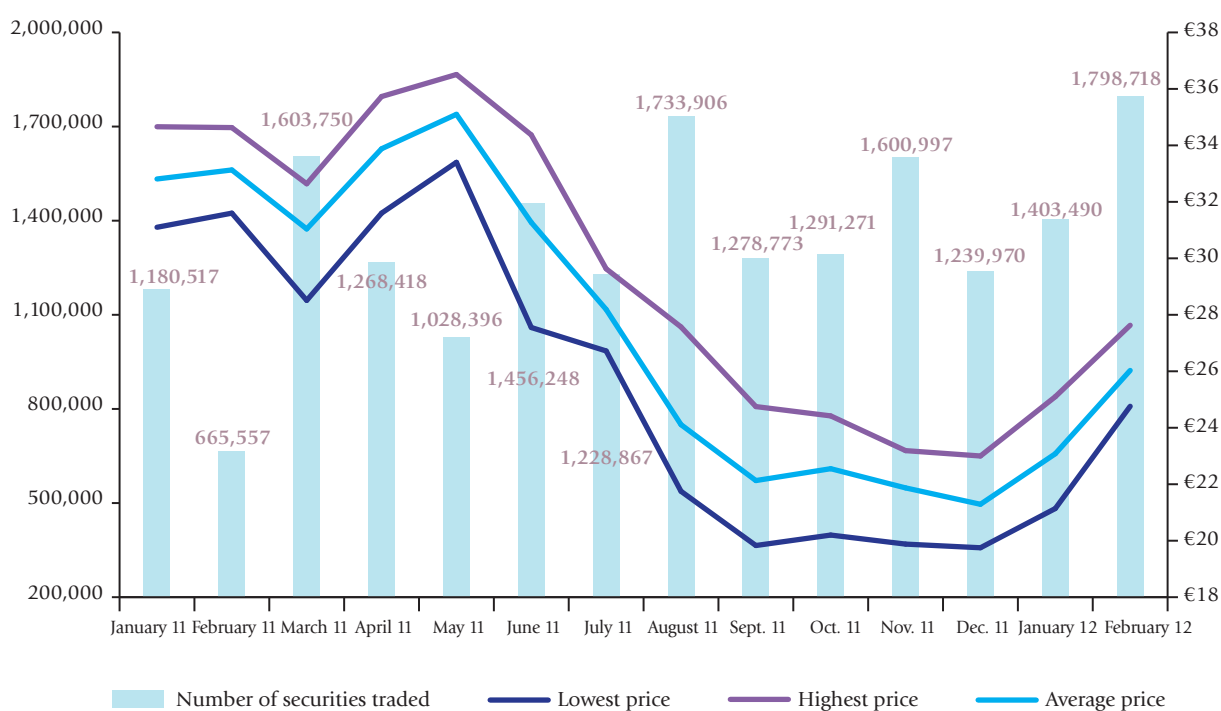
Rallye shares are listed in Compartment A of the Euronext Paris market.

Code: ISIN: FR0000060618

High (05/10/2011)	€36.505
Low (12/19/2011)	€19.75
Share price at 12/31/2011	€21.605
Trading volume 2011 (number of shares)	15,576,670
Trading volume 2011 (value)	€429 million

As of December 31, 2011, Rallye had a stock market capitalization of €1,004 million.

• Rallye share – Monthly change in stock price 2011 and start of 2012



Rallye management report

RECENT TRENDS AND OUTLOOK

(Unaudited figures)

RECENT TRENDS

During the first quarter of 2012, Rallye's consolidated net sales reached €8.9 billion, up 11.2% compared to the first quarter of 2011.

• Casino

Consolidated Casino sales rose by 11.3% in the first quarter of 2012. Changes in the scope of consolidation had a positive impact of +4.1%, due mainly to Casino's increased ownership stake in GPA. Exchange rates had a positive impact of +0.7%. Petrol had no material impact on the quarter. France and International markets benefited from a favourable calendar effect of 2.5% and 0.7%, respectively. Organic sales growth, excluding petrol, was up 6.6%, an improvement over 2011 as a whole (up 5.7% at the end of 2011).

In France, organic growth was up 2.0% in Q1 2012. All convenience formats (Casino supermarkets, Monoprix, Franprix and superettes) reported solid growth, with increased sales in organic terms. Leader Price reported increased same-store sales, up 1.7%. Géant's food sales performance was satisfactory despite a mixed environment for hypermarkets. Cdiscount maintained double-digit sales growth, enabling Casino to report aggregate non-food sales growth (Géant +Cdiscount) of +2.3%.

International operations continued to post very solid growth in organic terms (+11.9%). Changes in the scope of consolidation contributed 10% to sales growth and foreign exchange 1.7%. Latin America reported growth of 13.5% in organic terms, driven by strong same-store sales. This performance shows the sales momentum across all Casino's activities in the region. Organic growth in Asia was strong at +9.7% due to good same-store sales progression (+4.5%) and to expansion. Reported international sales accounted for 49% of all Casino sales for the period, compared to 45% for the whole of 2011.

• Groupe GO Sport

In Q1 2012, Groupe GO Sport's sales reached €1676m, up 76% on a same-store basis and with constant exchange rates. Same-store sales for the GO Sport banner increased both in France (+6.7%) and in Poland (+9.3% with constant exchange rates), benefiting from the seasonal goods' return to growth and the outperformance of the stores remodeled in 2011. Courir same-store sales growth accelerated to 9.7% for Q1 2012 after an increase of 8.9% for the year 2011, testifying to the relevance of the banner's new concept.

At March 31, 2012, Groupe GO Sport numbered 347 stores (175 GO Sport stores of which 32 franchisees and 172 Courir stores of which 13 franchisees).

OUTLOOK

• Casino

The Group, with its new profile, will continue its profitable growth strategy. In 2012, over 50% of sales and current operating income will be generated by strong-growth countries:

- in June 2012, the Group intends to exercise an option enabling it to take control over GPA, the retail leader in Brazil, and to fully consolidate that company in its financial statements as soon as Casino will take exclusive control;
- accelerated expansion in the four key countries for the Group with a multi-format strategy focused on convenience and discount as well as development of the dual model (shopping malls adjoining the new stores).

In France, the Group will continue with the mix change toward growth and performing formats, in line with consumers' expectations:

- focus of the multi-format strategy on the highest growth and most profitable concepts and deployment of multi-channel;
- strengthening of the dual model: Streamlined allocation of surfaces between hypermarkets and shopping malls.

By adapting its country, businesses and store type mix, the Group will be in a position to better serve the needs of its customers and thereby generate profitable growth. For 2012 the Group seeks:

- an increase in Group sales over 10%;
- steady Group market share in the food segment in France;
- increase in Franprix-Leader Price's current operating income.

Finally, Casino plans to continue its active policy of rotating its assets with an asset disposal/capital increase target of €1.5 billion in 2012, two-thirds of which already announced as of 31 March 2012 (extraordinary dividend announced by Mercialis, disposal of 10% to 20% of Mercialis and private placement in Thailand).

It also intends to maintain a robust level of financial flexibility and maintain its Net Debt/EBITDA ratio below 2.2x.

• Groupe GO Sport

In a difficult market environment, Groupe GO Sport intends to rely on its assets and notably on its well-established positioning as the third largest major retailer of sporting goods in France and to continue implementing the action plans put in motion within each brand.

These initiatives, centered on diversifying the offerings and merchandising, building a stronger customer relationship and achieving greater communication in partnership with the brands, aims as a priority to speed up the commercial momentum of the two Groupe GO Sport brands.

To support of these initiatives and reinforce its financial structure, the Board of Directors of Groupe GO Sport at its meeting of February 21, 2012 decided in principle on a capital increase of approximately €30 million. This transaction, carried out with the preservation of preferential subscription rights for shareholders and guaranteed by Rallye, the majority shareholder of Groupe GO Sport, should be carried out over the second quarter 2012, subject to obtaining the French Financial Markets Authority's approval for registration of the transaction's prospectus and after the General Meeting of April 20, 2012 has approved the corresponding resolutions.

• Rallye

Rallye has a solid liquidity, with over €2 billion in confirmed credit lines which are unused and available immediately as at March 31, 2012.

The average maturity of these lines was extended to 4.2 years following renegotiation or the setting-up of some €1.8 billion of credit in 2011.

Rallye has confirmed its commitment to continue to improve its financial structure and reduce its financial debt in 2012 particularly by progressively divesting its investment portfolio.

Rallye management report

CAPITAL AND SHAREHOLDING STRUCTURE

SHARE CAPITAL

Rallye's share capital as of December 31, 2011 totaled €139,398,480, divided into 46,466,160 shares with a par value of €3 each. As of December 31, 2010, it was €132,900,009, divided into 44,300,003 shares with a par value of €3 each.

This change corresponds to the portion of the 2010 dividend balance and the 2011 interim dividend paid in stock, leading to the issuance of 2,166,157 new shares.

SHAREHOLDING STRUCTURE

As of December 31, 2011, Foncière Euris held 55.55% of the capital and 71.15% of the voting rights.

As of December 31, 2011, Rallye held 728,686 shares, representing 1.57% of the capital.

To the company's knowledge, no other shareholder held more than 5% of the capital or voting rights as of December 31, 2011.

The following instances were declared in which thresholds were crossed in 2011:

Informant	Date threshold crossed	Manner in which threshold crossed	Number of shares declared	% of capital	% of voting rights
Dexia AM	06/17/2011	above	501,434	1.10	1.10
Natixis AM	09/12/2011	above	700,000	1.53	1.01
Dexia AM	10/27/2011	below	449,091	0.97	0.64

Transactions in Rallye shares conducted by corporate officers or related persons, shareholders from January 1st, 2011 to February 29, 2012 are notified of the following:

Informant ⁽¹⁾	Financial instrument	Date	Nature of transaction	Average weighted price	Amount
Gabriel Naouri	Shares	03/28/2011	Acquisition	€31.11	€10,888.50
Foncière Euris	Shares	04/26/2011	Acquisition	€33.60	€10,821,484.80
Eurisma	Shares	05/05/2011	Acquisition	€35.40	€10,620.00
Didier Lévêque	Shares	06/06/2011	Option to have the 2010 dividend balance in shares	€29.61	€9,741.69
Didier Carlier	Shares	06/06/2011	Option to have the 2010 dividend balance in shares	€29.61	€10,363.50
André Crestey	Shares	06/06/2011	Option to have the 2010 dividend balance in shares	€29.61	€30,468.90
Foncière Euris	Shares	06/06/2011	Option to have the 2010 dividend balance in shares	€29.61	€26,298,358.38
Eurisma	Shares	06/06/2011	Option to have the 2010 dividend balance in shares	€29.61	€296.10
Foncière Euris	Shares	06/21/2011	Sale	€30.55	€2,820,773.15
Foncière Euris	Shares	06/28/2011	Sale of shares as part of an Equity Swap	€30.00	€21,000,000.00
Didier Lévêque	Shares	09/19/2011	Sale	€22.70	€8,739.50
Didier Lévêque	Shares	10/06/2011	Option to take the 2011 interim dividend in shares	€20.77	€7,996.45
Foncière Euris	Shares	10/14/2011	Sale of shares as part of an Equity Swap	€23.70	€9,480,000.00
Didier Carlier	Shares	12/02/2011	Exercise of stock options	€14.24	€170,880.00
Didier Lévêque	Shares	12/09/2011	Acquisition	€21.85	€26,220.00
Didier Lévêque	Shares	12/20/2011	Exercise of stock options	€14.24	€142,400.00

(1) Director.

Declarations of the above share transactions have been posted online on the FMA's website.

To the company's knowledge, no other corporate officer traded company share from January 1st, 2011 to February 29, 2012.

SHARE EQUIVALENTS

As part of the Group's employee promotion and merit policy, Rallye grants stock options and/or bonus shares to its employees. Pursuant to Article L.225-180 of the French Commercial Code, as authorized by the General Meeting of Shareholders, shares are also awarded to employees at the parent companies, Euris and Foncière Euris. These companies are part of the same group; they participate in strategy consulting and development assignments in particular, and offer legal and administrative advice to Rallye.

• Stock options

The board of directors was authorized by the Extraordinary Shareholders' Meetings of June 6, 2007 and May 19, 2010 to award stock subscription options to employees of Rallye and related companies.

As of December 31, 2011, there were 678,453 options outstanding conferring the right to subscribe to 678,453 shares under the following stock option plans:

Grant date	Date after which options may be exercised	Expiration date	Number of beneficiaries on initial grant	Subscription price ⁽¹⁾	Number of options granted:		Number of options exercised as of 12/31/2011	Number of options ⁽²⁾ not exercised at 12/31/2011
					To company officers	To top ten employee beneficiaries		
10/01/2007	01/01/2011	03/31/2013	60	48.73	50,866	52,434	-	147,687
04/23/2008	07/23/2011	10/23/2013	66	43.15	80,234	72,624	-	213,599
04/27/2009	10/27/2011	10/26/2014	13	14.24	151,852	62,937	50,802	180,682
12/09/2009	06/09/2012	06/08/2015	1	24.62	-	-	-	12,000
09/06/2010	03/05/2013	03/05/2016	12	26.44	42,263	37,439	-	124,485

(1) Options are granted based on the undiscounted market price.

(2) Number of options originally granted, less cancelled and exercised options (4,220 options were cancelled and 50,802 options were exercised during 2011).

• Bonus shares

The board of directors was authorized by the Extraordinary Shareholders' Meetings of June 4, 2008 and May 4, 2011 to award bonus shares to employees of Rallye and related companies.

As of December 31, 2011, there were 271,904 unvested bonus shares relating to the following plans:

	Vesting date of bonus shares granted	Date from which the acquired shares can be sold	Number of beneficiaries on initial grant	Number of shares granted		Total number of shares granted at 31/12/2011 ⁽³⁾
				To company officers	To top ten employee beneficiaries	
09/06/2010	03/06/2013 ⁽¹⁾	03/06/2015	61	21,132	42,675	138,872
06/08/2011	06/08/2014 ⁽²⁾	12/08/2016	58	31,548	40,040	133,032

(1) Vesting of bonus shares is subject to the beneficiary being employed by the company on the share vesting date, and 50% of the share allotment is subject to a performance criterion: viz., that the ratio of consolidated EBITDA to consolidated debt, measured annually based on the consolidated financial statements, must be greater than 2.75.

(2) The vesting of bonus shares granted to the beneficiaries is only subject to a requirement that the beneficiary should still be working for the Company on the vesting date and two performance criteria: For 50% of the initial grant based on the consolidated EBITDA to net consolidated debt ratio and for 50% of the initial grant, based on achieving an objective for the cost of net financial debt of Rallye's holding company scope.

(3) Corresponds to the original number of shares granted, less rights cancelled following the departure of beneficiaries (4,323 were cancelled in fiscal year 2011).

COMPANY PURCHASES OF TREASURY STOCK

As of December 31, 2011, the Company held 641,936 shares acquired over the previous fiscal years to cover stock option plans and bonus share allocations granted to employees and corporate officers. These shares represented 1.38% of the Company's share capital. Their total acquisition cost was €12.5 million and they had a nominal value of €1.9 million.

As of December 31, 2011, these shares were entirely allocated to cover the bonus shares and stock option plans.

Moreover, Rallye implemented a liquidity agreement with Rothschild & Cie Banque to encourage trading on the stock in the market. As of December 31, 2011, the balance of the account was 86,750 shares.

683,328 shares had been bought and 596,578 had been sold under the 2011 buyback program at an average price of €19.80 and €23.01, respectively.

Shareholders at this Meeting are being asked to renew the authorization for the Company to purchase its own shares, pursuant to Articles L225-209 et seq. of the Commercial Code.

The Board of Directors will be authorized, with the option to sub-delegate, to purchase the Company's shares for the following purposes:

- to cover the stock option plans granted to employees and corporate officers, in compliance with Articles L225-177 et seq. of the Commercial Code, as well as all corporate savings plans and stock ownership plans;
- to allot bonus shares to employees and officers of the Company within the framework laid down by Articles L 225-197-1 et seq. of the Commercial Code;
- to ensure active trading of the Company's shares under the liquidity agreement signed with an investment services firm, in accordance with the Code of Conduct issued by the AMAFI and approved by the AMF;
- to hold shares for delivery to holders of Company securities who exercise their right to receive shares through redemption, conversion, exchange, presentation of a warrant or any other instrument entitling them to receive existing shares;
- to hold shares in reserve to use at a later date as a means of exchange or payment in mergers or acquisition in accordance with the market practices authorized by the FMA;
- to cancel shares, up to a maximum of 10% of share capital over a period of 24 months, as part of a capital reduction plan.

The maximum purchase price is set at €75 per share.

The Board of Directors, however, may adjust the aforesaid price if there is a change in the par value per share, a capital increase through the capitalization of retained earnings and a bonus share allocation, a stock split or reverse stock split, a capital amortization or reduction, a distribution of reserves or other assets, and any other operation affecting equity, in order to reflect the impact of such transactions on the share value.

Under the terms of the authorization, the Company may hold a maximum of 10% of its share capital as of December 31, 2011. This corresponds to a maximum of 4,646,616 shares and a maximum amount of €348.5 million.

The aforementioned shares may be acquired, sold, transferred or exchanged by any means and at any time, on the stock market or off, between trading parties or over the counter, including as blocks of shares or through the use of derivatives such as call options. The maximum share of capital that may be transferred in the form of blocks of shares may be as high as the entire amount of the repurchase program.

The shares can also be loaned, in accordance with the provisions of Articles L221-22 et seq. of the French Monetary and Financial Code.

Shareholders at their General Meeting decide by resolution that the Company may continue to implement its repurchase program, even in the event of a takeover bid or public offer relating to shares, bonds or other securities issued by the Company or at the Company's initiative.

The shareholders' authorization of the share repurchase program will expire at the next Shareholders' Meeting convened to approve the 2012 financial statements and management report, and no later than November 23, 2013.

Rallye management report

CORPORATE AND ENVIRONMENTAL INFORMATION

(Articles 148-2 and 148-3 of Decree 2002-221 of February 20, 2002)

Rallye's business as a holding company, with 30 employees as of December 31, 2011, had no significant direct social or environmental impacts.

The main corporate, workplace and environmental information concerning the business activities of Rallye and its principal subsidiaries is presented below. The subsidiaries specialized in food and sporting goods retailing manage the social and environmental consequences of their business. Further information appears in the annual reports of the relevant subsidiaries.

Scope

For Casino, the corporate data concern all the stores under the brand name Casino Guichard-Perrachon, Distribution France Casino, Codim 2, Casino Cafétéria (and its subsidiary Restauration Collective Casino - R2C), Easydis, l'Immobilière Groupe Casino (and its subsidiary Sudéco), EMC Distribution, Comacas and Casino Services, Monoprix (50%-owned subsidiary of the Casino Group), Cdiscount, and the Franprix-Leader Price group (90%-held by the Casino Group).

The environmental information presented for Casino relates to all stores under the brands Géant, Casino supermarché and Petit Casino (including the Corsican businesses of subsidiary Codim 2), Casino cafeterias, Easydis warehouses, Sudéco shopping malls through the operation subsidiary and the administrative sites, Monoprix (50%-owned subsidiary of the Casino Group), CDiscount and the Franprix-Leader Price group (90%-held by the Casino Group) relating solely to the scope of consolidation.

Additional information (including data pertaining to the foreign subsidiaries) is available in the 2011 Business and Corporate Responsibility Report of the Casino Group and in that of Monoprix on the www.groupe-casino.fr website.

For Groupe GO Sport, the information provided below covers all of its consolidated French subsidiaries: Groupe Go Sport, Go Sport France, and Courir France.

Through its social and environmental actions, the Group aims to promote good workplace relations, to act as a supportive and responsible retailer, and to express its commitment to preserving the environment.

PROMOTING GOOD WORKPLACE RELATIONS

• Safeguarding jobs and developing employees' professional skills

The skills and commitment of all of its employees are one of the keys to Casino's success. Since its inception, Casino has fostered the development of quality relationships based on respect and communication. As a result of the diversity of the businesses and

activities it is involved in, Casino offers its employees a great deal of professional mobility and opportunities for professional development, in particular through the Group's in-house university in France. Campus Casino offers a range of extremely diversified programs, designed to meet the needs of all the businesses and job levels: In 2011, 12,800 French employees received training. Campus Casino also provides international employees with e-Learning foreign-language training opportunities. In the context of the Individual Right to Education (DIF), the Casino Group honored more than 6,000 requests in 2011. It has in addition set up the Ex&Co program specifically for the validation of experience-based skills to help in obtaining a professional title or diploma.

Groupe GO Sport had a training budget in 2011 of €1.8 million. Groupe GO Sport's training policy in 2011 directly contributed to the progress of the "GO To 2012" project. The goal of the training was to help the sales teams acquire an attitude similar to the one in a technical sports atmosphere, reflecting the trends in the world of sports and achieving operating excellence while making sure that each customer has an enjoyable shopping experience.

• Promoting health and safety in the workplace

In 2006, Casino conducted a study on health in the workplace and signed a national charter with the French health insurance fund (CNAM). The "Cap Prévention" program, launched in 2007, continued in 2011 at 31 hypermarket sites and all the warehouses and supermarkets and has yielded positive results, with a continuous trend towards fewer and less serious workplace accidents over the past six years. Agreements were signed with CNAMTS (Caisse Nationale Maladie des Travailleurs Salariés/ National Salaried Workers Sickness Fund) to put accident prevention policies in place, starting with a store's design phase or from the moment it undergoes renovation.

To support its Health and Safety in the Workplace Policy as a whole, the Casino Group has become the first food and general retailing player to have an attending occupational physician, attuned to the needs of the employees, as well as occupational physicians throughout all the sites in France.

Groupe Go Sport also strives to constantly improve the occupational health and safety of its employees. In this regard, safety commissions have been formed to study workplace risk prevention and to improve workplace conditions, including the task of monitoring compliance with legislative and regulatory directives.

• Commitment to diversity

Casino has been committed for over 20 years, in partnership with members of the public sector, to the fight against discrimination in all its forms, and in October 2004 it signed the diversity charter

along with 40 other major companies, thereby committing itself to six basic principles to promote diversity in the Group.

In May 2009, Casino was awarded the Diversity Label, recognizing its commitment to the prevention of discrimination, to equality of opportunity and to the promotion of diversity. In 2010, this label was verified and extended by AFNOR Certification.

In keeping with its commitment, the second required round of testing was conducted by the Group in 2011 in association with labor and management and in partnership with outside experts by sending 3,000 fictitious resumes three years after the first required round of testing conducted by ISM-Corum in the context of the European Equal projects *Lucidité*, followed by *Averroes*. The results will be published in the first half of 2012.

Casino has been committed to integrating individuals with disabilities into the workplace since 1995. This program, built around a collective agreement, is known as "Handipacte".

For Groupe Go Sport, 2011 was marked by the signing, by all the union organizations represented within the Group, of a second company-wide agreement supporting job entry and safeguarding the jobs of disabled employees in 2011, 2012 and 2013.

In 2011, Groupe Go Sport continued with its trend to recruit and keep people with disabilities employed by hiring 20 new employees with disabilities. The group also made commitments to the French Handisport Federation in the context of various partnerships.

> Workplace figures

2011 workplace indicators	Units	Rallye holding company	Casino ⁽¹⁾	Groupe GO Sport
Number of employees at December 31	No.	30	77,454	4,876
Percentage of total workforce represented by women	%	56%	60%	51%
Percentage of part-time workers	%	13%	32%	29%
Number of long-term contracts ⁽²⁾	No.	30	70,968	4,028
Number of short-term contracts ⁽²⁾	No.		6,416	848
Average number of hours training per employee per year	hours	15.27	6	12.88
Number of long-term contract recruitments	No.	2	12,190	1,328
Number of short-term contract recruitments	No.		36,893	4,277
Number of layoffs	No.		126	4
Payroll (salaries, wages and social charges)	€ million	8	2,611	111.1
Amount paid to the Works Committee	€ million		17	0.6
Donations (solidarity, sports, culture)	€ million		13	0.7

(1) Casino's workplace figures cover all companies wholly owned by the Group in France, Monoprix, the Franprix-Leader Price group and Cdiscount.

(2) Average annual number of employees at month-end for Casino.

Number of employees as of 12/31/2011 for Groupe Go Sport and Rallye.

A SUPPORTIVE AND RESPONSIBLE RETAILER

By signing the United Nations Global Compact, Casino wanted to reassert its desire to respect and promote human rights at all of its international subsidiaries and with its suppliers. In 2011, Casino rolled-out its Group Ethics Charter for its French and International subsidiaries, explicitly noting its attachment to the principles of the Universal Declaration of Human Rights and the declarations of the fundamental agreements of the ILO.

The action plan implemented by its purchasing department in 2000 is designed to promote and monitor respect for human rights in the workplace by its suppliers in developing countries. The Supplier Ethics Charter, prepared in accordance with the Universal Declaration of Human Rights and the fundamental principles of the International Labor Organization (ILO), has been incorporated into all standard contracts since 2002. The corporate auditing program for suppliers operating in developing countries continued in 2011.

In order to involve its business partners in its sustainable development approach, Groupe Go Sport asks its suppliers and their sub-contractors to become involved in sustainable development actions by signing, dating and returning its general purchase conditions, which contain the code of conduct to be followed in the sports sector. The code requires respect for the fundamental rights described in the eight recommendations of the International Labor Organization, respect for the fundamental principles of the International Labor Organization, protection of the environment in compliance with law and regulations in force, and promotion of these requirements to the suppliers' sub-contractors. In addition, Groupe Go Sport is a member of an ethics commission within the FPS⁽¹⁾ which is responsible for setting out a social and environmental code of conduct ("Collectif de l'éthique sur l'étiquette" - cooperative promoting of ethical labeling).

(1) Fédération Professionnelle des entreprises du Sport (Professional Federation of Sporting Goods Companies).

TAKING ACTION TO PROTECT THE ENVIRONMENT

• Waste management

Casino generates small quantities of non-hazardous waste (cardboard, plastic and wood) and industrial waste requiring specific recycling (fluorescent tubes, cooking oil, office waste). As well as reducing the quantity of waste produced (developing returnable containers, publishing fewer leaflets), Casino has made improvements in waste sorting and recycling a priority and has set up, with trash services, national waste collection and recovery agreements for this purpose.

Groupe GO Sport is a member of the French organization "Eco-Systèmes" and as such participates in funding the recovery and recycling of end-of-life electrical and electronic equipment. In accordance with French Law 2006-1666, Groupe Go Sport also agreed to contribute financially to recovering and recycling the textile waste generated by the clothing, household linens and shoes it sells to its customers. Groupe GO Sport has also played an active role in the creation of ECO TLC, of which it has become an associate member.

• Protecting biodiversity

Casino has included in commitment No. 8 of its Group ethics charter: protecting biodiversity.

It continued in 2011 developing all the ranges of responsible Casino products: organic "AB" products, sustainable agriculture products under the brand Terre et Saveur, MSC products, PEFC and FSC products, European Ecolable products, fair trade products. It organized national campaigns aimed to inform and incite consumers to switch to these products.

Casino continued its commitment to eliminate palm oil from all of its Casino-brand food products by the end of 2012.

Casino was a pioneer in the carbon labeling of its proprietary brand products which is carried today by more than 700 products in close to 7,000 stores in France. It responded to the request for proposals launched by the Ministry of Ecology and Sustainable Development for environmental labeling in collaboration with several suppliers. This labeling includes in addition to carbon, water consumption and water pollution, also over the entire product life cycle and visible on the packaging.

Groupe GO Sport has continued to make annual financial contributions to the recycling of printed materials and the plastic and cardboard packaging its customers take home. In 2011, the company continued its in-house and outside action plan to offer product packaging that uses fewer natural resources and that are easy to recycle.

• Contributing to the fight against climate change and the promotion of sustainable building

Casino's gas emissions concern primarily CO₂ emissions from the transportation of goods and the indirect CO₂ emissions generated by electricity consumption and refrigerants. Apart from saving energy and related emissions, the group has also managed to cut down the distances traveled for deliveries as part of the "Citygreen" initiative of France logistics, thus saving more than 13 million kilometers or the equivalent of almost 14,000 tons of CO₂ emissions in 2011.

The update to the latest EURO 5 standards for the fleet of trucks continues; 90% of the fleet was up to standard at the end of 2011 with a planned 100% for 2012.

51% of the transport of Casino's major import eligible goods is done via waterways or railways and long-distance rail project is being discussed with the operators.

Groupe Go Sport, for its part, is likewise committed to combating climate change, focusing particularly on reducing energy consumption and the use of sensitive items. Groupe Go Sport's development strategy both in France and internationally has always consisted of ensuring that all new stores comply with stringent current technical standards and laws and that stores already in use be constantly renovated to bring them into conformity with the most recent standards.

• Limiting environmental damage

The majority of Casino's stores and warehouses are located in urban areas and their activities are low-risk in terms of pollution of the soil and ecosystems. Gas stations, pyralene transformers, refrigeration towers and air conditioning equipment are monitored closely and a program has been laid down listing those that need priority upgrading to bring them into line with current standards:

- in order to limit the risks of soil and groundwater pollution, single membrane fuel containers are systematically being replaced by double membrane containers;
- recently built Casino stores comply with regulatory requirements regarding the recovery and treatment of rainwater in gas stations and supermarket parking areas. All the gas stations operated by the hypermarkets in France are equipped with hydrocarbon separators.

• Improving energy efficiency

Store lighting and food refrigeration are the two highest consumers of energy, which is mainly generated by electricity. In 2011, several measures were taken to improve energy efficiency and encourage the use of renewable energy.

• Environmental figures

The principal figures presented here cover all companies wholly-owned by the Group in France, Monoprix, the Franprix-Leader Price group and Cdiscount.

Environmental data of importance to Casino	Units	2011	2010
Total quantity of waste sorted for recycling ⁽¹⁾	Ton	91,877	84,900
Tonnage of batteries collected from customers	Ton	378	322
Energy consumption by source			
_ Electricity	MWh	1,781,690	1,791,765
_ Natural gas	MWh	244,002	269,822
Water consumption	m ³	2,377,524	2,241,260
Greenhouse gas emissions related to goods transportation ⁽²⁾	CO ₂ Equiv. ton	195,980	194,452
Number of workplace audits on supplier production sites	No.	140	164

(1) Waste collected under national framework agreements.

(2) Based on distances traveled, according to the GhG Protocol methodology (warehouse-store).

Casino is regularly in contact with professionals in the socially responsible investment industry (rating agencies, ethical investment funds) who have noted the group's steady progress in this field. In 2011, Casino was again listed in the indexes presenting socially responsible investment products FTSE4Good (Eiris rating agency), Ethibel Pioneer® and in E. Capital Partners' Euro Ethical Index.

Rallye management report

CORPORATE GOVERNANCE

During the past year, the Company has continued to carefully apply the principles laid down by the AFEF/MEDEF corporate government code for listed companies.

STRUCTURE AND OPERATION OF THE BOARD OF DIRECTORS

The term of office of all directors expires at the General Shareholders' Meeting of May 23, 2012. If the resolutions proposed are adopted, after the meeting, the Board of Directors will comprise twelve directors, four of whom will be independent:

- Jean-Charles NAOURI, Chairman and Chief Executive Officer;
- André CRESTEY, Vice-Chairman;
- Didier CARLIER, Representing Foncière Euris;
- Philippe CHARRIER, Independent Director;
- Jean CHODRON de COURCEL, Independent Director;
- Jacques DERMAGNE, Independent Director;
- Jacques DUMAS, Director;
- Jean-Marie GRISARD, representing Finatis;
- Didier LÉVÊQUE, representing Matignon Corbeil Centre;
- Odile MURACCIOLE, representing Eurisma;
- Gabriel NAOURI, representing Euris;
- Christian PAILLOT, Independent Director;

- Jean LÉVY, Non-voting observer.

The Board of Directors, following advice from the Appointments and Compensation Committee, has decided to renew all directors' mandates as well as that of the non-voting observer.

As part of its mission, the Appointments and Compensation Committee examined the membership of the Board of Directors, and in particular, it is also reviewing the situation of each director with regard to dealings with Group companies that might compromise his/her freedom of judgment or entail a conflict of interest.

The members of the Board of Directors were selected on the basis of their skills, experience, in particular in the field of commerce and consumption and ability to complement one another.

Four directors are independent according to the criteria of said code: Philippe CHARRIER, Jean CHODRON de COURCEL, Jacques DERMAGNE and Christian PAILLOT.

The Board also now includes a female director, in accordance with the law on equal representation of men and women on Boards of Directors and with the AFEF/MEDEF code.

The remaining members of Rallye's Board of Directors are either company officers or executives from the Rallye parent companies.

The Board does not include any director elected by employees.

The rules and modes of operation of the Board of Directors are as established by law, company by-laws and the Board's internal rules of procedure. They are described in detail below, in the "Chairman's report".

Directors are appointed for one year.

• Non-voting observer

Company by-laws allow for the appointment of one or several non-voting observers, chosen from among the shareholders. These are appointed for one year and participate in Board Meetings; in connection with this role, they share their observations and advice and take part in discussions in an advisory capacity. There may not be more than five such observers in total.

The re-appointment of Jean LÉVY as non-voting observer will be proposed at the Ordinary General Meeting of Shareholders on May 23, 2012.

OFFICES AND POSITIONS HELD BY THE MEMBERS OF THE BOARD OF DIRECTORS

Information about the operation of the Board of Directors is given in the Chairman's report on the organization of the Board and the internal control procedures, on pages 51 to 59 of this registration document.

• Directors whose reappointment is being proposed at the General Shareholders' Meeting

Jean-Charles NAOURI

Date of birth: March 8, 1949, age 63.

Business address: 83, rue du Faubourg Saint-Honoré – 75008 Paris.

- Biography

A graduate of École Normale Supérieure (Sciences), Harvard University, and École Nationale d'Administration, Jean-Charles NAOURI, Inspecteur des Finances, began his career with the Department of the Treasury. He was appointed Principal Private Secretary to the Minister of Social Affairs and National Solidarity in 1982, and later to the Minister of the Economy, Finance, and the Budget in 1984. In 1987, he founded Euris.

- Principal Executive Positions

Chairman and Chief Executive Officer of Casino, Guichard-Perrachon SA.
Chairman of Euris SAS.

- Offices and positions held at the company

Office/Position	First appointment date	End of office
Director	October 25, 1993	GSM of May 23, 2012
Chairman / CEO	April 2, 1998	GSM of May 23, 2012

- Other offices and positions held in 2011 and continuing as of February 29, 2012

> Within the Euris group

- Director of Companhia Brasileira de Distribuicao - CBD companies (a listed company) and Wilkes Participações (Brazil);
- Vice-President of the Casino Foundation;
- President of the Euris Foundation.

> Outside the Group

- Director of Fimalac (a listed company);
- Manager of Penthièvre Neuilly Real Estate company;
- Member of the Consultative Committee of Banque de France;
- President of the association "Promotion des talents";
- Honorary Chairman and Director of the Institut de l'École Normale Supérieure.

- Other offices and positions held in the past five years (not including the offices and positions listed above)

- Chairman of the Board of Directors of Finatis and Euris SA;
- Member of the Supervisory Board of Groupe Marc de Lacharrière SCA and Super de Boer;
- Representative of Casino, Guichard-Perrachon, Chairman of Distribution Casino France;
- Manager of Penthièvre Seine;
- Director of Natixis, Finatis and HSBC France;
- Non-voting observer of Caisse National des Caisses d'Épargne et de Prévoyance (CNCE);
- Vice-President of the Euris Foundation.

Number of Rallye shares held: 344

Philippe CHARRIER

Date of birth: August 2, 1954, age 57.

Business address: 60-62 rue d'Hauteville – 75010 Paris.

- Biography

Philippe CHARRIER is graduate of HEC and holds a diploma in accounting (DECS). He entered the Financial Department of the Procter & Gamble Group in 1978, where he spent the majority of his career as Financial Director for France, Marketing Director for France, CEO for Morocco, and went on to serve as Chairman and Chief Executive Officer for France until 2006. From 2006 to 2010, he was Vice-Chairman and Chief Executive Officer of Oenobiol. Then in January 2011, he became Chairman of Labco.

- Principal Executive Position

Chairman of Labco SAS.

- Offices and positions held at the company

Office/Position	First appointment date	End of office
Director	June 3, 2009	GSM of May 23, 2012

- Other offices and positions held in 2011 and continuing as of February 29, 2012

> Outside the Group

- Chairman of the Supervisory Board of the Spotless Group;
- Chairman of the Board of Directors of Dental Emco SA;
- Chairman of the Board of Directors of Alphident SA;
- Director of Lafarge SA (a listed company);
- Member of the business club "Entreprise et Progrès";
- Founding member of the business club "Entreprise et handicap";
- Vice-Chairman of UNAFAM;
- Chairman of Clubhouse.

- Other offices and positions held in the past five years (not including the offices and positions listed above)

> Outside the Group

- Vice-president, Chief Executive Officer of Laboratoires Oenobiol SAS;
- Chairman of "Entreprise et Progrès";
- Director of Fondation Nestlé pour la Nutrition.

Number of Rallye shares held: 1,252

André CRESTEY

Date of birth: February 22, 1939, age 73.

Business address: 83, rue du Faubourg Saint-Honoré – 75008 Paris.

- Biography

From 1977 to 1992, André CRESTEY was Chief Executive Officer of Euromarché. In 1992, he entered the Rallye group, where he served first as Chairman of the Management Board, then as Chairman and Chief Executive Officer (1993) and as Vice-Chairman and Chief Executive Officer from 1998 to 2001. Since 2001, he has been Vice-Chairman of the Board of Directors.

- Principal Executive Position

Vice-Chairman of Rallye SA.

- Offices and positions held at the company

Office/Position	First appointment date	End of office
Director	August 14, 1992	GSM of May 23, 2012
Vice-Chairman	April 2, 1998	GSM of May 23, 2012

- Other offices and positions held in 2011 and continuing as of February 29, 2012

> Within the Euris group

- Director of Miramont Finance et Distribution SA and Groupe Go Sport SA (a listed company).

> Outside the Group

- Director of FCD;
- Director of Périfem.

- Other offices and positions held in the past five years (not including the offices and positions listed above)

> Within the Euris group

- Director of Foncière Euris SA (a listed company);
- Permanent representative of Omnium de Commerce et de Participations SAS on the Board of Directors of Casino, Guichard-Perrachon SA (a listed company).

> Outside the Group

- Chairman of Périfem;
- Statutory president of the FCD.

Number of Rallye shares held: 31,471

Jean CHODRON de COURCEL

Date of birth: May 14, 1955, age 57.

Business address: 29, rue de Berri – 75008 Paris.

- Biography

Jean CHODRON de COURCEL is a graduate of HEC School of Management and an alumnus of ENA, the French National School of Public Administration. After having held various positions within the government administration and on ministerial staffs, in 1990, Jean CHODRON de COURCEL joined senior management at the Schneider group, then, in 1997, at Credit Agricole Indosuez. From 1995 to 1997, he was Deputy Private Secretary to Prime Minister Alain JUPPÉ. He was Deputy Managing Director of the Penauille Polyservices SA group. In 2008, he was senior adviser of Hawkpoint Partner Limited. Since January 1, 2011, he is serving Vice-Chairman Europe of Hawkpoint.

- Principal position

Vice-Chairman-Europe of Hawkpoint.

- Offices and positions held at the company

Office/Position	First appointment date	End of office
Director	June 9, 2004	GSM of May 23, 2012

- Other offices and positions held in 2011 and continuing as of February 29, 2012

None.

- Offices and positions held in the past five years (not including the offices and positions listed above)

> Outside the Group

- Senior adviser at Hawkpoint Partner Limited.

Number of Rallye shares held: 345

Jacques DERMAGNE

Date of birth: November 28, 1937, age 74.

Business address: 9, place d'Iéna – 75016 Paris.

- Biography

In 1968, after studying law and literature, Jacques DERMAGNE entered the Conseil National du Commerce, where he became President in 1981. He was Executive Vice-President of the CNPF from 1980 to 1999, then was elected President of the Economic, Social and Environmental Council, and re-elected in 2004 to serve until November 2010. In June 2003, he was appointed President of the International Association of Economic and Social Councils and Similar Institutions. Since November 2010, he has been Honorary Chairman of the Economic, Social and Environmental Council.

- Principal position

Honorary Chairman of the Economic, Social and Environmental Council.

- Offices and positions held at the company

Office/Position	First appointment date	End of office
Director	June 5, 2002	GSM of May 23, 2012

- Other offices and positions held in 2011 and continuing as of February 29, 2012

> Outside the group

- Director of BNP Paribas Personal Finances SA, Comexposium SA and Devanlay SA;
- Director of CELSA (Sorbonne).

- Offices and positions held in the past five years (not including the offices and positions listed above)

> Outside the group

- President of the French Economic, Social and Environmental Council;
- President of the French Expositions and Conventions Committee;
- Director of Unibail-Rodamco;
- Member of the Supervisory Board of DMC SA;
- Non-voting observer of France Convention SA.

Number of Rallye shares held: 500

Jacques DUMAS

Director

Date of birth: May 5, 1952, age 60.

Business address: 83, rue du Faubourg Saint-Honoré – 75008 Paris.

- Biography

Jacques DUMAS, who has a Master's Degree in Law, and is an alumnus of the Institut d'Études Politiques de Lyons, began his career as a lawyer, and then became Administrative Director at the Compagnie Française de l'Afrique Occidentale – CFAO (from 1978 to 1986). In 1987, he was appointed Deputy Company Secretary of the Rallye group, then Director of Legal Affairs at the Euris group (1994). He is currently Deputy Managing Director at Euris, and Advisor to the Chairman of Casino, Guichard-Perrachon.

- Principal Executive Positions

Advisor to the Chairman of Casino, Guichard-Perrachon SA.

Deputy Managing Director of Euris SA.

- Offices and positions held at the company

Office/Position	First appointment date	End of office
Director	July 19, 1990	GSM of May 23, 2012

- Offices held in 2011 and continuing as of February 29, 2012:

> Within the Euris group

- Chairman and member of the Supervisory Board of Leader Price Holding;
- Director of Mercialis (a listed company);
- Member of the Supervisory Board of Franprix Holding;
- Permanent representative of Distribution Casino France on the Board of Directors of Distribution Franprix;
- Permanent representative of Germinal SNC, President of Théiadis;
- Permanent representative of Euris, director of Finatis (a listed company).

> Outside the Euris group

- Manager of SCI Cognac-Parmentier.

- Other offices and positions held in the past five years (not including the offices and positions listed above)

> Within the Euris group

- Chairman and Chief Executive Officer of La Bruyère SA;
- Chairman of Alpetrol and Kerrous;
- Chairman of the Board of SAAD;
- Vice-Chairman and Member of the Supervisory Board of Geimex;
- Director of Groupe Go Sport, Cdiscount and Monoprix;
- Permanent representative of Asinco SA to the Board of Directors of Cafige SA and Financement Gestion Administration et Contrôle - F.I.G.E.A.C.;
- Permanent representative of Distribution Casino France, Member of the Supervisory Board of Cofilead (SAS);
- Permanent representative of Société de Distribution Parisienne (SDP) to the Board of Directors of Gregorim Distribution SA;
- Permanent representative of Euris SAS to the Board of Directors of Foncière Euris;
- Permanent representative of L'Habitation Moderne de Boulogne to the Boards of Directors of Colisée Finance and Colisée Finance II;
- Permanent representative of Matignon Diderot to the Board of Directors of Finatis;
- Permanent representative of RLPI to the Board of Directors of Vilette Discount SA and Clignancourt Discount SA;
- Director of the Euris Foundation;
- Chairman of the Supervisory Board of Franprix Holding.

Number of Rallye shares held: 4,837

Christian PAILLOT

Date of birth: September 9, 1947, age 64.

- Biography

Christian PAILLOT has spent most of his career in manufacturing and distribution of photographic, video, and hi-fi equipment. He built and developed the French businesses of Akai, Konica and Samsung. He is the current Vice-president of the French Horseback Riding Federation, a Member of the International Equestrian Federation and Vice-president of the European Equestrian Federation.

- Offices and positions held at the company

Office/Position	First appointment date	End of office
Director	April 15, 2004	GSM of May 23, 2012

- Other offices and positions held in 2011 and continuing as of February 29, 2012

> Outside the Group

- Manager of Ecurie du Haras de Plaisance SARL, SCI Parim.

- Offices and positions held in the past five years (not including the offices and positions listed above):

None.

Number of Rallye shares held: 1,055

FINATIS

French stock corporation (SA) with share capital of €84,852,900.
Registered office: 83, rue du Faubourg Saint-Honoré – 75008 Paris.
No. 712 039 163 in the Paris Companies and Trade Register.

- Offices and positions held at the company

Office/Position	First appointment date	End of office
Director	June 2, 1998	GSM of May 23, 2012

- Other offices and positions held in 2011 and continuing as of February 29, 2012

- Director of Carpinienne de Participations, Foncière Euris and Casino, Guichard-Perrachon (listed companies).

- Offices and positions held in the past five years (not including the offices and positions listed above)

- Director of Euris SA

Number of Rallye shares held: 285

Permanent representative:

Jean-Marie GRISARD

Date of birth: May 1st, 1943, age 69.

Business address: 83, rue du Faubourg Saint-Honoré – 75008 Paris.

- Biography

A graduate of HEC School of Management, Jean-Marie GRISARD began his career with the mining group Penarroya-Le-Nickel-Imétal, where he held various positions in Paris and London. In 1982, he was named Financial Director of Francarep, which became Paris-Orléans. In 1988, he joined Euris as Company Secretary until 2008.

- Principal position

Advisor to the Chairman of Euris SA

- Other offices and positions held in 2011 and continuing as of February 29, 2012

> Within the Euris group

- Director of Carpinienne de Participations (a listed company) and Euris Limited;
- Director of the Euris Foundation;
- Permanent representative of Matignon Diderot to the Board of Directors of Casino, Guichard-Perrachon.

> Outside the group

- Manager of Fregatinvest;
- Member of the Executive Committee and Deputy Treasurer of the association "Promotion des Talents".

- Other offices and positions held in the past five years (not including the offices and positions listed above)

> Within the Euris group

- Company Secretary of Euris SAS;
- CEO of Euris SA and Finatis SA;
- Chairman of Matimmob 1 SAS, Eurdev SAS, Matignon Diderot SAS and Matignon Rousseau SAS;
- Director of Foncière Euris, Finatis SA, Euris North America Corporation – (ENAC), Euris Real Estate Corporation – (EREC), Euristates and Park Street Investments International Ltd.;
- Permanent representative of Euris SA to the Board of Directors of Casino, Guichard-Perrachon SA;
- Permanent representative of Euris SAS to the Board of Directors of Euris SA;
- Treasurer of the Euris Foundation.

Number of Rallye shares held: 4,101

FONCIÈRE EURIS

French stock corporation (SA) with share capital of €149,648,910.
Registered office: 83, rue du Faubourg Saint-Honoré – 75008 Paris.
No. 702 023 508 in the Paris Companies and Trade Register.

- Offices and positions held at the company

Office/Position	First appointment date	End of office
Director	October 25, 1993	GSM of May 23, 2012

- Other offices and positions held in 2011 and continuing as of February 29, 2012

- Chairman of Matignon Abbeville SAS, Matignon Bail SAS, Matignon Corbeil Centre SAS, Marigny Belfort SAS, Marigny-Elysées SAS and Marigny Foncière SAS;
- Director of Casino, Guichard-Perrachon (a listed company);
- Manager of SCI Sofaret and SCI Les Herbiers.

- Offices and positions held in the past five years (not including the offices and positions listed above)

- Chairman of Marigny Concorde and Marigny Expansion;
- Director of Apsys International;
- Co-manager of SNC Alta Marigny Carré de Soie.

Number of Rallye shares held: 25,813,596

Permanent representative:

Didier CARLIER

Date of birth: born January 5, 1952, age 60.
Business address: 83, rue du Faubourg Saint-Honoré – 75008 Paris.

- Biography

Didier CARLIER is a graduate of the École Supérieure de Commerce de Reims (Reims Management School) and a certified public accountant. He started his career in 1975 with Arthur Andersen (Audit Department), rising to the position of Manager. He subsequently served as Company Secretary at Équipements Mécaniques Spécialisés and as Chief Financial Officer at Hippopotamus. He joined the Rallye group in 1994, as Chief Financial Officer, and was appointed Deputy Managing Director in 2002.

- Principal Executive Position

Deputy Managing Director of Rallye SA

- Other offices and positions held in 2011 and continuing as of February 29, 2012

> Within the Euris group

- Chairman and Chief Executive Officer of Miramont Finance and Distribution SA and La Bruyère SA;
- Chairman of Al pétrol SAS, Cobivia SAS, Genty Immobilier et Participations SAS, L'Habitation Moderne de Boulogne SAS, Les Magasins Jean SAS, Matignon Sablons SAS and Parande SAS;
- Chairman of the US companies Crapon LLC, King LLC, Lobo I LLC, Oregon LLC, Parker I LLC, Pointer I LLC, Sharper I LLC, et Summit I LLC;
- Chairman and Chief Executive Officer of MFD Inc USA;
- Representative of Parande SAS, Chairman of Pargest SAS, Parinvest SAS;
- Permanent representative of Euris SAS to the Board of Directors of Casino, Guichard-Perrachon (a listed company);
- Permanent representative of Matignon Sablons, director of Groupe Go Sport SA (a listed company);
- Manager of SCI de Kergorju, SCI des Sables, SCI des Perrières.

> Outside the Group

- Manager of SC Dicaro.

- Other offices and positions held in the past five years (not including the offices and positions listed above)

> Within the Euris group

- Chairman and Chief Executive Officer of Ancar, Colisée Finance SA, Colisée Finance II SA and Colisée Finance VI;
- Chairman of MFD Finances SAS, Parande Développement SAS, Kerrous SAS, Marigny Percier SAS, Parcade SAS, Soparin SAS, Syjiga SAS, Colisée Finance III SAS, Omnium de Commerce et de Participations SAS, Colisée Finance IV SAS and Colisée Finance V SAS;

- Managing Director of Club Sport Diffusion SA (Belgium) and Limpart Investments BV (Netherlands);
- Director of Clearfringe Ltd;
- Representative of Parande SAS, Chairman of Pargest Holding SAS, Matignon Neuilly SAS and Sybellia SAS;
- Permanent representative of Omnium de Commerce et de Participations SAS, director of Groupe GO Sport.

Number of Rallye shares held: 32,764

MATIGNON CORBEIL CENTRE

French simplified stock corporation (SAS) with share capital of €555,000.

Registered office: 83, rue du Faubourg Saint-Honoré – 75008 Paris.

No. 392 679 247 in the Paris Company and Trade Register.

- Offices and positions held at the company

Office/Position	First appointment date	End of office
Director	June 4, 2008	GSM of May 23, 2012

- Other offices and positions held in 2011 and continuing as of February 29, 2012

None.

- Offices and positions held in the past five years (not including the offices and positions listed above)

None.

Number of Rallye shares held: 282

Permanent representative:

Didier LÉVÊQUE

Date of birth: December 20, 1961, age 50.

Business address: 83, rue du Faubourg Saint-Honoré – 75008 Paris.

- Biography

Didier LÉVÊQUE is a graduate of HEC School of Management. From 1985 to 1989, he served as Research Analysts at the Financial Department of the Roussel-UCLAF Group. He joined Euris in 1989 as Deputy Company Secretary. He now holds the position of Company Secretary.

- Principal Executive Positions

Company Secretary of Euris SAS.

Chairman and Chief Executive Officer of Finatis SA.

- Other offices and positions held in 2011 and continuing as of February 29, 2012

> Within the Euris group

- Chairman and Chief Executive Officer of Euris North America Corporation (ENAC), Euristates Inc. Euris Real Estate Corporation (EREC) (USA) and Parande Brooklyn Corp;
- Chairman of Par-Bel 2 SAS, Matignon Diderot SAS and Matimmob 1 SAS;
- CEO of Carpinienne de Participations SA (a listed company);
- Director of Carpinienne de Participations and Euris Limited (UK);
- Member of the Supervisory Board of Centrum Development SA, Centrum Leto SA, Centrum Poznan SA and Centrum Weiterstadt SA (Luxembourg);
- Permanent representative of Finatis, director of Foncière Euris (a listed company);
- Permanent representative of Foncière Euris to the Board of Directors of Casino, Guichard-Perrachon (a listed company);
- Director and Treasurer of the Euris Foundation;
- Co-manager of Silberhorn Sarl.

> Outside the Euris group

- Manager of EMC Avenir 2 SARL.

- Other offices and positions held in the past five years (not including the offices and positions listed above)

> Within the Euris group

- Deputy Company Secretary of Euris SAS;
- Chairman of Parinvest SAS, Dofinance SAS, Euristech SAS, Par-Bel 1 SAS, Parantech Expansion SAS, Montparmet SAS and Matignon-Tours SAS;
- Director of Park Street Investments International Ltd;
- Permanent representative of Euris SA, director of Foncière Euris (a listed company);
- Permanent representative of HMB, director of Colisée Finance;
- Permanent representative of Matignon Diderot, director of Finatis (a listed company);
- Permanent representative of Omnium de Commerce et de Participations, director of Casino, Guichard-Perrachon.

> Outside the Euris group

- Manager of EMC Avenir.

Number of Rallye shares held: 29,485

EURIS

French simplified stock corporation (SAS) with share capital of €164,806.

Registered office: 83, rue du Faubourg Saint-Honoré – 75008 Paris.

No. 348 847 062 in the Paris Companies and Trade Register.

- Offices and positions held at the company

Office/Position	First appointment date	End of office
Director	June 8, 2005	GSM of May 23, 2012

- Other offices and positions held in 2011 and continuing as of February 29, 2012

- Director of Finatis, Foncière Euris and Casino, Guichard-Perrachon (listed companies).

- Offices and positions held in the past five years (not including the offices and positions listed above)

- Director of Euris SA.

Number of Rallye shares held: 343

Permanent representative:

Gabriel NAOURI

Date of birth: July 6, 1981, age 30.

Business address: 148, rue de l'Université – 75007 Paris.

- Biography

Gabriel NAOURI, age 30, holds a Master's in Applied Mathematics from the University of Paris Dauphine. In 2004, he joined the M&A division of Rothschild & Cie in New York where he was involved in the sale of Swissport, world leader in airport services, then in 2006, he held a position at L'Oréal USA (New York) as marketing manager (in the consumer products division). In early 2007, he joined the Group, first at Rallye as a special assistant, then at Casino where he carries out various operating functions at stores, serving especially as hypermarket director. He is Operational Director of Géant Casino for the Île-de-France region and advisor at Euris.

- Principal Executive Position

Operational Director of Géant Casino for the Île-de-France region;

Advisor at Euris.

- Other offices and positions held in 2011 and continuing as of February 29, 2012

> Outside the group

- Manager of Financière GN;
- Manager of SNC Georges Pompidou.

- Offices and positions held in the past five years (not including the offices and positions listed above)

Operations Director of Casino's Hypermarket for the Île-de-France region.

Number of Rallye shares held: 350

EURISMA

French simplified stock corporation (SAS) with share capital of €25,537,485.

Registered office: 83, rue du Faubourg Saint-Honoré – 75008 Paris.

No. 343 718 102 in the Paris Companies and Trade Register.

- Offices and positions held at the company

Office/Position	First appointment date	End of office
Director	May 4, 2011	GSM of May 23, 2012

- Other offices and positions held in 2011 and continuing as of February 29, 2012

None.

- Offices and positions held in the past five years (not including the offices and positions listed above)

None.

Number of Rallye shares held: 321

Permanent representative:

Odile MURACCIOLE

Date of birth: May 20, 1960, age 52.

Business address: 83, rue du Faubourg Saint-Honoré – 75008 Paris.

- Biography

After receiving her Advanced Studies Diploma in employment law, Odile MURACCIOLE began her career as head of the legal department at the Alty Group, an independent oil company. She joined the Euris Group in 1990 where she serves as Legal Director of Euris.

- Principal position

Legal Director of Euris SA.

- Other offices and positions held in 2011 and continuing as of February 29, 2012

> Within the Euris group

- CEO of Parinvest SAS, Pargest SAS and Parande SAS;
- President of Eurisma;
- Permanent representative of Euris to the Board of Directors of Foncière Euris (a listed company);
- Permanent representative of Finatis (a listed company) to the Board of Directors of Carpinienne de Participations SA (a listed company);
- Member of the Supervisory Board of Centrum Development SA;
- Director of the Euris Foundation.

- Other offices and positions held in the past five years (not including the offices and positions listed above)

> Within the Euris group

- Director of Legal Affairs of Euris;
- Permanent representative of Euris to the Board of Directors of Carpinienne de Participations (a listed company);
- Permanent representative of Kerrous SAS to the Board of Directors of Colisée Finance;
- Permanent representative of Kerrous SAS to the Board of Directors of Colisée Finance II;
- Chief Executive Officer of Pargest Holding SAS;
- Member of the Supervisory Board of Centrum Leto SA, Centrum Poznan SA and Centrum Weiterstadt SA.

Number of Rallye shares held: 13,681

Non-voting observer:

Jean LÉVY

Date of birth: November 9, 1932, age 79.

- Biography

After graduating in economics from the Institut d'Études Politiques de Paris and in international economics from Yale, Jean LÉVY spent most of his career at L'Oréal (1960-1987), where he was Vice-president for consumer products. He then joined Sanofi, where he was a member of the management committee from 1987 to 1991. Since 1991, as an independent counselor and company Director, he has held the offices of Chairman of AFCOHT (the French Association of Dutyfree Commerce). He is an honorary member of *Conseillers du Commerce Extérieur de la France*.

- Offices and positions held at the company

Office/Position	First appointment date	End of office
Non-voting observer	June 4, 2008	GSM of May 23, 2012

- Other offices and positions held in 2011 and continuing as of February 29, 2012

- Director of Interparfums Inc, Interparfums Inc, Interparfums France, Axxess SA;
- Director of Mont-Blanc SAS.

- Offices and positions held in the past five years (not including the offices and positions listed above)

- Director of Opththalmic;
- Director of Vivactis SAS;
- Director of Price-Minister SA.

Number of Rallye shares held: 1

No family ties exist among members of the Board of Directors with the exception of Jean-Charles NAOURI and Gabriel NAOURI.

It is stated that, to the Company's knowledge, none of the members of the Board of Directors has been found guilty of fraud or has been associated with a bankruptcy, receivership or liquidation in the past five years. Furthermore, no judgment or official public

sanction has been handed down against them by any statutory or regulatory authority, and no court of law has prevented them from acting as members of an administrative, managing or supervisory body of a listed company, nor from taking part in the management or supervision of a listed company's affairs. No loans or guarantees have been set up or granted by the Company to Members of the Board of Directors.

EXECUTIVE MANAGEMENT

The duties of Chairman of the Board of Directors and of Chief Executive Officer are unified and carried out by Jean-Charles NAOURI.

At the end of the Ordinary Shareholders' Meeting of May 23, 2012, the Board of Directors will be asked to hand down a decision regarding reappointment to the offices of Chairman and CEO.

The CEO is vested with full powers to act in all circumstances on behalf of the Company. He exercises these powers within the limits of the Company's business purpose and subject to the powers expressly assigned by law to Shareholders' Meetings and the Board of Directors. He represents the Company in its dealings with third parties.

However, in accordance with the internal rules of procedure, any decision likely to affect the Group's overall strategy must be authorized in advance by the Board of Directors.

Didier CARLIER, an employee, is the Deputy Managing Director.

Compensation, attendance fees and benefits of all kind paid to the Deputy Managing Director by Rallye, the companies it controls, the companies that control it and the companies that control those companies are as follows:

	2010 fiscal year	2011 fiscal year
Compensation paid for the fiscal year (before taxes and charges)	€2,216,111 ⁽¹⁾	€2,674,068 ⁽²⁾
Valuation of options granted during the fiscal year	N/A	N/A
Valuation of bonus shares granted during the fiscal year	N/A	N/A
TOTAL	€2,216,111	€2,674,068⁽³⁾

(1) Compensation and/or director's fees and/or benefits of all kind paid for 2010 by Casino, Guichard-Perrachon (€1,245,278), Rallye (€10,000), Finatis (€833) and Euris (€960,000).

(2) Compensation and/or director's fees and/or benefits of all kind paid for 2011 by Casino, Guichard-Perrachon (€1,353,235), Rallye (€10,000), Finatis (€833) and Euris (€1,310,000).

(3) Compensation and/or directors fees paid in 2011 by Rallye, the companies that control it, and the companies controlled by the latter totaled €2,556,111 before taxes and charges.

COMPENSATION RECEIVED BY EXECUTIVES AND OTHER CORPORATE OFFICERS

The principles and rules decided on by the Board of Directors to determine compensation and benefits of any kind to be granted to corporate officers are provided in the Chairman's report (page 51).

• Compensation of the Chairman and Chief Executive Officer

As in 2010, Jean-Charles NAOURI received no remuneration or benefits from the Company, other than €10,000 in director's fees.

Jean-Charles NAOURI is not part of any supplementary pension scheme and will not benefit from any payment if he should end his duties. He has not been given any stock options or bonus shares in Rallye, the companies controlled by Rallye, or the companies that control Rallye.

• Compensation of Didier CARLIER, Deputy Managing Director

The total compensation of the deputy managing director, who is an employee as well as a member of the Board of Directors, consisted of a fixed portion and a variable portion based on the attainment of quantitative group targets, qualitative individual targets and on a general evaluation of managerial attitudes and behavior.

Compensation, attendance fees and benefits of all kind paid to the Deputy Managing Director by Rallye, the companies it controls, the companies that control it and the companies that control those companies are as follows:

	2010 fiscal year		2011 fiscal year	
	Amounts due ⁽⁴⁾	Amounts paid ⁽⁵⁾	Amounts due ⁽⁴⁾	Amounts paid ⁽⁵⁾
Fixed compensation ⁽¹⁾	€362,000	€362,000	€384,000	€384,000
Variable compensation ⁽¹⁾⁽²⁾	€188,265	€163,448	€196,956	€188,265
Exceptional compensation ⁽³⁾	-	€200,000	-	-
Rallye Director's fees	€10,000	€10,000	€10,000	€10,000
Benefits in kind	-	-	-	-
TOTAL	€560,265	€735,448	€590,956	€582,265⁽⁶⁾

(1) Gross compensation before taxes and charges.

(2) The basis for the determination of 2011 variable compensation is detailed in the Chairman's Report on page 51.

(3) Exceptional compensation granted in view of the major contribution to debt refinancing, and renewal of bank loans and credit lines, during a time of severe financial crisis.

(4) Compensation granted for the year irrespective of the payment date.

(5) Total remuneration paid by the Company during the fiscal year.

(6) Compensation and/or director's fees paid in 2011 by Rallye, the companies that control it, and by the companies controlled by the latter totaled €598,765.

Didier CARLIER received no remuneration from controlled companies or companies in control of Rallye, other than €16,500 in director's fees related to his position as director.

• Compensation received by other corporate officers

The Shareholders' Meeting, of May 19, 2010, set the total amount of director's fees allocated to members of the Board of Directors and Committees at a maximum of €300,000. On the basis of recommendations from the Appointments and Compensation Committee, the rules governing the distribution of director's fees and the remuneration received by the non-voting observer were set by the Board of Directors and are detailed in the Chairman's report.

The total amount of director's fees and remuneration paid out in May 2011 for the terms in office ended to Directors, the non-voting observer, and members of the specialized committees totaled €258,333, versus €295,429 and €272,143 for prior terms in office. The individual director's attribution is unchanged since 2002.

The total amount of remuneration and director's fees paid out to company officers other than the Chairman and CEO and the Deputy Managing Director, by the Company, the companies it controls, the companies that control it or the companies controlled by the latter, is as follows:

(In €)	Director's fees and compensation paid			
	In 2010		In 2011	
	Director's fees	Other compensation ⁽¹⁾	Director's fees	Other compensation ⁽¹⁾
Philippe CHARRIER	30,000		30,000	-
Jean CHODRON de COURCEL	20,000		30,000	-
André CRESTEY	50,000 ⁽²⁾	148,353	50,000 ⁽²⁾	103,316
Jacques DERMAGNE	40,000		40,000	-
Jacques DUMAS	20,000	696,317	20,000	765,307 ⁽³⁾
Jean-Marie GRISARD ⁽⁴⁾	10,000	22,826	10,000	14,583
Jean LÉVY	20,000		17,333	
Didier LÉVÊQUE ⁽⁵⁾	10,000	618,036	10,000	580,043
Gabriel NAOURI ⁽⁶⁾			3,667	324,465 ⁽⁷⁾
Christian PAILLOT	25,429		27,333	-

(1) Director's fees and/or compensation and benefits of all kinds paid by the companies that Rallye controls, companies that control it, or companies controlled by the latter.

(2) An additional Director's fee of €20,000 was paid to André CRESTEY in connection with his duties as Vice-Chairman of Rallye.

(3) A total amount of €765,307 was paid to Jacques DUMAS in 2011 for compensation and/or director's fees and/or benefits of all kind paid by the Company, the companies it controls, the companies that control it or the companies controlled by the latter, excluded exceptional premium of €330,000 before taxes and charges.

(4) Jean-Marie GRISARD is also a manager of Frégatinvest, which received €130,000 in consulting fees, excluding taxes, in 2010 and 2011.

(5) A total amount of €618,036 was paid to Didier LÉVÊQUE in 2010 for compensation and/or director's fees and/or benefits of all kind paid by the Company, the companies it controls, the companies that control it or the companies controlled by the latter, excluded exceptional premium of €21,250 before taxes and charges.

(6) Permanent representative since January 2011 of Euris, the Group's parent company, which in 2011 received total fees of €3,900,000 from companies it controls, excluding taxes, under strategy consulting agreements, of which €1,642,270, excluding taxes, was paid by Rallye.

(7) Compensation and/or director's fees and/or benefits of all kind paid by Casino, Guichard-Perrachon (€99,465) and Euris (€225,000).

STOCK OPTIONS AND BONUS SHARES GRANTED TO CORPORATE OFFICERS AND OPTIONS EXERCISED

No stock subscription option was granted, in 2011, to the corporate officers by Rallye.

- In 2011, stock options granted to corporate officers by companies controlled by Rallye were as follows:
By Groupe Go Sport:

Officer	Grant date	Date after which options may be exercised	Expiration date	Number of options granted	Exercise price
Didier CARLIER	04/29/2011	10/29/2013	10/29/2016	1,500	€17.55
Jacques DUMAS	04/29/2011	10/29/2013	10/29/2016	1,500	€17.55

- In 2011, bonus shares allocated to corporate officers by the Company were as follows:

Officer	Grant date	Vesting date of shares ⁽¹⁾	Date after which the acquired shares may be sold	Number of bonus shares granted
Didier CARLIER	06/08/2011	06/08/2014	12/08/2016	9,766
Jacques DUMAS	06/08/2011	06/08/2014	12/08/2016	2,930
Didier LÉVÊQUE	06/08/2011	06/08/2014	12/08/2016	11,078
Odile MURACCIOLE	06/08/2011	06/08/2014	12/08/2016	7,774

(1) The vesting of bonus shares granted to the beneficiaries is only subject to a requirement that the beneficiary should still be working for the Company on the vesting date and two performance criteria: for 50% the EBITDA/financial expense coverage, for 50% a cost of debt level.

- In 2011, bonus shares allocated to corporate officers by controlled companies were as follows:
By Casino, Guichard-Perrachon:

Officer	Grant date	Vesting date of shares	Date after which the acquired shares may be sold	Number of bonus shares granted
Jacques DUMAS	04/15/2011	04/15/2013	04/15/2015	3,179
	04/15/2011	04/15/2014	04/15/2016	10,002

- In 2011, corporate officers exercised stock subscription and/or purchase options on Rallye shares under the following terms:

Officer	Grant date	Number of options granted	Number of options exercised	Exercise price
Didier CARLIER	04/27/2009	37,037	12,000	€14.24
Didier LÉVÊQUE	04/27/2009	37,037	10,000	€14.24

- In 2011, stock options exercised by the Company's corporate officers with regard to Casino, Guichard-Perrachon:

Officer	Grant date	Number of options granted	Exercise price
Jacques Dumas	04/13/2006	8,000	€58.16

- In 2011, bonus shares definitively awarded to corporate officers by the Company were as follows:

Officer	Grant date	Vesting date of granted shares	Number of bonus shares originally granted	Number of bonus shares vested	Date after which the acquired shares may be sold
Didier CARLIER	10/01/2007	01/01/2011	1,667	695 ⁽¹⁾	01/01/2013
	04/23/2008	07/23/2011	2,083	301 ⁽²⁾	07/23/2013
	04/27/2009	10/27/2011	9,259	9,259 ⁽³⁾	10/27/2013
Jacques DUMAS	10/01/2007	01/01/2011	500	208 ⁽¹⁾	01/01/2013
	04/23/2008	07/23/2011	625	90 ⁽²⁾	07/23/2013
	04/27/2009	10/27/2011	2,778	2,778 ⁽³⁾	10/27/2013
Didier LÉVÊQUE	10/01/2007	01/01/2011	1,667	695 ⁽¹⁾	01/01/2013
	04/23/2008	07/23/2011	2,083	301 ⁽²⁾	07/23/2013
	04/27/2009	10/27/2011	9,259	9,259 ⁽³⁾	10/27/2013
Odile MURACCIOLE	10/01/2007	01/01/2011	1,250	521 ⁽¹⁾	01/01/2013
	04/23/2008	07/23/2011	1,563	226 ⁽²⁾	07/23/2013
	04/27/2009	10/27/2011	6,944	6,944 ⁽³⁾	10/27/2013

(1) The vesting of bonus shares granted to the beneficiaries is only subject to a requirement that the beneficiary should still be working for the Company on the vesting date and two performance criteria: that of the "coverage of net debt by assets", assessed at the level of the "Rallye holding company scope" measured successively on December 31, 2007, December 31, 2008 and December 31, 2009.

(2) The vesting of bonus shares granted to the beneficiaries is only subject to a requirement that the beneficiary should still be working for the Company on the vesting date and two performance criteria: that of the "coverage of net debt by assets", assessed at the level of the "Rallye holding company scope" measured successively on December 31, 2008, December 31, 2009 and December 31, 2010.

(3) The vesting of bonus shares granted to the beneficiaries is only subject to a requirement that the beneficiary is still working for the Company on October 27, 2011.

- In 2011, bonus shares allocated to corporate officers by controlled companies vested as follows:
By Casino, Guichard-Perrachon:

Officer	Grant date	Vesting date of granted shares	Number of bonus shares originally granted	Number of bonus shares vested	Date after which the acquired shares may be sold
Jacques DUMAS	04/08/2009	10/08/2011	8,000	7,667	10/08/2013

• Conflicts of Interest in Corporate Bodies and Executive Management – Regulated Agreements

As part of the day-to-day management of the Group, the Company is involved in normal business relationships with all its subsidiaries. It also benefits from consulting services provided by Euris, the ultimate parent company majority-owned by Jean-Charles NAOURI, with which a strategic consulting agreement was signed in 2003 (see page 204).

Jean-Charles NAOURI, Didier CARLIER, André CRESTEY, Jacques DUMAS, Jean-Marie GRISARD, Didier LÉVÊQUE, Gabriel NAOURI and Odile MURACCIOLE, Directors or permanent representatives of Rallye and Euris group companies, have management functions and/or are members of the corporate bodies of companies within the Rallye and Euris groups and receive the corresponding compensation and/or director's fees.

These relationships aside, there are no conflicts of interest between the duties to the Company of the members of the Board of Directors and general management and their private interests. The duties of the Audit and Appointments and Compensation Committee allow for conflicts of interest to be avoided and ensure that the majority shareholder does not abuse his control.

STATUTORY AUDITORS

In compliance with legal requirements, Rallye appoints two regular and two alternate statutory auditors.

• Statutory Auditors

> KPMG

Signing partner: Patrick-Hubert PETIT (since May 2010).

First appointed: June 29, 1993.

Latest term of office expires: at the end of the 2013 Annual General Meeting of Shareholders.

> ERNST & YOUNG et Autres

Signing partner: Pierre BOURGEOIS (since May 2010).

First appointed: June 1, 1999.

Latest term of office expires: at the end of the 2017 Annual General Meeting of Shareholders.

• Alternate Statutory Auditors

> KPMG Audit ID

Substituting for KPMG.

First appointed: May 19, 2010.

Latest term of office expires: at the end of the 2013 Annual General Meeting of Shareholders.

> Auditex

Substituting for Ernst & Young et Autres.

First appointed: May 4, 2011.

Latest term of office expires: at the end of the 2017 Annual General Meeting of Shareholders.

One or the other of the same audit firms are auditors to the Company's main subsidiaries.

FEES PAID TO STATUTORY AUDITORS AND MEMBERS OF THEIR NETWORKS BY THE GROUP IN 2010 AND 2011

(In €)	Ernst & Young				KPMG			
	Amount		%		Amount		%	
	2011	2010	2011	2010	2011	2010	2011	2010
AUDIT								
Statutory auditing, auditor's opinion, examination of company and consolidated accounts								
Issuer	182,000	171,676	4	4	182,000	171,500	25	22
Fully consolidated subsidiaries	4,194,042	4,501,776	88	92	347,949	473,599	48	62
Additional assignments								
Issuer	-	-	-	-	-	-	-	-
Fully consolidated subsidiaries	344,835	140,500	7	3	85,320	11,000	12	1
Sub-total	4,720,877	4,813,952	99	99	615,269	656,099	84	85
Other services provided by the networks to fully consolidated subsidiaries								
Legal, tax, corporate	-	2,994	-	-	114,346	119,641	16	15
Other (give details if more than 10% of audit fees)	47,500	47,500	1	1	-	-	-	-
Sub-total	47,500	50,494	1	1	114,346	119,641	16	15
TOTAL	4,768,377	4,864,446	100	100	729,615	775,740	100	100

Report of the chairman

OF THE BOARD OF DIRECTORS

In accordance with the provisions of Article L225-37 of the French Commercial Code, this report has been prepared by the Chairman of the Board of Directors.

The report is intended to present corporate governance as applied by the Board of Directors and by the executive management and to describe the Company's internal control and risk management procedures.

This report, attached to the Management Report prepared by the Board of Directors describing the activities of the Company and its subsidiaries during the year ended December 31, 2011, which has been reviewed by the Appointments and Compensation Committee and the Audit Committee, has been approved by the Board of Directors, and was made available to the shareholders prior to the Annual Shareholders' Meeting.

It was also the subject of a report by the statutory auditors, under Article L225-235 of the French Commercial Code, with regard to internal control procedures relating to the preparation and processing of accounting and financial information, as well as a certification concerning the preparation of other necessary information.

I. CODE OF CORPORATE GOVERNANCE

As part of the Company's good-governance practices, the Board of Directors has confirmed that the Company has used the AFEF/MEDEF Code of Corporate Governance of April 2010 in particular for the preparation of this report.

The code is available for consultation on the Company's website: www.rallye.fr

II. BOARD OF DIRECTORS

• 1 > Composition of the Board of Directors

A list of the members comprising the Board of Directors is presented on page 33.

• 2 > Preparation and organization of the Board of Directors' work

The requirements for preparation and organization of the work of the Board of Directors are defined by law, as well as by the Company's bylaws, the Board's rules of procedure and special Board committees.

> Organization and operation of the Board of Directors

At its meeting of May 4, 2011 and following advice from the Appointments and Compensation Committee, the Board of Directors decided to renew the duties of the Chairman and Chief Executive Officer, and thus maintained the unified positions of Chairman of the Board of Directors and executive management.

This unity of functions, which ensures greater consistency between strategy and operational management as well as shorter decision cycles, seemed more appropriate to the situation of the Company, which is an intermediate Group holding firm.

The organization and operation of the Board of Directors are governed by rules of procedure as adopted in April 2003 and amended by the Board of Directors' meetings of April 21, 2005 and March 21, 2007. They bring together and specify the various rules that are legally binding upon the Company, the Company's rules of procedure and its bylaws, as well as including corporate governance principles and arranging for their implementation.

The rules of procedure describe the operation, powers, authorizations and duties of the Board of Directors and of the special Board committees: the Audit Committee and Appointments and Compensation Committee.

The rules of procedure also set out the rules of ethics applicable to members of the Board of Directors, in particular the obligations of confidentiality referred to in Article L465-1 of the French Monetary and Financial Code and Article 621-1 and seq. of the regulations of the French Financial Markets Authority (FMA – *Autorité des Marchés Financiers*) relating to insider trading, as well as the obligation to observe a blackout period in relation to all transactions in the Company's shares during the 15-day period preceding the release of the Company's annual and six-monthly financial statements.

They also indicate the registration of directors on the list drawn up by the Company as part of the regulatory provisions intended to better guard against insider trading and breaches.

The rules of procedure include provisions governing the declarations that must be made by corporate officers, individuals having close personal ties to them and similar individuals regarding their transactions in Company shares.

The rules of procedure set out the principle of formal and regular assessments of the Board of Directors' operations.

They also spell out the terms and conditions for its meetings and deliberations and, in particular, allow directors to attend Board meetings by videoconference or any other means of telecommunication.

The office of non-voting observer was created in 2002 to encourage qualified individuals to become members of the Board of Directors. The non-voting observer attends Board meetings, expresses his or her observations and opinions and takes part in the proceedings in an advisory capacity.

› Authorizations and duties of the Board of Directors

In accordance with the provisions of Article L.225-35 of the French Commercial Code, the Board of Directors decides upon the general directions to be followed in the Company's business dealings and sees to it that they are implemented. Subject to the powers expressly assigned to Shareholders' Meetings and within the limits of the Company's corporate purpose, the Board of Directors deals with all issues concerning the proper functioning of the Company. By its resolutions, it settles the matters that pertain to it. It also carries out all checks and audits it deems necessary.

The Board of Directors also reviews and approves the annual and six-monthly individual company and consolidated financial statements, presents reports on the activities and performance of the Company and its subsidiaries, approves management forecasts and reviews the Chairman's report for approval. It sets compensation for senior management and grants stock subscription options and bonus shares. It is called upon to deliberate every year with regard to the Company's policy on equal job opportunities and equal pay.

- Powers of the Chief Executive Officer

The Chief Executive Officer, in accordance with Article L.225-56 of the French Commercial Code, has the broadest range of powers to act on behalf of the Company under every circumstance. He/she exercises these powers within the limits of the Company's business purpose and subject to the powers expressly assigned by law to the Shareholders' Meetings and to the Board of Directors, and represents the Company in its dealings with third parties.

However, in application of the rules of procedure, any transaction liable to have an impact on the Group's strategy, financial structure or business activities must be approved in advance by the Board of Directors.

- Powers of the Chairman of the Board of Directors

Within the Board of Directors, the Chairman organizes and directs the activities of the Board and reports thereon to the Shareholders' Meeting.

The Chairman convenes meetings of the Board of Directors, is in charge of setting the agenda and producing the minutes of such meetings and assures the proper functioning of the Company's operations and, in particular, that the directors are capable of performing their duties.

› Independence of directors

As part of its duties, the Appointments and Compensation Committee is in charge of monitoring the situation of all directors with regard to any dealings they may have with the Company or with companies in the Group that might compromise a director's free judgment or lead to potential conflicts of interest with the Company.

Each year, this committee therefore carries out an annual review of the membership of the Board of Directors, and, in particular, of the independence of the directors in light of the assessment criteria laid down by the AFEP/MEDEF code of corporate governance, and then presents its findings to the Board of Directors.

› Board activities during the year ended

In 2011, the Board of Directors met seven times. Board members' attendance rate for these meetings was 96%.

- Approval of the financial statements – Business of the Company and its subsidiaries

The Board of Directors examined the financial statements for the year ended December 31, 2010 and the statements for the first half of 2011, as well as the management forecasts. It also decided on the reports and the text of the resolutions submitted to the Ordinary and Extraordinary General Shareholders' Meeting held on May 4, 2011.

For each quarter, the Board took note of the Group's activity, number of employees, level of debt and available sources of funding.

The Board of Directors approved various operations that were subject to its authorization. These included, in particular, the provision of guarantees on behalf of the Company's subsidiaries when financial or real estate operations were being carried out. It also examined the lines of credit set up by the Company and its subsidiaries.

In addition, the Board took stock of the financial and fixed asset disposals made by the Group.

The Board also decided to pay an interim dividend in October 2011 and had a presentation on the gender equality policy within the Company.

- Compensation

The Board set the 2011 fixed and variable compensation for the Deputy Managing Director Didier Carlier, and set his 2010 variable compensation, it being specified that the Chairman/Chief Executive Officer does not receive any fixed or variable compensation.

It also examined the directors' and non-voting observer's fees, as well as the compensation paid to members of Board committees. It decided on the allocation of bonus shares, subject to the achievement of performance conditions, to managerial staff and employees of the Group and its affiliates.

- Corporate governance

The Board of Directors examined its situation with regard to the principles of corporate governance, including the composition and organization of the Board of Directors and Board committees and the independence of directors.

The Board of Directors approved the Chairman's report on the organization and operation of the Board of Directors and executive management as well as the internal control and risk management procedures.

The Board of Directors was informed of all the work of the committees, as described below.

> Board committees

The Board of Directors is assisted by two special committees, created in 2000: the Audit Committee and Appointments and Compensation Committee.

Committee members are named by the Board of Directors, which also appoints the chairman of each committee. Neither the Chairman/Chief Executive Officer nor any of his representatives may be members of any committee.

The areas of authority and specific methods of operation of each committee were defined by the Board of Directors when they were created and incorporated into the rules of procedure.

- Audit Committee

> Composition

The Audit Committee has three members, two of whom are independent: André CRESTEY (Chairman), Philippe CHARRIER and Christian PAILLOT, who have been appointed for the duration of their terms as directors.

All members of the Audit Committee currently hold or have held positions as Company directors and thus have the financial and/or accounting expertise required under Article L823-19 of the French Commercial Code.

> Duties

The Audit Committee provides support to the Board of Directors involving the review and approval of the annual and six-monthly financial statements. It also assists the Board whenever an event occurs that is likely to have a significant impact on the situation of the Company or its subsidiaries in terms of commitments and/or risks.

In this regard and in accordance with Article L823-19 of the French Commercial Code, it monitors issues related to the preparation and auditing of accounting and financial information, subject to the responsibility of the Board of Directors.

Thus, inter alia, it is charged with monitoring the preparation of financial information, the efficacy of internal control and risk management systems, the legally required audit of annual and consolidated financial statements by the statutory auditors and the independence of the latter.

The Audit Committee has an organization and operations charter, which confirms its powers and authorities with regard to, among other things, management risk analysis and the detection and prevention of management irregularities.

> 2011 activities

The Audit Committee met three times in 2011, with all members in attendance at each meeting.

In connection with the approval of the six-monthly and annual financial statements, the Audit Committee verified the account closing process and took note of the statutory auditors' analysis, in particular including all of the Company's consolidation procedures and financial statements. The committee also reviewed off-balance-sheet commitments, risks and accounting options taken with regard to provisions, together with relevant legal and accounting changes. It was notified of the audit plan and the fees in 2011 paid to the statutory auditors.

The committee reviewed risk prevention documents as well as the Chairman's report on internal control and risk management procedures.

The Audit Committee initiated the procedure for reappointment of one regular and one acting auditor without resorting to the appeal of offers.

The Audit Committee had knowledge of the accounts press releases projects published.

The Chairman of the Audit Committee reported to the Board on the work done at each of these meetings.

- Appointments and Compensation Committee

> Composition

The Appointments and Compensation Committee has three members, two of whom are independent: Jacques DERMAGNE (Chairman), Jacques DUMAS and Jean CHODRON de COURCEL, who were appointed for the duration of their terms as directors.

The Chairman/Chief Executive Officer may attend committee meetings in an advisory capacity in order to present proposals related, in particular, to the compensation of senior managers and the granting of options and bonus shares.

> Duties

The Appointments and Compensation Committee is charged, in particular, with helping the Board of Directors review candidates for executive management positions, select new directors and define and monitor policies for senior management compensation and stock option and bonus share awards. As appropriate, it also reviews senior management's benefits and other forms of compensation.

The Appointments and Compensation Committee drew up an organizational chart, adopted in 2004, confirming its powers and authorities with regard to performance evaluation of the Board of Directors and verification that the corporate governance principles and code of ethics, in particular as derived from the Board of Directors' internal rules of procedure, are being properly respected and applied.

> 2011 activities

The Appointments and Compensation Committee met four times in 2011, with all members in attendance at each meeting.

The committee performed its annual review of the organization and operations of the Board of Directors and its special committees as well as of the proper application of corporate governance principles in accordance with the AFEP/MEDEF code and the provisions of the rules of procedure.

It examined the situation of each director with regard to dealings with Group companies that might compromise his/her freedom of judgment or entail conflicts of interest.

The Appointments and Compensation Committee expressed its recommendations regarding the proposed reappointment of the Chairman/Chief Executive Officer and Vice-Chairman, the appointment of directors and of the non-voting observer the composition of Board committees and the appointment of a new director.

The committee issued a favorable opinion on the methods for setting the fixed 2011 and variable 2010 compensation of the Deputy Managing Director.

It also reviewed the methods for determining the 2011 variable compensation component for Didier CARLIER, Deputy Managing Director.

The committee examined the executive management's proposal for the allocation of bonus shares to managerial staff and employees of the Company and affiliated companies, as well as attendance fees to be awarded to Board members, the non-voting observer and members of Board committees.

It examined the Chairman's report on the organization of the Board of Directors' work, along with the corporate governance-related information mentioned in the management report.

The committee Chairman reported to the Board of Directors on the work of the Appointments and Compensation Committee.

> Principles and rules determining compensation and benefits granted to corporate officers

The type and amount of corporate officers' compensation are set by the Board of Directors on the basis of recommendations made by the Appointments and Compensation Committee.

The Board of Directors thus determines the compensation of the Deputy Managing Director, who is also a director; the Chairman/Chief Executive Officer does not receive compensation from the Company.

The compensation paid to the Deputy Managing Director includes both a fixed and a variable component. The basis for determining both is decided upon each year by the Board of Directors as per the recommendation of the Appointments and Compensation Committee, and, as applicable, based on studies conducted by external consultants.

The 2011 variable compensation component is based on the attainment of quantitative Group targets, qualitative individual targets and a general evaluation of managerial attitudes and behavior. The variable element may be a maximum of €100,000 if the defined objectives are achieved and up to €200,000 if such objectives are exceeded.

The quantitative Group targets are evaluated according to criteria corresponding to significant business indicators for the Rallye Group: reduction in the cost of debt and improvement in the ratio of EBITDA to consolidated finance charges.

The Board of Directors, on the recommendation of the Appointments and Compensation Committee, sets the rules for distribution of the fees payable to the directors and the non-voting observer, as well as the compensation to be paid to Board committee members, as follows:

- A flat fee of €4,000 and a variable component of €16,000 based on attendance at Board meetings. Note: fees for directors, senior managers and Group executives have been reduced by half, and the variable component attributable to absent directors is not re-assigned.
- The Vice-Chairman receives an additional flat fee of €20,000.
- An additional flat fee is paid to committee members in the amount of €10,000, with the fee being doubled for each committee chairman.

› Information provided to directors

In accordance with Article L225-35 of the French Commercial Code, the Chairman/Chief Executive Officer provides all Board members with the documents and information necessary for the performance of their duties.

As such, all necessary information pertaining to the issues to be examined by the Board is provided to Board members in advance of each Board meeting. Each member receives a preparatory file containing all documents and information subject to their availability and according to the state of progress of cases pertaining to the subjects listed on the agenda for the meeting.

The Board of Directors is also informed by executive management once every quarter with regard to the state of business for the Company and its main subsidiaries. The information includes sales, income trends, debt and the status of credit lines that the Company and its main subsidiaries can draw on, along with a summary table of the workforce employed by the Company and its main subsidiaries.

Once every six months, the Board of Directors also reviews the Group's off-balance-sheet commitments.

› Assessment of the conditions under which the Board of Directors operates

Pursuant to the code of corporate governance, the rules of procedure provide for an annual discussion and regular evaluation of the Board of Directors' operations, to be performed by the Appointments and Compensation Committee with the help, if desired, of an external consultant.

A new evaluation of the Board of Directors' organization and operation was implemented during the first quarter of 2011, using responses to a questionnaire sent to each director.

The evaluations and observations made by the Board of Directors' members indicate that the Board's organization and operations are entirely satisfactory with respect to proper corporate governance.

The directors have expressed a desire to name additional directors and, in particular, a second woman, as well as to have the managers of subsidiaries regularly attend Board meetings.

III. PARTICIPATION IN SHAREHOLDERS' MEETINGS

The methods of participating in shareholders' meetings are presented in Articles 25, 27 and 28 of the bylaws (see page 195).

IV. ISSUES THAT MAY HAVE AN IMPACT IN THE EVENT OF A PUBLIC OFFER

The Company's capital structure and any direct or indirect interests in the Company's capital structure of which it is aware by virtue of Articles L233-7 and L233-12 of the French Commercial Code are described on page(s) 26 and seq.

There are no restrictions in the bylaws on the exercise of voting rights or share transfers, nor are there any agreements of which the Company was made aware under Article L233-11 providing preferential terms for the sale or acquisition of shares, nor are there, to the Company's knowledge, any agreements between shareholders that might restrict the transfer of shares or the exercise of voting rights.

The Company has not issued any securities with special control rights attached, and there is no control mechanism provided for in any employee stock ownership plan when the control rights are not exercised by employees.

The rules that apply to the appointment and replacement of members of the Board of Directors and to amendments to the Company bylaws are described beginning on page(s) 192 and seq.

The powers of the Board of Directors are described on pages 51 and 193. With respect to the issuance of shares, the authorizations granted to the Board of Directors are indicated on page 199, and the powers of the Board of Directors with regard to share repurchases are described on page 28.

Agreements entered into by the Company that are modified or come to an end in the event of a change in the control of the Company are mentioned on pages 211 and seq.

In addition, there are no agreements providing for compensation of Board of Directors' members or employees should they resign or be dismissed without just cause, or if their employment is terminated as a result of a public offer.

V. INTERNAL CONTROL PROCEDURES IMPLEMENTED BY RALLYE

The information below was obtained from those responsible for implementing Rallye's internal control procedures and was validated by executive management. This information enabled a factual description to be made of the control environment and procedures put in place.

• 1 > Definition and objectives of internal control procedures

> Reference framework used

Rallye uses the internationally-recognized COSO⁽¹⁾ definition, which is compatible with the AFEF/MEDEF definition⁽²⁾: internal control is implemented by an organization's board of directors, executives and staff, and aims to provide reasonable assurance that the following goals will be met:

- effectiveness and efficiency of operations;
- reliability of financial reporting;
- compliance with applicable laws and regulations.

The internal control procedures in force within the Group are thus designed:

- on the one hand, to ensure that management actions are conducted in accordance with applicable laws and regulations, Company values, standards and rules and the strategy and objectives set out by executive management;
- on the other hand, to ensure that the accounting, financial and management information reported to the governance bodies fairly presents the operations and position of the Company and Group.

The main objective of the system of internal controls is to identify, prevent and manage risks resulting from the Company's operations, especially the risks of error or fraud in accounting and financial information, as well as to ensure the effectiveness and efficiency of the organization and the quality of its accounting system and financial information.

As with any control mechanism, however, it can only provide a reasonable assurance, rather than an absolute guarantee, that risks have been eliminated or completely brought under control.

> Control environment

The control environment within the Company consists mainly of principles of corporate governance and Group organization, carefully designed and rigorously applied. The aim is for all risks to be managed as a whole and for a reasonable assessment to be made of potential risks of any kind with which the Group may be faced.

• 2 > Description of control procedures put in place

The scope of internal control over accounting and financial information comprises the parent company and the operating subsidiaries included in the Group's consolidated financial statements. (The latter have an internal audit department available at subsidiary level to manage their own internal control.)

> General organization of internal control

Internal control procedures are part of the general policy framework set out by the Board of Directors and implemented under the direct responsibility of the Company's senior management.

The main players involved in managing the internal control system are as follows:

- Executive management and the administration and finance department

Rallye's administration and finance department, which reports to executive management, oversees all of the Company's staff departments: management control, accounting, cash management and legal affairs.

- The Board of Directors and the Audit Committee

Given their duties as defined by the Company bylaws and the rules of procedure, the Board of Directors and its Audit Committee take part in the internal control process by expressing opinions and making recommendations to executive management and through the analyses and investigations that they perform or commission.

- Statutory auditors and outside consultants

The statutory auditors certify the individual and consolidated financial statements, in accordance with legal and regulatory requirements, on an annual basis. They also examine the Company's six-monthly consolidated results and verify the information given in the six-monthly report. They are consulted regularly regarding the accounting treatment of ongoing operations. As part of their duties, the statutory auditors also examine how internal control procedures are organized and applied in practice. If necessary, they are asked to issue recommendations.

(1) Committee of Sponsoring Organizations of the Treadway Commission.

(2) Recommendations of the French association of private companies and the movement of French companies of December 17, 2003, known as "The application of the provisions of financial security law with regard to the chairman's report on internal control procedures implemented by the company".

› Dissemination of information within the Group

The Group ensures that the relevant information is properly disseminated and provided to those concerned so that they can fulfill their responsibilities, in compliance with Group standards.

With the objective of providing reliable financial information and communication, Rallye strives to ensure that the entire organization respects certain references in the performance of its duties, including the manual of accounting and consolidated procedures, general accounting plan, code of ethics described in the Board of Directors' rules of procedure and organizational charts of the Audit Committee and the Appointments and Compensation Committee.

› Identification and assessment of risks

The Group identifies and assesses the main risks that could affect the achievement of its objectives. It takes measures to limit the probability of occurrence and the effects of such risks, thereby promoting an environment of risk control.

In the course of its business, the Group is exposed to a range of risks.

These risks and the provisions intended to control them are partially detailed in Note 31 "Financial risk management policies and objectives" to the 2011 consolidated financial statements. The main risks related to the Group's financial instruments are discussed, including interest rate risks, currency exchange risks, credit risks, liquidity risks and security risks.

Operational risks related to business operations, legal risks and the description of the policy with regard to insurance are detailed in the Company's Reference Document in the chapter entitled "Other information - information on Rallye's activities".

› Control activities

In order to enhance its control over identified risks, the Group has put in place control procedures for both operational processes and financial information.

Within the Company, internal control procedures are centralized. Because Rallye is a holding company, the procedures implemented relate mainly to the preparation and processing of financial and accounting information aimed at ensuring that consolidated financial statements are reliable and that subsidiaries are monitored.

- Operating subsidiaries

Each Rallye subsidiary has its own internal audit department charged with ensuring the effectiveness of internal control activities and procedures in order to obtain reasonable assurance that the subsidiary's own risks are under control.

The chairmen of the Casino, Guichard-Perrachon and Groupe Go Sport listed subsidiaries have prepared their own reports on internal control, to which readers may refer. These reports have been made available to the shareholders of the relevant companies.

The Group checks the quality of the information coming from subsidiaries, notably by appointing the same person to several executive bodies as well as through the meetings of the various Audit Committees and Appointments and Compensation Committees. In dealing with a subsidiary's executive management, these committees may count on the participation of all the subsidiary's staff departments.

Information is also verified thanks to the familiarity of Rallye's central management control department with the various IT systems, as well as through the holding of monthly meetings.

The Company's financial communications and those of its subsidiaries increasingly rely on shared software to obtain quantitative data. The security of the subsidiaries' IT systems is taken into account as of the design stage and is implemented through constant monitoring.

The Company's legal department performs any special investigations or examinations that it deems necessary for the prevention and detection of any legal irregularity or anomaly in Group management. It regularly communicates with executive management and with administrative and financial management regarding the status of the main disputes that may affect the subsidiaries, as well as with regard to the risks incurred.

- Rallye

› Procedures for monitoring operating risks

- Cash management, financing and expenditure

Within the administration and finance department, the cash management team is in charge of preparing cash management forecasts (e.g. proposed financing and investment policies, preparation of financing plans and cash budgets), optimizing and verifying the Group's cash position on a daily basis and monitoring the banking terms previously negotiated.

Company cash must be invested in instruments whose maturity is matched to the planned duration of the investment, and must never be invested in speculative or risky instruments.

Executive management receives reports of weekly cash flows and the status of credit lines, along with the respective terms and conditions.

Permanent financing arrangements permit optimized management of the balance sheet and financial debt and enhance the Group's financial structure. They are subject to prior approval by the Board of Directors, if necessary, depending upon their level of complexity, e.g. bilateral lines, bond issues, structured financing etc., the latter being subject, as required, to legal, technical and accounting validation by outside consultants.

A formal authorization procedure has been put in place to facilitate and reinforce control over Company expenditure, from financial investments to general administrative expenses. Supporting documents for such expenditure must be approved at the appropriate management level before payment can be made.

- Market risk monitoring

The Company's market risk monitoring policy is described in the Reference Document in the "Other information – Information on Rallye's activities" chapter. In light of the priorities emanating from the latter, those responsible regularly make adjustments to the control measures pertaining thereto.

- Investment portfolio

Investments and divestments require prior approval to ensure that they comply with the Group's strategy and profitability criteria. Weekly reports showing changes to the investment portfolio are sent to executive management.

- Payroll and compensation

The administration and finance department is in charge of payroll organization and management.

The Group's legal department regularly monitors changes in legal and social information affecting payroll management.

In addition, the Appointments and Compensation Committee reviews compensation for senior managers; this review is then submitted for approval to the Board of Directors. Compensation for all other employees is validated by executive management.

- IT security

In order to ensure the effectiveness of internal control procedures as well as the security and integrity of all data and data processing in the face of a possible major incident, whether accidental or due to acts of malfeasance, the entire system is secured by the following:

- a system providing authorization and protected access to the network;
- sites that are physically secured (through access checks and fire detection systems);
- daily data backups to off-site electronic storage media.

> Procedures for producing and processing financial and accounting data

- Preparation of individual and consolidated financial statements

The Group's administration and finance department is responsible for preparing the financial statements. These can be a source of financial risk, particularly with regard to the accounting records, the consolidation process and the recognition of off-balance-sheet commitments.

The accounting department implements a standard internal accounting system in accordance with accounting procedure manuals, using Agresso software to produce the individual company financial statements and Equilibre software to produce the consolidated financial statements. The accounting department is also in charge of ensuring that the methods employed are consistent, reliable and homogenous and that scheduled account closures are respected, in line with the deadlines set by the Board of Directors and specialized Board committees.

Each subsidiary prepares a monthly budget, which is sent to central management control at Rallye. Accounts are analyzed monthly and are compared with accounting and consolidated forecasts.

Consolidation of the financial statements is performed every six months, as a centralized procedure carried out by the consolidation team on the basis of information provided by the subsidiaries. The team performs an overall review of the Group's accounts, prepares a file that includes all adjustments and eliminations made and documents the checks performed, thereby ensuring traceability.

In addition, the consolidation department is in charge of updating consolidation procedures, including subsidiaries within the scope of consolidation, information processing and maintaining the consolidation tools.

In the performance of their duties to express an opinion regarding the individual and consolidated financial statements, the statutory auditors prepare a report intended for the Group's shareholders certifying that the financial statements are accurate, truthful and fair in their presentation.

The Group regularly monitors developments in off-balance-sheet commitments, details of which are provided in the notes to the consolidated financial statements. A list of such commitments linked to current activities and exceptional operations is reported every six months to determine whether there is a need to make a provision for the risks incurred as a result of such commitments.

The assets of the holding company, as well as its level of debt, are monitored on a weekly basis. In this process, the value of the holding company's assets, at both market and investment value, is compared to its net financial debt.

- Management control

This department reports to the chief financial officer.

The department's duties are to:

- monitor key business indicators for the Company and its subsidiaries;
- monitor action plans, control budgets and analyze differences;
- produce monthly Group management and financial reports for executive management;
- help prepare the financial statements;
- prepare the budget and the three-year plan.

- Financial communications

The financial communications department is in charge of fulfilling all obligations for periodic dissemination of financial information to the market and to stock market regulatory agencies. It communicates the Company's strategy and performance to the financial markets.

Beginning January 20, 2007 and in accordance with Article L451-1-2 of the French Monetary and Financial Code, which results from transposition of the EU's so-called "Transparency" directive (Directive 2004/109/EC), Rallye is making a "Regulatory Information" section available on its website, <http://www.rallye.fr/fr/investisseurs/information-reglementee>, and is transmitting this information electronically to a professional news distributor that meets the requirements set forth in the FMA's general regulations. In this section, documents pertaining to the regulatory information distributed from 2007 onward are published and archived for five years.

Statutory Auditors' report

PREPARED IN ACCORDANCE WITH ARTICLE L.225-235 OF THE FRENCH COMMERCIAL CODE ("CODE DE COMMERCE"), ON THE REPORT PREPARED BY THE CHAIRMAN OF THE BOARD OF RALLYE

Year ended 31 December 2011

This is a free translation into English of the statutory auditors' report on the financial statements issued in French and it is provided solely for the convenience of English-speaking users. The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the audit opinion on the financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions or disclosures. This report also includes information relating to the specific verification of information given in the management report and in the documents addressed to the shareholders. This report should be read in conjunction with and is construed in accordance with French law and professional auditing standards applicable in France.

To the Shareholders,

In our capacity as Statutory Auditors of Rallye, and in accordance with Article L.225-235 of the French Commercial Code ("Code de commerce"), we hereby report to you on the report prepared by the Chairman of your company in accordance with Article L.225-37 of the French Commercial Code for the year ended 31 December 2011.

It is the Chairman's responsibility to prepare, and submit to the Board of Directors for approval, a report on the internal control and risk management procedures implemented by the Company and containing the other disclosures required by Article L.225-37 of the French Commercial Code relating to matters such as corporate governance.

It is our responsibility:

- to report to you on the information contained in the Chairman's Report in respect of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information, and
- to attest that this report contains the other disclosures required by Article L.225-37 of the French Commercial Code, it being specified that we are not responsible for verifying the fairness of these disclosures.

We conducted our work in accordance with professional standards applicable in France.

INFORMATION ON THE INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES RELATING TO THE PREPARATION AND PROCESSING OF ACCOUNTING AND FINANCIAL INFORMATION

Professional standards require that we perform the necessary procedures to assess the fairness of the information provided in the Chairman's Report in respect of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information. These procedures consisted mainly in:

- obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information on which the information presented in the Chairman's Report is based and existing documentation;
- obtaining an understanding of the work involved in the preparation of this information and existing documentation;
- determining if any significant weaknesses in the internal control procedures relating to the preparation and processing of the accounting and financial information that we would have noted in the course of our assignment are properly disclosed in the Chairman's Report.

On the basis of our work, we have nothing to report on the information in respect of the company's internal control and risk management procedures relating to the preparation and processing of accounting and financial information contained in the report prepared by the Chairman of the Board in accordance with Article L.225-37 of the French Commercial Code.

OTHER DISCLOSURES

We hereby attest that the report prepared by the Chairman of the Board includes the other disclosures required by Article L.225-37 of the French Commercial Code.

French original signed by
The Statutory Auditors

Paris La Défense, 2 April 2012

KPMG Audit
A division of KPMG SA.
Patrick-Hubert Petit
Partner

ERNST & YOUNG et Autres

Pierre Bourgeois
Partner

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GROUP CONSOLIDATED STATEMENT OF INCOME

(In € millions)	Notes	2011	2010 Restated*
CONTINUING OPERATIONS			
Net sales	3.1	35,057	29,780
Full purchase costs of goods sold	4	(25,802)	(22,146)
Gross margin		9,255	7,633
Other income	4	416	428
Cost of goods sold	4	(6,650)	(5,582)
General and administrative expenses	4	(1,471)	(1,193)
Current operating income	3.1	1,551	1,286
Other operating income	5	282	408
Other operating expenses	5	(451)	(449)
Operating income		1,382	1,245
Income from cash and cash equivalents	6	90	41
Cost of financial debt	6	(766)	(593)
Net finance costs	6	(676)	(552)
Other financial income	6	349	105
Other financial expenses	6	(330)	(121)
Profit before tax		726	679
Income tax expense	7	(234)	(210)
Income from associates	8	(9)	13
Net income from continuing operations		483	482
Company owners		21	4
Non-controlling interests		462	478
DISCONTINUED OPERATIONS			
Net income from discontinued operations	9	(11)	(10)
Company owners		(6)	(5)
Non-controlling interests		(5)	(5)
Net income		472	472
Company owners		15	(1)
Non-controlling interests		457	473
Consolidated net earnings per share attributable to company's owners (in €)			
Base		0.33	(0.02)
Diluted		0.33	(0.02)
Net income per share from continuing operations attributable to company's owners (in €)			
Base		0.46	0.09
Diluted		0.46	0.09
Net earnings per share from discontinued operations attributable to company's owners (in €)			
Base		(0.13)	(0.11)
Diluted		(0.13)	(0.11)

* Previously published financial statements have been restated following the final recognition of the business combination of Nova Casa Bahia (see note 2.6).

Consolidated Financial Statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(In € millions)	2011	2010 Restated*
Net income for the year	472	472
Currency translation adjustments on international operations	(364)	574
Actuarial differences on obligations for defined benefit plans	(4)	(18)
Financial assets available for sale	(11)	45
Effective portion of the income or losses on hedging instruments	5	11
Income tax on items of comprehensive income	2	(3)
Other items of comprehensive income net of taxes	(372)	609
Total comprehensive income:	100	1,081
Company owners	(161)	240
Non-controlling interests	261	841

* Previously published financial statements have been restated following the final recognition of the business combination of Nova Casa Bahia (see note 2.6).

The changes for each year are presented in Note 25.5.

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STATEMENT OF FINANCIAL POSITION

ASSETS

(In € millions)	Notes	December 31, 2011	December 31, 2010 Restated*
Goodwill	11	8,970	7,670
Intangible assets	12	1,248	1,130
Property, plant and equipment:	13	6,713	6,224
Investment property	14	1,785	1,528
Share of income/loss of associates	16	207	211
Non-current financial assets	18	971	1,062
Non-current hedging financial assets		129	150
Deferred tax assets	7	394	139
Total non-current assets		20,416	18,113
Inventories	19	3,541	3,064
Trade receivables	20	1,881	1,754
Other assets	21	1,743	1,815
Current tax receivables		63	86
Other current financial assets	22	465	308
Cash and cash equivalents	23	3,923	3,435
Assets and liabilities held for sale	24	42	19
Total current assets		11,658	10,481
TOTAL ASSETS		32,074	28,594

(*) The 2010 financial statements previously published for Casino have been restated following fiscal accounting for the take over of Nova Casa Bahia (see note 2.6).

SHAREHOLDERS' EQUITY AND LIABILITIES

(In € millions)	Notes	December 31, 2011	December 31, 2010 Restated*
Capital		139	133
Reserves and income/loss, Group share		1,493	1,832
Shareholders' equity attributable to company's owners		1,632	1,965
Non-controlling interests		6,281	6,000
Shareholders' equity	25	7,913	7,965
Provisions	26	350	311
Non-current financial liabilities	28	9,085	8,371
Other non-current liabilities	29	540	269
Deferred tax liabilities	7	708	457
Total non-current liabilities		10,683	9,408
Provisions	26	189	282
Trade payables		5,517	4,992
Current financial liabilities	28	3,950	2,469
Tax liabilities payable		61	64
Other current liabilities	29	3,761	3,414
Liabilities related to assets held for sale			
Total current liabilities		13,478	11,221
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		32,074	28,594

(*) Previously published financial statements have been restated following the final recognition of the business combination of Nova Casa Bahia (see note 2.6).

Consolidated Financial Statements

CASH FLOW STATEMENT

(In € millions)	2011	2010 Restated*
Net income – company owners	15	(1)
Non-controlling interests	457	473
Consolidated income	472	472
Amortization, depreciation, and provisions	770	779
Unrealized gains and losses related to changes in fair value	(7)	(7)
Expenses and income calculated and related to stock options and the like	18	22
Other calculated expenses and income	166	86
Amortization, depreciation, provisions and other non-disbursable items	947	880
Income/loss on asset disposals	(130)	(342)
Losses /(profits) related to changes in interests in subsidiaries with loss of control or non-controlling interests	1	(7)
Share of income/loss of associates	9	(15)
Dividends received from associates	4	10
Cash Flow	1,303	998
Net finance costs (excluding changes in fair value and amortization)	636	516
Tax liability (including deferred taxes)	230	210
Cash flow before net finance costs and taxes	2,169	1,724
Taxes paid	(230)	(263)
Change in Working Capital Requirement 1	(63)	257
Net cash flow from operating activities (A)	1,876	1,718
Acquisition of tangible and intangible assets	(1,262)	(962)
Sale of tangible and intangible assets	344	287
Acquisition of financial assets	(117)	(72)
Sale of financial assets	1	29
Change in loans and advances made	39	(8)
Impact of changes in scope of consolidation with change of control or with non-controlling interests 2	(1,249)	26
Net cash flow from investing activities (B)	(2,244)	(700)
Dividends paid to shareholders of the parent company	(25)	(32)
Dividends paid to minority shareholders of consolidated companies	(259)	(270)
Dividends paid to holders of perpetual deeply- subordinated notes	(26)	(26)
Capital reductions/increases in cash	(5)	16
Sums received from exercise of stock options	5	5
Other transactions with minority shareholders	91	(162)
Purchases and sale of treasury stock	(59)	5
Acquisitions and sales of financial investments	(31)	(121)
Bond issues	3,673	1,472
Bond redemptions	(2,001)	(1,316)
Net financial interest paid	(601)	(465)
Net cash flow from financing activities (C)	762	(894)
Impact of currency translation adjustments (D)	(152)	76
Change in cash (A+B+C+D)	242	200
Net cash at beginning of period	3 094	2,895
- Net cash from activities held for sale		(1)
Opening net cash from continuing operations (E)	3,094	2,894
Cash reclassification (F)		
Net cash at end of period	3,336	3,094
Net cash from continuing operations at closing (G)	3,336	3,094
Change in cash and cash equivalents (G-E-F)	242	200

* Previously published financial statements have been restated following the final recognition of the business combination of Nova Casa Bahia (see note 2.6).

Cash flows relating to discontinued operations are described in Note 9.

(1) Change in working capital requirement related to operating activities:

(In € millions)	2011	2010
Merchandise inventories	(325)	(136)
Real estate development inventories	(26)	40
Trade payables	326	262
Trade receivables and related accounts	10	204
Receivables related to credit activities	(170)	(15)
Financing of credit activities	226	(17)
Others	(104)	(81)
Change in working capital requirement	(63)	257

(2) Impact of changes in scope of consolidation with change of control or with non-controlling interests:

(In € millions)	2011	2010
GPA (change in percentage)	212	4
Cativen sale*	266	30
Store assets sub-group		15
Franprix-Leader Price sub-group		14
Other	15	9
Sale prices	493	72
Franprix-Leader Price sub-group	(18)	(25)
Mercialys sub-group		(4)
Store assets sub-group (newly consolidated)	(34)	(4)
Distribution Casino France sub-group	(41)	
GPA (change in holding percentage)	(816)	
Big C Thailand - acquisition of Carrefour's operations	(1,024)	
Others		(2)
Purchase prices	(1,933)	(35)
GPA (change in holding percentage)	102	
GPA (acquisition of Casas Bahia)		9
Big C Thailand - acquisition of Carrefour's operations	75	
Franprix-Leader Price sub-group	11	8
Distribution Casino France sub-group	3	
Other		(7)
Venezuelan entities (loss of control)		(21)
Cash balance of subsidiaries acquired or sold	191	(11)
Impact of changes in scope of consolidation	(1,249)	26

* The Casino Group sold Cativen on November 26, 2010 to the Venezuelan authorities. The terms provided for a staggered payment. As of December 31, 2011, there was outstanding commercial paper of USD 138 million (or EUR 107 million) which expires on November 30, 2012.

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STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

(In € millions)	Capital	Reserves linked to capital ⁽¹⁾	Treasury shares	Income/loss realized directly in equity	Consolidated reserves and income/loss	Sh. equity attributable to owners	Non-controlling interests	Total shareholders' equity
As at January 1, 2010	127	1,309	(12)	211	150	1,785	5,175	6,960
Income and expenses realized directly in equity ⁽²⁾				241		241	368	609
Consolidated net income for 2010 ⁽³⁾					(1)	(1)	473	472
Total income and expenses recognized				241	(1)	240	841	1,081
Capital measures	6	39				45	17	62
Transactions in treasury shares			3		2	5	2	7
Dividends distributed ⁽⁴⁾					(77)	(77)	(271)	(348)
Change in interests without gain or loss of control of subsidiaries					(20)	(20)	29	9
Change in interests relating to the gain or loss of control of subsidiaries ⁽⁵⁾					(2)	(2)	342	340
Other changes ⁽⁶⁾					(11)	(11)	(135)	(146)
As at December 31, 2010 restated*	133	1,348	(9)	452	41	1,965	6,000	7,965
Income and expenses recognized directly in equity ⁽²⁾				(176)		(176)	(196)	(372)
Consolidated net income for 2011 ⁽³⁾					15	15	457	472
Total income and expenses recognized				(176)	15	(161)	261	100
Capital measures	6	50			3	59	3	62
Transactions in treasury shares			(5)		(30)	(35)	(21)	(56)
Dividends distributed ⁽⁴⁾					(80)	(80)	(258)	(338)
Change in interests without gain or loss of control of subsidiaries ⁽⁷⁾					(122)	(122)	(209)	(331)
Changes in interests relating to the gain or loss of control of subsidiaries ⁽⁸⁾						0	98	98
Other changes ⁽⁹⁾					6	6	407	413
AS AT DECEMBER 31, 2011	139	1,398	(14)	276	(167)	1,632	6,281	7,913

* Previously published financial statements have been restated following the final recognition of the business combination of Nova Casa Bahia (see note 2.6).

(1) Reserves linked to capital (see note 25.2)

(2) Income and expenses realized directly in equity

(In € millions)	Cash flow hedging reserve	Currency translation adjustment reserve	Actuarial differences reserve	Reserve on financial assets available for sale	Total	Non- controlling interests	Total
As at January 1, 2010	(4)	198	1	16	211	178	389
Income and expenses realized directly in equity	3	211	(6)	33	241	368	609
As at December 31, 2010	(1)	409	(5)	49	452	546	998
Income and expenses realized directly in equity		(166)	(1)	(9)	(176)	(196)	(372)
AS AT DECEMBER 31, 2011	(1)	243	(5)	40	276	350	627

(3) Non-controlling interests stem primarily from the Casino Group, in which the Group held 48.48% in 2010 and 51.03% in 2011.

(4) The €271 million represents €150 million for the Casino annual distribution and €106 million related primarily to the Mercalys, Whitehall, Big C (Thailand) and Exito subsidiaries. In 2011, the €258 million correspond to the annual distribution of Casino for €159 million and the Mercalys, Exito and Big C subsidiaries for €58.18 and €15 million respectively.

(5) The consolidation of Nova Casa Bahia contributed €344 million.

(6) The principal impact is the capital redemption of €(138) million to the Whitehall funds following the 2009 sale of two real estate development sites in Poland.

(7) The €(122) million correspond primarily to the accretion of Rallye in Casino (€73) million, the sale of the Devoto group by Casino to Exito €(22) million (see note 2.5), the acquisition by Casino of minority interests in Cdiscount (see note 2.1) and the Franprix-Leader Price subgroup (see note 2.3) for €(15) and €(9) million respectively.

The €(209) million is the result of the accretion of Rallye in Casino for €(138) million and transactions affecting the Devoto group, Cdiscount and Franprix-Leader Price for respectively €(22), €(15) and €(9) million. The acquisition of an additional interest in the Franprix-Leader Price group led to the recognition of puts on minos, which led to a €(27) million reduction in non-controlling interests.

(8) The impact of €98 million posted in minority interests corresponds essentially to the appearance of minority interests following acquisitions of controlling interests in the Franprix-Leader Price subgroup (see note 2.3) and the acquisition of additional interests in GPA (see note 1.2) for €38 and €65 million respectively.

(9) Corresponds primarily to the capital increase net of costs achieved by Exito for €426 million (see note 2.5).

Consolidated Financial Statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

I ACCOUNTING RULES AND METHODS

• 1.1 > General information

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

On March 8, 2012, the Board of Directors established and authorized the publication of Rallye’s consolidated financial statements for the 2011 fiscal year. They will be submitted for approval by the Shareholders’ Meeting called for May 23, 2012.

• 1.2 > Reference Framework

Pursuant to European Regulation 1606/2002 of July 19, 2002, the 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 and made mandatory by the Board of Directors as of the closing date of the accounts, which are applicable as of December 31, 2011.

This reference framework is available on the website of the European Commission at the following address (http://ec.europa.eu/internal_market/accounting/ias_fr.htm).

The accounting methods described below were applied consistently to all periods presented in the consolidated financial statements, taking into account, or except for, the new standards and interpretations described below.

• 1.3 > Standards, amendments to standards and interpretations applicable as of the fiscal year beginning January 1, 2011

The application of the following revised or new standards and interpretations has become mandatory for the 2011 fiscal year:

- IFRIC 19 – Extinguishing financial liabilities with equity;
- Amendment IAS 32 – Classification of rights issues;
- Amendment IFRIC 14 – Prepayments of a minimum funding requirement;
- IAS 24 revised – Related-party disclosures;
- Annual improvements of IFRS (May 6, 2010).

These newly-published IASB standards did not have a material impact on the Group’s financial statements.

• 1.4 > Standards and interpretations published, but not yet effective

1.4.1. > Texts adopted by the European Union as of the closing date

- IFRS 7 Amendment – Financial Instruments: disclosures about transfers of financial assets (applicable from July 1, 2011).

The Group has not applied any of these new standards or interpretations early and does not anticipate any significant impact on its financial statements.

1.4.2. > Texts not adopted by the European Union as of the closing date

Subject to their final adoption by the European Union, the standards, amendments to standards and interpretations issued by the IASB and presented below, are mandatory after December 31, 2011:

- Amendment to IAS 1 – Presentation of items of other comprehensive income (applicable to annual reporting periods beginning from July 1, 2012);
- Amendment to IAS 12 – Deferred taxes: collection of underlying assets (applicable to annual reporting periods beginning from January 1, 2012);

- Amendment to IAS 19 – Employee benefits: recognition of defined-benefits schemes (applicable to annual periods beginning from January 1, 2013);
- Amendment to IFRS 7 – Disclosures – Offsetting financial assets and financial liabilities (applicable to annual reporting periods beginning from January 1, 2013);
- Amendment to IFRS 32 – Offsetting of financial assets and financial liabilities (applicable to annual reporting periods beginning from January 1, 2014);
- IFRS 9 – Financial Instruments: classification and measurement (applicable to annual reporting periods beginning from January 1, 2015);
- IFRS 10 – Consolidated Financial Statements (applicable to annual reporting periods beginning from January 1, 2013);
- IFRS 11 – Joint Arrangements (applicable to annual reporting periods beginning from January 1, 2013);
- IFRS 12 – Disclosures of interests in other entities (applicable to annual periods beginning from January 1, 2013);
- IFRS 13 – Fair value measurement (applicable to annual reporting periods beginning from January 1, 2013);
- Revised IAS 27 – Separate Financial Statements (applicable to annual reporting periods beginning from January 1, 2013);
- Revised IAS 28 – Investments in associates and joint-ventures (applicable to annual reporting periods beginning from January 1, 2013).

The Group did not apply any of these new standards or applications early and is currently assessing the impacts following the first application of these new texts, especially those concerning IFRS 10 regarding entities to be consolidated and IFRS 11 which cancels the proportionate consolidation of joint ventures.

The application of IFRS 11 would lead to the derecognition of the share of assets (including goodwill) and liabilities of all the entities that are jointly controlled by the Group (the most significant being GPA and Monoprix) and their recognition under the equity method. A share of the income would then be reported on the income statement under “Income from associates” to replace the income and expenses presented in detail on the basis of the percentage of consolidation of each jointly controlled entity.

As of December 31, 2011, the Group’s main joint ventures were GPA (40.1%) and Monoprix (50%). The summarized financial statements of the proportionally consolidated companies are presented in Note 171.

The two joint ventures are covered by put and call options as explained in Note 32.2.1.

Concerning GPA, Casino granted to the Diniz family, the partner with whom it exercises joint control over GPA Brazil, two put options on the shares of the Wilkes holding company (as a reminder, the Casino Group and its partner have joint control over GPA through Wilkes of which the Casino Group owns 68.85% of the capital), making up 0.4% and 7.6% of GPA’s capital. The first option could be exercised from June 22, 2012 as a consequence of the Casino Group decision to appoint the Board of Directors’ Chairman of Wilkes; the second, contingent on the first, can be exercised during a period of eight years starting from June 2014. If the Casino Group exercises its right to appoint the chairman of Wilkes and does not obtain more than 50% of the common stock within a period of 60 days, Casino has a call option to purchase one Wilkes share at the price of 1 real thereby gaining the absolute majority in Wilkes. Besides, from the date on which the Casino Group exercises its contractual faculty to appoint the Board of Directors’ Chairman of Wilkes as well as the majority of the GPA Board of Directors in accordance with the shareholders’ agreement, the rules of governance and more particularly the veto rights organizing the joint control of Wilkes will become void.

As from June 22, 2012, the Casino Group will be able to take exclusive control of Wilkes and therefore of GPA in accordance with the shareholders’ agreement. On this basis, the GPA group will be fully consolidated in the financial statements of the Casino Group from the date in which it will have asserted its rights in accordance with the agreement.

The events described in the other highlights (see note 1.2) have no impact on the current joint control nor on the put and call option agreements that may become effective as of June 22, 2012.

As regards Monoprix, the Casino Group holds a put option on 10% of the company’s capital that can be exercised as of January 1, 2012 until 2028, which gives it the possibility of taking control over that entity. On this basis, the Monoprix group will be fully consolidated in the financial statements of the Group, on the understanding that, as required by the rules in force, the Competition Authority will be informed of the transaction when the option is exercised.

Any full consolidation of GPA or Monoprix in the consolidated financial statements would be accounted for as follows:

- 100% consolidation of the company's income statement on the takeover date, with income sharing between Group share and non-controlling interests;
- 100% consolidation of all of the company's assets and liabilities on the takeover date, with the option of full recognition of goodwill;
- fair value revaluation of the Casino Group's previously-held interest in the company through income for the year;
- cancellation from balance sheet liabilities of non-controlling interests with a call option and recognition of a financial debt according to the terms of the agreement binding minorities and the Casino Group; the subsequent change of the put debt would be offset in income, as the applicable accounting texts currently stand.

• 1.5 > Basis for Preparation and Presentation of the Consolidated Financial Statements

1.5.1. > Measurement bases

The consolidated financial statements were prepared in accordance with the historical cost method, except for:

- land and grounds of companies within Casino's "centralized" perimeter (historical, core companies in France), of Monoprix, and the Franprix-Leader Price group's warehouses, for which the fair value as at January 1, 2004 was used as the presumed cost. The resulting revaluation was realized in equity;
- derivative financial instruments, available-for-sale financial assets and the securities portfolio, which were measured at fair value. The carrying value of the assets and liabilities that are components hedged by a fair value hedge and that would also be measured at cost is adjusted to take into account changes in fair value attributable to the risks being hedged.

The consolidated financial statements are presented in millions of euros. The amounts indicated in the consolidated financial statements are rounded to the closest million and include individually-rounded data. Calculations based on rounded figures may differ from reported aggregates and sub-totals.

The consolidated financial statements for the year ended December 31, 2009 are included by reference.

1.5.2. > Use of estimates and judgments

The preparation of consolidated financial statements requires management to use estimates and assumptions that may have an impact on the asset, liability, income and expense figures included in the financial statements, and on some of the information included in the notes to the financial statements. As assumptions are inherently uncertain, actual results could differ from those estimates. The Group regularly revises its estimates and assumptions in order to take into account past experience and to include factors deemed to be relevant under prevailing economic conditions.

The judgments, estimates and assumptions apply mainly to:

- impairment of non current assets and goodwill;
- financial assets available for sale;
- those assets or groups of assets classified as held for sale.

Moreover, the judgments, estimates and assumptions used by the operating subsidiaries concern in particular:

- trade cooperation;
- writedowns of doubtful receivables;
- impairment of non current assets and goodwill;
- fair value of assets and liabilities assumed in the context of a business combination;
- the fair value of investment properties given in the notes to the financial statements, together with the accounting method applied to the acquisition of investment properties. When each transaction is carried out, an analysis on the basis of the assets and current activity is performed to determine whether the transaction should be analyzed as a business combination or as the acquisition of an isolated asset;
- deferred taxes;
- non-current assets (or group of assets) classified as held for sale;
- commitments to buy back non-controlling minority interests;
- provisions for risks and other provisions related to the business.

Notes 15, 17 and 28.4 provide data on the sensitivity of the measurements made with respect to goodwill, provisions and repurchase commitments.

1.5.3. > Restatement of comparative information

The previously published 2010 financial statements have been restated following the final recognition of the combination of Nova Casa Bahia by GPA (see note 2.6).

• 1.6 > Accounting policies applied by the Group in the absence of any specific provisions under standards

In the absence of a standard or interpretation applicable to the firm or conditional commitments for the purchase of non-controlling interests (see note 1.26 of the "Accounting principles and methods", the Group's management used its judgment to define and apply the most relevant accounting policies).

• 1.7 > Scope and methods of consolidation

Subsidiaries, joint ventures and associates under the direct or indirect control of the parent company, or over which the latter exercises control, joint control or a significant influence, are consolidated.

Control exists when the Company has the power to govern, directly or indirectly, the financial and operating policies of the entity in order to gain benefits from its business activities. Control is assessed based on existing and potential voting rights. Special-purpose entities are consolidated after an analysis of the Group's exposure to the risks and benefits of the entity and may be consolidated as a result, even in the absence of voting rights.

Companies over which the Group exercises joint control, shared with a limited number of partners under a contractual arrangement, are consolidated using the proportional method.

Associates over which the Group exercises significant influence are accounted for under the equity method. Goodwill related to these entities is included in the book value of the investment.

• 1.8 > Business combinations

As required by IFRS3 revised, the transferred consideration (purchase price) is measured at the fair value of the assets delivered, equity issued and liabilities incurred on the date of the exchange. The identifiable assets and liabilities of the company acquired are measured at fair value on the date of the purchase. The costs directly attributable to the takeover of control are now booked in "Other operating expenses".

Any surplus of the consideration transferred over the Group's share of the net fair value of the identifiable assets and liabilities of the company acquired gives rise to the recognition of goodwill. On the date of the takeover of control, and for each combination, the Group may opt for partial goodwill (limited to the share acquired by the Group) or complete goodwill. If the Group opts for complete goodwill, the non-controlling interests are measured at fair value and the Group recognizes goodwill on all identifiable assets and liabilities.

Business combinations prior to January 1, 2010 had been treated using the partial goodwill method, the only method applicable prior to IFRS 3 revised.

In the case of an acquisition in stages, the interest previously held is re-measured at fair value on the date control is assumed. The difference between the fair value and the net carrying value of this interest is recognized directly in income ("Other operating income" or "Other operating expenses").

The amounts recognized on the acquisition date may result in an adjustment provided that the items allowing adjustment of these amounts correspond to new information of which the buyer is made aware and originating in facts and circumstances prior to the date of acquisition. After the measurement period (with a maximum duration of 12 months after the date of the takeover of control of the entity acquired), goodwill may not subsequently be adjusted; the subsequent acquisition of non-controlling interests does not result in the recording of additional goodwill.

In addition, price supplements are included in the acquisition cost at their fair value on the acquisition date, whatever the probability of occurrence. During the measurement period, subsequent adjustments have their offsetting entry in goodwill when they relate to facts and circumstances existing at the time of the acquisition; after that, price supplement adjustments are recognized directly in income ("Other operating income" or "Other operating expenses"), unless the price supplements had an equity instrument as consideration. In this case, the price supplement is not subsequently re-measured.

• 1.9 > Closing date

With the exception of a few minor subsidiaries, the companies included in the scope of consolidation close their accounts on December 31.

• 1.10 > Consolidated companies in a different business segment

The individual accounts of Banque du Groupe Casino have been prepared in accordance with the standards applicable to financial institutions, those of Casino Re in accordance with standards applicable to insurance companies. In the consolidated financial statements, they are classified according to general IFRS presentation rules.

Customer loans are included in "Trade receivables", refinancing of customer loans in "Other current liabilities" and credit income as revenues.

• 1.11 > Translation of financial statements and transactions denominated in foreign currencies

The consolidated financial statements are presented in euros, the functional currency of the Group's parent company. This is the currency used in the main economic environment in which the Group operates. Each entity within the Group determines its own functional currency and the financial items of each are measured in that currency.

The financial statements of companies in the Group that use a different functional currency from that of the parent company are translated using the closing rate method:

- assets and liabilities, including goodwill and adjustments made to determine fair value in consolidation, are translated into euros at the exchange rate in effect at the close of the period;
- items in the income and cash flow statements are translated into euros at the average exchange rate for the period, as long as this rate is not called into question by significant changes in the currency markets.

The resulting foreign exchange differences are directly recognized in equity, under a separate heading. When a foreign business is sold, the cumulative amount of the deferred exchange differences recognized under the separate equity heading relating to that foreign business is recognized in income.

Transactions denominated in foreign currencies are translated into euros at the exchange rate prevailing on the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate prevailing at the close of the period, while the resulting foreign exchange differences are recognized in the income statement as foreign exchange gains or losses. Non-monetary assets and liabilities denominated in foreign currencies are recorded at the historical exchange rate in effect on the transaction date.

The exchange differences recorded upon the translation of a net investment of a foreign entity are accounted for in the consolidated financial statements as other items of comprehensive income or loss and are recognized in income when the net investment is sold.

Foreign currency differences relating to debts hedging foreign currency investments or long-term advances to subsidiaries are also accounted for as other items of comprehensive income or loss and are recognized when the net investment is sold.

• 1.12 > Goodwill and intangible assets

Recognition criteria for intangible assets include:

- identifiability and separability;
- control over a resource;
- the existence of future economic benefits.

Intangible assets acquired as part of a business combination which do not meet these criteria are deemed to be goodwill.

1.12.1. > Goodwill

On the purchase date, goodwill is measured in accordance with Note.1.17 of "Accounting Rules and Methods". Goodwill is allocated to each of the cash generating units or groups of units that benefit from the effects of the business combination, depending on the level at which corporate management monitors the profitability of the investment.

Goodwill is not amortized. It is tested for impairment annually, or whenever there is an indication that it might be impaired. Impairment losses on goodwill may not be reversed. The methods used by the Group to test impairment are described in the section "Impairment of non-current assets" below.

Negative goodwill is recognized directly in income for the year of acquisition, once the correct identification and measurement of any identifiable assets, liabilities and contingent liabilities acquired has been verified.

1.12.2. > Intangible assets

Intangible assets acquired separately by the Group are measured at cost, and those acquired through a business combination at fair value. Intangible assets consist mainly of purchased software, the cost of software developed for internal use, trademarks, patents, and initial lease payments made upon the signing of a lease.

Trademarks that are created and developed internally are not recognized on the balance sheet.

Intangible assets are depreciated on a straight-line basis over their expected useful lives determined for each type of asset:

Type of assets	Amortization period
Development costs	3 years
Software	3 to 10 years
Acquired trademarks	-
Lease premiums	-

Intangible assets with indefinite useful lives (such as lease premiums and acquired trademarks) are not amortized; they are tested annually for impairment or when an indication of impairment exists.

An intangible asset is de-recognized when it is disposed of or if no future financial benefit is expected from its use or disposal. Any gain or loss resulting from the de-recognition of an asset (calculated on the difference between the net sale proceeds and the carrying amount of this asset) is recognized in income ("Other income and expenses from operations), during the fiscal year of de-recognition.

The residual values, useful life and depreciation methods of the assets are reviewed at each year-end and modified if necessary on a prospective basis.

• 1.13 > Property, plant and equipment

Property, plant and equipment are measured at cost, less any accumulated depreciation and impairment losses.

The subsequent expenses are capitalized if they meet the recognition criteria of IAS 16. These criteria are assessed before commitment to the expense.

Property, plant and equipment (excluding land, which is not depreciated) are depreciated over the estimated useful lives of each type of asset, with a residual value of zero:

Type of assets	Amortization period
Land	-
Buildings (building structure and brickwork)	20 to 40 years
Roof waterproofing	15 years
Shell fire protection	25 years
Land fittings and improvements	10 to 40 years
Building fixtures and improvements	5 to 20 years
Technical installations, machinery and equipment	3 to 20 years
Transportation equipment	5 years
Furniture, office and computer equipment	3 to 8 years

The "roof waterproofing and shell fire protection systems" items are only identified as separate property, plant and equipment items in the case of major renovations. In other cases, they are not included in the "building structure and brickwork" component.

Property, plant and equipment is de-recognized when it is disposed of or if no future financial benefit is expected from its use or disposal. Any gain or loss resulting from the de-recognition of an asset (calculated on the difference between the net sale proceeds and the carrying amount of this asset) is recognized in income ("Other income and expenses from operations"), during the fiscal year of de-recognition.

The residual values, useful life and depreciation methods of the assets are reviewed at each year-end and modified if necessary on a prospective basis.

• 1.14 > Leases

Finance leases that transfer to the Group the majority of the risks and rewards inherent in the ownership of the leased assets are recognized in the balance sheet at the start of the lease period at the fair value of the leased asset or, if lower, at the present value of the minimum payments under the terms of the lease.

Non-current assets held by the Group under finance leases are recognized in the statement of financial position and the income statement as if they had been acquired on credit. They are booked as non-current assets (based on type) and are offset by a loan recorded as a financial liability.

Assets acquired under a financial lease are depreciated over their expected useful life in the same way as other non-current assets of the same type or over the term of the lease, if shorter, and if the Group is not reasonably certain that it will gain ownership of the asset at the end of the lease.

Future payments made under financial leases are discounted and posted in the Group statement of financial position under financial liabilities. Payments made under operating lease contracts are recorded as expenses from the period during which they are incurred.

• 1.15 > Investment property

Investment property is real estate property held by the Group to earn rental income and/or for capital appreciation. Investment property is accounted for and measured in accordance with the provisions of IAS 40.

The shopping malls owned by the Group are recognized as investment property.

After initial recognition, investment property is measured at cost less accumulated depreciation and any impairment losses. The fair value is also disclosed in the Notes. The depreciation methods and periods applied to investment property are identical to those used for property, plant and equipment.

The shopping malls held by Mercalys are appraised by experts, in compliance with the real estate assessors' code of ethics prescribed by the Royal Institution of Chartered Surveyors (RICS), using the methods to evaluate the market value of each of the assets in accordance with the requirements of the "Charte de l'expertise en évaluation immobilière" June 2006 (3rd edition) and the 2000 report of the joint working group of the French stock exchange commission (COB) and the French national accounting board (CNC) on valuation of the property assets of publicly-traded companies. All assets making up Mercalys' holdings are subject to expert appraisal on a rotating basis, one-third per year, with the remaining two-thirds being updated. Pursuant to the COB/CNC 2000 report, two approaches are used to determine the market value of each asset:

- The first, the capitalized earnings approach, consists of assessing net rental revenues from the asset and applying a rate of return equal to that used in the corresponding real estate market (taking into account floor space, configuration, competition, mode of ownership, leasing potential and potential for expansion, and comparability with recent transactions) and bearing in mind the actual level of rents from which to deduct the amount of those expenses and work which cannot be re-billed relative to market price and vacancy rate.
- The second approach, referred to as the discounted cash flow approach (DCF), is used to discount future income and expenses, taking into consideration, year after year, projected rent adjustments, vacancy rates, and other projected parameters, such as time to market and investments paid for by the lessor.

The discount rate used covers the market's riskless rate of return (10-year French Treasury TEC 10 for France,) to which is added a premium for risk and real estate market liquidity, as well as any applicable risk premiums to cover obsolescence and tenant risk.

Smaller assets are valued by comparison with the selling price of comparable assets.

• 1.16 > Cost of non-current assets and borrowing costs

Acquisition costs of non-current assets are included in the acquisition cost of these assets at the gross amount including taxes. For property, plant and equipment, intangible assets and investment property, these costs increase the value of the assets, and are accounted for in the same manner.

The borrowing costs which are directly attributable to the acquisition, construction or production of an asset, the preparation of which prior to the planned use or sale requires a substantial period (generally greater than six months), are included in the cost of this asset. All other borrowing costs are expensed in the year in which they are incurred. Borrowing costs are the interest and other costs borne by a company to borrow funds. The Group capitalizes borrowing costs for all eligible assets the construction of which began on or after January 1, 2009. The Group continues to show as expenses the borrowing costs on projects started before January 1, 2009.

• 1.17 > Impairment of non-current assets

IAS 36 defines the procedures a company must apply to ensure that the net carrying amount of a company's assets does not exceed the amount recoverable, which is the amount that would be recovered through the use or sale of such assets.

Except for goodwill and intangible assets with an indefinite useful life, which are systematically tested for impairment once a year, the recoverable value of an asset is reassessed whenever there is an indication that the asset may have lost value.

1.17.1. > Cash Generating Units (CGUs)

A cash generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

For purposes of impairment testing, the goodwill recognized upon business combinations is allocated to Cash Generating Units (CGUs) or groups of CGUs. These CGUs or groups of CGUs represent the level of tracking goodwill for internal management purposes and do not extend beyond the operating segment level as presented in Note 3 "Segment reporting", by sector of activity.

1.17.2. > Impairment indicators

In addition to the external sources of information tracked by the Group (the business environment, the market value of assets, etc.), the impairment indicators used in the Group depend on the type of asset:

- for real-estate assets (land and buildings): loss of rental income or termination of the lease;
- for operating assets related to on-going businesses (assets belonging to a cash generating unit): the ratio of the net carrying amount of the store non-current assets to gross sales exceeding a threshold set by type of store;
- for assets related to support activities (headquarters and warehouses): termination of operations at the site or obsolescence of the production equipment used by the site.

1.17.3. > Determining the recoverable amount

The recoverable amount of an asset is the higher of its fair value less costs of disposal and its value in use. It is estimated for each asset individually. When this is not possible, the assets are grouped into cash generating units (CGU), the value of which is then estimated.

Fair value less costs of disposal is the amount obtainable from the sale of an asset under normal market conditions in a transaction at arm's length between knowledgeable, willing parties, less costs of disposal.

To monitor the value of goodwill, a determination of the recoverable values of the GCUs or associated groups of CGUs is made every year at year-end.

1.17.4. > Value in use

The value in use is the discounted value of future cash flows expected from the continuous use of an asset in addition to a terminal value.

Value in use is determined using:

- the future cash flows estimated based on budgets or forecasts for a maximum 5-year period, extrapolated by applying a constant or declining growth rate and discounted to present value; the discount rate used is the average cost of capital employed for each CGU;
- the terminal value, discounted using the same rate. The value is generally calculated from the capitalization to perpetuity of a normative annual flow based on cash flow from the last year of forecasts.

1.17.5. > Impairment

An impairment loss is immediately recognized whenever the carrying amount of the asset, or of the CGU to which it belongs, exceeds its recoverable amount. Impairment losses are recorded as "Other operating expenses".

Impairment losses recognized in a prior period are reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. However, the increased carrying amount of an asset due to a reversal of an impairment loss may not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. Impairment losses on goodwill can never be reversed.

• 1.18. Financial assets

Financial assets are classified in four categories according to their type and intended holding period:

- assets held to maturity;
- assets measured at fair value through profit or loss;
- loans and receivables;
- available-for-sale assets.

Financial assets are classified as current or non-current, based on their maturity as of the closing date: less than or greater than one year.

1.18.1. > Assets held until maturity

These are exclusively fixed income securities acquired with the intention and ability to hold them until maturity. They are valued at amortized cost using the effective interest method. Amortized cost is calculated for the period from the acquisition of an investment to its maturity date, taking into account any premium or discount upon acquisition. Gains and losses are recognized in income when the assets are de-recognized or impaired and also through the amortization process.

1.18.2. > Assets measured at fair value through profit or loss

These are financial assets held for trading, i.e. they have been acquired for the purpose of being sold in the short run. They are measured at fair value and gains and losses arising from changes in fair value are recognized in income. Some assets may be voluntarily classified in this category.

1.18.3. > Loans and receivables

These are financial assets issued or acquired by the Group in exchange for cash, goods or services to a debtor. They are valued at amortized cost using the effective interest method. Long-term loans and receivables that are non-interest-bearing or that bear interest at below the market rate are discounted when the amounts involved are material. Any impairment losses are recognized in income.

Trade receivables are recognized and measured at their initial invoice value, less impairment losses for irrecoverable amounts. They are booked as assets until all the risks and rewards related to them are transferred to a third party.

1.18.4. > Assets available for sale

These are all financial assets, in particular equity interests in non-consolidated companies and non-current securities in the investment portfolio. They are measured at fair value. Changes in fair value are recognized in other items of comprehensive income or loss until the asset is sold, collected, or otherwise removed, or until there is evidence that there has been a sustained or significant loss in the value of the asset. In such an event, the profit or loss that had been recognized until then directly is transferred to profit or loss.

Assets available for sale are tested for impairment at each reporting date. The Group recognizes an impairment whenever an impairment indicator is found.

For the investment portfolio, which primarily consists of interests in unlisted Private Equity funds, the Group uses the following impairment indicators:

- a sharp fall on the order of 50% in the value of a security;
- or a decrease extending over a period of more than 24 months;
- or a significant decrease in the value of a financial asset combined with information of an alarming character.

If the asset available for sale is an equity instrument, an impairment loss is final. Subsequent positive changes in fair value are recognized directly in equity.

If the asset available for sale is a debt instrument, any subsequent increases in value are recognized on the income statement, up to a maximum of the amount of the impairment previously recognized.

1.18.5. > De-recognition

A financial asset is de-recognized in the following two cases:

- contractual rights to the cash flows from the asset have expired; or
- contractual rights have been transferred to a third party, under certain conditions:
 - if the seller has transferred substantially all of the risks and rewards, the asset is fully de-recognized,
 - if the seller has retained virtually all of the risks and rewards, then the asset remains fully recognized.

The Group assigns receivables to financial institutions. The risk of dilution attached to assigned receivables initially recognized on the balance sheet (risk of cancellation of the receivable because of credits issued or offsetting payments) is considered to be non-existent. In practice, these are receivables on invoices issued for contractual services rendered under the contract between the Group and

its suppliers, based on the amount of business it does with each supplier, respectively. The other risks and rewards attached to these receivables have been transferred to the assignee. Consequently, as nearly all of the risks and rewards had been transferred to the assignee at the balance sheet date, the receivables have been de-recognized.

• 1.19 > Inventories

Inventories are measured at the lower of cost and probable net realized value. The measurement method used in the Group is the first-in first-out (FIFO) method.

Inventories include all purchase costs, costs of conversion and other costs incurred in bringing the inventories to their place of sale in their current condition. Accordingly, logistics expenses and all supplier discounts recognized in cost of goods sold are included in the measurement of inventories.

The cost of inventories includes the recycling of amounts initially recognized in equity, corresponding to gains or losses on hedges of future purchases of goods.

The probable net realized value is equal to the selling price estimated in the normal course of business, less expected costs for the completion of the sale.

For its real estate development business, the Group records property under construction as inventories.

• 1.20 > Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term investments.

To qualify as cash and cash equivalents in accordance with IAS 7, investments must fulfill four conditions. They must be:

- short-term;
- highly liquid;
- readily convertible into a known amount of cash;
- subject to an insignificant risk of changes in value.

• 1.21 > Assets and liabilities held for sale

The Group must classify a non current asset, in the context of the sale of a single asset (or a group of current and non current assets and liabilities, in the case of the disposal of a business activity), as being held for sale if its carrying amount will be recovered principally through a sales transaction rather than through continuous use. This condition is deemed fulfilled only when the sale is highly probable and the asset or the group intended to be sold is available for immediate sale in its current condition. Management must be committed to a selling plan, which is expected to result, on the accounting level, in the conclusion of a sale within one year of the date of this classification.

When assets are held for sale under the principles set out in IFRS 5, the Group measures the non-current assets at the lower of their carrying amount and their fair value, less costs of disposal. Depreciation of these assets is then discontinued. Assets and liabilities held for sale are reported on a separate line of the balance sheet.

If such assets are investments in joint ventures or associates, the Group will cease to recognize its share of profit or loss in the entities once the investment is reclassified under "Assets held for sale".

In the consolidated income statement for the most recent fiscal year ended and for the prior period presented, income from discontinued operations is presented separately from income from continuing operations following the latter, net of taxes, even if the Group retains a minority interest in the subsidiary after the sale. The resulting net profit or loss is presented on a separate line of the income statement.

Tangible and intangible assets, once classed as held for sale, are no longer amortized or depreciated.

• 1.22 > Shareholders' equity

Shareholders' equity include two categories of equity holders: the owners of the parent company (Rallye shareholders) and the holders of non-controlling interests (minority shareholders of the subsidiaries). A non-controlling interest is defined as the portion of interest in a subsidiary which is not directly or indirectly attributable to a parent company (hereinafter "minority interests" or "non-controlling interests").

Transactions carried out with minority shareholders that result in a change of the parent company's interest without loss of control affect only shareholders' equity because control does not change within the economic entity. Cash flows from changes in interests in a fully consolidated subsidiary, which do not lead to loss of control (this notion covers increases in interests), are reported in the net cash flows from financing activities.

In the case of an acquisition of an additional interest in a fully consolidated subsidiary, the Group recognizes the difference between the acquisition cost and the carrying amount of the minority interests as a change in shareholders' equity attributable to Rallye shareholders. The costs associated with these transactions are also recognized in equity. The same is true for costs related to sales without loss of control. Concerning the sale of majority interests resulting in a loss of control, the Group records a 100% sale of the securities held, followed as applicable by an acquisition at fair value of the portion retained. Thus, the Group books a gain or loss on disposal, presented as "Other operating income" or as "Other operating expenses" on its entire interest (portion sold and portion retained), which means re-measuring the portion retained through income. Cash flows from gaining or losing control in a subsidiary are allocated to net cash flows from investing activities.

1.22.1. > Equity instruments and hybrid instruments

Classification as equity depends on a specific analysis of the characteristics of each instrument issued by the Group.

When a financial instrument is made up of different components, the issuer must classify the various components separately based on whether they possess characteristics of debt or equity. Therefore, options allowing the bearer to convert debt into the issuer's equity instruments must be classified as shareholders' equity on the consolidated balance sheet, as long as they involve a fixed price and a fixed number of shares. It should be noted that options that allow the bearer to convert debt into the shares of an entity fully consolidated by the issuer follow the same accounting treatment.

The par value must be allocated among the various components at the time of issue. The value of the equity component is equal to the difference between the par value and the debt component. This difference corresponds to the market value of a liability with identical characteristics but with no conversion or exchange option.

Any instrument that is redeemable at the Group's discretion, and the remuneration for which is contingent on the payment of a dividend, is classified as an equity instrument.

1.22.2. > Transaction costs in shareholders' equity

External costs (when eligible) directly attributable to capital operations or transactions in equity instruments are deducted, net of tax, from shareholders' equity. Other costs are recorded as expenses for the year.

1.22.3. > Treasury shares

Shares repurchased by the Group are deducted from equity at cost. Proceeds from any sale of treasury shares are credited directly to equity, such that capital gains and losses, net of the related tax effect, have no impact on net income for the period.

1.22.4. > Payment in share

The Group's executive officers and certain employees are granted stock options and bonus shares. In accordance with IFRS 2 "Payment in share", the fair value of the options is measured at fair value on the award date and recorded as personnel expenses spread out over the vesting period of the beneficiaries' rights.

The Group uses the Black & Scholes and trinomial option pricing models to determine the fair value of options, based on the characteristics of the plan, market data on the award date, and assumptions concerning the probability that beneficiaries will remain in the Group until the end of the vesting period. The Group has valued all options granted after November 7, 2002, which have not yet vested. Since the options are settled in shares, they are recognized as equity.

With respect to bonus shares, fair value is also based on the characteristics of the corresponding plan, market data on the award date, and assumptions concerning the probability that beneficiaries will remain in the Group until the end of the vesting period. If a plan does not stipulate vesting conditions, then the full amount is expensed as soon as the plan is granted; if not, the expense is recognized over the vesting period, depending on the fulfillment of conditions.

• 1.23 > Provisions

1.23.1. > Provisions for post-employment benefits and other long-term benefits

The companies within the Group grant various types of benefits to their employees, based on the laws and practices in each country.

Under defined contribution plans, the Group has no obligation to make payments in addition to the contributions already paid to a fund, if the fund does not have enough assets to provide the benefits corresponding to the services rendered by the personnel during the current period and previous periods. For these plans, the contributions are recognized as an expense when they are incurred.

Where defined benefit plans are concerned, the commitments are assessed using the projected credit unit method based on the agreements or contracts in force within each company. According to this method, each service period gives the employee the right to an additional unit of benefits and each unit is measured separately to obtain the final obligation. This obligation is then discounted to present value. The actuarial assumptions used to determine the commitments vary according to the economic conditions of the country in which the plan is based. These plans and the end-of-contract payments are valued by independent actuaries on an annual basis for the largest plans and at regular intervals for other plans. These valuations take into account the future level of compensation, the employee's probable period of activity, life expectancy and personnel turnover.

Actuarial gains and losses result from changes in assumptions and the difference between the results estimated by the actuarial assumptions and the actual results. These differences are recognized immediately as other items of comprehensive income or loss for all actuarial differences relating to defined benefit plans.

The cost of past services resulting from the increase in an obligation following the introduction of a new plan or a change in an existing plan is deferred on a straight-line basis over the average period left to run until the rights are vested, or is recognized immediately as an expense if the benefit rights have already vested.

The expenses related to this type of plan are recognized as "Current operating income" (costs of services rendered) and as "Other financial income and expenses" (financial costs and expected asset yields).

Reductions, settlements and costs of past services are recognized in current operating income or in "Other financial income and expenses", depending on their nature. The provision recorded on the balance sheet corresponds to the present value of the commitments valued in this manner, less the fair value of any plan assets and any costs of past services not yet amortized.

1.23.2. > Other provisions

A provision is recorded when the Group has a present obligation (legal or implicit) as a result of a past event, the amount of the obligation can be reliably estimated, and when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. Provisions are discounted to present value when the related discount is material.

In accordance with the above principle, the Group recorded a provision to cover the cost of providing after-sales service for equipment sold under warranty. The provision represents the expected cost of repairs to be performed during the warranty period, estimated on the basis of actual costs incurred in prior years. Each year, the provision is reversed in the amount of the actual repair costs recognized in expenses.

Provisions for restructuring costs are recognized whenever an implicit commitment has been made to third parties as a result of a Management decision that has been formalized before the closing date in a detailed restructuring plan and communicated to the parties concerned.

Other provisions correspond to specifically identified contingencies and expenses.

Contingent liabilities correspond to possible obligations arising from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not within the entity's control, or present obligations whose settlement is not expected to require an outflow of resources. They are not recognized but are disclosed in a note.

• 1.24 > Financial liabilities

Financial liabilities are classified in two categories and comprise:

- borrowings at amortized cost;
- financial liabilities recognized at fair value through profit or loss.

The measurement of financial liabilities depends on their classification under IAS 39.

1.24.1. > Financial liabilities recognized at amortized cost

Borrowings and other financial liabilities are generally recognized at amortized cost using the effective interest rate method, except in the case of hedge accounting.

The fees, issue and redemption premiums are part of the amortized cost of borrowings and financial debts. They are stated as decreases or increases in the corresponding borrowings and, depending on the case, are amortized on an actuarial basis.

1.24.2. > Financial liabilities recognized at fair value through profit or loss

These are financial liabilities that are held for trading, that is, with a view to be realized on in the short run. They are measured at fair value and gains and losses arising from changes in fair value are recognized in income.

• 1.25 > Derivative financial instruments and hedge accounting

1.25.1. > Hedging of cash flows and fair value:

All derivative instruments (swaps, collars, floors, options, etc.) are presented on the balance sheet at fair value.

In accordance with IAS 39, the Group uses hedge accounting for:

- fair value hedges (e.g., swaps to convert fixed rate debt to floating rate). In this case, the debt is measured at fair value, up to the amount of the risk covered, with gains and losses arising from subsequent measurement at fair value recognized in profit or loss. The change in fair value of the derivative is also recognized as income. If the hedge is entirely effective, the loss or gain on the hedged debt is offset by the gain or loss on the derivative;
- for cash flow hedges (variable-rate loan swapped for fixed rate, for example), the change in the fair value of the derivative is recognized as income for the ineffective portion, and as other items of comprehensive income for the effective portion, with recognition as income symmetrically with the recognition of the hedged flows and in the same item as the element hedged (current operating income for operating cash flows hedges and financial income for other hedges).

Hedge accounting applies if:

- the hedging relation is clearly defined and documented on the date it is set up, and
- the effectiveness of the hedge can be demonstrated from origination and for as long as it lasts.

In the context of a cash flow hedge, the gains or losses accumulated in shareholders' equity must be reclassified as income under the same heading as the element hedged:

- i.e. current operating income for operating cash flow hedges and under financial income for other hedges;
- during the same periods in which the hedged cash flow affects income.

If the hedging relation is interrupted, in particular because it is no longer considered effective, the gains or losses accumulated on the derivative instrument are kept in equity until the hedged transaction expires, unless the hedged item disappears: If such is the case, the gains or losses recognized in equity are immediately reclassified over to the income statement.

1.25.2. > Derivatives not qualified as a hedge: accounting and presentation

When a derivative financial instrument has not (or is no longer) classified as a hedge, its successive changes in fair value are recognized directly as income for the period under "Other financial income and expenses".

• 1.26 > Put options granted to minority shareholders

The Group has made commitments to the minority shareholders of some of its subsidiaries to purchase their interests. The exercise price for these transactions may be fixed or established according to a pre-defined calculation formula. In compliance with IAS 32, the purchase commitments given to fully consolidated subsidiaries are recognized as "financial liabilities"; the "fixed price puts" are booked as financial liabilities at their discounted values, and the "variable price puts" at their fair value; in addition, these transactions may be exercised at any time or on a specific date.

Revised IAS 27, applied to the consolidated financial statements as of January 1, 2010, specifies the accounting treatment of additional acquisitions of securities in companies. The Group has decided to apply two different accounting methods for these put options, depending on whether the options were issued before or after the date of first application of the revised version of the standard in accordance with the recommendations of the French Financial Markets Authority. The former are treated using the current goodwill method while the latter are treated as transactions between shareholders (equity impact).

• 1.27 > Fair value

Fair value is defined as the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction, under normal market conditions.

The fair value of publicly traded financial instruments is determined on the basis of their market price on the date the accounts were closed. The fair value of unlisted financial instruments, for which there exist listed instruments of a similar nature and maturity date, is determined by referring to the market price of these instruments and making any necessary adjustments. For other unlisted instruments, fair value is determined by using valuation techniques, such as:

- the valuation models used for options;
- the discounted cash flow method. The models use assumptions based on market data;
- or by reference to recent transactions.

From January 1, 2009, the Group has applied amendment IFRS 7 relating to financial instruments measured at fair value. Now, financial assets and liabilities recorded in the financial statements at their fair value will be classified on the basis of their valuation method. This hierarchy consists of three levels:

- level 1: the instrument is listed on an active market;
- level 2: measurement of the instrument uses measurement techniques based on observable market data;
- level 3: measurement of the instrument uses measurement techniques based on non-observable data.

Note 30.2 presents this breakdown.

• 1.28 > Classification of assets and liabilities as current and non-current

Assets that are to be liquidated, consumed or sold within a normal operating cycle or within twelve months following the period closing date, as well as assets held for sale, or cash and cash-equivalents, are classified as "current assets". All other assets are classified as "non-current".

Liabilities to be paid within a normal operating cycle or within the expenses of the month following the closing of accounts are classified as "current liabilities".

The Group's normal operating cycle is 12 months long.

Deferred taxes are always recognized as non-current assets or liabilities.

• 1.29 > Revenue

Revenue consists of two parts: "Net revenue" and "Other revenue".

"Net revenue" includes sales by the Group's stores, cafeterias and warehouses, financial revenues, rental income, bank operating income from credit activity, and various services performed by the business units.

"Other revenue" consists of revenue from the real estate development business, management of financial investments, other income from services, and other income generated secondarily or in the context of related activities, particularly commissions for the sale of travel packages, franchise payments and income from sub-leases.

Revenue is valued at the fair value of the consideration received or to be received, net of commercial discounts or rebates and sales taxes. It is recognized as follows:

- sales of goods are booked when the risks and advantages inherent in the ownership of the goods have been transferred to the customer, generally when the transfer of title has occurred, when the income can be measured reliably and when recovery is reasonably certain;
- services, such as the sales of warranty extensions, services attached directly to the sale of goods, or the services rendered to suppliers are recognized over the period in which the services are rendered. When a service includes various commitments, including volume commitments, the Group analyzes the legal and factual elements to determine the scheduling of the accounting recognition of the service. The result is that, depending on the type of service, recognition of the income may be immediate when the services are considered completed, or deferred over the period during which the services are performed or the commitment given fulfilled.

In the case of payment deferred beyond the normal credit conditions not supported by a financing institution, the proceeds from the sale are equal to the discounted price; the difference, if significant, between the discounted price and the cash payment is booked as financial income spread over the period of deferral.

Benefits granted to customers under loyalty programs are elements separate from the initial sale. The income related to these rights granted is deferred until the date the benefits are used by the customers.

• 1.30 > Gross margin

Gross margin is the difference between "Net sales" and "Full cost of goods sold".

The "Full cost of goods sold" includes the cost of purchases net of discounts and trade cooperation payments, changes in inventory associated with distribution activities and logistics costs.

Trade cooperation payments are measured based on contracts with suppliers. They are billed in installments over the year. At year-end, a measurement is made of the commercial services rendered to suppliers. A comparison between this valuation and the billed installments determines the amount of invoices or credit notes to be issued.

Changes in inventory include positive and negative changes after taking depreciation into account.

Logistics costs are the costs of the Group's direct or subcontracted logistics, storage, handling and transportation incurred after the first delivery of goods to one of the Group's sites, stores or warehouses. The transport costs invoiced by suppliers on merchandise invoices (example: DDP Delivery Duty Paid) are presented as a purchasing cost. The costs of subcontracted transport are recognized as "logistics costs".

• 1.31 > Cost of goods sold

The "Cost of goods sold" consist of the costs borne by points of sale together with the cost price and change in inventory related to the real estate development business.

• 1.32 > General and administrative expenses

"General and administrative expenses" represent general and administrative costs of support services, particularly purchasing and supplies, sales and marketing, IT and finance.

• 1.33 > Pre-opening and post-closing costs

Whenever they cannot be defined as assets, costs incurred prior to opening or after closing are recognized as operating expenses when they occur.

• 1.34 > Other operating income and expenses

This item records the effects of two types of items:

- major events which took place during the accounting period and which are such as to distort the interpretation of the performance of the company's recurring business. These are income and expenses which are limited in number, unusual, abnormal or infrequent, and significant amounts such as litigation or a significant restructuring plan;
- items which by nature do not come within an assessment of the current operating performance of the business units, such as impairment of non-current assets, and the impacts of the application of IFRS 3R and IAS 27R (see Note 1.8 of "Accounting rules and methods").

• 1.35 > Net finance costs

The net finance costs consists of the interest on the net financial debt, including income and gains and losses on the sale of cash equivalents, gains and losses on related interest- or exchange-rate hedges, changes in the fair value of derivatives (assets and liabilities) used in fair value hedge accounting for the debt and the interest expense from finance lease agreements.

• 1.36 > Other financial income and expenses

These are financial income and expenses which are not part of the cost of net finance costs.

This item includes: the dividends received from unconsolidated companies, the changes in fair value of the non-cash financial assets and in derivatives not affected by hedge accounting, gains and losses on the sale of financial assets other than cash and cash-equivalents, gains and losses from discounting (including discounting of pension provisions), and foreign exchange translation gains and losses on items other than the components of net debt.

Cash discounts are recognized in financial income for the portion corresponding to the normal market interest rate and as a deduction from the cost of goods sold for the remaining balance.

• 1.37 > Income tax

Income tax expense corresponds to the sum of the current tax due from the various Group companies, corrected for deferred tax.

Consolidated French subsidiaries that satisfy tax consolidation criteria are generally included at various tax consolidation levels.

The sum of current taxes payable represents the tax due from the parent companies of the tax groups and from all other companies that are not members of the tax group.

Deferred tax assets correspond to the tax calculated and deemed recoverable for certain assets on timing differences, tax loss carry forwards and certain consolidation adjustments.

Deferred tax liabilities are recognized for:

- taxable timing differences, except where the deferred tax liability results from the recognition of a non-deductible impairment of goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and which, at the time of the transaction, affects neither accounting profit, nor taxable profit, nor tax loss;
- taxable timing differences on investments in subsidiaries, associates and joint ventures, except where the Group controls the timing of the repayment of the difference and where it is probable that the temporary difference will not be reversed in the foreseeable future.

Deferred taxes are recognized using the balance sheet approach and, under IAS 12, they are not discounted. The amount of tax as thus determined may be affected by the change in the receivable or debt caused by the change in the corporate tax rate from one year to the next (variable carry-forward method).

Starting January 1, 2010, the business tax has been replaced with two new taxes of different types:

- the “businesses real estate contribution” (*Cotisation Foncière des Entreprises*, C.F.E), based on the real estate rental values of the former business tax (*Taxe Professionnelle*); this contribution is recognized in Current Operating Income because it is highly similar to the business tax;
- the “businesses added value contribution” (*Cotisation sur la Valeur Ajoutée des Entreprises* (C.V.A.E)), based on the added value resulting from the corporate financial statements is booked on tax on income line because the Group considers that it meets the definition of tax on income as specified by IAS 12.

• 1.38 > Discontinued operations

A discontinued operation is a “component” that has either been disposed of, or is classified as “held for sale” by the Group and represents a separate major activity or geographic area of operations.

As indicated in Note 1.21 of “Accounting rules and methods”, the classification as “Assets held for sale” determines the end of amortizations and depreciation and, for joint ventures and associates, the end of recognition of income or loss.

• 1.39 > Income per share

Basic income per share is calculated on the basis of the average weighted number of shares depending on the stock issue date during the period, except for shares issued as dividends and treasury stock.

Diluted income per share is calculated using the treasury stock method, in which the denominator is the basic number of shares plus the number of potential shares that will result from dilutive instruments (options, warrants and bonus shares), minus the number of shares that may be purchased at the market price with the funds received from exercise of the instruments in question. The market price used in the calculation is the average stock price over the financial year.

Equity instruments are included in the calculation above only to the extent they have a dilutive impact on the income per share.

• 1.40 > Segment reporting

Segment reporting reflects Management’s view and is established on the basis of the internal reporting used by the chief operating decision-maker (the Chairman/Chief Executive Officer) to assess the performance of the operating segments.

The information in the reporting is prepared in accordance with the accounting principles followed by the Group.

The segment reporting presented in Note 3 comprises three operating segments divided between France and Abroad. These operating segments correspond to the three main activities of the Group: general retailing, the sale of sporting goods and financial holding and investment activities. The Group did not combine any operating segments in the presentation segment.

Management evaluates the performance of sectors on the basis of net revenues as well as the "Current operating income". As assets and liabilities are not specifically reported to Management, the only information presented in the notes in the context of IFRS 8 pertains to non current assets.

Financial data by operating segment are prepared according to the same rules as those used for the consolidated financial statements.

II. COMMENTS ON THE CONTENTS OF THE FINANCIAL STATEMENTS

Figures in the tables below are denominated in euros and rounded to the nearest million. Calculations based on rounded figures may differ slightly from reported aggregates and sub-totals.

• Note 1 > Significant events

1.1 > Changes in the scope of consolidation

During 2011, the following main changes in the scope of consolidation took place:

- Main newly consolidated and deconsolidated companies:

Name of the company	Business	Country	Type of Transaction	Consolidation method
Activities of Carrefour Thailand ⁽¹⁾	Food and general retailing	Thailand	Control	FC
Franprix-Leader Price sub-group ⁽²⁾	Food and general retailing	France	Control	FC
Distribution Casino France sub-group ⁽³⁾	Food and general retailing	France	Control	FC
Real Estate sub-group ⁽⁴⁾	Real estate	France	Control	FC
Banque du Groupe Casino ⁽⁵⁾	Financial	France	Control/loss of control	PC
Parker 1 LLC	Holding	United States	Creation	FC
Alexa Holding Gmbh	Real estate	Germany	Sale	-
SistemApsys Sàrl	Real estate	Luxembourg	Sale	-

(1) See Note 2.2.

(2) See Note 2.3.

(3) Acquisition of hypermarkets and supermarkets from the Deprez and JEKK groups for respective amounts of €24 and €18 million, with goodwill of €14 and €18 millions.

(4) Acquisition of a hypermarket from the Bazeilles group for an amount of €27 million, with goodwill of €3million.

(5) See Note 2.4.

- Principal changes in percentage held without change in consolidation method

Name of the company	Business	Country	Change in the % of holding	Consolidation method*
Cdiscount ⁽¹⁾	e-commerce	France	Increase (+16.59%)	FC
GPA ⁽²⁾	Food and general retailing	Brazil	Increase (+6.43%)	PC
Disco/Devoto ⁽³⁾	Food and general retailing	Uruguay		IP/IG
Mercialys	Real estate	France	Decrease (-0.73%)	FC

(1) See Note 2.1.

(2) Corresponds to the acquisition of 6.5% of the capital of GPA (see note 1.2), for the purpose of remuneration in preferred shares of the saving inherent in the goodwill amortization in GPA's financial statements which had a positive impact on the 0.07% holding percentage offset by 0.1% by the dilution resulting from the exercise of stock options with GPA.

(3) See note 2.5; The Group's percentage of interest in Disco and Devoto after the operation amounted to 34.23% and 52.88% respectively.

* Consolidation full consolidation FC - proportionate consolidation PC - equity method EM.

The main consolidated companies are listed in the Notes.

1.2 > Other highlights**- Dispute with the Baud family**

The Arbitral Court, called to hand down a final ruling on the Franprix-Leader Price dispute between the Casino Group and the Baud family regarding the damages corresponding to dividends and late payment interest issued its decision on February 4, 2011. It dismissed the Baud family's request for the payment of dividends for the 2006 and 2007 fiscal years and the additional compensation for their tax situation abroad due to the anomalies and irregularities found in the financial statements. Pursuant to the decision of the Court, the Casino Group paid in the first half €34 million corresponding to a compensation of €28 million in respect of 2008 dividends, and an earnout on the sale of Franprix and Leader Price shares previously acquired by Casino for €6 million. The full impact of this ruling had been taken into account in the 2010 consolidated financial statements, with the exception of the actual payment made in the first half.

Concerning Geimex, owner of the Leader Price brand abroad, 50% held by the Casino Group and 50% by the Baud family, a provisional director, appointed by the Paris Commercial Court, has been in charge of management since May 2008 following disagreements between the two shareholders on the organization and operation of the company. The disputes between the two shareholders specifically concern the sale of Leader Price Polska by Casino in 2006 as well as the activities in Switzerland of the Baud family, for which arbitral proceedings has been issued on December 23, 2011, and commercial and criminal lawsuits are ongoing.

In its decision of 23 December 2011, the arbitral court, after dismissing any intentional wrongdoing by the Casino Group, estimated that the failure to notify had caused a prejudice for loss of opportunity of €7 million. The Casino Group will have to pay this amount to the Baud family after deducting the sum of €1 million paid by the Baud family to Casino as reimbursement for its legal fees. The amounts of -€7 and +€1 million were recorded respectively in "net income from discontinued operations" and "Other operating income".

- 2011 financing operations

On May 18, 2011, the Casino Group carried out under its EMTN program a new bond issue of €850 million with a 10-year maturity and an annual coupon of 4.726%. To this end, €300 million of bonds expiring in February 2012 (6.00% coupon), April 2013 (6.375% coupon) and April 2014 (4.875 coupon) were exchanged. This issue also allowed the group to raise €530 million of additional resources.

The accounting of this transaction was described in Note 28.5.2

On August 31, 2011, the Casino Group signed the arrangement for a medium term financing of USD 900 million (i.e., approximately €630 million) from a club of nine international banks. As at December 31, 2011, €232 million had been withdrawn from this facility.

On September 27, 2011, the Casino Group carried out under its EMTN program a new bond issue of €600 million with a 4.5-year maturity (2016) and an annual coupon of 4.47%.

During the fiscal year, the Casino Group reimbursed a total of €595 million for bond and bank borrowings (see note 28.5.2).

- Increase in the equity interest in GPA

GPA's annual shareholders meeting of March 31, 2011, approved the issuance of 1.4 million preferred shares to Casino, at a price of 62.43 reais per share (equivalent to 8.5 million reais or €36 million). This issue, remunerating the tax savings generated by the amortization of part of the acquisition goodwill linked to GPA, was finalized in May after GPA's shareholders had exercised their preferential rights. Casino thus received 626,360 shares and raised its holding percentage to 33.8% and 45 million reais in cash. This operation generated an accretion income of €22 million, recorded under "other operating income".

In June, the Casino Group acquired 9 million preferential shares (or 3.4% of GPA's capital), for an amount of USD382 million (or €263 million), raising its equity interest to 37.1% of GPA's capital.

In early July 2011, the Casino Group acquired an additional 15.8 million preferential shares (or 6.1% of GPA's capital), for an amount of USD792 million (or €547 million), raising its equity interest to 43.2% of GPA's capital.

The amount of acquisition costs for this increase of equity interest in GPA amounts to USD7 million (or €5 million).

At the end of December 2011, the Casino Group sold 7.8 million preferential shares (or 3.0% of GPA's capital), for an amount of USD274 million (or €212 million), lowering its equity interest to 40.1% of GPA's capital. This operation generated a capital income of €37 million, recorded under "Other operating income".

The 40.1% figure includes the dilutive effect of stock options exercised during the period.

Through the agreements binding the Casino Group with the Diniz family and the shareholders' agreement which organizes the joint-control of the Wilkes holding, GPA is still consolidated on a proportionate basis.

- Situation of the GPA group

From the end of May 2011, the Brazilian and French press reported ongoing negotiations between the Diniz group (Brazilian partner of Casino), the Carrefour group and Gama 2 SPE Empreendimentos e Participações ("Gama"), a financial investment vehicle wholly owned by a fund managed by BTG Pactual and that can be capitalized by the Brazilian National Bank for Development (BNDES). In breach of the shareholders' agreement signed in 2006 between the Diniz family and Casino, within their joint company Wilkes, the project stipulated, without either prior consultation or agreement between the two shareholders, a merger of Carrefour's Brazilian assets with those of GPA in a 50-50 joint company with Gama as the key shareholder of Carrefour.

In this context, Casino submitted to the International Chamber of Commerce on May 30, and July 1, 2011, two arbitration proceedings against the Diniz group soliciting compliance and the proper performance of the shareholders' agreement of November 27, 2006 concerning their joint company Wilkes, which controls GPA, the Brazilian company. These two arbitration proceedings have been merged.

The Board of Directors of Casino Guichard-Perrachon subsequently met on July 12, 2011 to examine the terms of the financial proposal projected by the Diniz group, the Carrefour group and Gama announced on June 28, 2011. Subsequent to this work, the Board of Directors unanimously, with the exception of Abilio Diniz who did not participate to the vote, observed that the project was contrary to the interests of GPA, of all its shareholders and Casino.

On July 13, 2011, the Casino Group duly noted the withdrawal by Mr. Abilio Diniz, BTG Pactual and Carrefour from their project.

These events were not on a scale to change the control of GPA, which remains in the hands of Wilkes, according to the provisions specified by the Wilkes shareholders' agreement, dated November 2006 and by that of GPA, dated December 20, 2006 (see Note 1.4 of "Accounting Rules and Methods").

The costs incurred by the Casino Group for the defense of its interests in Brazil were booked in "other operating expenses".

- Capital increase for Big C Thailand

On October 20, 2011, Big C Thailand, a subsidiary of the Casino Group, announced the launch of a capital increase of a maximum of THB 25 billion (i.e., around €595 million).

With regard to the extraordinary conditions resulting from the floods in Thailand (see note 32.3) and their consequences, Big C Thailand postponed its capital increase project.

- Option for the shareholders of Rallye to pay the outstanding 2010 dividend and the 2011 interim dividend in Rallye shares

The general meeting of shareholders of May 4, 2011 decided that the balance of the 2010 dividend, amounting to €1.30, could, at the shareholders' discretion, be received either in cash or in company's new shares. 87.1% of the rights exercised were in favor of the payment in share.

Pursuant to the authorization given by the general meeting of shareholders, the Board of Directors' meeting of September 6, 2011 decided to pay an interim dividend of €0.80 for 2011. The Board of Directors also decided that the payment of this interim dividend could, at the shareholders' discretion, be received either in cash or in company's new shares. 46.3% of the rights exercised were in favor of payment in share.

These operations allowed Rallye to strengthen its equity by €55.6 million, by the creation of €1,321,416 new shares in respect of the outstanding 2010 dividend and 793,939 new shares in respect of the 2011 interim dividend.

• Note 2 > Business combinations

2.1 > Buy-out of Charle brothers' stake in Cdiscount

On January 6, 2011, the Casino Group purchased the residual 16.56% stake in Cdiscount from the Charle brothers. The Group now holds 99.57% of Cdiscount's capital. Pursuant to IAS 27, this buyout was treated as a transaction between shareholders and reduced Casino's share of equity by €30 million.

2.2 > Acquisition of Carrefour's activities in Thailand

Following an agreement signed with Carrefour in November 2010, the Thai subsidiary Big C acquired Carrefour's operations in Thailand on January 7, 2011. The acquisition, which concerns a portfolio of 42 stores (including 34 hypermarkets) and 37 shopping malls, allows Big C Thailand to strengthen its geographical presence especially in the region of Bangkok, expand its customer panel and implement synergies by applying Big C Thailand's operating model to Carrefour's operations.

The acquisition of stores and shopping malls followed the 100% purchase of the shares of CenCar Limited, Nava Nakarintr Limited, and SSCP (Thailand) Limited for an amount of €851 million (34 billion bahts). A price adjustment clause based on the final accounts of the entities acquired as at December 31, 2010 led to an increase in the acquisition price by €6 million. The contract also specified the payment of a financial debt of €151 million (5.9 billion bahts) carried by Nava Nakarintr Limited and SSCP (Thailand) Limited.

This acquisition was financed through a loan of a nominal amount of 38.5 billion bahts (or €981 million) for which the initial duration of one year specified a 6-month renewal option. This option has been exercised, now setting the maturity of the loan to July 2012.

The contribution of the operations of Carrefour Thailand to the revenue and net income before tax of the Casino Group for the period from January 7 to December 31, 2011 amounted to €725 and €98 million respectively. With respect to the acquisition date, there would have been no material difference on these two aggregates if the activities of Carrefour Thailand had been acquired as from January 1, 2011.

The direct costs linked to this acquisition amounted to €19 million booked under "Other operating expenses" of which €10 million in 2010.

- Fair value of identifiable assets and liabilities

On the date of acquisition of control, the fair value of identifiable assets and liabilities of Carrefour Thailand's operations in the accounts of Big C Thailand determined by independent experts, can be summarized as follows:

(In € millions)	Carrying amount on the acquisition date	Fair value adjustments	Fair value at January 7, 2011
Non-current assets	299	93	392
Deferred tax assets	5	6	11
Inventories	50		50
Trade receivables	9		9
Other current assets	8		8
Cash and cash equivalents	75		75
Assets	446	99	545
Provisions	1	1	2
Trade payables	116		116
Other current liabilities	43		43
Deferred tax liabilities		32	32
Liabilities	160	33	193
Identifiable assets and liabilities, net (A)			353
Fair value of the consideration transferred for the buyout of Carrefour Thailand (B)			1 024
Purchase price			851
Price adjustment clause			6
Currency hedge linked to the acquisition price			16
Reimbursement of a financial debt			151
Goodwill at the exchange rate of January 7, 2011 (B-A)			672

The main fair value adjustment concerned the property assets (€93 million) determined on the basis of an independent appraisal report; the deferred tax liability linked to this adjustment amounted to €32 million.

Goodwill is primarily attributable to the synergies expected with Big C Thailand and has therefore been allocated to the Thailand CGU.

2.3 > Franprix-Leader Price sub-group operations

On February 1, 2011, Franprix-Leader Price gained exclusive control over three sub-groups in France (Sarjel, Pro Distribution and Distri Sud-Ouest) in which they already had a minority stake.

The first two acquisitions of controlling interests, in Sarjel and Pro Distribution, were carried out by raising the stake of the Casino Group to 60% of the capital in the two subgroups (+11%). Minority shareholders have a put option on their shares by 2022 and 2017 respectively, which has been recognized in financial debt for an amount of €35 million. The third acquisition of controlling interest stems from the exercise by the seller of a put option regarding 50.9% of the company for an amount of €95 million (raising the Group's shareholding to 100%).

Consequently, these subgroups, which used to be recognized under the equity method, have now been fully consolidated as from their acquisition date. These operations represent the global acquisition of 285 Franprix and Leader Price stores and generated the recognition of a goodwill of €552 million and net revaluation income from previously held interest shares of €46 million (see note 5).

The Casino Group then transferred control of the Distri Sud-Ouest subgroup on September 8, 2011, in line with the expansion and partnerships strategy with Franprix-Leader Price franchises (leading to an expense of €2 million recognized in "Other operating expenses").

The contribution of stores belonging to the Sarjel and Pro Distribution subgroups to the Casino Group's revenue and net income before tax for the period from February 1 to December 31, 2011 amounted to €419 million and €6 million respectively. The contribution of the Distri Sud-Ouest sub-group to the revenue and net income before tax of the Casino Group for the period from February 1 to August 31, 2011 amounted to €361 and €2 million respectively.

2.4 > Manifestation of the partnership agreement between Casino and the Crédit Mutuel – CIC Group

On July 27, 2010, the Casino Group announced the signing of a long-term partnership in France in the area of financial products and services with Groupe Crédit Mutuel-CIC, via its subsidiary, Banque du Groupe Casino ("BGC").

Following the exercise of Casino's call option on all the shares held by LaSer Cofinoga (i.e., an equity interest of 40%) and the application, on July 7, 2011, of the agreements signed between the parties, the Group gained control over BGC, then sold on that same day 50% of its stake to Crédit Mutuel-CIC. Prior to the manifestation of this transaction, BGC sold to LaSer Cofinoga a portfolio of outstanding credit in litigation or overextension at its net carrying amount of €132 million.

This transaction was approved by the competent regulatory authorities on July 4, 2011. At the end of the transaction, BGC is held and jointly controlled on a 50/50 basis by Casino and Crédit Mutuel-CIC.

These transactions led to the recognition of net goodwill and income reported under "Other operating income" of €16 and €8 million respectively.

2.5 > Sale to Exito of the equity interests of Casino, Guichard-Perrachon in Disco and Devoto

On June 29, 2011, Exito announced its decision to acquire the equity interest of the Casino Group in Disco and Devoto (Uruguayan subsidiaries jointly controlled for Disco and exclusively for Devoto) for a total value of USD746 million (€548 million). In the context of this transaction, Exito carried out on September 27, 2011 a capital increase in Colombia for an amount of COP 2,500 billion (USD1.4 billion or €1 billion). The Casino Group subscribed to this capital increase in proportion to its share, thereby maintaining its controlling interest in the company.

The impact of this transaction on shareholders' equity amounted to -€22 million for the Group and €404 million for minority shareholders.

2.6 > Acquisition of Nova Casa Bahia in 2010

On November 9 2010, Globex Utilidades SA, a subsidiary of GPA, took over Nova Casa Bahia SA ("NCB"), a company carrying the operating assets of the retailing operations of Casa Bahia Comercial Ltda ("Casas Bahia"), the largest non-food retailer in Brazil. The measurement of the assets and liabilities of NCB at fair value has been finalized and is presented below.

- Determining the acquisition price

Since Globex is a company listed on the Bovespa (São Paulo stock exchange), the fair value of the shares issued by Globex to pay for the acquisition ("transferred consideration") was determined on the basis of the share price of the Globex share on the date of the takeover of control.

(In € millions)	November 09, 2010
Number of Globex shares held by GPA (98.77%)	168,927,975
Stock market price of 15 reais per share as of November 9, 2010 – in euros	6.34
Stock market value (Bovespa) of the equity interest in Globex (98.77%)	1 071
Fair value of the transferred Globex equity interest (47% of Globex)	504
Mandatory fixed dividends to be paid to Bartira shareholders	3
Other items received /paid to Casas Bahia shareholders, included in the transferred consideration	(5)
- Additional payments for indemnification, net of income tax	40
- Call option on Bartira, net of income tax and related taxes	(85)
- Value of non-controlling interests on assets received	40
Fair value of the transferred consideration	503

- Determining the value of non-controlling interests

The value of non-controlling interests was measured on the takeover date as follows:

(In € millions)	November 09, 2010
Fair value of NCB's identifiable assets and liabilities	1,242
Profit sharing of non-controlling interests	47.56%
Value of non-controlling interests according to the partial goodwill method	591

- Fair value of identifiable assets and liabilities

On the date of acquisition of control, the fair value of NCB's identifiable assets and liabilities in the accounts of Globex as determined by an independent expert can be summarized as follows:

(In € millions)	Fair value at November 9, 2010
Intangible assets	1,095
Property, plant and equipment:	293
Non-current financial assets	62
Deferred tax assets	-
Inventories	575
Trade receivables	1,023
Other assets	416
Cash and cash equivalents	27
Assets	3,492
Borrowings	37
Provisions	14
Other debt	1,306
Financing of credit activity	572
Deferred tax liabilities	321
Liabilities	2,250
Identifiable assets and liabilities, net (A)	1,242
Fair value of the consideration transferred for the buyout of NCB (B)	503
Value of non-controlling interests according to the partial goodwill method (C)	591
NEGATIVE GOODWILL (A-B-C)	149
Share of negative goodwill recognized in the Group's accounts under other operating income (see note 5)	51

The fair value adjustments were related to the recognition of the "Casas Bahia" brand (€683 million), lease rights (€170 million), the advantageous agreements related to the contracts signed with the Klein family (€108 million), the vehicle fleet (€39 million), the supply contract signed with Bartira (€94 million) and the interest held in Bartira (€37 million). The deferred tax liability resulting from these adjustments totaled €384 million. Bartira is a furnishing supply company that is 75% owned by the Klein family, with respect to which NCB and the Klein family have signed a supply contract and a shareholders' agreement that includes a put and call agreement that can be exercised in 18 months; it is proportionally consolidated in GPA.

The provisional allocation of the acquisition price had led to a negative goodwill of €201 million at December 31, 2010, which was reduced to €149 million; this decline results from the adjustment of the method used to measure Bartira's intangible assets, a fair value gain from the fleet of vehicles and the adjustment of the consideration, if any. The valuation period ended on November 8, 2011.

The final allocation of the acquisition price in relation to the provisional allocation published on December 31, 2010 stems from the differences below:

(In € millions)	
Provisional negative goodwill as of November 9, 2010	201
Finalization of the transferred consideration:	(57)
- Call option on Bartira ⁽²⁾	(16)
- Additional payments for indemnification ⁽⁴⁾	(40)
Finalization of the fair value of identified intangible and tangible assets:	14
- Bartira supply contract ⁽²⁾	34
- Bartira equity interest ⁽²⁾	(21)
- Vehicle fleet ⁽³⁾	39
- Other ⁽¹⁾	(12)
- Income tax effect on changes in intangible and tangible assets	(13)
- Effect of non-controlling interests on changes in intangible and tangible assets	(12)
Others	(9)
Definitive negative goodwill as of November 9, 2010	149
Share of negative goodwill recognized in the Casino Group's accounts under other operating income (see note 5)	51

(1) Adjustment of NCB's non-recoverable assets.

(2) Value of intangible assets related to Bartira's supply contract, to the call option and to the Bartira stake held by NCB determined according to the projected margins and discounted cash flow method.

(3) Fair value of the fleet of vehicles.

(4) Globex expenses related to prior periods on the date of the business combination which must be paid to the Klein family in proportion to their share in accordance with the agreements between GPA and the Klein family under a guarantee on the assets and liabilities transferred to Globex.

The negative goodwill results in particular from the fair value of the "Casas Bahia" brand and the lease premiums and the recognition of the advantageous agreements and other contracts signed by NCB and the Klein family concurrently with the assumption of control. With respect to Casas Bahia, the seller, the negative goodwill is primarily justified by the significant synergies expected from the association between NCB and GPA. This association will allow NCB to access the best financing sources and to achieve synergies in areas such as commercial, logistics and general and administrative expenses.

• Note 3 > Segment reporting

3.1 > Key indicators per operating segment

(In € millions)	Food and general retailing				Sporting goods retailing		Holding company and financial investment activities		Continuing operations 2011
	France	Latin America	Asia	Other International segments	France	Other International segments	France	Other International segments	
External revenue	18,748	11,826	2,895	892	626	54	6	10	35,057
Current operating income ⁽¹⁾	750	565	212	22	(14)	1	(23)	38	1,551

(1) According to IFRS 8 "operational sectors", the information by operational sector is done on the basis of the internal reporting and includes in particular the affectation of the expenses of holding company to all the businesses of the group.

(In € millions)	Food and general retailing				Sporting goods retailing		Holding company and financial investment activities		Continuing operations 2010
	France	Latin America	Asia	Other International segments	France	Other International segments	France	Other international segments	
External revenue	17,956	8,245	2,009	868	627	56	7	12	29,780
Current operating income ⁽¹⁾	769	372	121	38	(5)	5	(18)	4	1,286

(1) According to IFRS 8 "operational sectors", the information by operational sector is done on the basis of the internal reporting and includes in particular the affectation of the expenses of holding company to all the businesses of the group.

3.2 > Non-current assets by geographic zone

Non-current assets include goodwill, intangible and tangible assets, investment property, investments in associates and long-term deferred expenditure.

(In € millions)	Food and general retailing				Sporting goods retailing		Holding company and financial investment activities		Total
	France	Latin America	Asia	Other International segments	France	Other International segments	France	Other International segments	
As at December 31, 2011	10,675	5,875	1,968	320	104	5	29	203	19,179
As at December 31, 2010 restated	10,132	5,254	900	317	105	5	25	212	16,950

• Note 4 > Information on current operating income

4.1 > Revenue

(In € millions)	2011	2010
Retailing revenue, net of taxes	35,057	29,780
Other income	416	428
Total	35,473	30,208

2011 revenue was boosted by the changes in group structure related to the acquisitions of Nova Casa Bahia and Carrefour's operations in Thailand, and the increase in Casino's shareholding percentage in GPA (see notes 1.2 and 2.6).

4.2 > Full purchase cost of goods sold

(In € millions)	2011	2010
Purchases and changes in inventories	(24,464)	(21,007)
Logistics costs	(1,338)	(1,139)
Full purchase costs of goods sold	(25,802)	(22,146)

4.3 > Type of expense by function

(In € millions)	Logistics ⁽¹⁾	Cost of goods sold	General and administrative expenses	2011
Personnel expenses	(523)	(2,976)	(803)	(4,302)
Other expenses	(774)	(3,082)	(537)	(4,393)
Amortization and depreciation	(41)	(592)	(131)	(764)
Total	(1,338)	(6,650)	(1,471)	(9,459)

(1) Logistics costs are included in "Full purchase cost of merchandise sold".

(In € millions)	Logistics ⁽¹⁾	Cost of goods sold	General and administrative expenses	2010
Personnel expenses	(385)	(2 478)	(665)	(3,528)
Other expenses	(720)	(2 559)	(429)	(3,708)
Amortization and depreciation	(34)	(545)	(99)	(678)
Total	(1,139)	(5,582)	(1,193)	(7,914)

(1) Logistics costs are included in "Full purchase cost of merchandise sold".

4.4 > Employees

(Number of people)	2011	2010
Registered Group employees	227,995	192,867
Full-time equivalent employees	211,935	181,160

The employees of associates are not included in the number of employees; those of joint ventures are recognized in proportion to the Group's percentage of holding.

• Note 5 > Other operating income and expenses

(In € millions)	2011	2010 restated
Total of other operating income	282	408
Total of other operating expenses	(451)	(449)
	(169)	(41)
Income/loss from asset disposals	136	322
Inc. gain on Venezuela sale ⁽¹⁾		186
Inc. gain on property transactions ⁽²⁾	69	104
Inc. gain on OPCI sale ⁽³⁾	24	
Inc. gain on sale of GPA shares ⁽⁴⁾	37	
Inc. gain on sales within the Franprix-Leader Price group ⁽⁵⁾		24
Other operating income and expenses	(305)	(363)
Provisions and restructuring expenses ⁽⁶⁾	(107)	(134)
Net asset impairment losses ⁽¹⁰⁾⁽¹¹⁾	(48)	(133)
Provisions and expenses for risks and contingencies ⁽⁷⁾	(19)	(112)
Thailand and Brazil consolidation cost	(48)	
Tax on holdings (Colombia) ⁽⁸⁾	(68)	
Net income linked to structural transactions ⁽⁹⁾	1	
Negative goodwill ⁽¹⁰⁾		51
Others	(16)	(35)
Total other operating income and expenses	(169)	(41)

(1) As at December 31, 2010, this gain on disposal net of costs stemmed from the amicable disposal by the Casino Group of its Cativen subsidiary to Venezuelan authorities.

(2) This gain on disposal stems from the sale by the Mercialis group of 16 assets that had reached a satisfactory stage of development representing 12% of its portfolio and the disposal of various non-operating assets of the other real estate companies of the Casino Group. In 2010, this gain on disposal also stemmed from the sale by the Mercialis group of 45 mature assets and the disposal of various non-operating assets of the other real estate companies.

(3) The Casino Group sold the bulk of its equity interests in OPCI AEW Immo commercial, SPF1 and Vivéris primarily to a Casino related party for an amount of €83 million, thereby generating a gain of €24 million (see notes 16.1 and 18.1).

(4) See Note 1.2.

(5) In 2010, the gain on disposal within the Franprix-Leader Price group primarily concerned a partnership agreement between its subsidiary RLPI and Nougéin SA, entailing the creation of a new company Leader Centre Gestion («LCG») in which the companies RLPI and Nougéin SA have contributed their assets. The impacts of this transaction included the gain on the sold interest as well as the revaluation of the retained share. This transaction generated a gain on disposal of €14 million.

(6) This restructuring expense for fiscal year 2011 mainly concerns the Casino France and Franprix-Leader Price sectors for a price of €46 million each. In 2010, it mainly concerned the Casino France segments €(84 million), Franprix-Leader Price €(14 million) and Latin America €(18 million).

(7) Provisions for risks and contingencies primarily concern tax risks and contingencies in the Group's various entities.

(8) In Colombia, since January 1, 2011, the subsidiary Exito is liable for payment of a property holding tax calculated on its capital and payable in eight half-yearly installments. A debt has therefore been recognized for the discounted value of the payments to be made over the next four years.

(9) The line primarily results from the revaluation of the equity interests previously held linked to the takeovers carried out by the Franprix-Leader Price group in February 2011 (see note 2.3) offset by the transaction costs and other expenses.

(10) See Note 2.6.

(11) Breakdown of asset impairment losses:

(In € millions)	2011	2010
Depreciation of goodwill	(3)	
Reversals/depreciation of intangible assets	2	(4)
Reversals/depreciation of property, plant and equipment	3	(15)
Reversals/depreciation of investment properties	(2)	(2)
Reversals/impairment of available-for-sale assets	(22)	(27)
Reversals/net impairment of other assets*	(26)	(85)
Total net impairment of assets	(48)	(133)

* The «Reversals/net impairment of other assets line» primarily included impaired receivables and inventories in 2011. In 2010, €69 million of losses on trade receivables and accrued income resulted from the regularization of accounting anomalies of a subsidiary over previous years.

• Note 6 > Net finance costs

6.1 > Cost of net financial debt

(In € millions)	2011	2010
Proceeds from the sale of cash equivalents	2	3
Income from cash and cash equivalents	88	38
Income from cash and cash equivalents	90	41
Interest expenses on financing operations after hedging	(759)	(587)
Financial expenses on finance leases	(7)	(6)
Cost of financial debt	(766)	(593)
NET FINANCE COSTS	(676)	(552)

6.2 > Other financial income and expenses

(In € millions)	2011	2010
Financial income from investments	3	7
Foreign exchange gains (excluding financing activities)	67	30
Income from discounting and undiscounting calculations	23	5
Positive change in the fair value of non-hedging derivatives ⁽¹⁾	167	5
Positive change in the fair value of financial assets valued at their fair value	4	2
Other financial income	85	56
Total other financial income	349	105
Foreign exchange losses (excluding financing activities)	(75)	(28)
Expenses from discounting and undiscounting calculations	(20)	(13)
Negative change in the fair value of non-hedging derivatives ⁽²⁾	(105)	(7)
Negative change in the fair value of financial assets valued at their fair value	(2)	(5)
Other financial expenses	(128)	(68)
Total other financial expenses	(330)	(121)
TOTAL OTHER FINANCIAL INCOME AND EXPENSES	19	(16)

(1) This line includes an income of €141 million from changes in fair value corresponding to disqualified swaps. On that same date, the revaluation component of financial debt (under fair value hedge accounting) was frozen and amortized over the residual life of the bond loans. The change in the fair value of derivatives was recorded in income, as specified by IAS 39.

During the year, the Mejia swaption and the euro component of TRS Suramericana were unwound, leading to the recognition of an income of €11 million. As at December 31, 2011, TRS only concerned 2.2% of Exito's capital and a positive value of € 6 million.

(2) This line specifically comprises the fair value changes of €50 million on swaps and €35 million on other derivatives.

In December 2011, the Casino Group contracted a Total Return Swap (TRS) from a financial institution pertaining to 7,891,800 American Depositary Receipts (ADR) representing 3% of GPA's capital, or a notional amount of €215 million maturing in 2.5 years and bearing interest of E3M+400 bp. The contract did not specify a physical delivery of the shares and the Casino has no possible call option. The TRS is a derivative measured at fair value, whose changes are recognized in income. It had nil fair value as at December 31, 2011.

• Note 7 > Taxes

7.1 > Tax liability

- 7.1.1. Breakdown

(In € millions)	2011	2010
Tax due	(198)	(174)
France	(82)	(98)
International	(116)	(76)
Other taxes (CVAE)	(70)	(62)
France	(68)	(60)
International	(2)	(2)
Deferred taxes	35	26
France	33	12
International	1	14
Total income tax	(234)	(210)
France	(117)	(146)
International	(117)	(64)

- 7.1.2. Reconciliation between the tax liability and earnings before tax

For the years ended 2011 and 2010, the reconciliation of the Group's effective tax rate was made on the basis of the applicable tax rate in 34.43%, as follows:

(In € millions)	2011	2010 Restated
Earnings before tax and share of net income/loss of associates	726	679
Theoretical tax rate	34.43%	34.43%
Theoretical tax expense	(250)	(234)
Impact due to different tax rates	35	17
Theoretical impacts of timing differences taxed at a rate of zero(see Note 7.1.3)	(49)	15
Tax credit on deduction of notional interest	6	4
Tax credit for investment, France and international	15	18
Recognition and write-off of deficits		1
Reversal of provision for income tax	33	(2)
Tax credits, corporate giving and training	8	5
Change of taxation rate in France and in Thailand	9	
CVAE net of corporate income tax	(46)	(37)
Other	5	3
Real income tax expense	(234)	(210)

The 2011 amended Finance Act introduced an exceptional contribution for French corporate taxpayers reporting revenues in excess of €250 million. This contribution, equal to 5% of corporate income tax, should only be applicable to fiscal years 2011 and 2012. For the Group, this measure had an impact of €3 million on the income tax payable for the year.

- 7.1.2. Principal "permanent" differences

(In € millions)	2011	2010 Restated
Effect of non-capitalized deficits	(319)	(260)
Mercialys income not taxed	107	94
Amortization of stock options	(20)	(19)
Dilution Brazil, Colombia	19	7
Disposals not subject to tax	139	205
Negative goodwill not subject to tax		51
Non deductibility of tax on property holding (Colombia)	(71)	
Other	4	(35)
Total principal time differences taxed at a rate of zero	(141)	43
Theoretical tax rate	34.43%	34.43%
Effect of tax at theoretical rate related to timing differences taxed at a rate of zero	(49)	15

7.2 > Deferred taxes**- 7.2.1. Changes in deferred tax assets**

(In € millions)	2011	2010 Restated
As at January 1	139	154
Income (expense) for the year on «continuing operations»	296	88
Income (expense) for the year on «discontinued operations»		
Impact of changes in foreign exchange rates, scope of consolidation and reclassifications	(38)	(99)
Changes recognized directly in equity	(3)	(4)
As at December 31	394	139

- 7.2.2. Changes in deferred tax liabilities

(In € millions)	2011	2010
As at January 1	457	376
Income (expense) for the year	261	63
Impact of changes in foreign exchange, scope of consolidation and reclassifications	(9)	11
Changes recognized directly in equity	(1)	6
As at December 31	708	457

- 7.2.3. Origin of deferred tax assets and liabilities

(In € millions)	Net	
	2011	2010 Restated
Intangible assets	(298)	(275)
Property, plant and equipment:	(312)	(321)
<i>Inc. lease financing</i>	(68)	(87)
Inventories	44	42
Financial instruments	22	(21)
Other assets	(6)	63
Provisions	89	99
Regulated provisions	(160)	(145)
Other liabilities	97	84
<i>of which loan taken on lease financing</i>	11	23
Tax loss carry forwards	210	156
Deferred tax assets (liabilities)	(314)	(318)
Deferred tax assets	394	139
Deferred tax liabilities	(708)	(457)
Net balance	(314)	(318)

The tax loss carry forwards were mainly generated by the sub-groups GPA, Franprix-Leader Price, and Groupe Go Sport. The future profit outlook for these companies and the tax options in place justify the capitalization of the deferred tax on these loss carry forwards.

The amount of the tax loss carry forwards not recognized in assets stood at €1,805 million as at December 31, 2011 (impact of unrecognized deferred tax assets of €621 million). These tax loss carry forwards expire after three years or more.

• Note 8 > Share of income/loss of associates

(In € millions)	2011	2010
Associated companies of the GPA group	3	7
OPCI – AEW Immo commercial and others	3	4
Associated companies of the Franprix-Leader Price group	(12)	1
Poland	(1)	
Others	(2)	1
Share of net income/loss of associates	(9)	13

• Note 9 > Discontinued operations

The income account presented on the line "Net income from discontinued operations" represents the American, Polish and Dutch food and general retailing activities (for fiscal year 2010 only) and sporting goods retailing in Belgium.

The account for income from operations sold presented as "Net income/loss from discontinued operations" can be analyzed as follows:

(In € millions)	2011			2010		
	Sporting goods retailing	Food and general retailing	Total	Sporting goods retailing	Food and general retailing	Total
	Belgium	Others		Belgium	Others	
Current operating income	(2)	(3)	(5)	(1)	(4)	(5)
Other operating income and expenses		(10)	(10)		(6)	(6)
Operating income	(2)	(13)	(15)	(1)	(9)	(10)
Net financial income (loss)					(1)	(1)
Profit before tax	(2)	(13)	(15)	(1)	(10)	(11)
Income tax expense		4	4		1	1
Share of income/loss of associates						
Net income from discontinued operations	(2)	(9)	(11)	(1)	(9)	(10)
<i>Inc. company owners</i>	(1)	(5)	(6)	(1)	(4)	(5)
<i>Inc. Non-controlling interests</i>	(1)	(4)	(5)		(5)	(5)

The income/loss from discontinued operations mainly includes the indemnity of €7 million awarded by the Court of Arbitration to the Baud family for the sale of the Leader Price Polska share (see note 1.2 of Other highlights).

The cash flows from discontinued operations are as follows:

(In € millions)	2011	2010
Net cash flow from operating activities ⁽¹⁾	(4)	(26)
Net cash flow from investing activities		
Net cash flow from financing activities		
Net change in cash from discontinued operations	(4)	(26)

(1) The 2010 cash flow primarily represents payments of fees related to the sale of Super de Boer in 2009 for €20 million.

• **Note 10 > Earnings per share**

10.1 > Weighted average number of shares

	2011	2010
Weighted average number of shares outstanding during the period		
_ total shares ⁽¹⁾	46,466,160	44,300,003
_ treasury stock	(869,309)	(718,609)
Weighted average number of shares before dilution	45,596,851	43,581,394
Equivalent shares coming from stock options	678,453	841,262
Non-diluting instruments (off market or covered by calls)	(497,771)	(558,216)
Weighted average number of diluting instruments	180,682	283,046
Theoretical number of shares purchased at market price ⁽²⁾	(121,135)	(116,276)
Dilutive effect of stock option plans	59,547	166,770
Bonus share allotment plan	218,276	286,809
Effect of all potentially diluting shares	277,823	453,579
Weighted average number of shares after dilution	45,874,674	44,034,973

(1) The shares issued in June and October 2010 to service the share-based dividend (see Note 25.3) are considered without weighting as if the issue had occurred on the first day of the first period presented (here, January 1, 2010).

(2) Using the share buyback method, the funds collected upon exercise of the options are assumed to be allocated first to the buyback of shares at market price. The theoretical number of shares that would be bought back in that manner decreases the total number of shares that would result from exercise of the rights. The theoretical number is capped at the number of shares that would result from exercise of the rights.

10.2 > Net income attributable to company's owners

- Consolidated net earnings per share attributable to company's owners

	2011	2010
Net income from continuing operations, share attributable to company's owners (in € millions)	15	(1)
Weighted average number of shares outstanding	45,596,851	45,696,749
Basic earnings per share (in €)	0.33	(0.02)
Weighted average number of shares outstanding after dilution*	45,874,674	46,150,328
Basic earnings per share (in €)	0.33	(0.02)

* When basic earnings per share are negative, diluted earnings per share are of the same amount. Equity instruments cannot have an anti-dilutive effect on earnings per share.

- Net income from continuing operations attributable to company's owners

	2011	2010
Net income from continuing operations, share attributable to company's owners (in € millions)	21	4
Weighted average number of shares during the period	45,596,851	45,696,749
Basic earnings per share (in €)	0.46	0.09
Weighted average number of shares outstanding after dilution*	45,874,674	46,150,328
Basic earnings per share (in €)	0.46	0.09

* When basic earnings per share are negative, diluted earnings per share are of the same amount. Equity instruments cannot have an anti-dilutive effect on earnings per share.

- Net income from discontinued operations attributable to company's owners

	2011	2010
Net income from discontinued operations, share attributable to company's owners (in € millions)	(6)	(5)
Weighted average number of shares during the period	45,596,851	45,696,749
Basic earnings per share (in €)	(0.13)	(0.11)
Weighted average number of shares outstanding after dilution*	45,874,674	46,150,328
Basic earnings per share (in €)	(0.13)	(0.11)

* When basic earnings per share are negative, diluted earnings per share are of the same amount. Equity instruments cannot have an anti-dilutive effect on earnings per share.

• Note 11 > Goodwill**11.1 > Breakdown**

(In € millions)	2011			2010 Restated
	Gross	Impairment	Net	Net
FOOD AND GENERAL RETAILING	8,951	(3)	8,948	7,649
France	5,703	(3)	5,700	5,367
Latin America	2,337		2,337	2,011
Argentina	33		33	35
Brazil	1,702		1,702	1,389
Colombia	490		490	478
Uruguay	112		112	109
Asia	733		733	92
Thailand	730		730	89
Vietnam	3		3	3
Others	178		178	179
Indian Ocean	176		176	176
Poland				2
Other	2		2	1
SPORTING GOODS RETAILING	22		22	21
France	22		22	21
TOTAL	8,973	(3)	8,970	7,670

11.2 > Variations Changes

(In € millions)	2011	2010 Restated
As at January 1, net accumulated value	7,670	7,451
Goodwill recorded for the year ⁽¹⁾	1,895	23
Impairment losses for the period	(3)	
Deconsolidations ⁽²⁾	(468)	(39)
Impact of foreign exchange gains and losses ⁽³⁾	(122)	250
Change related to put options granted to minority shareholders		1
Reclassifications and other entries ⁽⁴⁾	(2)	(16)
As at December 31, net accumulated value	8,970	7,670

(1) The change over fiscal 2011 was mainly the result of the acquisition of Carrefour Thailand by Big C Thailand (€621 million), the acquisitions by the Franprix-Leader Price sub-group see note 2.3) and the increase in the percentage of holding in GPA (€603 million - see note 1.2).

(2) Deconsolidations in 2011 primarily concern the Franprix-Leader Price sub-group (see note 2.3) and GPA (€135 million - see note 2.6). Deconsolidations in 2010 primarily represent the sale of Cativen for €29 million.

(3) The impact of exchange rate variations recorded in 2011 and 2010 result primarily from the appreciation of the euro against the Brazilian currency; the impact observed in 2010 mainly concerns the appreciation of the Brazilian and Colombian currencies against the euro.

(4) In 2010, the variation of -€16 million was primarily the result of the decision of the Court of Arbitration regarding the dispute with the Baud family.

• Note 12 > Intangible assets

12.1 > Breakdown

(In € millions)	2011			2010 restated		
	Gross	Amort. and impairment	Net	Gross	Amort. and impairment	Net
Concessions, brands, licenses and trademarks	657	(63)	594	617	(55)	562
Lease rights	324	(17)	307	257	(4)	253
Software	368	(245)	123	365	(229)	136
Other intangible assets	287	(63)	224	213	(34)	179
Intangible assets	1,636	(388)	1,248	1,452	(322)	1,130

12.2 > Changes

(In € millions)	Concessions, brands, licenses and trademarks	Lease premiums	Software	Other intangible assets	Total
As at January 1, 2010 restated	313	182	152	80	727
Change in scope of consolidation ⁽¹⁾	192	51	(3)	80	320
Increases and other acquisitions	7	16	13	71	107
Assets de-recognized in the period		(5)		(8)	(13)
Amortization provisions (continuing operations)	(12)		(67)	(7)	(86)
Reversals/Impairment losses (continuing operations)	(4)	1	(2)	1	(4)
Impact of foreign exchange gains and losses	56	7	3	7	73
Reclassifications and other entries	10	1	40	(45)	6
As at December 31, 2010	562	253	136	179	1,130
Change in scope of consolidation ⁽¹⁾	59	35	6		100
Increases and other acquisitions	6	29	13	106	154
Assets de-recognized in the year		(4)	(7)	(2)	(13)
Amortization provisions (continuing operations)	(14)	(2)	(59)	(32)	(107)
Reversals/Impairment losses (continuing operations)			3	1	4
Impact of foreign exchange gains and losses	(26)	(9)	(1)	(8)	(44)
Reclassifications and other entries	7	5	32	(20)	24
As at December 31, 2011	594	307	123	224	1,248

(1) See Note 1 for the major acquisitions.

Internally-generated assets (primarily IT developments) represented €14 million in 2011 compared to €13 million in 2010.

As at December 31, 2011, intangible assets included brands and lease rights with an indefinite useful life of €555 million and €307 million; the latter are allocated by our operating subsidiaries in the following CGUs:

(In € millions)	2011	2010
Exito	218	246
GPA	440	399
Casino France general retail	80	73
Franprix-Leader Price	64	36
Monoprix	24	20
Go Sport Group	30	28
Others	6	3

Intangible assets were tested for impairment at December 31, 2011 according to the method described in Note 1.17 «Accounting Rules and Methods»; the impact is presented in Note 15.

• Note 13 > Property, plant and equipment:

13.1 > Breakdown

(In € millions)	2011			2010 Restated		
	Gross	Amort and impairment	Net	Gross	Amort and impairment	Net
Land and improvements	1,498	(66)	1,432	1,476	(61)	1,415
Buildings and improvements	4,098	(1,436)	2,662	3,718	(1,275)	2,443
Other property, plant and equipment	6,297	(3,678)	2,619	5,717	(3,351)	2,366
Property, plant and equipment:	11,893	(5,180)	6,713	10,911	(4,687)	6,224

13.2 > Changes

(In € millions)	Land and improvements	Buildings and improvements	Other property, plant and equipment	Total
As at January 1, 2010 restated	1,376	2,273	2,154	5,803
Change in scope of consolidation	5	(30)	2	(23)
Increases and other acquisitions	22	113	707	842
Assets de-recognized in the year	(26)	(58)	(23)	(107)
Depreciation for the year (continuing operations)	(6)	(125)	(432)	(563)
Reversals/ Impairment losses (continuing operations)	(2)	(6)	1	(7)
Impact of foreign exchange gains and losses	73	190	75	338
Reclassifications and other entries	(27)	86	(118)	(59)
As at December 31, 2010	1,415	2,443	2,366	6,224
Change in scope of consolidation	65	274	106	445
Increases and other acquisitions	22	92	883	997
Assets de-recognized in the year	(19)	(34)	(64)	(117)
Depreciation for the year (continuing operations)	(6)	(139)	(474)	(619)
Reversals/ Impairment losses (continuing operations)	1	(2)	4	3
Impact of foreign exchange gains and losses	(12)	(45)	(38)	(95)
Reclassifications and other entries	(34)	73	(164)	(125)
As at December 31, 2011	1,432	2,662	2,619	6,713

Property, plant and equipment were tested for impairment at December 31, 2011 according to the method described in Note 1.17 «Accounting Rules and Methods»; the impact is presented in Note 15.

13.3 > Fixed assets financed under financial leases

The Group has entered into finance leases for real estate and investment property, which can be analyzed as follows:

(In € millions)	2011			2010		
	Gross	Amort.	Net	Gross	Amort.	Net
Land and improvements	37	(2)	35	41	(2)	39
Buildings and improvements	222	(109)	113	233	(108)	125
Other property, plant and equipment	645	(526)	119	646	(531)	115
Investment property	81	(10)	71	82	(7)	75
Fixed assets financed under financial leases	985	(647)	338	1,002	(648)	354

• Note 14 > Investment property

14.1 > Changes

(In € millions)	Gross	Depreciation	Impairment loss	Net
As at January 1, 2010	1,781	(262)	(52)	1 465
Change in scope of consolidation				
Increases and other acquisitions	123	(48)		75
Assets de-recognized in the year	(117)	18		(99)
Impairment losses (net)		(4)	(3)	(7)
Impact of foreign exchange gains and losses	50	(12)	(1)	37
Reclassifications and other entries	49	8		57
Reclassification of assets held for sale				
As at December 31, 2010	1,886	(299)	(56)	1,528
Change in scope of consolidation	157			157
Increases and other acquisitions	120	(54)		66
Assets de-recognized in the year	(83)	14		(69)
Impairment loss (net)			(2)	(2)
Impact of foreign exchange gains and losses	(8)	1	4	(3)
Reclassifications and other entries	134	(18)		116
Reclassification of assets held for sale	(29)		21	(8)
As at December 31, 2011	2,177	(355)	(33)	1,785

Investment properties are measured at cost, less total depreciation and any impairment losses. Their fair value as at December 31, 2011 was €3,626 million (€3,573 million as at December 31, 2010). This fair value is determined, for most of the investment properties, on the basis of valuations conducted by experts outside the Group. The valuation is made based on an open market value, supported by market indicators, in accordance with international valuation standards.

Investment properties amounted to €1,785 million at December 31, 2011, approximately 65% of which relate to the Mercialis company (approximately €1,156 million).

The amounts recognized in income for rental income and operating expenses for investment properties is summarized as follows:

(In € millions)	2011	2010
Rental income from investment properties	334	267
Direct operating expenses incurred for investment properties which did not generate rental income during the period	(13)	(12)
Direct operating expenses incurred for investment properties which did generated rental income during the period	(22)	(20)

14.2 > Fair value of Rallye investment properties

At December 31, 2011, the real estate portfolio recognized by Rallye as investment properties was primarily composed of a portion of a shopping mall in operation (Weiterstadt) and a portion of a mall under construction (Gdynia). This portfolio is listed at a value of €171 million on the consolidated balance sheet and was valued at €201 million at December 31, 2011.

The assets in operation are valued by firms of independent experts. The other real estate assets (assets in progress reclassified as investment properties pursuant to the amendment to IAS 40) are measured at cost.

14.3 > Fair value of Mercialys investment properties

At December 31, 2011, Atis Real, Catella, Galtier and Icade updated the appraisal of the value of Mercialys' property holding:

- Atisreal completed its appraisal of the hypermarket sites (85 sites) at December 31, 2011, by completing a site inspection at five of the sites in the second half of 2011, and on the basis of an update to the appraisal performed on June 30, 2011 for the other 79 sites (7 of which had been subjected to on-site inspections in the first half of 2011);
- Catella conducted its appraisal of the supermarket sites (13 sites) as at December 31, 2011, on the basis of an update to the appraisals carried out on June 30, 2011;
- Galtier completed the appraisal for the remainder of the Mercialys assets (19 sites) as at December 31, 2011, on the basis of an update to the appraisals carried out on June 30, 2011;
- Icade completed the appraisal of Caserne de Bonne located in Grenoble by conducting a site inspection in the second half of 2011, together with the appraisal of a site located in the Paris region which had been subjected to an on-site inspection during the first half of 2011.

These appraisals, based on recurring rental income of €141 million, valued the real estate holdings at €2,427 million, fees included, at December 31, 2011 and at €2,359 million at December 31, 2010.

The value of the portfolio was therefore up +2.9% over 12 months (+3.1% on a constant basis). The value of the portfolio has remained almost stable over the last six months: -0.1% (+1.2% on a constant basis).

The average capitalization rates resulting from the appraisals were as follows:

	2011	2010
Major shopping malls	5.40%	5.40%
Local convenience stores	6.50%	6.40%
Total portfolio	5.80%	5.80%

Based on an annual rental income of €141 million and a capitalization rate of 5.8%, the impact of a 0.5% increase/decrease in this rate would result in an increase/decrease in the fair value of the Mercialys real estate holdings of €229 and €193 million, respectively.

Based on a capitalization rate of 5.8%, the impact of a 10% increase or decrease in rental income would have an impact of plus or minus €243 million.

On the basis of these appraisals, no impairment was recorded in the financial statements as at December 31, 2011, as in 2010.

• Note 15 > Impairment of non-current assets

Pursuant to IAS 36 "Impairment of assets", goodwill and other non-financial assets were tested for impairment at December 31, 2011 using the methodology described in Note 1.17 of "Accounting Rules and Methods".

15.1 > Impairment losses on goodwill of Rallye's operating subsidiaries

The Cash Generating Units (CGUs) used correspond to the Group's operating subsidiaries. The goodwill amounts of the General Retail and Sporting Goods CGUs totaled €1,010 and €20 million respectively.

The value in use of the CGUs is calculated by discounting the provisional after-tax cash flows by the rates mentioned below:

Business segment	Growth rate to infinity	Discount rate	
		2011	2010
Food and general retailing	2%	10.0%	9.7%
Sporting goods retailing	2%	6.4%	6.4%

The method used to determine the values in use consists primarily of discounting future cash flows; these flows are estimated on the basis of plans or a consensus of analysts established over three years, then extrapolated over 3 to 5 years.

The terminal value is calculated on the basis of a standard flow determined from the flow for the last year of projections, and extrapolated to infinity by applying a rate of growth.

The key assumptions include the rate of growth in revenue, EBITDA margin and discount rates.

The values in use of the Group's operating subsidiaries were measured and did not result in recognition of an impairment.

At December 31, 2011, for the Food and General Retailing segment, an increase of 100 basis points in the discount rate or a decline of 50 basis points in the EBITDA margin in the flow for the last year of projections used to calculate the terminal value would not have led to recognition of an impairment. For the Sporting goods retailing segment, an increase of 100 basis points in the discount rate or a 50 point decrease in the EBITDA margin in the flow of the last year of projections used to calculate the terminal value would not have led to recognition of an impairment.

15.2 > Impairment of non-current assets in operating subsidiaries

In each of the Group's business segments, the CGUs used are stores or networks. The impairments noted in these subsidiaries were retained at the holding company level to reflect the Group's intrinsic value.

Across all assets, management made the best estimate possible of the recoverable values or the values in use. The assumptions used are indicated below.

The impairment testing conducted in 2011 on isolated assets by the operating subsidiaries led to recognition of an impairment on goodwill for €3 million, on intangible and tangible assets and investment property for €3 million, and a reversal of depreciation of €6 million regarding intangible and tangible fixed assets.

As a reminder, it should be noted that the impairment tests performed in 2010 led the Group to record impairments on non-current assets for a total net amount of €21 million, assigned to intangible and tangible assets.

- 15.2.1. Impairment of goodwill in operating subsidiaries

The goodwill of operating subsidiaries is located primarily in the Food and General Retailing business. The values in use were calculated by discounting provisional cash flows after taxes by the rates mentioned below:

Parameters used to calculate values in use:

	Growth rate to infinity ⁽¹⁾	Discount rate after taxes ⁽²⁾
Food and General retailing		
France (food and general retailing) ⁽³⁾	0%	6.0% to 9.0%
France (other activities) ⁽³⁾	-0.5% to +0.5%	6.0% to 8.7%
Argentina	0.50%	18.30%
Colombia ⁽⁴⁾	0.50%	9.50%
Uruguay	0.50%	11.80%
Thailand ⁽⁴⁾	0.50%	7.80%
Vietnam	0.50%	16.00%
Indian Ocean ⁽⁵⁾	0.00%	6.0% to 11.7%
Sporting goods retailing		
France and Poland	1.75%	10.0%

(1) The growth rate to infinity net of inflation ranges between -0.5% and +2.0% according to the nature of activity/brand of the CGU.

(2) The discount rate used corresponds to the weighted average cost of capital for each of the countries. This is calculated at least once a year during the annual test taking into account the debt beta of the segment, the market risk premium and the Group's cost of debt.

(3) Concerning operations in France, the discount rate, stable or up compared to fiscal year 2010, also takes account of the type of business/brand of the CGU and the related operating risks.

(4) The market capitalization of BIG C and Exito listed subsidiaries amounted to €2,346 and €4,536 respectively as at December 31, 2011.

(5) The Indian Ocean zone includes Reunion, Mayotte, Madagascar and Mauritius. The discount rate used reflects the risks specific to each of the geographic zones.

The annual goodwill impairment test conducted at the end of the year, did not lead to recognition of impairment at December 31, 2011.

Based on the surplus existing between the value in use and the carrying amount, the Casino Group estimates, on the basis of reasonably predictable events on that date, that any changes affecting the key assumptions cited above would not result in the recognition of an impairment, with the exception of the Geimex CGU (export center to the DOM TOM jointly controlled with the BAUD family. In particular, a 100 point increase in the discount rates or a 25 point drop of the infinity growth rate used to calculate the terminal value, or a 50 point decline in the EBITDA margin of the normative annual flow used to calculate the terminal value, would not have led to the recognition of impairment. Concerning the Geimex CGU, the 2011 test showed a value in use very close to the carrying amount. A 100 point increase in the discount rate or a 25 point drop in the infinity growth rate used to calculate the terminal value, or a 50 point decline in the EBITDA margin of the normative annual flow used to calculate the terminal value, would have led to the recognition of impairment for Casino's share between €2 and €10 million

GPA was the subject of an external valuation in the months of December 31, 2011, which concluded with no impairment for the year ended December 31, 2011.

The principal assumptions and conditions for this valuation can be summarized as follows:

- the estimate of the value in use of GPA is based on the discounted future cash flows, reinforced on the basis of a multi-criteria analysis (stock market comparables and transaction multiples). The methodology for discounting future cash flows was considered fundamental to a valuation of GPA;
- GPA uses cash flow projections established on the basis of financial predictions approved by management, covering a three-year period and a discount rate ranging from 10.8% to 11.5% depending on the activities. The cash flows after this period were extrapolated over a period of two years before determining the terminal value;
- the key assumptions include, in particular, the rates of growth in revenues, the discount rate and the EBITDA multiple (varying from 7.1x to 10.9x depending on the activities) used to calculate the terminal value. At December 31, 2011, a discount rate 660 points higher than the value used or a decline of 4.4 points in the EBITDA multiple would reduce the value in use to the carrying amount.

GPA's market capitalization amounted to €7,211 million at December 31, 2011.

• Note 16 > Interests in associates

16.1 > Changes in interests in associates

(In € millions)	Opening	Net income for the year	Retail	Consolidation and exchange rate changes	Closing
Changes in 2010					
Associated companies of the GPA group	27	7		5	39
Associated companies of the Franprix-Leader Price group	87	1	(6)	18	100
OPCI – AEW Immocommercial	23	2	(4)		21
OPCI – Others	41	2	(1)	(42)	
Pont de Grenelle	10				11
Ruban Bleu Saint-Nazaire	7				8
Centrum NS		1		30	31
Other companies	1				1
Total	196	13	(11)	11	211
Changes in 2011					
Associated companies of the GPA group	39	3			42
Associated companies of the Franprix-Leader Price group	100	(12)		35	122
OPCI – AEW Immocommercial	21	3	(3)	(21)	
Pont de Grenelle	11		(1)		10
Ruban Bleu Saint-Nazaire	8	(1)			7
Centrum NS	31	(2)		(4)	25
Other companies	1				1
Total	211	(9)	(4)	10	207

In 2011, the major changes concerned the transactions linked to Distri Sud-Ouest (Franprix-Leader Price) as described in Note 2.3 and the disposal of the bulk of securities held in OPCI AEW Immocommercial (see Note 5).

In 2010, the changes noted in the interests in associates primarily corresponded to the de-consolidation of OPCI Vivéris and SPF1 as a result of the lack of significant influence over these two entities.

As at December 31, 2011, the associate companies are not listed for trading, so there is no market value to determine the fair value of these investments.

Transactions with associates are presented in Note 34.2.

16.2 > Share of contingent liabilities

At December 31, 2011 and 2010, there were no contingent liabilities in the associates.

• Note 17 > Interests in joint ventures

The companies or sub-groups Monoprix, Distridyn, Régie Média Trade, Dunnhumby France, Geimex, and certain real estate subsidiaries held at 50%, are consolidated proportionately, as the Group exercises joint control.

The companies or sub-groups Banque du Groupe Casino, Grupo Disco de Uruguay, Wilkes and the GPA group, are consolidated proportionately; the agreements signed by the partners and the Casino Group provide for the exercise of joint control over their activities.

Certain joint ventures are the subject of put and call options, particularly GPA and Monoprix (see Note 32.2.1).

17.1 > Aggregate accounts of main joint ventures, restated under IFRS

(In € millions)	Total 2011	GPA	Monoprix	Total 2010 restated	GPA	Monoprix
Share held		(1)	50.00%		33.70%	50.00%
Sales	11,467	7,794	1,976	8,104	4 633	1 916
Net income	207	114	85	202	96	88
Non-current assets	4,349	2,945	1,138	3,731	2 361	1 111
Current assets	4,089	3,122	340	3,512	2 340	329
Total Assets	8,438	6,067	1,478	7,243	4 701	1 440
Net position	2,831	1,995	635	2,638	1 757	611
Non-current liabilities	1,777	1,561	109	1,140	909	113
Current liabilities	3,830	2,512	734	3,466	2 035	716
Total liabilities	8,438	6,067	1,478	7,243	4 701	1 440

(1) 38.91% and 40.62% corresponding respectively to the average percentage of interest in the period for revenue and net income and 40.13% corresponding to the percentage of interest as at December 31, 2011 for balance sheet items.

17.2 > Share of contingent liabilities

At December 31, 2011, contingent liabilities in the joint ventures represented only social and fiscal risks for the GPA group and totaled €817 million (share) compared to €471 million at December 31, 2010.

(In € million and share)	2011	2010
INSS (Employee social contribution linked to the social protection scheme)	42	36
IRPJ – IRRF and CSLL (income tax)	63	39
COFINS, PIS and CPMF (VAT and similar taxes)	143	110
ISS, IPTU and ITBI (tax on services, tax on urban real estate ownership and tax on real estate transactions)	59	23
ICMS (VAT)	418	226
Employee disputes	24	14
Civil disputes	69	23
Total commitments given	818	471

• **Note 18 > Non-current financial assets**

18.1 > Breakdown of non-current financial assets

(In € millions)	2011	2010 Restated
Non-current securities from portfolio activities	274	302
Other available-for-sale assets	105	136
Available for sale (AFS) financial assets	379	438
Loans	70	108
Non-current derivative assets	59	48
Prepaid rents	244	184
Deposits, pledges and other	19	13
Receivables from equity holdings	200	271
Non-current financial assets	971	1,062

18.2 > Change in financial assets available for sale

(In € millions)	2011	2010
As at January 1	438	432
Increases	47	50
Decreases and return of capital ⁽¹⁾	(85)	(95)
Changes in fair value	2	47
Impairment ⁽²⁾	(22)	(16)
Changes in consolidation and foreign exchange rates ⁽³⁾	(1)	40
Others		(20)
As at December 31	379	438

(1) Decreases during the period include disposals and capital reimbursements. In 2011 the disposals specifically concerned OPCI Vivéris and SPF1 (see Note 5).

(2) These changes reflect a fair value adjustment previously recognized in equity and recycled in income in 2011 for €5 million versus -€9 million in 2010.

(3) Changes in scope of consolidation and foreign exchange rates for fiscal 2010 corresponded specifically to the recognition of OPCI Vivéris and SPF1 securities partly offset by the consolidation of previously unconsolidated companies.

18.3 > Prepaid rent

Prepaid rent represents a right to use land in certain countries, over an average period of 26 years, the cost of which is spread over the duration of use.

• **Note 19 > Inventories**

(In € millions)	2011			2010		
	Gross value	Depreciation	Net value	Gross value	Depreciation	Net value
Food and general retailing	3,239	(48)	3,191	2,751	(42)	2,709
Sporting goods retailing	166	(7)	159	175	(5)	170
Real estate	217	(26)	191	212	(27)	185
Total	3,622	(81)	3,541	3,138	(74)	3,064

• **Note 20 > Trade receivables**

20.1 > Breakdown

(In € millions)	2011	2010
Trade receivables and related accounts	962	989
Write-downs on trade receivables and related accounts	(114)	(107)
Receivables from credit activity	1,054	969
Write-downs on receivables from credit activity	(21)	(97)
Trade receivables, net value	1,881	1,754

20.2 > Write-downs on trade receivables

(In € millions)	2011	2010
Write-downs on trade receivables and related accounts		
Balance as at January 1	(107)	(78)
Allocation made	(26)	(34)
Reversal	19	25
Change in scope of consolidation	(3)	(17)
Currency translation adjustments	3	(3)
Balance as at December 31	(114)	(107)
Write-downs on receivables from credit activity		
Balance as at January 1	(97)	(86)
Allocation made	(56)	(36)
Reversal	116	25
Change in scope of consolidation	16	
Currency translation adjustments		
Balance as at December 31	(21)	(97)

The conditions for taking write-downs are detailed in Note 31.5 "Credit Risks".

• **Note 21 > Other assets**

21.1 > Breakdown

(In € millions)	2011	2010 Restated
Other receivables	1,524	1,571
Current accounts of unconsolidated companies	118	115
Write-downs on other receivables and current accounts	(43)	(31)
Non-hedging derivative assets and cash flow hedge	9	6
Prepaid expenses	135	154
Other assets	1,743	1,815

Other receivables primarily represent tax and social security receivables and income receivable from suppliers. Prepaid expenses represent purchases, rent, rental charges and insurance premiums.

21.2 > Write-downs on other receivables and current accounts

(In € millions)	2011	2010
Balance as at January 1	(31)	(33)
Allocation made	(9)	(10)
Reversal	7	7
Change in scope of consolidation	(1)	
Currency translation adjustments	(9)	5
Balance as at December 31	(43)	(31)

• Note 22 > Other current financial assets

(In € millions)	2011	2010
Publicly traded shares	18	16
Available-for-sale assets ⁽¹⁾	127	20
Short-term bonds	135	106
Short-term financial receivables	50	7
Other	60	33
Investment and similar securities	390	182
Derivative assets to hedge fair value and debt derivatives	75	126
Other current financial assets	465	308

(1) The change in «Available-for-sale assets» primarily corresponds to the acquisition of GPA securities.

• Note 23 > Net cash and cash equivalents

23.1 > Breakdown of cash and cash equivalents

(In € millions)	2011	2010
Cash equivalents	1,889	2,117
Cash	2,034	1,318
Gross cash and cash equivalents	3,923	3,435
Spot credits and confirmed lines		
Current bank loans	(587)	(341)
Net cash and cash equivalents	3,336	3,094

The gross cash of the parent company and wholly owned companies was approximately €4 million. All cash and cash equivalents, presented at 100% and held by companies in which non-controlling interests are present, represented approximately €2,891 million. The balance represents the cash of proportionately consolidated companies in the amount of about €1,028 million (GPA, Banque du Groupe Casino, Monoprix). With the exception of the proportionately consolidated companies for which dividend distributions are subject to approval of the partners, the cash and cash equivalents of the fully consolidated companies is available in its entirety for the Group, as despite the presence of minority shareholders, it controls the distribution policy subject to restrictions related to banking covenants.

23.2 > Analysis of gross cash by currency

(In € millions)	2011	%	2010	%
Euro	1,599	41	2,126	62
US Dollar	265	7	40	1
Argentine peso	34	1	31	1
Brazilian real	867	22	676	20
Thai baht	188	5	128	4
Colombian peso	830	21	312	9
Vietnamese dong	71	2	57	2
Uruguayan peso	40	1	32	1
Polish zloty	3	0	3	0
Other currencies	26	1	30	1
Gross cash and cash equivalents	3,923	100	3,435	100

The item gross cash included €219 million at December 31, 2011 (€187 million at December 31, 2010) in cash received representing an assignment of receivables that meet the criteria for outflows of financial assets stipulated in IAS 39 and detailed in the note describing the accounting principles applicable to trade receivables.

• Note 24 > Assets and liabilities held for sale

At December 31, 2011, some real estate assets were assigned for sale; the assets and liabilities reclassified respectively on the lines "Assets held for sale" and "Liabilities on assets held for sale", respectively break down as follows:

(In € millions)	2011	2010
Real estate assets of the Franprix-Leader Price group	14	1
Real estate assets of the Mercialis subgroup	6	
Real estate assets shopping malls	14	18
Other	8	
Assets held for sale	42	19

• Note 25 > Shareholders' equity and non-controlling interests

25.1 > Capital management

The Group's policy is to maintain a solid capital base in order to maintain the confidence of investors, creditors and the market and to support the future growth of the business. The Group pays attention to the number and diversity of its shareholders as well as to the level of dividends paid to shareholders.

In June 2005, Rallye implemented a liquidity contract complying with the ethics charter developed by the AMAFI (*Association française des marchés financiers pour les professionnels de la bourse et de la finance*) in order to ensure a liquid market.

Under a stock buyback program approved by the General Shareholders' Meeting, Rallye is authorized to purchase shares of the company in order to cover stock option plans for new or existing shares, allot bonus shares to employees and executives, ensure market liquidity for the company's shares, retain them for subsequent remittal as payment or exchange in possible M&A transactions, and retire them up to a maximum number not to exceed 10% of the capital stock.

Under the authority granted to the Board of Directors, the total amount of the capital increases that may be executed, immediately or in the future, other than through the capitalization of profits, reserves or premiums, may not exceed a nominal value of €66 million.

25.2 > Capital stock and reserves related to capital

The capital is composed of 44,466,160 shares representing a nominal value of €139 million. The issue, merger and other premiums attached to capital amounted to €995 million, €363 million and €40 million, respectively.

25.3 > Change in capital

Common shares issued and fully paid-up (the par value of the share is 3 euros)

	2011	2010
Number of shares as at January 1	44,300,003	42,360,140
Exercise of stock options	50,802	
2010 dividend paid in shares (balance)	1,321,416	688,754
2011 dividend paid in shares (balance)	793,939	1,251,109
Number of shares as at December 31	46,466,160	44,300,003

25.4 > Other shareholders' equity

(In € millions)	2011	2010
Premiums ⁽¹⁾	1,398	1,349
Treasury shares ⁽²⁾	(14)	(9)
Equity instruments (TSSDI – super subordinated securities) ⁽³⁾	600	600
Other equity instruments ⁽⁴⁾	(4)	(4)
Consolidated reserves ⁽⁵⁾	4,740	4,479
Currency translation adjustment ⁽⁶⁾	582	945
Total shareholders' equity	7,302	7,360

(1) Premiums: These are the premiums (issue, spin-off and merger) of the parent company.

(2) Treasury stock: At December 31, the number of treasury shares held was 728,686, representing €14 million.

During the period, the company:

acquired 180,134 shares intended to cover the Rallye bonus share allotment and stock option plans awarded by the company to the Group's managers and employees; delivered 188,128 shares under a bonus share allotment plan that expired in 2011;

Acquired 683,328 shares and sold 596,578 shares under the liquidity agreement.

(3) Equity instruments (TSSDI): At the beginning of 2005, the Casino Group placed on the market €600 million in perpetual "super subordinated" securities (TSSDI). The potential redemption of this instrument is at the Group's discretion and the remuneration is subordinated to the payment of a dividend for the common shares during the last twelve months. Because of its specific features, duration and remuneration, this instrument is classified as equity in an amount of €600 million. The dividend is at a rate of 10-year Constant Maturity Swap +100 bp (the rate may not exceed 9%).

(4) Other equity instruments: the Group holds calls purchased to hedge stock option plans for a value of €4 million.

(5) Consolidated reserves: This item includes:

the reserves of the parent company after consolidation restatements;
the restated equity of each of the subsidiaries, minus the value of the shares held by the Group and plus any goodwill;
the cumulative effect of the changes in accounting methods and error corrections;
the changes in fair value of the financial assets available for sale;
the changes in fair value of the derivatives in cash flow hedging operations.

(6) Currency translation adjustments: This account includes the positive or negative currency translation adjustments related to the measurement at the closing rate of the equity of foreign subsidiaries and the fraction of the receivables and liabilities that are part of the net investment in the foreign subsidiaries.

25.5 > Change in income and expenses booked in shareholders' equity

(In € millions)	2011	2010
Financial assets available for sale	(9)	37
Change in fair value over the period	(6)	35
Recycling in profit or loss	(5)	11
Income tax (expense)/revenue	2	(9)
Cash flow hedges	2	11
Change in fair value over the period	9	16
Recycling in profit or loss	(4)	(5)
Income tax expense/revenue	(3)	0
Currency translation adjustments	(363)	573
Change in translation adjustments over the period	(340)	627
Recycling in profit or loss	(23)	(54)
Actuarial differences and asset ceiling adjustments	(2)	(12)
Change over the period	(4)	(18)
Income tax expense/revenue	2	6
Total	(372)	609

25.6 > Currency translation adjustments

(In € millions)	Group share			Minority share			Total 2011
	2011 opening	2011 change	2011 closing	2011 opening	2011 change	2011 closing	
Brazil	303	(165)	138	317	(221)	96	234
Argentina	(23)	(6)	(29)	(25)	(3)	(28)	(57)
Colombia	61	6	67	133	44	177	244
Uruguay	23	2	25	25	2	26	51
United States	(6)	7	1	(1)	3	2	3
Thailand	37	(2)	35	73	(8)	65	100
Poland	19	(7)	12	20	(9)	11	23
Indian Ocean	(3)		(3)	(6)	1	(5)	(8)
Vietnam	(2)	(1)	(3)	(4)	(2)	(6)	(9)
Total currency translation adjustments	409	(166)	243	533	(194)	339	582

The changes in 2011 result primarily from the appreciation of the euro against the Brazilian currency.

(In € millions)	Group share			Minority share			Total 2010
	2010 opening	2010 change	2010 closing	2010 opening	2010 change	2010 closing	
Brazil	183	121	304	190	128	318	622
Argentina	(22)	(1)	(23)	(24)	(1)	(25)	(48)
Colombia	2	59	61	(20)	153	133	194
Uruguay	16	7	23	17	8	25	48
Venezuela	5	(5)		3	(3)		
United States	(3)	(3)	(6)	(3)	2	(1)	(7)
Thailand	5	32	37	3	71	74	111
Poland	18	1	19	16	4	20	39
Indian Ocean	1	(4)	(3)	(7)	1	(6)	(9)
Vietnam	(2)		(2)	(5)	2	(3)	(5)
Total currency translation adjustments	203	207	410	170	365	535	945

The changes in 2010 result primarily from the appreciation of the Brazilian, Colombian and Thai currencies against the euro.

25.7 > Share-based payments

- 25.7.1. Payments in Rallye shares

> Stock option plans

Allotment date	10/01/2007	04/23/2008	04/27/2009	12/09/2009	09/06/2010
Maturity date	03/31/2013	10/22/2013	10/27/2014	06/08/2015	03/05/2016
Number of initial beneficiaries	60	66	13	1	12
Number of options initially granted	181,127	258,091	310,521	12,000	124,485
Number of options waived	33,440	44,492	79,037		
Number of options exercised			50 802		
Number of outstanding options at period end	147,687	213,599	180,682	12,000	124,485
Exercise price in euros	48.73	43.15	14.24	24.62	26.44
Valuation of options:					
Fair value at time of award in euros	10.16	8.74	1.55	5.90	5.99
Valuation model used	Trinomial	Trinomial	Trinomial	Trinomial	Trinomial
Volatility	26,08%	28,39%	39,81%	40,81%	40.72%
Duration of the option	5 ½ years	5 ½ years	5 ½ years	5 ½ years	5 ½ years
Risk free interest rate	4.23%	3.99%	2.84%	2.83%	1.92%
Projected dividend (progression rate)	4.00%	4.00%	0%	0%	0%

None of these stock option plans provide for the possibility of early exercise.

The change in the number of options granted under the above option plans and the average exercise price over the period was as follows:

	2011		2010	
	Weighted average exercise price in €	Number of options	Weighted average exercise price in €	Number of options
Outstanding at beginning of period	33.02	926,185	34.57	1,202,702
Awarded during the period			26.44	124,485
Options waived during the period	44.90	4,220	30.76	(194,001)
Exercised during the period	14.24	50,802		
Expired during the period	36.84	192,710	40.16	(207,001)
Outstanding at the end of the period	33.27	678,453	33.02	926,185
That may be exercised at the end of the period	35.03	541,968	36.84	192,710

> Bonus share allotment plans

Rallye also granted bonus share allotment plans in September 2010 and June 2011. The final vesting of the shares for beneficiaries is subject to achievement of a company performance criterion which is assessed annually and results each year in a determination of the percentage of shares vested for the year in question. The total number of bonus shares definitively vested is equal to the average of the annual award. The performance criterion used for the 2010 plan is the coverage of financial expenses by EBITDA; for the 2011 plan, the criteria include 50% coverage of financial expenses by EBITDA, for 50% a cost of debt level.

The details of the bonus share plans are provided in the table below:

Award date	09/06/2010	06/08/2011
Maturity date	03/06/2013	06/08/2014
Number of initial beneficiaries	61	58
Number of options initially granted	143,195	133,032
Number of options waived	4,323	
Number of outstanding options at end of period	138,872	133,032
Valuation of options:		
Fair value of the share in euros	19.86	24.06
Rights vesting period	2 years and 6 months	3 years

The impact of the share-based payments granted by Rallye on the income statement was €3 million in 2011 and €2 million in 2010.

The impact of the share-based payments granted by the companies of the Group on the income statement was €19 million in 2011 and €22 million in 2010.

- 25.72. Payments in Casino shares

> Stock option plans

Award date	12/15/2006	04/13/2007	12/07/2007	04/14/2008
Maturity date	06/14/2012	10/12/2012	06/06/2013	10/13/2013
Share price in euros at time of award	70.00	75.80	77.25	75.10
Exercise price in euros	69.65	75.75	74.98	76.73
Number of options initially granted	53,708	362,749	54,497	434,361
Duration of the option	5 ½ years	5 ½ years	5 ½ years	5 ½ years
Projected dividend	2.00%	5.00%	5.00%	5.00%
Volatility	25.11%	23.55%	25.27%	24.04%
Risk free interest rate	3.99%	4.78%	4.85%	4.17%
Fair value of the option in euros	14.31	16.73	18.18	13.61
Number of options outstanding	27,101	186,434	35,931	274,632

Award date	12/05/2008	04/08/2009	12/04/2009	04/29/2010
Maturity date	06/04/2014	10/07/2014	06/03/2015	10/28/2015
Share price in euros at time of award	43.73	48.37	58.31	65.45
Exercise price in euros	49.02	49.47	57.18	64.87
Number of options initially granted	109,001	37,150	72,603	48,540
Duration of the option	5 ½ years	5 ½ years	5 ½ years	5 ½ years
Projected dividend	5.00%	5.00%	5.00%	5.00%
Volatility	26.77%	29.60%	30.02%	29.32%
Risk free interest rate	3.05%	2.44%	2.09%	1.69%
Fair value of the option in euros	6.14	5.07	8.59	10.33
Number of options outstanding	84,662	33,400	56,748	45,365

> Bonus share allotment plans

Allotment date	12/04/2009	04/29/2010	04/29/2010	10/22/2010	12/03/2010	04/15/2011	04/15/2011
Maturity date	12/04/2014	04/29/2015	04/29/2015	10/22/2014	12/03/2015	04/15/2015	04/16/2016
Share price in euros at time of award	58.31	65.45	65.45	67.68	69.33	70.80	70.80
Number of options initially granted	24,463	51,394	296,765	4,991	17,268	69,481	46,130
Fair value of the share in euros	42.47	50.86	50.86	57.07	55.35	58.99	56.40
Employment condition	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Performance condition	(1)	(1)	(2)	(1)	(1)	(1)	(1)
Number of options outstanding	15,718	46,326	265,400	2,062	16,474	67,748	46,130

(1) Not subject to performances criteria.

(2) The performance criterion used for the stock plans awarded on October 21, 2011, on April 15, 2011 and on April 29, 2010 depends on the company with which the beneficiary is associated. At December 31, 2010, the performance rates were as follows:
Monoprix: 100% under the 2011 plans and 73% for 2010;
other companies: mainly 100% for 2011 and 74 % for 2010.

Allotment date	04/15/2011	04/15/2011	10/21/2011	10/21/2011	10/21/2011	12/02/2011	12/02/2011
Maturity date	04/16/2016	04/16/2016	10/21/2016	10/21/2015	10/21/2016	12/02/2016	12/02/2015
Share price in euros at time of award	70.80	70.80	62.94	62.94	62.94	66.62	66.62
Number of options initially granted	241,694	26,585	3,742	26,931	4,200	23,383	2,362
Fair value of the share in euros	56.34	56.34	47.53	49.79	47.53	50.94	53.16
Employment condition	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Performance condition	(2)	(2)	(1)	(1)	(2)	(1)	(1)
Number of options outstanding	238,099	26,035	3,742	26,931	4,200	23,383	2,362

(1) Not subject to performances criteria.

(2) The performance criterion used for the stock plans awarded on October 21, 2011, on April 15, 2011 and on April 29, 2010 depends on the company with which the beneficiary is associated. At December 31, 2010, the performance rates were as follows:
Monoprix: 100% under the 2011 plans and 73% for 2010;
other companies: mainly 100% for 2011 and 74 % for 2010.

The performance criteria used are essentially related to the levels of organic growth in revenue and the levels of income from continuing operations.

Information on Casino's stock plans:

Stock options for existing shares and options for new shares	Number of current stock options	Weighted average exercise price (in €)
Options outstanding at January 1, 2010	1,405,644	€65.98
Options exercisable	527,581	
Options allotted	48,540	€64.87
Options exercised	(281,725)	€57.94
Options eliminated	(120,974)	€69.75
Options expired	(41,705)	€58.16
Options outstanding at December 31, 2010	1,009,780	€68.04
Options exercisable	414,296	€72.94
Options allotted		
Options exercised	(105,332)	€57.94
Options eliminated	(110,497)	€72.03
Options expired	(49,678)	€57.89
Options outstanding at December 31, 2011	744,273	€59.01
Options exercisable	524,098	€75.89

Bonus shares being vested	Number of current shares
Shares outstanding at January 1, 2010	902,211
Shares allotted	370,418
Shares eliminated	(307,004)
Shares issued	(129,622)
Shares outstanding at December 31, 2010	836,003
Shares allotted	444,508
Shares eliminated	(378,008)
Shares issued	(117,893)
Shares outstanding at December 31, 2011	784,610

25.8 > Dividend distribution

In 2011, Rallye paid the following:

- the balance of the 2010 dividend in the amount of €1.03 per share;
- an interim dividend for €0.80 per share.

The possibility of opting for payment in shares was offered when the distribution was made (see Note 1.2 of Other Highlights).

The Board of Directors is proposing payment of a dividend of €1.83 euro per share for fiscal 2011, leaving a balance of €1.03 euro per share to be paid after the interim dividend of €0.80 euro paid in October 2011.

• Note 26 > Provisions

(In € millions)	As at January 1, 2011	Increase for the year	Reversals used in the year	Reversals not used in the year	Changes in scope and transfers	Foreign currency changes	Others	As at December 31, 2011
After-sale service	8	9	(7)					10
Employment service medal	21	1					1	23
Pensions ⁽¹⁾	143	84	(66)	(4)	1		9	167
Services rendered	15	16	(15)					16
Other disputes	67	20	(10)	(35)	1	(2)		41
Other risks and contingencies	322	135	(140)	(59)	21	(10)		269
Restructuring	17	5	(8)	(1)				13
Total provisions	593	270	(246)	(99)	23	(12)	10	539
of which non-current	311	118	(91)	(9)	21	(10)	10	350
of which current	282	152	(155)	(90)	2	(2)		189

(1) see Note 27.

The provisions for disputes, risks and other expenses are composed of a multitude of amounts related to employment disputes (labor tribunal), property disputes (disputes over work, disputed rent, tenant evictions, etc.), or tax or economic disputes (infringements, etc.).

• **Note 27 > Pension commitments and similar benefits**

The Group's commitments for defined benefit plans primarily relate to France for end of career indemnities and a supplemental pension plan.

27.1 > Defined benefit plan

- 27.1.1. Summary

(In € millions)	France		International		Total	
	2011	2010	2011	2010	2011	2010
Present value of hedged obligations	176	166			176	166
Fair value of plan assets	(49)	(55)			(49)	(55)
Financial hedge of commitments financed	127	111			127	111
Present value of non-hedged obligations	14	13	26	18	40	31
Non-recognized surplus (asset limitation)						
Provision recognized in the balance sheet	141	124	26	18	167	143

- 27.1.2. Change in commitments

(In € millions)	France		International		Total	
	2011	2010	2011	2010	2011	2010
A. CHANGE IN ACTUARIAL DEBT						
Actuarial debt at the beginning of period	179	152	18	17	197	168
Cost of services rendered	13	13	5	1	17	14
Interest on actuarial debt	6	6	1		7	6
Acquisitions/sales of subsidiaries	1				1	
Disbursals	(10)	(11)	(3)	(2)	(13)	(13)
Actuarial losses and (gains)	1	19	4		5	20
Currency translation adjustments				2		2
Actuarial debt at end of period (A)	190	179	26	18	216	197
B. CHANGE IN HEDGING ASSETS						
Fair value of hedging assets at beginning of period	55	62			55	62
Return expected on hedging assets	1	1			1	1
Actuarial (losses) and gains	1	1			1	1
Employer's contribution						
Employee contributions						
Benefits paid	(9)	(9)			(9)	(9)
Change in scope of consolidation						
Other transfers	1				1	
Fair value of hedging assets at end of period	49	55			49	55
C. FINANCIAL HEDGE A - B	141	124	26	18	167	143
Asset ceiling						
Net pension commitment	141	124	26	18	167	143

- 27.1.3. Balance of actuarial differences recognized in shareholders' equity

(In € millions)	2011	2010
Provisions and other current liabilities	19	15
Deferred tax assets	(7)	(5)
Cumulative decrease in shareholders' equity	12	10
of which company owners	6	5
Earnings after tax recognized in shareholders' equity	(2)	(12)

- 27.1.4. Reconciliation of balance sheet provisions

(In € millions)	France		International		Total	
	2011	2010	2011	2010	2011	2010
Beginning of period	124	90	18	17	143	107
Actuarial differences recognized in shareholders' equity		18	4		4	18
Contribution of participants						
Expenses for the year	18	18	6	1	24	19
Disbursals	(10)	(8)	(3)	(2)	(13)	(10)
Partial repayments of plan assets	9	6			9	6
Change in scope of consolidation	1				1	
Foreign currency changes				2		2
Other movements	(1)				(1)	
End of year	141	124	26	18	167	143

- 27.1.5. Expense components for the period

(In € millions)	France		International		Total	
	2011	2010	2011	2010	2011	2010
Continuing operations						
Financial cost	6	6	1		7	6
Expected return on assets	(1)	(1)			(1)	(1)
Expense recognized in financial income	5	4	1		6	5
Cost of services rendered	13	13	5	1	18	14
Cost of past services						
Reduction/Plan liquidation						
Expenses recognized as personnel expenses	13	13	5	1	17	14
Expense for the year	18	18	6	1	24	19

- 27.1.6. Policy and strategy for hedging commitments

(In € millions)	2011	2010	2009	2008	2007
Present value of hedged obligations	176	166	140	464	125
Fair value of plan assets	(49)	(55)	(62)	(432)	(71)
Sub-total	127	111	78	32	54
Present value of non-hedged obligations	40	31	28	38	23
Capped assets				30	
Provisions recognized in the balance sheet	167	143	107	100	77

Hedging assets primarily include fixed-rate bonds, real estate assets and stocks at 83.9%, 8.4% and 7.7% respectively.

- 27.1.7. Actuarial assumptions

The principal actuarial assumptions used to value the commitments are detailed in the table below:

	France		International	
	2011	2010	2011	2010
Discount rate	4.3% – 4.5%	4.0%	3.8% – 7.0%	4.1% – 7.5%
Rate of salary increases	2.25% – 2.5%	2.0% to 2.5%	2.0% – 3.5%	
Retirement age	62 – 64 years	62 – 67 years	50 – 65 years	50 – 60 years
Expected return on assets	3.6% – 4.0%	4%		

With respect to France, the discount rate is determined on the basis of the Bloomberg 15-year index on AA composites.

In 2011, the expected rate of return on plan assets corresponds to the rate in fact recorded in the previous year. The effective return in 2010 and 2011 for France was €1 million.

- 27.1.8. Sensitivity of the actuarial assumptions

The impact of a change of +/- 50 basis points in the discount rate would generate a change of -3.5% and +10.2% in the total amount of commitments.

A +/- 10 basis point increase or decrease in the salary growth rate would generate a + 1.6% and -1.3% increase or decrease in the total commitment.

The impact of a change of 50 basis points in the expected rate of return from the hedging assets would not result in a significant change in the proceeds from those assets.

- 27.1.9. Adjustment from experience

Adjustments from experience correspond to the impact on commitments between benefits estimated at the preceding closing and the benefits paid over the period and totaled €10 million at closing at December 31, 2011 (-€8 million at December 31, 2010).

- 27.1.10. Payments expected in 2012

The Group expects to pay indemnities of about €12 million to its defined benefit plans over 2012.

27.2 > Defined contribution plans

The defined contributions plans are primarily retirement benefits and totaled €289 million for fiscal 2011 (€280 million for 2010).

• Note 28 > Financial liabilities

28.1 > Composition of financial liabilities

(In € millions)	2011			2010		
	Non-current portion	Current portion	Total	Non-current portion	Current portion	Total
Bond issues	7,080	626	7,706	6,301	846	7,147
Other financial debt	1,853	3,189	5,042	1,945	1,404	3,349
Finance leases	61	41	102	63	43	106
Liabilities related to puts on non-controlling interests	66	43	109	1	57	58
Derivative financial liabilities	25	51	76	61	119	180
Total financial liabilities	9,085	3,950	13,035	8,371	2,469	10,840

28.2 > Details of bonds

Bonds (In € millions)	Currency	Par value	Rate	Maturity	Maturity date	2011*	2010*
Rallye 2003 2013 convertible bond	EUR	300	fixed rate 3.250%	10 years 3 months	July-13	336	324
Rallye 2004 2011 bond	EUR	375	fixed rate 5.625%	7 years	Oct.-11		374
Rallye 2010 2014 bond	EUR	500	fixed rate 5.875%	4 years	March-14	495	495
Rallye 2010 2015 OREA	EUR	100	variable rate	3 years	Feb.-15	99	99
Rallye 2009 2015 bond	EUR	500	fixed rate 8.375%	5 years 3 months	Jan.-15	494	492
Rallye 2009 2016 bond	EUR	500	fixed rate 7.625%	6 years	Nov.-16	495	494
Casino 2004 2011 bond	EUR	210	fixed rate 4.750%	7 years	July-11		210
Casino 2002 2012 bond	EUR	413	fixed rate 6.000%	10 years and 9 yrs 6 months	Feb.-12	414	449
Casino 2009 2012 bond	EUR	165	fixed rate 7.880%	3 years 6 months	Aug-12	166	167
Casino 2007 and 2008 2014 bond	EUR	578	fixed rate 4.880%	7 years and 5 yrs 10 months	April-14	605	701
Casino 2008 2013 bond	EUR	544	fixed rate 6.380%	from 4 to 5 years	April-13	567	745
Casino 2009 2015 bond	EUR	750	fixed rate 5.50%	5 years 6 months	Jan.-15	787	782
Casino 2010 2017 bond	EUR	888	fixed rate 4.38%	7 years	Feb.-17	828	833
Casino 2010 2018 bond	EUR	508	fixed rate 4.48%	7 years 6 months	Nov.-18	506	472
Casino 2011 2016 bond	EUR	600	fixed rate 4.47%	7 years	April-16	598	
Casino 2011 2021 bond	EUR	850	fixed rate 4.73%	10 years	May-21	824	
Casino 2002 2011 Private investment	USD	255	fixed rate 6.460%	9 years	Nov.-11		187
Exito/Carulla Bond issues	COP	102	variable rate	5/8 and 10 years	April -11/13 May-15	89	100
GPA 2007 Bond	BRL	130	variable rate CDI +0.5%	4/5 et 6 ans	March -11/12/13	86	119
GPA 2009 2011 bond	BRL	33	variable rate 119% CDI	2 years	June-11		30
GPA 2009 Bond	BRL	83	variable rate 109.5% CDI	3/4 et 5 ans	Dec -12/13/14 June -13/14	81	74
GPA 2011 2014 bond	BRL	101	variable rate 107.7 % CDI	3 years	Jan.-14	101	
GPA 2011 2015 bond	BRL	133	variable rate 109.5 % CDI	4 years 6 months	June-15	133	
Total bonds						7,706	7,147

* The amounts above include the impact of fair value hedges.

28.3 > Details of other financial debt

Bank borrowings (In € millions)	Currency	Par value	Rate	Maturity	Maturity date	2011	2010
Rallye	EUR						
Bank loan		125	variable rate	4 years 11 months	Nov.-11		75
Alpetrol	EUR						
Structured loan		100	fixed rate	5 years	Oct.-11		126
Alpetrol	EUR						
Bank loan		50	variable rate	5 years	Jan.-12	50	50
Alpetrol	EUR						
Structured loan		100	variable rate	5 years	June-12	100	100
Alpetrol	EUR						
Credit line		15	variable rate			15	
Rallye	EUR						
Bank loan		75	variable rate	2 years 11 months	April-12	75	74
Rallye	EUR						
Structured loan		150	variable rate	5 years	July-17	149	150
Rallye	EUR						
Bank loan		100	variable rate	3 years	March-13	100	100
Rallye	EUR						
Bank loan		75	variable rate	5 years	June-13	75	75
Rallye	EUR						
Bank loan		40	variable rate	5 years	Feb.-14	40	40
Rallye	EUR						
Bank loan		150	variable rate	7 years	May-14	150	150
Rallye	EUR						
Bank loan		50	variable rate	10 years	Feb.-18	50	50
Rallye	EUR						
Equity swap		37	variable rate		May-12	37	
Rallye	EUR						
Credit line		380	variable rate			380	
Parande	EUR						
Other bank borrowings		101	variable rate			102	101
Go sport				3 years			
Credit line		120	variable rate	6 months		78	31
CASINO:	EUR						
Calyon structured loan		184	variable rate	6 years	June-13	184	184
CASINO:	EUR						
Schuldschein loan		130	variable rate	5 years	May-13		130
CASINO:	EUR						
Alaméa		300	variable rate	5 years	April-15	300	300
CASINO:	EUR						
Other bank borrowings ⁽¹⁾						259	143
CASINO:	EUR						
Commercial paper						438	
CASINO:							
Latin America ⁽²⁾						602	768
CASINO:							
Other international ⁽³⁾						919	51
Bank loans						587	341
Interest accrued ⁽⁴⁾						352	310
Total bank borrowings						5,042	3,349

(1) Includes Franprix-Leader Price for €188 and €86 million respectively in 2011 and 2010.

(2) Relates to GPA and Exito for €569 and €31 million respectively in 2011 (versus €622 and €144 million respectively in 2010).

(3) Primarily concerns Big C Thailand for up to €890 million.

(4) The accrued interest relates to the total financial debt including bond borrowings.

28.4 > Debts related to puts on non-controlling interests

(In € millions)	% of ownership	Commitment	Price	Fixed or variable	Non-current financial liabilities	Current financial liabilities
Franprix-Leader Price ⁽¹⁾	26.00% to 84.00%	16.00 to 74.00%	93	F/V	65	28
Lanin/Disco (Uruguay) ⁽²⁾	96.55%	3.45%	15	F		15
Monoprix (Somitap)	54.52%	45.48%	1	F	1	
Total commitments			109		66	43

(1) Relates to purchase commitments of subsidiaries of the Franprix – Leader Price sub-group. The value of these purchase commitments is generally based on net earnings. A change of +/- 10% in the indicator shows an impact of +/- 3 million euros; the options expire between 2012 and 2035.

(2) This option may be exercised until June 21, 2021.

28.5 > Financial liabilities

- 28.5.1. Composition of financial liabilities

(In € millions)	2011			2010		
	Non-current portion	Current portion	Total	Non-current portion	Current portion	Total
Bond issues	7,080	626	7,706	6,301	846	7,147
Other financial debt	1,853	3,189	5,042	1,945	1,404	3,349
Finance leases	61	41	102	63	43	106
Liabilities related to puts on non-controlling interests	66	43	109	1	57	58
Derivative financial liabilities	25	51	76	61	119	180
Total financial liabilities	9,085	3,950	13,035	8,371	2,469	10,840
Financial derivative assets	(129)	(75)	(204)	(150)	(123)	(273)
Receivables linked to the sale of non-current assets ⁽¹⁾		(106)	(106)	(83)	(299)	(382)
Investment and similar securities		(390)	(390)		(185)	(185)
Cash and cash equivalents		(3,923)	(3,923)		(3,435)	(3,435)
Total financial assets	(129)	(4,494)	(4,623)	(233)	(4,042)	(4,275)
Net financial debt	8,956	(544)	8,412	8,138	(1,573)	6,565

(1) Essentially Cativen (Venezuela) in 2010 and 2011.

- 28.5.2. Change in financial debt

(In € millions)	2011	2010
Financial debt at beginning of period	10,567	10,293
New borrowings ⁽¹⁾	3,924	1,431
Reimbursements (principal and interests) ⁽²⁾	(2,032)	(1,238)
Other financial assets	11	20
Changes in fair value (income contra)	7	(7)
Currency translation adjustments	(108)	117
Changes in scope ⁽³⁾	414	(5)
Changes in debt related to puts on non-controlling interests ⁽⁴⁾	51	(23)
Others	(3)	(21)
Financial debt at end of period⁽⁴⁾	12,831	10,567
Financial liabilities (see Note 32.2.1)	13,035	10,840
Financial derivative assets (see Note 32.2.1)	(204)	(273)

(1) The new borrowings primarily include the operations described below :

- 2011 Bond exchange operations
On May 18, 2011, the Casino Group carried out under its EMTN program a new bond issue of €850 million with a 10-year maturity and an annual coupon of 4.726% (see Note 2.2). To this end, €300 million of bonds expiring in February 2012 (6.00% coupon), April 2013 (6.375% coupon) and April 2014 (4.875% coupon) were exchanged. This issue also allowed the group to raise €530 million of additional resources. The new bond matures in 2021 and bears an effective interest rate of 5.13%. Pursuant to IAS 39 pertaining to the derecognition of a financial liability, this transaction was treated as an extension of financial debts due to the fact that the modifications of contractual terms were not considered as material. The impact of the exchange of bonds is an adjustment to the carrying amount of the 2021 bond and is actuarially amortized over the remaining duration of the liabilities as modified. This accounting treatment also applies to the premiums, unamortized issue costs attached to the bond lines exchanged and all costs paid for the exchange (commissions, fees, exchange premium), which will be amortized until 2017. Likewise, the impact of unwinding the hedges attached to the initial debt is amortized over the duration of the new debt.
This new bond contains the usual commitment and default clauses of this type of contract: maintaining the loan at the same level («pari passu»), limiting the securities allocated to other lenders (negative pledge) and cross-default. It also includes an early redemption clause in the event of downgrading to "non investment grade" on the long-term senior debt of Casino, Guichard-Perrachon following a change in the Company's majority shareholder, Guichard-Perrachon in addition to a "coupon step-up" clause, which raises the interest rate by 125bp in the event of downgrading to «non-investment grade» of the long-term senior debt of Casino, Guichard-Perrachon.
- €600 million bond debt
On September 27, 2011, the Casino Group carried out under its EMTN program a new bond issue of €600 million with a 4.5-year maturity (2016) and an annual coupon of 4.47%. This new bond contains the commitment and default clauses specific to such contracts as recalled above:
- Confirmed credit line of €900 million
On August 31, 2011, the Casino Group signed the arrangement for a medium term financing of USD 900 million (being approximately €630 million) from a group of nine international banks. This line will expire in August 2014. At December 31, 2011, €232 million had been withdrawn from that line.
- A bond issue in the GPA subsidiary for €237 million
- The acquisition of Carrefour's Thai activities for €981 million
- The additional acquisition of GPA securities for €386 million
- Issuance of commercial paper by Casino for €438 million.

(2) Reimbursement of borrowings mainly correspond to:

- The Schuldschein borrowing for €130 million
- Two Casino bond issues of €465 and €70 million
- A bond issue of €375 million, a bank borrowing of €75 million in the accounts of Rallye
- Other borrowings and financial debts in the Franprix-Leader Price, GPA, Alpetrol and Exito entities for 252, 298,130 and 111 million respectively

(3) Changes in scope primarily concern the direct transactions described in Note 1.2. regarding the increase in the stake in GPA (€173 million) and the Franprix-Leader Price group (€263 million)

(4) The 2011 change concerns the Franprix-Leader Price group.

- 28.5.3. Payment schedule for gross financial debt and other debt

> Payment schedule of financial liabilities as at December 31, 2011

(In € millions)	Book value	Less than 1 year	1-5 years	Over 5 years
Financial liabilities				
Bond issues	7,706	626	4,409	2,671
Other borrowings	5,042	3,189	1,544	309
Finance leases	102	41	49	12
Financial derivatives (fair value hedging)	76	51	22	3
Financial debt	109	43	66	
Trade payables	5,517	5,517		
Other debt	4,301	3,762	539	
Total	22,852	13,228	6,629	2,995

> Payment schedule of financial liabilities as at December 31, 2010

(In € millions)	Book value	Less than 1 year	1-5 years	Over 5 years
Financial liabilities				
Bond issues	7,147	846	4,924	1,376
Other borrowings	3,349	1,404	1,778	165
Finance leases	106	43	55	9
Financial derivatives (fair value hedging)	180	119	51	10
Financial debt	58	57	1	
Trade payables	4,992	4,992		
Other debt	3,683	3,414	222	47
Total	19,512	10,873	7,031	1,608

• Note 29 > Other debt

(In € millions)	2011			2010		
	Non current	Current	Total	Non current	Current	Total
Derivative liabilities	74	13	87	3	25	28
Tax and social security liabilities	286	1,485	1,771	206	1,306	1,512
Other liabilities	66	810	876	60	796	856
Debts on non-current assets	24	279	303		258	258
Current accounts		64	64		64	64
Financing of credit activity		1,019	1,019		796	796
Prepaid income	90	91	181		169	169
Total	540	3,761	4,301	269	3,414	3,683

• **Note 30 > Fair value of financial instruments**

30.1 > Carrying amount and fair value of financial assets and liabilities

- 30.1.1. Financial assets

The procedures for determining fair values by type of assets recognized at fair value are as follows:

- For financial instruments assigned to “Investment securities” and “Cash and Cash Equivalents», fair value is determined by reference to the market price on the closing date (level 1).
- For financial instruments assigned to the items “Non-current derivative assets”, “Non-current financial hedging assets” and “Derivative assets on fair value hedge and debt derivatives”, fair value is determined using measurement techniques based on observable market inputs (level 2).
- For investments in Private Equity funds allocated to the item “Non-current securities of the portfolio business”, fair value is determined on the basis of the most recent data provided by the managers of these funds (level 3).
- For other unlisted instruments assigned to the item “Other financial assets available for sale” and composed essentially of equity interests in unconsolidated companies, fair value is determined using measurement techniques such as option valuation models used or discounted cash flow method. The models take into consideration assumptions based on market data (these fair value measurements are generally level 3). Changes in assumptions would not give a resulting estimate of fair value significantly different from the value used by the Group.

The tables below provide a comparison of the carrying amount of financial assets and their fair value as at December 31, 2011 and 2010:

(In € millions)	12/31/2011		Breakdown by instrument category					12/31/2011
	Total assets	Non-financial assets	Financial assets	Fair value by result	Investments held until the term	Loans and debts	Financial assets available for sale	Fair value
Non-current financial assets	971	252	719	59	10	271	379	719
Non-current financial hedging assets	129		129	129				129
Trade receivables	1,881		1,881			1,881		1,881
Other current assets	1,743	621	1,122	10		1,112		1,122
Other current financial assets	465		465	288		50	127	465
Cash and cash equivalents	3,923		3,923	586		3,337		3,923

(In € millions)	12/31/2010 restated		Breakdown by instrument category					12/31/2010 restated
	Total assets	Non-financial assets	Financial assets	Fair value by result	Investments held until the term	Loans and debts	Financial assets available for sale	Fair value
Non-current financial assets	1,062	179	883	48	11	386	438	883
Non-current financial hedging assets	150		150	150				150
Trade receivables	1,754		1,754			1,754		1,754
Other current assets	1,815	720	1,095	6		1,089		1,095
Other current financial assets	308		308	281		7	20	308
Cash and cash equivalents	3,435		3,435	1,326		2,109		3,435

- 30.1.2. Financial liabilities

The procedures for determining fair values by type of liabilities recognized at fair value are as follows:

- Bond issues are recorded at fair value on the basis of market inputs for the portion covered by fair value hedge accounting.
- Derivative instruments are valued (internally or externally) on the basis of the usual valuation techniques for this type of instrument. The valuation models include observable market parameters (particularly rate curves) and counterparty quality. These fair value measurements are generally category 2.
- The financial liabilities related to the minority puts are determined using the contractual calculation formulas and are discounted as appropriate. These fair value measurements are generally category 3.

The tables below provide a comparison of the carrying amount of financial liabilities and their fair value.

(In € millions)	12/31/2011		Breakdown by instrument category					12/31/2011
	Book value	Non-financial liabilities	Value of financial liabilities	Liabilities recognized at amortized cost	Liabilities held for trading	Liabilities designated as fair value through profit/loss	Hedge accounting instruments	Fair value of financial liabilities
Bond issues	7,706		7,706	7,706				8,030
Other borrowings and liabilities	5,042		5,042	5,042				5,081
Financial leases	102		102	102				102
Fair value derivative hedging liabilities	76		76				76	76
Trade payables	5,517		5,517	5,517				5,517
Other debt	4,301	1,338	2,963	2,874	3	78	7	2,963

(In € millions)	12/31/2010		Breakdown by instrument category				12/31/2010	
	Book value	Non-financial liabilities	Value of financial liabilities	Liabilities recognized at amortized cost	Liabilities held for trading	Liabilities designated as fair value through profit/loss	Hedge accounting instruments	Fair value of financial liabilities
Bond issues	7,147		7,147	7,147				7,674
Other borrowings and liabilities	3,349		3,349	3,349				3,350
Financial leases	106		106	106				106
Fair value derivative hedging liabilities	180		180			1	179	180
Trade payables	4,992		4,992	4,992				4,992
Other debt	3,683	1,396	2,287	2,247	4	29	7	2,287

The market value was determined for listed bonds on the basis of the last market price on the closing date.

For the other borrowings, it was determined on the basis of other measurement methods such as the discounted cash flow value, taking into consideration the Group's credit risk and the interest rate conditions on the closing date.

30.2 > Hierarchy of the fair value of financial instruments

The rule distinguishes three classification categories for financial instruments, based on the two valuation methods used (listed prices and measurement techniques). The Group uses this classification to set out the characteristics of the financial instruments recognized in the statement of financial position at fair value on the closing date:

- level 1: financial instruments listed for trading on an active market;
- level 2: financial instruments for which the fair value measurement uses valuation techniques based on observable market parameters;
- level 3: financial instruments for which all or a portion of the fair value is not based on observable parameters.

The table below presents the financial assets and liabilities recognized at fair value at December 31, 2011 and 2010, based on the following three hierarchies:

(In € millions)	Hierarchy of fair values			2011
	Market price level 1	Models with observable parameters level 2	Models with non-observable parameters level 3	
Assets				
Financial assets available for sale	132	53	277	462
Derivative hedging assets (current and non-current)		204		204
Derivative assets (current and non-current)		17	51	68
Others	634	167		801
Liabilities				
Derivative hedging liabilities (current and non-current)	7	76		83
Derivative liabilities (current and non-current)		81		81
Others				

(In € millions)	Hierarchy of fair values			2010
	Market price level 1	Models with observable parameters level 2	Models with non-observable parameters level 3	
Assets				
Financial assets available for sale	27	14	382	423
Derivative hedging assets (current and non-current)	3	273		276
Derivative assets (current and non-current)	4	5		9
Others	1,358	123		1,481
Liabilities				
Derivative hedging liabilities (current and non-current)	6	180		186
Derivative liabilities (current and non-current)	1	33		34
Others				

• Note 31 > Financial risk management objectives and policies

The main risks inherent in the financial instruments used by the Group are interest rate and foreign exchange rate risks, credit risks, liquidity risks and equity risk.

To manage its exposure to interest rate and foreign exchange fluctuations, the Group uses financial derivatives such as interest rate swaps, currency swaps and forward instruments. These involve instruments listed for trading on organized markets or over-the-counter instruments traded with first-tier counterparties. Most of these derivative instruments are eligible for hedge accounting. However, in order to implement a more dynamic and more flexible management of its interest rate position, the Group has decided to introduce a minor and strictly contained portion of speculation into the management of its hedges, in line with the policy of other major corporations in this area. This leads to enhanced flexibility on the trading portion for both the fixing/variabilization policy, as well as counterparty risk management for the portfolio.

Derivative instruments break down as follows:

(In € millions)	Interest rate risk	Foreign exchange risk	Other market risks	2011	2010
Assets					
Derivatives – at fair value through profit/loss	6		79	85	46
Derivatives – cash flow hedges		8		8	7
Derivatives – fair value hedges	204			204	278
Total derivative assets	210	8	79	297	331
of which non-current	135		54	189	198
of which current	75	8	25	108	133
Liabilities					
Derivatives – at fair value through profit/loss	3		76	79	4
Derivatives – cash flow hedges	2	1		3	4
Derivatives – fair value hedges	50	28	5	83	201
Total derivative liabilities	55	29	81	165	209
of which non-current	26		74	100	64
of which current	29	29	7	65	145

As at December 31, 2011, the IFRS cash flow hedge reserve had a credit balance of €7 million (€9 million in debit as at December 31, 2010).

No significant inefficiency was measured on future cash flow hedges.

The fair value of derivative financial instruments which do not qualify for hedge accounting within the meaning of IAS 39 totaled -€5 million as at December 31, 2011 (€42 million as at December 31, 2010).

31.1 > Interest rate risk

The Group's strategy is based on dynamic debt management, which consists of keeping certain lines of credit variable in order to take advantage of lower rates and to hedge against possible rate increases.

As part of the management of its exposure to interest rate risk, the Group uses different derivative interest rate instruments.

The main derivative instruments are rate swaps. Although they are not all eligible for hedge accounting, all interest-rate hedge instruments are subscribed in the framework of the above mentioned interest and exchange rate risk management policy.

The Group's financial policy consists in managing its interest cost by combining variable and fixed rate derivative instruments.

- Analysis of sensitivity to interest rates

(In € millions)	2011	2010
Borrowings	3,578	2,474
Financial leases	41	43
Bank overdrafts and spot credits	587	341
Total variable-rate debt (excluding accrued interest)⁽¹⁾	4,206	2,858
Cash equivalents	1,889	2,117
Cash	2,034	1,318
Total Assets	3,923	3,435
Net position before management	283	(577)
Derivative instruments	1,802	3,501
Net position after management	2,085	2,923
Net position to be renewed at less than one year	2,085	2,923
Change of 1%	21	29
Average duration remaining until the end of the year	1	1
Change in interest expense	21	27
Cost of debt	676	551
Impact of change in interest expense/financial charges	3.06%	4.85%

(1) The maturity date of variable-rate assets and liabilities corresponds to the date on which rates are revised. Debt items not exposed to interest rate risks, primarily debts linked to puts and accrued interest not due, are not included in this calculation.

In order to protect its financial margin from volatile interest rates, Banque du Groupe Casino fully hedges against interest-rate risk:

- fixed-rate uses of funds: assigned sources of funds are transformed or capped at a fixed rate. These hedges match the amortization schedule of uses until maturity;
- variable-rate uses of funds: assigned sources are transformed into a fixed rate over a sliding period of at least three months in an amount corresponding to the projected uses for the period.

The remaining financial instruments of the Group do not bear interest and are therefore not subject to interest-rate risk.

31.2 > Foreign exchange risk

Through the geographic diversification of its businesses, the Group is exposed to currency translation risk, i.e. that its balance sheet and income statement, and consequently its financial structure ratios, are sensitive to changes in exchange rate parities in the consolidation of the accounts of its foreign subsidiaries outside the Euro zone, and to trading risk for non-euro transactions.

With respect to operating foreign exchange risk, the Group's hedging policy is to cover highly probable budget exposures, linked primarily to monetary flows resulting from purchases in a currency other than its functional currency, such as merchandise purchased in US dollars hedged by forward purchases and foreign exchange and currency swaps. The Group's policy is to hedge all purchasing budgets with derivatives that have the same payment date as the budgeted supplies.

The Group's net exposure based on notional amounts after taking account of hedges, is concentrated on the following major currencies (excluding the functional currencies of entities):

(In € millions)	USD	PLN	JPY	BRL	Euros	Other	2011	2010
Exposed trade receivables	(7)						(7)	(10)
Other exposed financial assets	(565)		(11)			(5)	(581)	(721)
Exposed trade payables	106			1	3		109	92
Exposed financial liabilities	242						243	477
Gross debt/(receivable) exposure	(224)		(11)	1	3	(5)	(236)	(163)
Hedged trade receivables								(6)
Other hedged financial assets	(458)		(11)			(5)	(474)	(290)
Hedged trade payables	62						62	25
Hedged financial liabilities	242						242	469
Net debt/(receivable) exposure	(70)			1	3		(66)	(361)

The net balance sheet exposure of €-361 million at December 31, 2010 primarily includes claims against the Venezuelan government denominated in US dollars for €338 million; these claims have not been hedged.

- Sensitivity analysis of the net exposure to foreign exchange risk after hedging

A 10% increase in the value of the euro as at December 31 in relation to these currencies would have resulted in the decrease reported below. For the purposes of this analysis, it is assumed that all other variables, particularly interest rates, remain constant.

A 10% decrease in the value of the euro as at December 31 in relation to these currencies would have resulted in the opposite effect.

(In € millions)	2011	2010
US Dollar	(11)	(37)
Other currencies	0	0
Total	(11)	(37)

31.3 > Equity risk

- Consolidated interests

As part of the management of its holdings of publicly-traded, consolidated shares, the Group may use certain optional instruments such as purchases and sales of options, or optional products included in complex derivative instruments issued, such as bonds exchangeable for Casino shares, or bonds indexed on the market price of Casino shares. Such instruments are used for hedging purposes, in particular to hedge against the risk of dilution, or to attain the strategic objective of optimizing its holdings.

- Investment portfolio

The Group continued with its program of disposals from the financial investment portfolio in 2011, thus reducing its economic exposure.

Rallye's financial investments benefit from a high level of diversification, in geographical and segment terms but also according to investment type, partner and size, which allows risks to be pooled effectively. This risk management is further strengthened by the number of investments and their small size: As at December 31, 2011, the portfolio had around 110 lines, four-fifths of which were less than €4 million with a per-line ceiling of €18 million in net cash invested. In addition, systematic recourse to foreign exchange hedging avoids exposure to currency fluctuations.

Price risk related to a negative change of 10% in the price of securities held:

(In € millions)	2011	2010
Balance sheet position (fair value)	305	338
Shareholders' equity sensitivity	(27)	(26)
Income sensitivity	(4)	(8)

- Investment portfolio

The value of the investment portfolio in publicly traded investment securities on the balance sheet was €26 million at December 31, 2011. Given both the correlation to the main reference indications (B) of the stocks and bonds held, a 10% decline in the stock markets from their December 31, 2011 level, applied to this total exposure of €26 million euros, would have had a negative impact of €1 million on earnings before tax.

31.4 > Credit risks

- Commercial credit risk

The Group's policy requires that the financial health of all of its customers who wish to obtain credit terms of payment be verified. In addition, client account balances are monitored regularly and, as a result, the Group does not have any significant exposure to bad debt.

The outstanding "commercial" trade receivables are analyzed below:

(In € millions)	Assets not due and not impaired	Assets due not impaired on the closing date				Assets impaired	Total
		Less than 1 month late	1-6 months late	More than 6 months late	Total		
Fiscal 2010	733	41	29	21	91	165	989
Fiscal 2011	675	58	37	23	118	169	962

The payment times for receivables due and not impaired may vary significantly based on the category of customers with whom the Group companies conduct their business, depending on whether they are private companies, individuals or public entities. The impairment policies used are determined, entity by entity, based on the specific features of the various customer categories. As indicated above, the Group believes it is not exposed to significant risk in terms of credit concentration.

- Financial credit risk

Concerning the Banque du Groupe Casino activity, an approach in which the credit risk hedging system is based on the following:

- a statistical approach per homogeneous portfolio of client receivables, since, taken individually, receivables are not significant, and given that they share common credit risk characteristics;
- the likelihood that the amounts will be recovered at different stages of the collection process.

Credit risk provisions are calculated for clients who have missed at least one payment. One payment overdue constitutes the IAS 39 trigger for the funding of credit provisions.

The amount of provisions is calculated based on a statistical model of collection flows and losses, which integrates all possible movements between the different levels, based on observed historical data.

The net present value of credit risk provisions is computed using the original rate in client contracts, and the expected inflows of capital and interest. As a result, in addition to provisions for existing credit risk, a provision against future loss of margins is made, due to the effect of discounting expected future cash flows from collection to present value. Restructured receivables for which payments are up to date are considered to be good debts. As of the first unpaid installment, however, these receivables are reclassified as doubtful accounts and a provision is made based on a statistical calculation in accordance with the principles described above.

Outstanding trade receivables for credit activities are analyzed below:

(In € millions)	Up to date ⁽¹⁾	Late, not impaired ⁽²⁾	Restructured, up to date ⁽³⁾	Amounts impaired ⁽⁴⁾	Total
Fiscal 2010	732	7	89	141	969
Fiscal 2011	996		19	39	1 054

(1) Receivables without payment incident.

(2) Receivables due and not impaired.

(3) Receivables for which the payment schedule has been adjusted.

(4) Receivables for which at least one installment has been unpaid for more than one month and which have been written down.

- Credit risk on other assets

Other assets, mainly consisting of tax receivables and redemption fees, are neither past due nor depreciated. The Group also believes that it is not exposed to a counterparty risk on these assets (see Note 21.2).

With respect to credit risk for other financial assets owned by the Group, such as cash and cash-equivalents, financial assets available for sale, and certain financial derivatives, the Group's exposure to potential problems caused by third parties is limited to a maximum equal to the book value of the instruments concerned.

As part of transactions conducted on financial markets, the Company is exposed to counterparty risk. Rallye favors financial relations with various banks of international size who enjoy the best ratings from specialized agencies, while avoiding an excessive concentration of dealings with a limited number of financial institutions. Consequently, Rallye considers its exposure to counterparty risk to be low.

In addition, the derivatives used in the management of foreign exchange and interest rate risks are negotiated directly with the lending institution, which eliminates any additional counterparty risk.

Receivables to the Venezuelan State are neither past due nor impaired.

31.5 › Risk of accelerated repayment of financial debt

The Group's bank and bond financing contain the normal undertakings and default clauses for this type of agreement, including maintaining the loan at its rank (pari-passu), the limitation of security interests given to other lenders (negative pledge) and cross defaults.

At the level of the Rallye group, loan agreements containing clauses requiring that financial ratios be adhered to represent approximately 13% of the financial debt. These ratios are applicable only to bank loans; Rallye's public bond issues on the euro market do not contain any undertaking regarding financial ratios.

Certain bank financing agreements are subject to the following two financial ratios:

Description of covenants	Ratios to be adhered to	Result of covenants as at December 31, 2011
Consolidated EBITDA ⁽¹⁾ /Consolidated Net finance costs	> 2.75	3.42
Rallye SA shareholders' equity	> €1.2 billion	1.8

(1) EBITDA is defined as current operating income plus current operating depreciation and amortization.

At the level of the Casino Group, in the event of a downgrading to "non investment grade" on the long-term senior debt of Casino, Guichard-Perrachon (the Company) due to a change in the Company's majority shareholder, an accelerated redemption option at the investors' option is stipulated in certain loan agreements representing a face amount of €4,882 million. In this situation, the Casino Group would be required to prepay the outstanding amount in question. In addition, certain contracts provide for a "coupon step-up" clause, which raises the interest rate if the long-term senior debt of Casino, Guichard-Perrachon is downgraded to "non investment grade". This type of clause covers a face amount of €4,304 million.

At December 31, 2011, the Consolidated Net Financial Debt⁽¹⁾/consolidated EBITDA⁽²⁾ ratio was 2.40 while the covenants were negotiated at a floor of 3.5. The Group considers that it has sufficient flexibility over the next 12 months to meet the financial covenants.

As at the closing date, the covenants for the principal group debts, which are carried by the parent company, can be summarized as follows:

- the syndicated credit line of €1.2 billion and the club deal of €900 million set up in August 2011, as well as the bilateral lines for an aggregate amount of €170 million are subject to a commitment to meet a Consolidated Net Financial Debt ratio⁽¹⁾/Consolidated EBITDA⁽²⁾ < 3.5;
- the other bilateral lines for an aggregate amount of €320 million and the €300 million Alamea borrowings are subject to the commitment to comply with a Consolidated Net Financial Debt ratio⁽¹⁾/consolidated EBITDA⁽²⁾ < 3.7.

The €184 million Calyon structured loan is subject to the commitment to meet a consolidated Net Financial Debt ratio/Consolidated EBITDA <4.3.

(1) Net financial debt as defined in the bank contracts is different from that presented in the consolidated financial statements; it is composed of the borrowings and financial debt net of cash and cash equivalents and of the net impact of the derivative assets and liabilities placed in hedge accounting on financial borrowings and debts.

(2) EBITDA is defined as current operating income plus current operating depreciation and amortization.

The subsidiaries Monoprix, GPA and Exito are also required to meet financial ratio requirements. These financial ratios had been met as at December 31, 2011.

In order to secure liquidity, the Group maintains unused, confirmed credit lines available on demand for an total amount of €5 billion, which break down as follows:

- Confirmed bank lines

(In € millions)	Rate	Amount available		
		Casino Group	Rallye	Go Sport Group
Confirmed bank lines < 1 year	Variable	365	275	
Confirmed bank lines > 1 year	Variable	520	1,195	120
Total lines authorized		885	1,470	120
<i>Total lines used</i>		<i>50</i>	<i>35</i>	<i>59</i>
Syndicated lines < 1 year	Variable			
Syndicated lines > 1 year (1)	Variable	1897	735	
Total lines authorized		1,897	735	
<i>of which total lines used</i>		<i>232</i>	<i>360</i>	
Line for the financing of credit activities < 1 year	Variable	133		
Line for the financing of credit activities > 1 year	Variable	250		
Total lines authorized		383		
<i>Of which total line used</i>		<i>217</i>		

- Schedule of cash flows on financial liabilities as at December 31, 2011

(In € millions)	Book value	Contractual cash flows	Less than 1 year	1-5 years	Over 5 years
Financial liabilities					
Bonds and other borrowings, ex. derivatives	12,748	14,823	3,768	7,880	3,175
Finance leases	102	128	41	63	24
IFRS liabilities (recognition of puts)	109	109	43	31	35
Derivative financial instruments	(107)	(38)	(26)	1	(13)
Cash entries		(1,213)	(993)	(196)	(24)
Cash withdrawals		1,180	971	197	11
Derivative contracts settled net		(5)	(5)		
Trade payables and other liabilities (excluding social security and tax liabilities)	8,393	8,393	8,309	29	55
Total	21,245	23,377	12,108	8,006	3,263

• Note 32 > Contingent assets and liabilities and other contractual obligations

At December 31, 2011, management estimated, to the best of its current knowledge, that there are no commitments which could have a significant impact on the present or future financial position of the Group other than those indicated in this note.

The exhaustive nature of this inventory is monitored by the financial, legal and tax departments, which are also involved in preparing the contracts which bind the Group.

The commitments related to current activity primarily concern the Group's operating businesses, with the exception of the confirmed and unused lines of credit, which constitute a financing commitment.

The commitments related to exceptional transactions are related to the Group's scope of consolidation.

32.1 > Commitments related to current operations

- 32.1.1. Commitments given

The amounts of the commitments indicated in the table below represent the potential maximum amounts (not discounted) which the Group would have to pay under guarantees given. These amounts are not reduced by the sums which the Group might possibly recover under collection actions or because of counter-guarantees received.

(In € millions)	2011	2010
Assets given as collateral ⁽¹⁾	146	119
Securities and bank guarantees given	617	428
Commitment on fixed purchase orders* ⁽²⁾	97	60
Reserve for credits granted to customers ⁽³⁾	886	1,234
Other commitments	98	108
Total commitments given	1,844	1,949

* Reciprocal commitments.

(1) Corresponds to non-current assets which have been pledged or mortgaged and to current assets encumbered with real sureties.

(2) Corresponds to commitments to purchase goods and services signed by the Group ; these firm purchase commitments are decreased by any installments paid.

(3) The financing commitments (authorized credit reserve) given to clients of Banque du Groupe Casino for €886 million for 2011 may be used at any time. They are understood here as defined by the Banking Commission for the calculation of the ratios, i.e., excluding customers inactive for 2 years.

The commitments of the French subsidiaries in relation to the «Droit Individuel à la Formation» (individual training rights) amounted to 5,982,658 hours as at December 31, 2011. They totaled 5,374,962 hours at December 31, 2010. A total of 73,680 hours of rights were used during the financial year.

- 32.1.2. Commitments received

The amounts of the commitments indicated in the table below represent the potential maximum amounts (not discounted) which the Group would have to pay under guarantees received.

(In € millions)	2011	2010
Securities and bank guarantees received	89	81
Financial assets accompanied by guarantees	57	43
Confirmed lines of credit not used (See Notes 31.5)	4,537	3,665
Other commitments	29	7
Total commitments received	4,712	3,796

32.2 > Commitments resulting from exceptional operations

- 32.2.1. Commitments given

The amounts of the commitments indicated in the table below represent the maximum potential amounts (not discounted) which the Group would pay under the guarantees given, except under commitments to purchase shares which are measured at fair value.

This table does not include the commitments which the Group has made to associates and joint ventures (see Notes 16 and 17).

(In € millions)	2011	2010
Guarantees granted related to the disposal of⁽¹⁾:		
– Polish activities ⁽²⁾	54	58
– Smart & Final shares	4	4
– Real estate assets	13	15
– Other assets	1	2
Commitments to purchase shares * of which⁽³⁾		
– Monoprix ⁽⁵⁾		1,225
– Franprix-Leader Price	195	184
– Disco (Uruguay)	61	56
Carrefour Thailand transaction* ⁽⁴⁾		851
Other exceptional commitments given	32	23
Total commitments given to exceptional transactions	360	2,418

* Reciprocal commitments.

(1) For real estate sales, the Group is the lessee under traditional fixed-rent commercial leases. The Group has issued a guarantee that hedges the vacant property risk, if it decides to leave the premises and cannot find a replacement lessee at equivalent financial terms, from the first day of year 4 up to the last day of year 6. This guarantee is conditional and cannot be quantified.

In respect of the disposal of its production activities on Reunion Island, Vindémia undertook purchase volume commitments for a period of five years. At present, the volumes are being achieved.

(2) The Group granted the usual guarantees for the asset sales it concluded, particularly:

- Under the sale of the shares of Leader Price Polska in 2006, Casino guarantees the buyer against non-provisioned risk originating prior to the sale and which may subsequently arise. The guarantee, in the amount of €17 million for a maximum of 18 months, may be increased to €50 million to cover tax risks, expiring at a date in keeping with the statute of limitations applicable to the said risks.
- An unfavorable arbitral award led the Casino Group to pay and expense the sum of €14 million in September 2009. An appeal to overturn this ruling has been filed. The residual risk of €35 million is purely theoretical in that Leader Price Polska has already undergone two tax audits relating to the guarantee period.
- Under the terms of the sale of hypermarket businesses, Mayland (formerly Géant Polska) guarantees the buyer against non-provisioned risk originating prior to the sale and which may arise subsequently. The guarantee amounted to €46 million and was granted for a maximum 24 month period from the sale date. The duration of the guarantee may be extended to 8 years in the event of environmental requirements. The amount has decreased since 2008. As at December 31, 2011, it amounted to €27 million. After deduction of a provision for risk, the amount presented in the table above totaled €21 million.

(3) In compliance with IAS 32, the purchase commitments given to fully consolidated subsidiaries are not recognized in off-balance-sheet commitments. They are accounted for as «financial liabilities» at their net present value or at their fair value (see notes 1.26 of «Accounting rules and methods» and 28.4).

The contractual valuation of commitments to sell or buy shares may be based on various company profitability indicators. In this instance, their valuation is calculated on the basis of the best information available: the latest figures available, if the option may be exercised at any time; or income expected for the coming years, if the option can only be exercised after a certain date. In many cases, the Group granted promises to purchase (puts), but is also the recipient of promises to sell (calls). The figure reported is the value of the promises to purchase granted.

– Franprix-Leader Price

Options on the shares of a wide variety of companies not yet held by Casino. These purchase commitments run up until 2043 and their price is based on the operating performance of the companies in question.

– Uruguay

The family shareholders received a purchase commitment granted by Casino on 29.3% of the company Disco. This option may be exercised until June 21, 2021. Its price is based on the company's consolidated operating performance, with a minimum price of US\$41 million, plus interest, at the rate of 5% per year.

– Brazil

The Casino Group issued the Diniz family, the partner with whom it exercises joint control over GPA in Brazil, two put options on the shares of the holding company, making up 0.4% and 76% of GPA's capital. The exercise of the first put may take place on or after June 2012 if Casino exercises its right to elect the chairman of the Board of Directors of the holding company at this date. In case of the exercise of the first option, the second may be exercised during a period of eight years starting in June 2014 for which the price will be calculated on the basis of market indicators applied to the aggregates (Revenue, EBITDA, EBITA, Net income) of GPA in the two years preceding the exercise of the option. The Group has received a commitment to sell on the shares under the first put, and which represents 0.4% of GPA's capital at a price of €11 million. This call option may be exercised under certain conditions.

(4) See Note 2.2.

(5) Monoprix

On December 22, 2008, the Casino and Galeries Lafayette groups signed an amendment to their strategic agreement of March 2003, suspending the call and put options on Monoprix shares for a three-year period.

Consequently, Casino's call option on 10% of the capital of Monoprix and the put option held by Galeries Lafayette on 50% of Monoprix's capital may be exercised as of January 1, 2012. The other conditions and terms for exercising the call and put options and the other provisions of the strategic agreement of March 2003 are unchanged.

Given the events that occurred after closing as described in Note 36, the value of the commitment to Galeries Lafayette and pertaining to 50% of Monoprix's capital is not indicated.

Lastly, under the terms of its partnership with Corin, Mercialis has acquired 60% of the joint ownership rights on certain assets located in Corsica for €90 million. It is stipulated that, should the joint ownership agreement not be renewed, and at the earliest on June 15, 2011, Corin and Mercialis will contribute their joint ownership rights to a company to be created. Mercialis has committed itself to buying Corin's joint interest (40%) or the shares in the duly created company, under the following terms:

- Mercialis makes an irrevocable commitment to purchase Corin's joint interest (or its shares in the company), subject to its option of a counter-proposal, and Corin makes an irrevocable commitment to sell its rights to Mercialis.
- In the event that Corin exercises its advance purchase commitment, no earlier than January 31, 2017, Mercialis may either stand in for a third party's rights and obligations, or free itself from its purchase commitment by offering Corin the right to purchase its joint interest. The protocol provides the terms for asset valuation. A discount of 20% would apply in this case. Corin may also choose to be replaced by a third party as the recipient of the commitment.
- These commitments constitute conditional off-balance-sheet commitments, whose outcome cannot be predicted. In the event that they are fulfilled, the valuation of assets as provided for in the protocol will be representative of market value.

- 32.2.2. Commitments received

Commitments received as at December 31, 2011 amounted to €8 million compared to €6 million as at December 31, 2010.

32.3 > Contingent assets and liabilities

The Group is involved in a number of disputes and arbitrations with third parties or the tax authorities of certain countries in relation to its normal business activities. Provisions are formed for these disputes and arbitrations if there is a legal, contractual or constructive obligation to a third party at the date of the financial statements, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Contingent liabilities arising from investments in associates and joint ventures are described in notes 16.2 and 17.2.

- Litigation with the Baud family

Various litigation, of no material importance, is ongoing, such as the litigation regarding the termination in 2006 by Casino of the brand license agreement entered into by Geimex with Leader Price Polska.

Geimex is proportionately consolidated in the Group's consolidated financial statements. Casino's interests in the company total €82 million, including goodwill of €61 million.

For informational purposes, the net revenue and consolidated net income of the Geimex group for fiscal 2011 totaled €245 and €8 million respectively.

- Thai claims

During the events of the second quarter of 2010 in Bangkok, the Big C Thailand subsidiary suffered losses from a fire resulting in the complete or partial destruction of a number of assets and operating losses. For the year, the Casino Group booked an additional indemnification income of €13 million under "Other operating income".

Between August and November 2011, the country was struck by serious floods which directly affected four retailing centers, five hypermarkets and fifteen small stores; other stores were indirectly affected. This led to the partial or total destruction of certain real estate and operational assets as well as significant operating losses. The total cost of the claim is being calculated; the losses suffered as at December 31, 2011 have been assessed at this stage at 826 million Baht (or €20 million), of which 608 million Baht (or €14 million) as operating losses. In connection with these damages, the Casino Group has recognized a right to reimbursement from insurance net of deductibles of €11 million as at December 31, 2011 in current operating income. The three retailing centers, five hypermarkets and thirteen small stores are operating normally again.

- Disputes with tax authorities

The Casino Group was subject to a tax audit for fiscal year 1998. The audit concluded that the recovery of certain tax deficits was unjustified. In August 2011, the Casino Group was sentenced to pay €27 million by the Cergy Pontoise Administrative Court. The Group filed an appeal on October 3, 2011 with the Administrative Court of Appeal of Versailles. The Casino Group considers, in effect, that the findings of the Administrative Court are disputable. The Casino Group is confident of its chances of obtaining a favorable ruling and consequently has not accrued any provisions for this dispute.

32.4 > Commitments relating to finance and operating leases

- Lessee under real estate finance leases

The Group has entered into finance leases for real estate and investment property. The reconciliation between the minimum future lease payments for finance leases and the present value of the net minimum lease payments is as follows:

(In € millions)	2011	
	Minimum payments	Present value of payments
Within 1 year	15	13
1-5 years	27	21
Over 5 years	21	6
Total minimum payments under the lease	63	
Less financing charges	(22)	
Present value of minimum payments under the lease	41	41

(In € millions)	2010	
	Minimum payments	Present value of payments
Within 1 year	13	11
1-5 years	39	34
Over 5 years	20	6
Total minimum payments under the lease	72	
Less financing charges	(22)	
Present value of minimum payments under the lease	50	50

- Lessee under capital equipment leases

The Group has entered into finance leases and rent-to-own agreements for various types of equipment. The reconciliation between the minimum future lease payments for finance leases and the present value of the net minimum lease payments is as follows:

(In € millions)	2011	
	Minimum payments	Present value of payments
Within 1 year	25	24
1-5 years	36	34
Over 5 years	3	3
Total minimum payments under the lease	65	
Less financing charges	(3)	
Present value of minimum payments under the lease	61	61

(In € millions)	2010	
	Minimum payments	Present value of payments
Within 1 year	38	33
1-5 years	24	20
Over 5 years	3	3
Total minimum payments under the lease	65	
Less financing charges	(9)	0
Present value of minimum payments under the lease	56	56

- Lessee under operating leases on real estate assets

The Group either owns the premises in which its businesses operate, or leases them under operating leases.

The minimum future lease payments payable for operating leases are as follows:

(In € millions)	2011	2010
	Minimum payments	Minimum payments
Within 1 year	571	489
1-5 years	913	802
Over 5 years	680	568

The amount of the minimum future lease payments receivable under the non-cancelable sub-lease agreements stood at €15 million at the closing of fiscal 2011 versus €18 million at the closing of fiscal 2010.

- Lessee under equipment operating leases

The Group has taken out operating leases for various types of equipment, in cases where it was not in the Group's interest to purchase the assets.

The minimum future lease payments payable for operating leases are as follows:

(In € millions)	2011	2010
	Minimum payments	Minimum payments
Within 1 year	37	28
1-5 years	48	30
Over 5 years		

- Lessor under operating leases

The Group is also a lessor of operating leases through its real estate business. The minimum future lease payments receivable for operating leases which cannot be terminated are as follows:

(In € millions)	2011	2010
	Minimum payments	Minimum payments
Within 1 year	275	211
1-5 years	221	172
Over 5 years	44	31

The amount of contingent rental payments received by the Group and included in the income statement for 2011 stands at €10 million versus €5 million in 2010.

• Note 33 > Currency exchange rates

Prices of one euro in foreign currency	2011		2010	
	closing	average	closing	average
US Dollar (USD)	1.2939	1.3917	1.3362	1.3268
Polish Zloty (PLN)	4.4580	4.1187	3.9750	3.9950
Romanian Leu (RON)	4.3233	4.2386	4.2620	4.2106
Argentine Peso (ARS)	5.5730	5.7453	5.2768	5.1898
Uruguayan peso (UYP)	25.8566	26.8345	26.5784	26.6237
Thai Baht (THB)	40.9910	42.4247	40.1700	42.0824
Colombian Peso (COP)	2,512.4300	2,569.1830	2,558.3400	2,519.4100
Brazilian Real (BRL)	2.4159	2.3259	2.2177	2.3344
Vietnamese Dong (VND)	27,262.0000	28,514.6200	26,031.7000	24,690.3918

The exchange rate used for the Japanese yen as at December 31, 2010 was €1 for 108,66 yens. As at December 31, 2011, the Casino had no debts in Japanese currency.

• Note 34 > Transactions with related parties

Related parties include:

- parent companies;
- entities which exercise joint control or notable influence over the entity;
- subsidiaries;
- associates;
- joint ventures;
- members of the Board of Directors and members of the Executive Committee.

As part of the day-to-day management of the Group, the Company is involved in normal business relationships with all its subsidiaries. In addition, the Company benefits from the guidance of its majority shareholder Euris, the Group's ultimate controlling company, under the terms of a strategic advisory services agreement signed in 2003.

Transactions with related individuals (directors, corporate offices and members of their family) are not significant. This is also true for transactions with parent companies.

During the year, La Forézienne de Participations sold to Finatis various minority shares held in OPCIs for a total of €81 million.

During the year, the parent companies subscribed to bonds issued by associates of the Franprix-Leader Price subgroup for € 41 million.

The transactions with related parties summarized below mainly concern current operations with companies over which the Group exercises notable influence or joint control. These companies are consolidated under the equity method or are proportionately consolidated. The transactions are concluded at market price.

Transactions with related individuals (directors, corporate offices and members of their family) are not significant.

34.1 > Transactions with the parent company

The accounts of the Rallye group are integrated into the consolidated financial statements of parent company Foncière Euris, with registered office at 83, rue du Faubourg Saint-Honoré – 75008 Paris – France (Siren No.: 702 023 508) and whose closing date is December 31, 2011.

There were no significant transactions between the Rallye group and Foncière Euris in 2011.

In 2008, a partnership was set up between Foncière Euris and Rallye to enable one of Rallye's subsidiaries (Parinvest) to continue investing in projects developed by Foncière Euris. Under the terms of the partnership agreement, which was concluded for an initial duration of four years, for projects that have already obtained building permits, Foncière Euris will offer Parinvest a maximum 50% stake, while Parinvest reserves the right to accept or decline the offer. The investment is made on the basis of external valuations.

For projects being set up that have not yet obtained building permits, Foncière Euris has the right, but not the obligation, to offer to enter into partnership with Parinvest.

In exchange, Parinvest has agreed not to set up or participate in any new shopping mall projects without offering Foncière Euris the opportunity to participate. The partnerships implemented in 2008 concern the Manufaktura, Beaugrenelle, Carré de Soie and Wzgorze malls.

Group shares in the Carré de Soie shopping mall were sold in 2010 and no new project has been implemented since 2008 in the context of this partnership.

34.2 > Transactions with joint ventures and associates

(In € millions)	As at December 31, 2011		As at December 31, 2010	
	Transaction amount	Balances	Transaction amount	Balances
Total transactions with joint ventures:				
Loans	(83)	6	15	89
Receivables	56	148	(14)	92
Liabilities	(32)	101	47	133
Expenses	50		57	
Income	68		47	
Total transactions with joint ventures:				
Loans				
Receivables	47	133	70	86
Liabilities				
Expenses	28		28	
Income	9		4	

34.3 > Gross compensation allocated to administrative and management bodies

(In € millions)	2011	2010
Short-term benefits excluding social security costs ⁽¹⁾	6	4
Short-term benefits: social security costs	2	2
Retirement payments owed to principal executives		1
Share-based payments ⁽²⁾	1	1
Total	9	8

(1) Gross salaries, bonuses, in-kind benefits and directors' fees.

(2) Expense recorded on the income statement for the year for stock option plans and bonus share allocation plans.

• Note 35 › Statutory auditors' fees

The fees posted as expenses in the audit of the Rallye group's financial statements amounted to €9.2 million as at December 31, 2011.

Fees for directly-related procedures came to €0.5 million for the fiscal year ending December 31, 2011.

• Note 36 › Subsequent events

Opinion of the Competition Authority regarding food retail in Paris

On referral of the matter by Paris' Mayor for Opinion, in 2011 the Competition Authority examined the status of competition in the food retail sector in Paris.

In the Opinion issued on January 11, 2012, the Authority found "that Paris' market is extremely concentrated" and stated "that the Casino Group holds a market share exceeding 60% of the area" which "hinders competition". The Casino Group completely rebuts the methods of analysis used by the Competition Authority, as the group considers that its market share in Paris, combined with that of Monoprix, does not exceed 38.5% based on several studies.

Nevertheless, the Authority did not find any abuse of dominant position or anti-competitive practices by the Casino Group. It underscored that the Casino Group has invested in the Franprix-Leader Price and Monoprix networks "with the approval of the competition authorities" and acknowledged that "the success of the Casino Group can be attributed to its strategy and its own merits".

Since the matter was referred to the Competition Authority solely for an opinion, such opinion is without legal effect. Considering the qualifications expressed in that opinion, Casino however reserves the option to contest its validity.

Mercialys' real estate and financial operation

To coincide with the launch of Mercialis' new strategy, Casino announced on February 9, 2012 that it would be significantly strengthening its financial flexibility:

- Casino will retain a stake in Mercialis of between 30% and 40% at the end of 2012, while renewing its partnership, and confirms its vision for the dual development model;
- Mercialis will announce a repayment of its shareholders' investments and a new financial structure.

In the context of this new stage in its real estate life, Mercialis intends to submit in 2012 to the vote of its shareholders two successive distributions for a total amount of €1.25 billion (€1.15 billion corresponding to a contribution redemption). The distribution of €1 billion is planned for the first half of the year. A second distribution, which could reach €250 million, is expected to occur in the second half of the year, following a second general meeting of shareholders, and contingent on the good performance of the disposal program, which requires the approval of the new board of directors.

The full completion of these distributions would enable Casino to recover its legacy contributions in the company.

Casino, which will reduce its stake to 30% to 40% of Mercialis' capital (compared to its current majority stake) will remain a first-rank partner for Mercialis. The composition of Mercialis' board of directors will be adjusted accordingly. The two companies plan to renew their partnership and Mercialis will thus continue to work together with Casino in the pursuit of the deployment of its dual value creating retail/real estate model. Mercialis will be equity accounted in Casino's financial statement at the date of loss of control.

Monoprix: disagreement on Galeries Lafayette's divestment price

In 2000 and 2003, Galeries Lafayette sold its share (50%) of the joint control over Monoprix to Casino, which as from January 1, 2012, has the right to acquire the majority and as from March 31, 2012, to name the Chairman and CEO for three-year periods alternating with Galeries Lafayette.

Galeries Lafayette, which holds a put option, started on December 7, 2011, a price assessment procedure, which subsequently gives it a time period to decide whether to sell and to notify Casino of its intent to terminate the partnership.

The banks in charge of conducting this assessment could not reach an agreement and, pursuant to the memorandum of understanding, a third expert must be called in to conduct the assessment. The bank approached to complete the assessment has declared that it would not conduct it unless the two parties agreed beforehand on the main financial forecasts that are supposed to serve as a basis for the assessment. However, such agreement has not been reached.

Galeries Lafayette, which claims that the financial assumptions it uses should be binding on Casino, has refused to name another expert and has filed a complaint against Casino with the Commercial Court of Paris. According to Casino, the sole purpose of that complaint is to put pressure on it to accept the price targets Galeries Lafayette has set for itself. Shortly after having valued its stake at €1.95 billion as part of an assessment, Galeries Lafayette did make a €1.35 billion offer to sell to Casino, which Casino rejected, as its advising bank had, during the assessment, valued Galeries Lafayette's stake at €700 million.

This is the context in which, while the chairmanship of Monoprix's board of the directors is supposed to be held by Casino as from March 31, 2012, Galeries Lafayette has chosen to violate its contractual commitments by making the board members named it vote to extend Mr. Philippe Houzé's term of office as chairman and chief executive officer at the Monoprix board of directors meeting of **February 22, 2012**.

Casino will refer the matter to the competent courts to request enforcement of Galeries Lafayette's commitments.

› **Capital increase project of around €30 million, guaranteed by Rallye, to speed up the recovery of Groupe GO Sport**

In order to boost sales of both banners and reinforce its financial structure, the Board of Directors of Groupe GO Sport decided at its February 21, 2012 meeting to carry out a capital increase of around €30 million. This transaction, conducted with preferential subscription rights for shareholders and guaranteed by Rallye, the majority shareholder of Groupe GO Sport, should be carried out during the second quarter of 2012, subject to obtaining the approval from the French financial markets authority (the *Autorité des Marchés Financiers*) of the transaction's prospectus, and after the General Meeting of Shareholders of April 20, 2012 has approved the corresponding resolutions.

LIST OF PRINCIPAL CONSOLIDATED COMPANIES AS AT DECEMBER 31, 2011

Companies	Registered office	Business sector	Siren No. or country	Method of conso.	12/31/2011	
					% of interest	% of control
Rallye SA*	75008 Paris	Holding	54 500 574		Parent company	
Alpétrol SAS	75008 Paris	Holding	325 337 475	FC	100.0	100.0
Bruyère (La) SA	75008 Paris	Holding	409 961 950	FC	67.0	67.0
Cobivia SAS	75008 Paris	Holding	318 906 146	FC	100.0	100.0
Genty Immobilier SAS	75008 Paris	Real estate	324 309 699	FC	100.0	100.0
H.M.B SAS	75008 Paris	Holding	582 079 679	FC	100.0	100.0
Kergorju SCI	29200 Brest	Real estate	323 354 589	FC	100.0	100.0
Magasins Jean SAS	29200 Brest	Food and general retailing	303 469 332	FC	100.0	100.0
Matignon Sablons SAS	75008 Paris	Holding	392 712 816	FC	100.0	100.0
Matimmob 1 SAS	75008 Paris	Real estate	405 262 817	FC	100.0	100.0
MFD Inc. (ex Athlete's Foot Group Inc.)	GA 30331 Atlanta	Holding	United States	FC	100.0	100.0
Miramont Finance & Distribution SA	75008 Paris	Holding	328 276 324	FC	100.0	100.0
Parker 1 LLC	Wilmington, Delaware 19801	Holding	United States	FC	100.0	100.0
Perrières (Des) SCI	75008 Paris	Real estate	342 781 093	FC	100.0	100.0
Sables (Les) SCI	75008 Paris	Real estate	348 637 869	FC	62.5	62.5
Sivigral SCI	75008 Paris	Real estate	308 697 499	ME	40.0	40.0
Parande SAS	75008 Paris	Holding	414 838 615	FC	100.0	100.0
Alexanderplatz Voltairestrasse GmbH	Berlin	Real estate	Germany	FC	54.0	54.0
Centrum Alexa Sàrl	Luxembourg	Real estate	Luxembourg	FC	60.0	60.0
Centrum Development Luxembourg SA	Luxembourg	Real estate	Luxembourg	FC	100.0	100.0
Centrum Gdynia Sàrl	Luxembourg	Real estate	Luxembourg	PC	27.6	32.5
Centrum Leto SA	Luxembourg	Real estate	Luxembourg	FC	100.0	100.0
Centrum NS Luxembourg Sàrl	Luxembourg	Real estate	Luxembourg	ME	33.3	33.3
Centrum Poznan SA	Luxembourg	Real estate	Luxembourg	FC	100.0	100.0
Centrum Saint-Petersbourg Sàrl	Luxembourg	Real estate	Luxembourg	PC	50.0	50.0
Centrum Weiterstadt SA	Luxembourg	Real estate	Luxembourg	FC	60.0	60.0
Centrum Wzgorze SP Zoo	Gdynia	Real estate	Poland	PC	27.6	32.5
Einkaufszentrum Am Alex GmbH	Berlin	Real estate	Germany	FC	54.0	90.0
Gutenbergstrasse BAB5 GmbH	Berlin	Real estate	Germany	FC	48.0	80.0
HBF Königswall GmbH	Berlin	Real estate	Germany	FC	100.0	100.0
IG Real Estate Investments SRL	Bucharest	Real estate	Romania	FC	81.6	100.0
IG Romanian Investments Ltd	Nicosia	Real estate	Cyprus	FC	81.6	81.6
Loop 5 Shopping Centre GmbH	Düsseldorf	Real estate	Germany	PC	24.0	50.0
Parande Ventures (partnership)	New-York	Holding	United States	FC	99.0	99.0
Pargest SAS	75008 Paris	Holding	501 492 144	FC	100.0	100.0
Pargest Holding SAS	75008 Paris	Holding	501 515 167	FC	100.0	100.0
Parinvest SAS	75008 Paris	Holding	433 872 040	FC	100.0	100.0
Pont de Grenelle SCI	75008 Paris	Real estate	447 523 648	EM	20.0	20.0

* Listed companies.

Companies	Registered office	Business sector	Siren No. or country	Method of conso.	12/31/2011	
					% of interest	% of control
Rivoli Participations SAS	75008 Paris	Holding	450 946 991	EM	27.6	27.6
Ruban Bleu St Nazaire SCI	75116 Paris	Real estate	477 660 013	EM	50.0	50.0
Euristates Inc.	Wilmington, Delaware 19801	Holding	United States	FC	100.0	100.0
555 Watertown LLC	Watertown, Massachusetts 02472	Real estate	United States	FC	95.5	100.0
Beacon Pleasant Street LLC	Wilmington, Delaware 19801	Holding	United States	FC	84.4	86.2
EREC Ventures LLC	Wilmington, Delaware 19801	Holding	United States	FC	97.9	100.0
EREC Ventures II LLC	Wilmington, Delaware 19801	Holding	United States	FC	99.8	100.0
Euris North America Corp.	Wilmington, Delaware 19801	Holding	United States	FC	100.0	100.0
ENAC Ventures LLC	Wilmington, Delaware 19801	Holding	United States	FC	99.4	100.0
Euris Real Estate Corp.	Wilmington, Delaware 19801	Holding	United States	FC	100.0	100.0
Parande Brooklyn Corp.	Wilmington, Delaware 19801	Holding	United States	FC	100.0	100.0
Parande Brooklyn Ventures LLC	Wilmington, Delaware 19801	Holding	United States	FC	95.7	100.0
Repton Place LLC	Boston, Massachusetts 02110	Real estate	United States	FC	84.4	100.0
Go Sport SA* Group	38360 Sassenage	Sport	958 808 776	FC	73.7	78.7
Buissières (Les) SAS	38360 Sassenage	Real estate	67 500 397	FC	73.7	100.0
Club Sports Diffusion SA	1050 Brussels	Sport	Belgium	FC	73.7	100.0
Courir France SAS	38360 Sassenage	Sport	428 559 967	FC	73.7	100.0
Go Sport France SAS	38360 Sassenage	Sport	428 560 031	FC	73.7	100.0
Go Sport Les Halles SNC	38360 Sassenage	Sport	329 021 463	FC	73.7	100.0
Gosport.com SAS	38360 Sassenage	Sport	431 734 193	FC	73.7	100.0
Go Sport Polska SP Zoo	02801 Warsaw	Sport	Poland	FC	73.7	100.0
Grand Large Sport SAS	38360 Sassenage	Sport	412 271 421	FC	73.7	100.0
Go Sport Espagne SA	28010 Madrid	Sport	Spain	FC	73.7	100.0
Groupe Go Sport Suisse Sàrl	CH1215 Geneva	Sport	Switzerland	FC	73.7	100.0
International Sports Retail Dév (ISRD) Sàrl	CH1215 Geneva	Sport	Switzerland	EM	36.9	50.0
Limpart Investments BV	1102 Amsterdam	Sport	Netherlands	FC	73.7	100.0
Casino, Guichard-Perrachon SA*	42000 Saint-Étienne	Food and general retailing	554 501 171	FC	51.0	61.2
Alamea Investments	Luxembourg	Financing	Luxembourg	FC	2.6	5.0
Alcudia Promotion SAS	42000 Saint-Étienne	Real estate	502 470 974	FC	51.0	100.0
Banque du Groupe Casino SA	75116 Paris	Bank	434 130 423	PC	25.5	50.0
Bergsaar BV	Amsterdam	Holding	Pays-Bas	FC	51.0	100.0
Groupe Big C*	Lupini	Food and general retailing	Thailand	FC	32.2	63.2
Casino Carburants SAS	42000 Saint-Étienne	Gas stations	428 267 942	FC	51.0	100.0
Casino Information Technology SAS	42000 Saint-Étienne	Services	444 524 177	FC	51.0	100.0
Casino International SAS	42000 Saint-Étienne	Services	424 064 780	FC	51.0	100.0
Casino Ré SA	Luxembourg	Insurance	Luxembourg	FC	51.0	100.0
Casino Restauration SAS	42000 Saint-Étienne	Food	342 043 528	FC	51.0	100.0
Casino Services SAS	42000 Saint-Étienne	Services	428 267 249	FC	51.0	100.0

* Listed companies.

Companies	Registered office	Business sector	Siren No. or country	Method of conso.	12/31/2011	
					% of interest	% of control
Casino Vacances SNC	75009 Paris	Travel	414 047 852	FC	51.0	100.0
Cdiscount SA	33700 Merignac	E- commerce	424 059 822	FC	50.8	99.6
Club Avantages SAS	42000 Saint-Étienne	Loyalty cards	409 864 683	FC	50.0	98.0
Coboop BV	Amsterdam	Holding	Pays-Bas	FC	51.0	100.0
Comacas SNC	42000 Saint-Étienne	Purchasing	428 270 003	FC	51.0	100.0
Cofidol SAS	42000 Saint-Étienne	Holding	501 437 477	FC	51.0	100.0
Dinetard SAS	42000 Saint-Étienne	Real estate	315 999 029	FC	51.0	100.0
Distribution Casino France SAS	42000 Saint-Étienne	Food and general retailing	428 268 023	FC	51.0	100.0
Distridyn SA	75008 Paris	Food and general retailing	325 366 334	PC	25.5	50.0
Dunnhumby France SAS	42000 Saint-Étienne	Marketing	492 705 595	PC	25.5	50.0
Easydis SAS	42160 Andrézieux-Bouthéon	Logistics	383 123 874	FC	51.0	100.0
EMC Distribution SAS	75116 Paris	Purchasing	428 269 104	FC	51.0	100.0
Floréal SA	42000 Saint-Étienne	Food and general retailing	950 405 928	FC	51.0	100.0
Forézienne de participations	42000 Saint-Étienne	Holding	501 655 336	FC	51.0	100.0
Géant Foncière BV	Amsterdam	Holding	Pays-Bas	FC	51.0	100.0
Géant Holding BV	Amsterdam	Holding	Pays-Bas	FC	51.0	100.0
Géant International BV	Amsterdam	Holding	Pays-Bas	FC	51.0	100.0
Geimex SA	75001 Paris	Food and general retailing	303 765 291	PC	25.5	50.0
Gelase SA	Brussels	Holding	Belgium	FC	51.0	100.0
Groupe GPA (ex-CBD)*	Sao Paulo	Food and general retailing	Brazil	PC	20.5	40.1
Halles des Bords de Loire (Les) SCI	75008 Paris	Real estate	477 667 067	FC	51.0	100.0
IGC Promotion SAS	42000 Saint-Étienne	Real estate	487 514 481	FC	51.0	100.0
IGC Services SAS	42000 Saint-Étienne	Real estate	424 064 707	FC	51.0	100.0
Intexa SA*	42000 Saint-Étienne	No activity	340 453 463	FC	50.0	97.9
IRTS SARL	Le Grand Saconnex	Services	Suisse	FC	51.0	100.0
Latic	Wilmington, Delaware	Holding	United States	FC	51.0	100.0
Libertad SA	Cordoba	Food and general retailing	Argentina	FC	51.0	100.0
Immobilière Groupe Casino SAS	42000 Saint-Étienne	Real estate	428 269 856	FC	51.0	100.0
Marushka Holding BV	Amsterdam	Holding	Pays-Bas	FC	51.0	100.0
Mayland (ex-Géant Polska)	Warsaw	Food and general retailing	Poland	FC	51.0	100.0
Groupe Monoprix	92116 Clichy	Food and general retailing	552 018 020	PC	25.5	50.0
Onagan Promotion SAS	42000 Saint-Étienne	Real estate	428 251 912	FC	51.0	100.0
Pachidis SA	42000 Saint-Étienne	Holding	420 233 777	FC	51.0	100.0
Plouescadis SAS	75016 Paris	Real estate	420 233 876	FC	51.0	100.0
Polca Holding SA	Brussels	Holding	Belgium	FC	51.0	100.0
Régie Média Trade SAS	75008 Paris	Services	428 251 862	PC	25.5	50.0
Restauration Collective Casino SAS	42000 Saint-Étienne	Food	440 322 808	FC	51.0	100.0
Ségisor SA	42000 Saint-Étienne	Holding	423 944 677	FC	51.0	100.0
Serca SAS	42000 Saint-Étienne	Food and general retailing	325 079 457	FC	51.0	100.0
Soderip SNC	42000 Saint-Étienne	Real estate	389 737 305	FC	51.0	100.0

* Listed companies.

Companies	Registered office	Business sector	Siren No. or country	Method of conso.	12/31/2011	
					% of interest	% of control
Spice Espana S.L.	Pamplona	Services	Spain	FC	51.0	100.0
Sudéco SAS	42000 Saint-Étienne	Food and general retailing	348 877 044	FC	51.0	100.0
Tevir SA	42000 Saint-Étienne	Holding	428 268 874	FC	51.0	100.0
Théiadis SAS	42000 Saint-Étienne	Holding	492 169 594	FC	51.0	100.0
Uranie SAS	42000 Saint-Étienne	Food and general retailing	380 236 547	FC	51.0	100.0
Villa Plancha SAS	42000 Saint-Étienne	Food	497 588 590	FC	51.0	100.0
Vindémia SA	Sainte-Marie (Reunion Island)	Food and general retailing	Indian Ocean	FC	51.0	100.0
Wilkes	São Paulo	Food and general retailing	Brazil	PC	35.1	50.0
Exito* Group	Medellin	Food and general retailing	Colombia	FC	28.0	54.8
Devoto	Montevideo	Food and general retailing	Uruguay	FC	27.0	96.6
SA Didetexco	Municipio de Envigado	Food and general retailing	Colombia	FC	26.3	94.0
Groupe Anflico (Disco)	Montevideo	Food and general retailing	Uruguay	PC	17.5	62.5
Patrimonio Autonomo San Pedro Plaza	Bogota, D.C.	Real estate	Colombia	FC	14.3	51.0
Codim 2 SA (Codim Group)	20200 Bastia	Food and general retailing	400 594 412	FC	51.0	100.0
Balcadis 2 SNC	20220 Ile Rousse	Food and general retailing	400 420 287	FC	51.0	100.0
Cash Corses SNC	20200 Bastia	Food and general retailing	421 001 306	FC	51.0	100.0
Costa Verde SNC	20230 San Nicolao	Food and general retailing	487 625 501	FC	51.0	100.0
Fidis 2 SNC	20240 Ghisonaccia	Food and general retailing	407 721 125	FC	51.0	100.0
Hyper Rocade 2 SNC	20600 Furiani	Food and general retailing	400 315 438	FC	51.0	100.0
Lion de Toga 2 SNC	20200 Bastia	Food and general retailing	400 315 479	FC	51.0	100.0
Pacam 2 SNC	20167 Mezzavia	Food and general retailing	400 332 078	FC	51.0	100.0
Poretta 2 SNC	20137 Porto Vecchio	Food and general retailing	400 332 128	FC	51.0	100.0
Prical 2 SNC	20260 Calvi	Food and general retailing	480 266 956	FC	50.5	99.0
Prodis 2 SNC	20110 Propriano	Food and general retailing	400 564 431	FC	51.0	100.0
Semafrac SNC	20600 Furiani	Food and general retailing	412 639 676	FC	51.0	100.0
Sodico 2 SNC	20250 Corte	Food and general retailing	400 315 545	FC	51.0	100.0
Sudis 2 SNC	20137 Porto Vecchio	Food and general retailing	400 332 151	FC	51.0	100.0
Unigros 2 SNC	20200 Bastia	Food and general retailing	400 315 610	FC	51.0	100.0
Franprix-Leader Price Group	75016 Paris	Food and general retailing	343 045 316	FC	51.0	100.0
Addy Participations	75016 Paris	Holding	523 371 045	FC	26.0	51.0
Besançon Saint-Claude SARL	25000 Besançon	No activity	419 660 246	FC	51.0	100.0
Cafige	75009 Paris	Holding	498 598 853	EM	25.0	49.0
Cofilead	75017 Paris	Holding	499 268 597	FC	30.6	60.0
Cogefisd Group	75017 Paris	Food and general retailing	377 563 648	FC	42.9	84.0
DBA SNC	56312 Lorient	Holding	390 849 479	FC	30.6	60.0
DFP (Baud SA)	94430 Chennevières-sur-Mame	Food and general retailing	414 265 165	FC	51.0	100.0
Distribution Leader Price SNC	77220 Gretz-Armainvilliers	Food and general retailing	384 846 432	FC	51.0	100.0
Figeac	75017 Paris	Food and general retailing	344 316 708	FC	42.9	84.0
Franprix Exploitation	75016 Paris	Food and general retailing	504 065 822	FC	51.0	100.0

* Listed companies.

Companies	Registered office	Business sector	Siren No. or country	Method of conso.	12/31/2011	
					% of interest	% of control
Franprix Holding SA	75016 Paris	Food and general retailing	955 200 621	FC	51.0	100.0
H2A	92700 Colombes	Financial	437 812 316	FC	30.6	60.0
HD Rivière	31000 Toulouse	Holding	512 538 190	EM	25.0	49.0
Leader Price Holding SA	75016 Paris	Food and general retailing	419 695 341	FC	51.0	100.0
Leadis Holding	94430 Chennevières-sur-Mame	Food and general retailing	480 761 105	FC	51.0	100.0
Lecogest SARL	92500 Rueil Malmaison	Holding	390 050 944	FC	51.0	100.0
Minimarché	94430 Chennevières-sur-Mame	Food and general retailing	n.a.	FC	51.0	100.0
Patrick Fabre Distribution	75006 Paris	Holding	510 748 734	EM	20.4	40.0
Pro Distribution SA	92370 Chaville	Holding	422 464 313	FC	30.6	60.0
Retail Leader Price	94430 Chennevières-sur-Mame	Food and general retailing	n.a.	FC	51.0	100.0
R.L.P. Investissement SA	77220 Gretz-Armainvilliers	Food and general retailing	392 077 954	FC	51.0	100.0
Sarjel	94100 St-Maur des Fossés	Food and general retailing	389 376 023	FC	30.6	60.0
Sédifrais SA	95560 Montsoult	Grande distribution	341 500 858	FC	49.4	96.8
SI2M	93500 Pantin	Holding	501 678 312	EM	20.4	40.0
Sodigestion	92000 Nanterre	Financial	441 740 917	FC	30.6	60.0
Groupe Sofigep	92500 Rueil-Malmaison	Food and general retailing	338 884 976	FC	51.0	100.0
Surgenord SAS	93500 Pantin	Holding	329 492 102	FC	49.4	96.8
Taleb	91000 Evry	Holding	522 265 941	FC	30.6	60.0
Volta	92100 Boulogne-Billancourt	Real estate	523 767 622	FC	26.0	51.0
Mercialys SA*	75016 Paris	Real estate	424 064 707	FC	25.8	50.5
Agout SNC	42000 Saint-Étienne	Real estate	497 952 812	FC	25.8	100.0
Caseme de Bonne (La) SCI	75008 Paris	Real estate	477 667 976	FC	25.8	100.0
Kerbernard SCI shopping center	42000 Saint-Étienne	Real estate	777 501 396	FC	25.3	98.3
Chantecouriol SNC	42000 Saint-Étienne	Real estate	499 849 487	FC	25.8	100.0
Corin Asset Management SAS	20600 Furiani	Real estate	492 107 990	PC	10.3	40.0
Dentelle SNC	42000 Saint-Étienne	Real estate	498 780 345	FC	25.8	100.0
Diane (La) SCI	13100 Aix en Provence	Real estate	424 153 815	FC	25.8	100.0
Géante Périaz SNC	42000 Saint-Étienne	Real estate	498 760 396	FC	25.8	100.0
Mercialys Gestion SAS	42000 Saint-Étienne	Real estate	484 531 561	FC	25.8	100.0
Point Confort SA	42000 Saint-Étienne	Real estate	306 139 064	FC	25.8	100.0
Salins (Les) SAS	42000 Saint-Étienne	Real estate	493 244 594	FC	25.8	100.0
Timur SCI	42000 Saint-Étienne	Real estate	382 921 773	FC	25.8	100.0
Vendolonne SNC	42000 Saint-Étienne	Real estate	483 813 937	FC	25.8	100.0

* Listed companies.

Statutory auditors' report

ON THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2011

This is a free translation into English of the statutory auditors' report on the consolidated financial statements issued in French and it is provided solely for the convenience of English-speaking users. The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the audit opinion on the consolidated financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions or disclosures.

This report also includes information relating to the specific verification of information given in the group's management report. This report should be read in conjunction with and is construed in accordance with French law and professional auditing standards applicable in France.

To the Shareholders,

In compliance with the assignment entrusted to us by your annual general meetings, we hereby report to you for the year ended 31 December 2011 on:

- the audit of the accompanying consolidated financial statements of Rallye;
- the justification of our assessments;
- the specific verification required by law.

These consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these consolidated financial statements based on our audit.

I. OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at 31 December 2011 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

II. JUSTIFICATION OF ASSESSMENT

In accordance with the requirements of article L823-9 of the French Commercial Code ("Code de commerce") relating to the justification of our assessments, we bring to your attention the following matters:

- The Group is required to make estimates and assumptions as regards the impairment tests of goodwill and other non-current assets (notes 1.17 and 15). The recoverable value of non-current assets is estimated using cash-flow and earnings projections and other information contained in the Group's long-range business plans approved by management.

We examined the consistency of assumptions, their underlined data and available documentation. Based on those, we assessed the reasonableness of the Group's evaluations.

As indicated in note 1.5.2 to the consolidated financial statements, these evaluations are made on assumptions inherently uncertain and consequently their execution could differ from used projected data.

- Notes 1.8 and 1.22 to the consolidated financial statements specify the accounting principles followed by the Group for additions to and exits from the scope of consolidation for entities over which control is taken or has ceased.

Note 2.6 to the consolidated financial statements describes the final accounting for the negative goodwill as a result of taking control of Nova Casa Bahia in November 2010. This note is complemented by the information provided in note 1.5.3 on the retrospective handling of adjustments made.

We have verified the accounting interpretations applied to the various transactions relating to the Group's scope of consolidation, as described in notes 1 and 2 of Part II – Comments on the contents of financial statements. Our work involved assessing the data and assumptions upon which the estimates of the Group are based and examining the calculations made. Lastly, we have assessed the information given regarding this matter in the notes to the consolidated financial statements.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III. SPECIFIC VERIFICATION

As required by law we have also verified, in accordance with professional standards applicable in France, the information presented in the Group's management report.

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

French original signed by
The Statutory Auditors

Paris La Défense, 2 April 2012

KPMG Audit
A division of KPMG S.A.
Patrick-Hubert Petit
Partner

ERNST & YOUNG et Autres

Pierre Bourgeois
Partner

Individual company financial statements

RALLYE – INCOME STATEMENT

(In € millions)	Note	2011	2010
Net sales	1	2.2	4.9
Other purchases and external expenses		(22.8)	(23.5)
Taxes		(0.6)	(0.6)
Payroll expenses		(8.4)	(10.8)
Net allocations (reversals) to amortization and provisions		(2.3)	(17.0)
Other net operating expenses		(0.3)	(0.3)
Operating income (loss)	1	(32.2)	(47.4)
Financial income		370.2	280.9
Financial expenses		(297.7)	(227.9)
Net financial income	2	72.6	53.0
Income from current operations before tax		40.4	5.6
Extraordinary reversals (allocations) of provisions		(0.1)	1.5
Extraordinary income (expenses) from management transactions		0.1	(0.7)
Extraordinary income (expenses) from capital transactions		39.8	69.2
Net extraordinary income	3	39.8	70.0
Income tax	4		
Net income		80.3	75.6

Individual company financial statements

RALLYE – BALANCE SHEET

ASSETS

(In € millions)	Notes	Gross	Amortization and appreciation	2011 Net	2010
Intangible fixed assets	5	41.2	0.3	40.9	1.2
Tangible fixed assets	5	1.2	0.8	0.4	0.5
Financial investments	6-8-11	2,753.7	472.2	2,281.5	1,550.3
Total fixed assets		2,796.1	473.3	2,322.8	1,552.0
Receivables	7-11	2,538.9		2,538.9	2,570.0
Marketable securities	8	12.5	2.4	10.1	569.0
Cash and cash equivalents	8	0.2		0.2	30.1
Total current assets		2,551.6	2.4	2,549.1	3,169.1
Prepaid expenses	9	0.8		0.8	0.7
Deferred bond issue costs	9	22.5		22.5	21.1
Bond redemption premiums	9	4.4		4.4	6.0
Currency conversion differences					
TOTAL ASSETS		5,375.4	475.7	4,899.6	4,748.9

EQUITY AND LIABILITIES

(In € millions)	Notes	2011	2010
Share capital		139.4	132.9
Share issue premiums		1,398.1	1,348.2
Reserves		75.1	74.6
Retained earnings		98.1	101.8
Interim dividend		(35.6)	(33.9)
Net income for the year		80.3	75.6
Total shareholders' equity	10	1,755.3	1,699.2
Provisions	11	110.6	62.9
Borrowings and loans	12	3,020.2	2,950.0
Accounts payable	13	6.8	8.0
Other debts	13	5.6	28.6
Total debt		3,032.6	2,986.7
Prepaid income		0.1	0.2
Currency conversion differences		1.0	
TOTAL EQUITY AND LIABILITIES		4,899.6	4,748.9

Individual company financial statements

RALLYE – CASH FLOW STATEMENT

(In € millions)	2011	2010
Cash flow from operating activities:		
Net income	80.3	75.6
Elimination of expenses and income without effect on cash flow or not related to operating activities:		
Amortization, depreciation and provisions	88.8	64.3
Capital gains on disposals net of tax	(39.8)	(69.2)
Gross margin from self-financing	129.3	70.7
Variation in working capital requirements related to the operating activities:		
- Net inventories		
- Net operating receivables	6.7	1.5
- Non-operating receivables	(42.4)	
- Operating debts	(13.9)	13.9
Net cash flow from operating activities (A)	79.7	86.1
Cash flow from investment activities:		
Acquisition of tangible and intangible assets		(0.3)
Disposal of tangible and intangible assets		
Acquisition of financial investments	(341.1)	
Disposal of financial investments	84.8	236.0
Net cash flow from investment activities (B)	(256.3)	235.7
Cash flow from financing activities:		
Dividends paid to Company shareholders	(24.8)	(31.7)
Capital increase in cash	0.7	
Capital repayment		
Variation in own shares held	(10.6)	5.6
Loan issues	368.5	589.0
Loan repayments	(450.2)	(173.4)
Variation in accrued interest	(19.7)	72.4
Current account advances to Company subsidiaries	(286.9)	(759.0)
Net cash flow from financing activities (C)	(423.0)	(297.1)
Increase (decrease) in cash and cash equivalents (A+B+C)	(599.6)	24.7
Cash at beginning of period (D)	590.1	565.4
Cash at end of period (E)	(9.5)	590.1
Increase (decrease) in cash and cash equivalents (E-D)	(599.6)	24.7

Individual company financial statements

NOTES TO RALLYE FINANCIAL STATEMENTS

I. ACCOUNTING PRINCIPLES AND METHODS

The financial statements have been prepared in accordance with the principles, standards and methods set out in the French National Chart of Accounts issued in 1999, in accordance with Regulation No. 99-03 of the French Accounting Regulations Committee (CRC).

Information that is not mandatory appears only if it is of significant importance. Accounting entries are valued on the basis of the historical cost method.

• 1.1 > Tangible and intangible fixed assets

Tangible and intangible fixed assets appear on the balance sheet at their acquisition or contribution value. Financial amortization of fixed assets is measured on a straight-line basis over the following periods:

Type of assets	Amortization period
Software	1 year
Office furniture and equipment	2 to 10 years
Transportation equipment	4 years
Fittings and improvements	10 years

In accordance with CRC Regulation 2004-01, merger losses must be recorded under intangible fixed assets.

• 1.2 > Financial investments

> Share investments

Share investments appear on the balance sheet at their acquisition or contribution value and are subject to a provision for depreciation when the value in use is less than their book value.

Rallye measures the value in use of its equity securities on the basis of several criteria, including net worth, revalued net asset value, present value of financial income less debt, stock market price and external appraisals. Impairment of the current account or provisions for contingencies may be recorded when a subsidiary has negative shareholders' equity.

> Other financial investments

Loans and receivables and other long-term investments are recorded on the balance sheet at their acquisition cost under "Other financial investments". Impairment losses are recorded when their expected net realizable value is lower than their book value.

With regard to Rallye shares acquired under share buyback plans, the expected net realizable value is the average share price over the last 20 days of the fiscal year.

• 1.3 > Receivables

Receivables are recorded under assets at their nominal value. An allowance for impairment is recorded when their fair value, based on recoverability, is lower than their book value.

• 1.4 > Marketable securities

Marketable securities are recognized at their acquisition value. Impairment is recorded when their market value is lower than:

- the average share price from the last 20 days of the fiscal year for own shares held;
- the year-end net asset value for other marketable securities.

Impairments are not recorded for own shares held and allocated to bonus share and stock option plans, owing to the existing allocation commitments toward employees and to the contingency provision recognized as a liability.

• 1.5 > Deferred bond issue costs

Issue costs of borrowings and bonds are spread out over the life of the issue, in line with scheduled redemption.

• 1.6 > Currency conversion differences

Receivables and debts denominated in foreign currencies are converted at the closing exchange rate. Any differences that may arise between the amounts originally recorded and the amounts as converted at the closing exchange rate are booked under unrealized foreign exchange rate gains and losses. A provision covers unrealized foreign exchange rate losses.

• 1.7 > Provisions

In accordance with CRC Regulation 2000-06, provisions are recorded for liabilities and contingencies arising from the Company's obligations toward third parties, which are expected to result in the use of resources without any consideration in return.

Provisions for retirement obligations reflect the forecast liability based on the aggregate rights vested by employees, in accordance with the National Accounting Board (CNC) Recommendation 2003 R-01. This provision was calculated using the projected unit credit method and taking into account social security charges. As of December 31, 2011, the provision stood at €219,483.

Provisions may be made for conditional redemption premiums on bond issues if the payment of the premium becomes likely. The provision is spread out over the life of the issue. The Company has assessed the need to make provisions for redemption premiums, in particular, taking into account the maturity date of the bonds and the difference between the current market price of the underlying shares and the redemption value of the bonds.

The Company has granted bonus share allocation plans and, as such, has made a provision equal to the acquisition cost of shares that should be allocated according to the terms of the plan as of the date of closure. This provision is established in accordance with CRC Regulation 2008-15 of December 4, 2008.

The Company has put interest rate financial instruments in place. Provisions may be made for instruments that do not qualify as hedging instruments, provided they are likely to show unrealized losses.

The provision for tax litigation reflects the assessment of the associated financial risk, based on the current status of legal proceedings.

Other provisions are made for specific risks and expenses. The amount of the provisions is given in Note 11 to the parent company financial statements.

• 1.8 > Debt

Trade and other payables are recorded at their nominal value under liabilities.

• 1.9 > Financial instruments

As part of the management of its exposure to interest rate risk, Rallye uses various derivative interest rate instruments. The nominal amount of forward contracts appears under off-balance-sheet commitments.

Income and expenses resulting from interest rate risk hedging transactions are included on an accrual basis in the income statement for the period.

• 1.10 > Income from current operations

Income from current operations corresponds to the income and expenses arising from the Company's ordinary operations.

• 1.11 > Net extraordinary income (loss)

Extraordinary income (loss) includes the income and expenses arising from transactions outside the Company's ordinary operations, as well as income and expenses of material amounts.

• 1.12 > Income tax

Rallye has opted for tax consolidation and assumes the income tax due for the consolidated group. As of December 31, 2011, the Group comprised 13 companies.

The tax consolidation agreement signed between Rallye and its subsidiaries sets out the methods for sharing the tax burden among the companies, as follows:

- Rallye personally and finally bears the cost of corporate tax and additional income tax payments, as well as taxes on capital gains made by those of its subsidiaries included in the tax consolidation group;
- subsidiaries that are included in the tax consolidation group shall pay Rallye the portion of annual minimum tax (IFA) due on their behalf;
- in the event that a subsidiary leaves the tax consolidation group, Rallye is solely liable for the payment of tax and any other payments that may be due. Rallye may compensate the exiting subsidiary for additional taxes that might be due as a result of its having belonged to the group.

II. FISCAL YEAR HIGHLIGHTS

• Rallye boosted its shareholders' equity by using the option to pay the balance of the 2010 dividend and the interim 2011 dividend in Rallye shares

The Shareholders' Meeting of May 4, 2011 decided that the balance of the 2010 dividend amounting to €1.03 could, at the shareholder's discretion, be received in cash or in new Company shares. Rights were exercised for payment in shares at a level of 87.1%.

In accordance with the authorization given by the Shareholders' Meeting, the Board meeting of September 6, 2011 decided on the payment of an interim dividend for 2011 of €0.80. The Board of Directors also decided that payment of this interim dividend could, at the shareholder's discretion, be received in cash or in new Company shares. Rights were exercised for payment in shares at a level of 46.3 %.

These transactions enabled Rallye to boost its shareholders' equity by €55.6 million by issuing 1,321,416 new shares for the balance of the 2010 dividend and 793,939 new shares for the 2011 interim dividend.

• Merger by absorption of Kerrous

The Shareholders' Meeting of May 4, 2011 approved the merger by absorption of Kerrous with retrospective effect from January 1, 2011. In accordance with CRC Regulation 2004-01, this transaction was carried out at book value and the merger loss was posted to intangible fixed assets. This merger loss of €50.4 million was allocated to Casino shares held directly and indirectly by Kerrous.

III. POST-BALANCE-SHEET EVENTS

None.

IV. COMMENTS REGARDING CERTAIN LINE ITEMS

• Note 1 > Operating income (loss)

1.1 > Breakdown

(In € millions)	2011	2010
Sales	2.2	4.9
Provision reversals	9.6	0.4
Operating revenue	11.8	5.3
Other purchases and external expenses	(22.8)	(23.5)
Taxes	(0.6)	(0.6)
Payroll expenses	(8.4)	(10.3)
Amortization, depreciation and provisions	(11.9)	(18.0)
Other operating expenses	(0.3)	(0.3)
Operating expenses	(44.0)	(52.7)
Operating income (loss)	(32.2)	(47.4)

1.2 > Operating income

Sales are generated for the most part in France and comprise services to subsidiaries:

(In € millions)	2011	2010
Services	0.7	2.8
Financial services	1.5	2.1
Sales	2.2	4.9

The provision reversals in 2011 relate to bonus share allocation plans of €2.4 million maturing this year and to the current account with Parande of €72 million.

1.3 > Operating expenses

Transfers of expenses were allocated according to type of expense based on the following details:

(In € millions)	2011	2010
Other purchases and external expenses ⁽¹⁾	11.6	8.8
Personnel expenses	0.7	0.5
Transfers of operating expenses	12.3	9.3

(1) These transfers of expenses relate to bond issue costs of €11.5 million in 2011 and €8.8 million in 2010.

Other purchases and external expenses include bank commissions and fees.

Other operating costs mainly relate to attendance fees awarded to the Company's directors.

1.4 > Workforce and compensation paid to members of administrative and management bodies

	2011	2010
Managerial staff	19	24
Other staff	12	11
Total average workforce	31	35
Compensation paid to executives (in million euros)	0.3	0.3

• Note 2 > Financial income (loss)

(In € millions)	2011	2010
Dividend	119.3	77.6
Provision reversals	15.4	0.6
Other interests and similar income	233.7	200.8
Net income from disposals of marketable securities	1.8	1.9
Financial income	370.2	280.9
Interests and similar expenses	(195.9)	(179.0)
Financial provision allowances	(101.8)	(48.9)
Net expenses from disposals of marketable securities		
Financial expenses	(297.7)	(227.9)
Net financial income (loss)	72.6	53.0

For fiscal year 2011, dividends included €59.4 million from Casino and €59.8 million from L'Habitation Moderne de Boulogne.

Interests, income and similar expenses relate to the following:

- payment on current accounts with subsidiaries of €151.9 million;
- loans and exchange rate hedging operations of €(173.9) million;
- implementation and unwinding of financial instruments of €64.6 million;
- miscellaneous income and financial expenses of €(4.8) million.

Allocations and reversals of provisions mainly relate to the following:

- impairment of investment securities and own shares held of €(36.6) million (see Notes 6.2 and 8.1);
- bond redemption premiums of €(71) million;
- forward financial instruments of €(42.7) million.

• Note 3 > Extraordinary income

(In € millions)	2011	2010
Income from disposals of financial investments	39.8	69.2
Provision reversals (allocations)	(0.1)	1.5
Other extraordinary income (expenses)	0.1	(0.7)
Net extraordinary income (loss)	39.8	70.0

Income from the disposal of financial investments relates to the disposal of Casino shares and own shares held (see Note 6.2).

• Note 4 > Corporate income tax

As the head of the tax consolidation group, Rallye is personally and ultimately liable for tax on companies in the group.

For fiscal year 2011, there were no corporate income tax charges. There would have been no tax charge for Rallye if it were not consolidated for tax purposes.

4.1 > Breakdown of taxation between operating income and extraordinary income

Tax relating to current operating and extraordinary income, which takes into account the tax adjustments specific thereto, can be broken down as follows:

(In € millions)	Income before tax	Tax due	Income after tax
Current operating income	40.4		40.4
Extraordinary income	39.8		39.8

4.2 > Unrealized tax

Tax losses carried forward totaling €1.7012 billion as of December 31, 2011 are recorded within the tax consolidation group and may be carried forward indefinitely.

Long-term capital losses that may be carried forward amounted to €5.9 million. They were recorded via tax consolidation and may be charged against long-term capital gains of the same nature, taxable at 15%.

Tax carry-forward expiry dates are as follows:

(In € millions)	2011
December 31, 2017	0.7
December 31, 2018	1.4
December 31, 2019	1.3
December 31, 2020	1.7
December 31, 2021	0.8
Long-term capital losses that may be carried forward (taxable at 15%)	5.9

• Note 5 > Tangible and intangible fixed assets

5.1 > Breakdown

(In € millions)	2011	2010
Gross intangible fixed assets	41.2	1.4
Amortization	(0.3)	(0.2)
Net value of intangible fixed assets	40.9	1.2
Land	0.1	0.1
Buildings	0.6	0.6
Other tangible fixed assets	0.5	0.5
Gross tangible fixed assets	1.2	1.2
Amortization	(0.8)	(0.7)
Net value of tangible fixed assets	0.4	0.5
NET TANGIBLE AND INTANGIBLE FIXED ASSETS	41.3	1.7

5.2 > Variation

(In € millions)	Gross	Amortization	Net
As of January 1, 2010	1.5	(1.1)	0.4
Increase	18.1	(0.1)	18.0
Decrease	(17.0)	0.3	(16.7)
As of December 31, 2010	2.6	(0.9)	1.7
Increase	50.4	(0.2)	50.2
Decrease	(10.6)		(10.6)
As of December 31, 2011	42.4	(1.1)	41.3

The increase in intangible fixed asset increases for the fiscal year relate to the merger loss recorded for the merger by absorption of Kerrous.

This merger loss was allocated to Casino shares, directly and indirectly held by Kerrous at the time of the merger; it was accounted for at €10.6 million following disposal of a portion of these shares.

• Note 6 > Financial investments

6.1 > Breakdown

(In € millions)	2011	2010
Equity securities	2,751.0	1,987.7
Impairment	(472.0)	(438.1)
Net value of equity securities	2,279.0	1,549.6
Other financial investments	2.7	0.7
Impairment	(0.2)	
Net value of other financial investments	2.5	0.7
Net financial investments	2,281.5	1,550.3

6.2 > Variation

(In € millions)	Gross	Provisions	Net
As of January 1, 2010	1,919.6	(397.5)	1,522.1
Increase	334.9	(41.1)	293.8
Decrease	(266.1)	0.5	(265.6)
As of December 31, 2010	1,988.4	(438.1)	1,550.3
Increase	1,000.9	(34.8)	966.1
Decrease	(235.6)	0.8	(234.8)
As of December 31, 2011	2,753.7	(472.2)	2,281.5

Upon the merger by absorption of Kerrous, Rallye received Casino shares of €452.4 million and shares in L'Habitation Moderne de Boulogne of €186.7 million. The cancellation of Kerrous shares explains a decrease in financial investments of €187.6 million.

Other increases in financial investments are explained by the following:

- acquisition of Casino shares for €211.1 million;
- subscription to increase the share capital of Parande of €130 million;
- acquisition of Rallye shares in the context of a liquidity agreement for €20.7 million.

Other decreases in financial investments are explained by the following:

- disposal of Casino shares for €29.3 million;
- disposal of Rallye shares in the context of a liquidity agreement for €18.7 million.

The allocation of provisions of €34.8 million relates to the impairment of Parande shares.

• Note 7 > Receivables

The amounts and maturities of net receivables reported under balance sheet assets are as follows:

(In € millions)	2011	2010
Receivables booked to fixed assets	0.1	0.1
Trade receivables and related accounts	152.7	139.2
Current accounts	2,340.6	2,409.9
Other operating receivables	3.3	20.9
Receivables for disposals of fixed assets	42.3	
Net receivables	2,539.0	2,570.1
of which: up to one year	2,538.9	2,554.2
over one year	0.1	15.9

The current account advances made by Rallye to its subsidiaries are part of the Group's centralized cash management system. They are due within one year.

• Note 8 > Net cash position

8.1 > Marketable securities

(In € millions)	2011	2010
Own shares held	12.5	8.9
Marketable securities		560.1
Gross value	12.5	569.0
Impairment	(2.4)	
Net value	10.1	569.0

As of December 31, 2011, "Own shares held" comprised 641,936 Rallye shares intended to cover stock option and bonus share plans.

8.2 > Own shares held

	2011			2010
	Marketable securities	Financial investments	Total	
Number of shares held:				
As of January 1	649,930		649,930	891,789
Purchases	180,134	683,328	863,462	519,528
Sales	(188,128)	(596,578)	(784,706)	(761,387)
As of December 31	641,936	86,750	728,686	649,930
Gross value of shares held (in million euros):				
As of January 1	8.9		8.9	12.4
Purchases	6.2	20.7	26.9	13.5
Sales	(2.6)	(18.7)	(21.3)	(17.0)
As of December 31	12.5	2.0	14.5	8.9

In connection with the liquidity agreement signed by and between Rallye and Rothschild & Cie Banque in June 2005, the Company acquired 683,328 Rallye shares and sold 596,578.

During the 2011 fiscal year, 188,128 Rallye shares were allotted to Group employees in the context of mature bonus share allocation plans.

Rallye also acquired 180,134 Rallye shares intended to cover bonus share allocation plans and share option plans.

8.3 > Net cash position

(In € millions)	2011	2010
Marketable securities		560.1
Impairment		
Net value		560.1
Term account		30.0
Cash and cash equivalents	0.2	0.1
Bank overdrafts	(9.7)	(0.1)
Spot credit lines		
Net cash position	(9.5)	590.1

• Note 9 > Adjustment accounts and similar

(In € millions)	2011	2010
Prepaid expenses	0.8	0.7
Deferred bond issue costs	22.5	21.1
Bond redemption premiums	4.4	6.0
Adjustments and similar accounts	27.7	27.8

Borrowings issuance costs and bond redemption premiums are amortized over the life of the debt and credit lines or are based on the debt redemption schedule.

• Note 10 > Shareholders' equity

10.1 > Breakdown

As of December 31, 2011, share capital totaled €139,398,480, comprising 46,466,160 shares with a par value of €3.

(In € millions)	2011	2010
Share capital	139.4	132.9
Share, merger and contribution premiums	1,398.1	1,348.2
Legal reserve	13.3	12.8
Regulated reserves	1.4	1.4
Other reserves	60.4	60.4
Retained earnings	98.1	101.8
Interim dividend	(35.6)	(33.9)
Net income for the year	80.3	75.6
Shareholders' equity	1,755.3	1,699.2

10.2 > Changes in shareholders' equity

(In € millions)	2011	2010
As of January 1	1,699.2	1,655.3
Capital increase/decrease	6.5	5.8
Share premiums	49.8	39.2
Other movements		
Dividend paid	(80.4)	(76.7)
Net income for the year	80.3	75.6
As of December 31	1,755.3	1,699.2

The increase in share capital and share premium is a result of the creation of:

- 1,321,416 shares as a result of the option for payment of the balance of the 2010 dividend in shares;
- 793,939 shares as a result of the option for payment of the interim 2011 dividend in shares;
- 50,802 shares as a result of the exercising of share subscription options.

10.3 > Changes in capital by number of shares

	2011	2010
Number of shares as of January 1	44,300,003	42,360,140
Exercise of share subscription options	50,802	
Payment of dividend in shares	2,115,355	1,939,863
Number of shares as of December 31	46,466,160	44,300,003

10.4 > Securities giving access to capital

- Share subscription option plans

Type of plan	Subscription	Subscription	Subscription	Subscription	Subscription
Grant date	10/01/2007	04/23/2008	04/27/2009	12/09/2009	09/06/2010
Maturity date	03/31/2013	10/23/2013	10/26/2014	06/08/2015	03/05/2016
Number of options initially awarded	181,127	258,091	310,521	12,000	124,485
Number of shares that may be issued or purchased	147,687	213,599	180,682	12,000	124,485
Number of options cancelled	33,440	44,492	79,037		
Exercise price, in euros	48.73	43.15	14.24	24.62	26.44
Value of options at time of grant, in euros	10.16	8.74	1.55	5.90	5.99

All of the option plans were granted without performance-based conditions, but beneficiaries are required to be employed within the Group.

- Bonus share allocation plans

Grant date	09/06/2010	06/08/2011
End of share acquisition period	03/06/2013	06/08/2014
End of share retention period	03/06/2015	12/08/2016
Number of shares initially awarded	143,195	133,032
Number of shares that may be issued or purchased	138,872	133,032
Number of shares cancelled	4,323	
Value of shares at time of grant, in euros	19.86	24.06
Attendance conditions	Yes	Yes
Performance conditions	Yes	Yes

As of December 31, 2011, 271,904 Rallye shares were allocated to cover bonus share allocation plans, and a liability provision of €1.3 million was recorded.

Bonus share allocation plans that matured in January, July and October 2011 generated expenses of €2.7 million for the fiscal year, which were covered by a provision of €2.4 million. (Expenses for the 2010 fiscal year were €0.4 million and were covered by a provision of the same amount.)

• Note 11 > Provisions

11.1 > Breakdown

(In € millions)	Contingent liabilities			Total
	Tax litigation	Premium redemptions	Miscellaneous risks	
As of January 1, 2010	4.4	37.4	14.8	56.6
Provisions		5.6	2.6	8.2
Reversals	(1.5)		(0.4)	(1.9)
As of December 31, 2010	2.9	43.0	17.0	62.9
Provisions		5.6	58.9	64.5
Reversals			(16.8)	(16.8)
As of December 31, 2011	2.9	48.6	59.1	110.6

The contingency provision for tax litigation relates to a risk with respect to the tax audit for the years 1993 and 1994.

As of December 31, 2011, the provision relating to redemption premiums concerns a bond in the amount of €299.1 million. The provision for the year was prorated over the life of the loan.

The miscellaneous contingency provision relates to bonus share allocation plans, financial instruments and pension commitments.

11.2 > Variation

(In € millions)	2011	2010
As of January 1	62.9	56.6
Provisions	64.5	8.2
Reversals	(16.8)	(1.9)
As of December 31	110.6	62.9
<i>Of which operational</i>	<i>(0.8)</i>	<i>0.9</i>
<i>Of which financial</i>	<i>48.4</i>	<i>6.9</i>
<i>Of which extraordinary</i>	<i>0.1</i>	<i>(1.5)</i>

• Note 12 > Financial debts

12.1 > Breakdown of financial debts

(In € millions)	2011	2010
Bank borrowings	1,138.0	684.9
Bonds exchangeable for Casino shares	304.0	304.6
Other bonds	1,568.5	1,960.4
Other financial debts	9.7	0.1
Borrowings and loans⁽¹⁾	3,020.2	2,950.0
<i>Of which: fixed-rate</i>	<i>1,872.5</i>	<i>2,265.0</i>
<i>variable rate</i>	<i>1,147.7</i>	<i>685.0</i>

(1) Of which expenses payable of €91.4 million as of December 31, 2011.

12.2 > Maturity of financial debts

(In € millions)	2011	2010
Up to 1 year	556.1	560.3
1-5 years	2,264.1	1,839.7
Over 5 years	200.0	550.0
Total	3,020.2	2,950.0

As of December 31, 2011, Rallye had €1.605 billion in unused credit lines.

The element of borrowings and debts payable within one year to credit institutions relates to:

- confirmed credit lines of €380 million;
- a loan €75 million maturing in April 2012;
- accrued interest as of December 31, 2011 of €91.4 million;
- bank overdraft of €9.7 million.

12.3 > Bond features

- Bonds exchangeable for Casino shares

Bonds exchangeable for common shares (OEAO) until 2013	
Total par value	€300 million
Issue date	April 2003
Annual interest rate	3.25%
Par value	€80
Normal maturity	July 1, 2013
Redemption value	€95,256
Exchange	1.0653 shares for one bond ⁽¹⁾
Quotation	Yes
Number of bonds outstanding:	
_ at issuance	3,750,000
_ as of December 31, 2011	3,738,946

(1) The exchange option may be exercised up until June 20, 2013.

- Other bonds

	2014 bonds	2015 bonds	2016 bonds
Total par value	€500 million	€500 million	€500 million
Issue date	March 2010	October 2009	November 2009
Annual interest rate	5.875%	8.375%	7.625%
Par value	€50,000	€50,000	€50,000
Normal maturity	March 24, 2014	January 20, 2015	November 4, 2016
Redemption value	€50,000	€50,000	€50,000
Quotation	Yes	Yes	Yes
Number of bonds outstanding:			
_ at issuance	10,000	10,000	10,000
_ as of December 31, 2011	10,000	10,000	10,000

• Note 13 > Accounts payable and other debts

(In € millions)	2011	2010
Accounts payable	6.8	8.0
Current accounts	4.9	4.6
Other debts ⁽¹⁾	0.7	24.0
Other debts	5.6	28.6
Total	12.4	13.6
Of which: up to 1 year	12.4	26.3
over 1 year		10.3

(1) Of which expenses payable of €5.9 million as of December 31, 2011.

The loans received from Rallye's subsidiaries are paid into the current account as part of the Group's centralized cash management system.

• **Note 14 > Off-balance-sheet information**

14.1 > Commitments related to current operations

(In € millions)	2011	2010
Interest rate hedging instruments (nominal amount)		1,500.0
Total reciprocal commitments		1,500.0
Securities and bank guarantees pledged	150.2	418.8
Bond redemption premiums	8.4	14.0
Other commitments given	16.1	40.1
Total commitments given	174.7	472.9
Unused confirmed credit lines	1,605.0	1,223.0
Other commitments received	4.1	2.6
Total commitments received	1,609.1	1,225.6

Rallye also guarantees its investment subsidiaries in connection with currency forward transactions concluded with leading financial institutions.

14.2 > Maturity schedule of contractual obligations

(In € millions)	Less than 1 year	1 to 5 years	Over 5 years	Total
Financial debt	556.1	2,264.1	200.0	3,020.2
Operating leases	1.0	0.7		1.6
Total	557.1	2,264.8	200.0	3,021.8

14.3 > Individual training rights

As of December 31, 2011, commitments for individual training rights amounted to 2,629 hours. The rights used over the year represent 293 hours.

• **Note 15 > Risk exposure**

15.1 > Interest rate risks

Financial debt, for which the amount outstanding is €2,919.1 million as of December 31, 2011, is at fixed rate for €1.7991 billion and at variable rate for €1.120 billion.

15.2 > Liquidity risks

Rallye has significant confirmed credit lines. As of December 31, 2011, these unused confirmed credit lines amounted to €1.605 billion.

Loans and credit lines may result in a pledge of Casino shares. As of December 31, 2011, there were 14,367,372 Casino common shares pledged to financial institutions as collateral for various loans and credit lines.

15.3 > Equity risks

Rallye owns a 20.76% direct stake in Casino's capital and a 44.60% stake in Groupe Go Sport's capital. These companies, which are listed in accordance with Note 1.2 of "Accounting rules and methods", are evaluated according to multiple criteria and were not subject to provisions as of December 31, 2011.

As of December 31, 2011, Rallye held 641,936 Rallye shares at a cost price of €12.5 million. These shares, held in the context of covering bonus share plans and stock options, had a market value as of December 31, 2011 of €13.7 million.

The Company also held 86,750 Rallye shares in the liquidity agreement at a cost price of €2 million. As of December 31, 2011, these shares had depreciated by €0.2 million based on the previous month's average share price.

In April 2003, Rallye issued a bond exchangeable against Casino shares for €300 million. Taking account of the Casino share price as of December 31, 2011, a pro rata temporis provision was made for the redemption premium in the financial statements.

• Note 16 > Related parties and affiliates

Affiliates are companies in the Rallye Group that are consolidated via the full consolidation method.

Balance sheet and income statement line items concerning affiliates are as follows:

(In € millions)	2011
Assets	
Net financial investments	2,278.3
Net receivables	2,492.3
Liabilities	
Debts	4.7
Income	
Share income	119.3
Other financial income	152.2
Financial expenses	(0.3)

Related parties comprise entities likely to be consolidated via the full consolidation method, parent companies, members of the Board of Directors and the Management Committee and all entities under joint control or notable influence.

Rallye maintains normal relationships with its related parties within the scope of current Group management.

• Note 17 > Consolidation

Rallye prepares consolidated financial statements. The Company's financial statements are in turn integrated into the consolidated financial statements of Foncière Euris, with registered office at 83 Rue du Faubourg Saint-Honoré, 75008 Paris, France (Siren no. 702 023 508).

Individual company financial statements

SUBSIDIARIES AND EQUITY INTERESTS

(In € millions)	Capital	Shareholders' equity excluding capital	Share capital held (as a %)
A - Subsidiaries⁽¹⁾ (at least 50% of the capital held by the Company)			
Cobivia SAS	31.8	(70.2)	100%
L'Habitation Moderne de Boulogne	99.7	8.5	100%
Magasins Jean SAS	0.3	0.8	100%
Matignon Sablons SAS	10.8	(6.2)	100%
MFD SA	35.7	1.4	100%
Parande SAS	22.0	12.0	100%
B - Equity interests⁽¹⁾ (10% to 50% of the capital held by the Company)			
Casino Guichard - Perrachon SA	169.3	7,443.1	20.76%
Groupe Go Sport SA	15.1	214.9	44.60%
Sivigral SCI	0.4	1.2	40%
French Development Venture SA	0.0	1.4	
C - Other subsidiaries and equity interests			
Subsidiaries other than in A			
Equity interests other than in B			

(1) With book value in excess of 1% of Rallye's share capital.

Book value of shares held		Loans and advances agreed to by the Company and not yet repaid	Sureties and guarantees granted by the Company	Sales before tax for the year ended	Income for last year ended	Dividends received by the Company during the year
Gross	Net					
54.1	54.1	786.4	80.0		(61.9)	
187.6	187.6	371.4	275.0		64.0	59.8
2.2	1.1			5.8	0.1	
11.0	11.0	369.4			(8.2)	
307.5	37.1				0.1	
283.8	95.1	526.2		0.1	45.0	
1,738.8	1,738.8			161.0	731.4	59.4
151.4	151.4			65.2	17.7	
2.1	0.7					
10.4						
2.1	2.1	0.2				

Individual company financial statements

RALLYE'S FINANCIAL STATEMENT FOR THE PREVIOUS FIVE YEARS

(In €)	12/31/2007	12/31/2008	12/31/2009	12/31/2010	12/31/2011 ⁽¹⁾
1 - Financial situation at year-end					
Share capital	127,957,776	127,080,420	127,080,420	132,900,009	139,398,480
Existing common shares	42,652,592	42,360,140	42,360,140	44,300,003	46,466,160
Maximum number of shares to be issued:					
_ through bond redemption					
_ through exercise of subscription options	646,261	839,781	1,202,702	926,185	678,453
_ through exercise of warrants					
_ through bonus share allocations to be issued	69,152	87,298			
2 - Operations and net income for the year					
Pre-tax sales	3,305,611	4,958,279	5,730,202	4,852,631	2,205,828
Earnings before tax, employee shareholding and allocations to amortization and provisions	44,868,239	111,275,856	247,871,625	139,921,940	169,068,495
Income tax	(201,675)				
Earnings after tax, employee shareholding and allocations to amortization and provisions	39,362,294	47,523,454	148,297,761	75,559,074	80,256,091
Distributed earnings	78,054,243	77,519,056	77,519,056	81,069,005	85,033,073
3 - Earnings per share					
Earnings after tax and employee shareholding, but before allocations to amortization and provisions	1.06	2.63	5.85	3.16	3.64
Earnings after tax employee shareholding and allocations to amortization and provisions	0.92	1.12	3.50	1.71	1.73
Dividend per share	1.83	1.83	1.83	1.83	1.83
4 - Workforce					
Average number of personnel employed during the year	39	39	36	35	31
Payroll costs for the year	5,865,768	5,621,944	5,109,375	7,315,134	5,846,730
Total amount paid in social benefits for the year	2,506,847	2,647,027	2,175,537	3,478,638	3,314,856

(1) Subject to approval by the Shareholders' Meeting.

Statutory auditors' report

ON THE FINANCIAL STATEMENTS

Year ended 31 December 2011

This is a free translation into English of the statutory auditors' report on the financial statements issued in French and it is provided solely for the convenience of English-speaking users. The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the audit opinion on the financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions or disclosures. This report also includes information relating to the specific verification of information given in the management report and in the documents addressed to the shareholders. This report should be read in conjunction with and is construed in accordance with French law and professional auditing standards applicable in France.

To the Shareholders,

In compliance with the assignment entrusted to us by your annual general meetings, we hereby present to you our report for the year ended 31 December 2011 on:

- the audit of the accompanying financial statements of Rallye;
- the justification of our assessments;
- the specific verifications and information required by law.

These financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

I. OPINION ON THE ANNUAL FINANCIAL STATEMENTS

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at 31 December 2011 and of the results of its operations for the year then ended in accordance with French accounting principles.

II. JUSTIFICATION OF ASSESSMENT

In accordance with the requirements of article L. 823-9 of the French Commercial Code ("Code de Commerce") relating to the justification of our assessments, we bring to your attention the following matters:

- The accounting rules governing provisions for bond redemption premiums are described in the note "Accounting principles and methods" in section 1.7 "Provisions". As part of our assessment of the accounting rules and principles applied by your Company, we have verified the appropriateness of the accounting methods specified above and of the information provided in note 11 to the financial statements.
- The rules for assessing financial investments and marketable securities are described in the note "Accounting principles and methods" to the financial statements in section 1.2 "Financial investments" and section 1.4 "Marketable securities". Our work involved assessing the data and assumptions on which these estimates are based, reviewing calculations made by your Company and verifying the information provided in the notes to the financial statements.

These assessments were made as part of our audit of the financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III. SPECIFIC VERIFICATION AND INFORMATION

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors and in the documents addressed to shareholders with respect to the financial position and the financial statements.

Concerning the information given in accordance with the requirements of article L 225-102-1 of the French Commercial Code ("Code de commerce") relating to remunerations and benefits received by the directors and any other commitments made in their favour, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from companies controlling your Company or controlled by it. Based on this work, we attest the accuracy and fair presentation of this information.

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests and the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

French original signed by
The Statutory Auditors

Paris La Défense, 2 April 2012

KPMG Audit
A division of KPMG S.A.
Patrick-Hubert Petit
Partner

ERNST & YOUNG et Autres

Pierre Bourgeois
Partner

Draft resolutions

RESOLUTIONS WITHIN THE COMPETENCE OF THE ORDINARY SHAREHOLDERS' MEETING

• First resolution

(Approval of the individual company financial statements for the year ended December 31, 2011)

The Shareholders' Meeting, having heard the reports of the Board of Directors and the statutory auditors, approves the financial statements for the year ended December 31, 2011, as presented, showing net income of €80,256,091.38. It also approves the operations reflected by these financial statements or summarized in these reports.

• Second resolution

(Approval of the consolidated financial statements for the year ended December 31, 2011)

The Shareholders' Meeting, having heard the report of the Board of Directors concerning the activity of the Group for the year ended December 31, 2011 and the statutory auditors' report, approves the consolidated financial statements, as presented, showing consolidated net income of €14,893,209.

• Third resolution

(Allocation of Company income)

The Shareholders' Meeting, on the recommendation of the Board of Directors, resolves to allocate income for the year ending December 31, 2011 as follows:

Net income for the year		€80,256,091.38
Legal reserve	(-)	€649,847.10
Retained earnings	(+)	€98,062,369.57
Net income available for distribution	(=)	€177,668,613.85
Payment of a dividend to shareholders	(-)	€84,357,280.00
Retained earnings for the balance	(=)	€93,311,333.85

The proposed dividend corresponds to a dividend payment of €1.83 net per share.

The Shareholders' Meeting notes that an interim dividend in the amount of €0.80 per share was decided upon by the Board of Directors on September 6, 2011 and paid on October 6, 2011; the net balance of €1.03 per share will be paid from June 28, 2012.

New shares distributed as payment of the aforementioned interim dividend, as well as those arising from the exercise of subscription options carried out after payment of the interim dividend, only give rights to payment of the balance of the dividend to be distributed (i.e. €1.03 per share).

The amount of the dividend of €84,357,280.00 to be paid to shareholders is calculated according to the number of shares comprising the share capital as of December 31, 2011 and will be adjusted according to the number of shares issued, if need be, between January 1, 2012 and the date of payment of the balance of the dividend following exercise of subscription options with rights to the balance of the dividend.

The dividend income paid to shareholders is eligible for the 40% tax deduction for individuals having their tax residence in France, in accordance with Article 158-3 No. 2 of the French General Tax Code (*Code Général des Impôts*), unless they opt for withholding tax pursuant to Article 117 quater of the General Tax Code.

Dividends paid in respect of the last three years were as follows:

(In €)	2010	2009	2008
Dividend	1.83	1.83	1.83

Dividends on shares held in own shares by the Company on the day the dividend payment is made will be transferred to "Retained earnings".

• Fourth resolution

(Payment of dividend in shares)

The Shareholders' Meeting, by application of Article 33 of the Articles of Association, resolves to grant each shareholder, for the balance of the dividend to be allocated for fiscal year 2011, the option of payment in shares or in cash.

The shares subscribed for will be common shares.

The new shares issued under this option will be valued at 90% of Rallye's average opening share price for the twenty stock market trading days preceding the meeting, less the amount of the allocated dividend and rounded up to the nearest euro cent. The corresponding rights will be exercisable as of the issuance day.

If the amount of the dividend payment to which a shareholder is entitled does not correspond to a whole number of shares, the shareholder can subscribe either for the next higher number of shares, paying the difference in cash, or for the next lower number of shares, receiving the difference in cash.

Requests for payment of the dividend in shares must be received, accompanied by any cash payments to make up the difference to the next higher whole number of shares, between June 1, 2012 and June 15, 2012 inclusive.

The Shareholders' Meeting grants the Board all powers, which may be delegated to the Chief Executive Officer, to take all measures necessary to carry out this resolution, to register the capital increase resulting from shareholders opting to take their dividends in shares, to amend the bylaws and to carry out all necessary publication formalities.

• Fifth resolution

(Conventions of Article L.225-38 of the French Commercial Code)

The Shareholders' Meeting, having heard the statutory auditors' special report on the conventions referred to in Article L.225-38 of the French Commercial Code, approves the new conventions introduced during fiscal year 2011, as mentioned in the aforesaid report.

• Sixth resolution

(Payment of interim dividend in shares)

The Shareholders' Meeting, in accordance with Article L.232-18 of the French Commercial Code, authorizes the Board of Directors, in the event of distribution of one or more interim dividends for the 2012 fiscal year, to offer shareholders, if they so decide, the option of payment in cash or in shares of all or part of the interim dividend amount.

The Board of Directors is accordingly authorized, at its sole discretion, to pay the interim dividend as follows:

- either by offering shareholders the option of a payment in cash or shares;
- or by offering shareholders part of the payment in cash and the remainder with the option of receiving either cash or shares.

The Board of Directors may also decide to pay one or more of these interim payments wholly in cash.

If shareholders decide to exercise their option to receive dividends in shares, the shares subscribed for shall be common shares. These shares will have the same characteristics and grant the same rights as former shares.

The Board of Directors shall set the period, as from the time the decision to pay an interim payment is made, that shareholders will have for requesting payment in shares. This period shall not be longer than three months.

The Shareholders' Meeting resolves that the issue price of the new shares will be 90% of the average opening price of Rallye's shares over the twenty stock market trading days preceding the date of resolution to pay the interim dividend, less the net amount of the interim dividend and rounded up to the nearest euro cent.

Subscriptions must be for a whole number of shares. If the amount of the interim dividend does not permit this, the shareholder can ask to receive either the next lower whole number of shares, in which case they will receive the balance of their entitlement in cash, or the next higher whole number of shares, in which case they must pay the balance outstanding in cash when they submit their request to receive the interim dividend in shares.

The Board of Directors is granted all powers, which may be delegated to the Chief Executive Officer, to take all measures necessary to pay the interim dividend or dividends in shares, if it resolves to distribute a dividend and to offer the option of payment in shares, to set the date, even retrospectively, starting from the date on which entitlement to the new shares takes effect, to register the resulting capital increase and to amend the bylaws accordingly.

- **Seventh resolution**
(Renewal of director's mandate)

The Shareholders' Meeting renews the term of office of Philippe CHARRIER as director for a period of one (1) year, expiring at the conclusion of the Shareholders' Meeting convened to approve the financial statements for the fiscal year ending December 31, 2012.

- **Eighth resolution**
(Renewal of director's mandate)

The Shareholders' Meeting renews the term of office of André CRESTEY as director for a period of one (1) year, expiring at the conclusion of the Shareholders' Meeting convened to approve the financial statements for the fiscal year ending December 31, 2012.

- **Ninth resolution**
(Renewal of director's mandate)

The Shareholders' Meeting renews the term of office of Jean CHODRON de COURCEL as director for a period of one (1) year, expiring at the conclusion of the Shareholders' Meeting convened to approve the financial statements for the fiscal year ending December 31, 2012.

- **Tenth resolution**
(Renewal of director's mandate)

The Shareholders' Meeting renews the term of office of Jacques DERMAGNE as director for a period of one (1) year, expiring at the conclusion of the Shareholders' Meeting convened to approve the financial statements for the fiscal year ending December 31, 2012.

- **Eleventh resolution**
(Renewal of director's mandate)

The Shareholders' Meeting renews the term of office of Jacques DUMAS as director for a period of one (1) year, expiring at the conclusion of the Shareholders' Meeting convened to approve the financial statements for the fiscal year ending December 31, 2012.

- **Twelfth resolution**

- (Renewal of director's mandate)

The Shareholders' Meeting renews the term of office of Jean-Charles NAOURI as director for a period of one (1) year, expiring at the conclusion of the Shareholders' Meeting convened to approve the financial statements for the fiscal year ending December 31, 2012.

- **Thirteenth resolution**

- (Renewal of director's mandate)

The Shareholders' Meeting renews the term of office of Christian PAILLOT as director for a period of one (1) year, expiring at the conclusion of the Shareholders' Meeting convened to approve the financial statements for the fiscal year ending December 31, 2012.

- **Fourteenth resolution**

- (Renewal of director's mandate)

The Shareholders' Meeting renews the term of office of the company FINATIS as director for a period of one (1) year, expiring at the conclusion of the Shareholders' Meeting convened to approve the financial statements for the fiscal year ending December 31, 2012.

- **Fifteenth resolution**

- (Renewal of director's mandate)

The Shareholders' Meeting renews the term of office of the company FONCIÈRE EURIS as director for a period of one (1) year, expiring at the conclusion of the Shareholders' Meeting convened to approve the financial statements for the fiscal year ending December 31, 2012.

- **Sixteenth resolution**

- (Renewal of director's mandate)

The Shareholders' Meeting renews the term of office of the company EURIS as director for a period of one (1) year, expiring at the conclusion of the Shareholders' Meeting convened to approve the financial statements for the fiscal year ending December 31, 2012.

- **Seventeenth resolution**

- (Renewal of a director's mandate)

The Shareholders' Meeting renews the term of office of the company EURISMA as director for a period of one (1) year, expiring at the conclusion of the Shareholders' Meeting convened to approve the financial statements for the fiscal year ending December 31, 2012.

- **Eighteenth resolution**

- (Renewal of director's mandate)

The Shareholders' Meeting renews the term of office of the company MATIGNON CORBEIL CENTRE as director for a period of one (1) year, expiring at the conclusion of the Shareholders' Meeting convened to approve the financial statements for the fiscal year ending December 31, 2012.

- **Nineteenth resolution**

- (Renewal of non-voting observer's mandate)

The Shareholders' Meeting renews the term of office of Jean LEVY as non-voting observer for a period of one (1) year, expiring at the conclusion of the Shareholders' Meeting convened to approve the financial statements for the fiscal year ending December 31, 2012.

• Twentieth resolution

(Authorization for the Company to purchase its own shares)

The Shareholders' Meeting, having been acquainted with the report of the Board of Directors and by application of the provisions of Article L225-209 et seq. of the French Commercial Code, authorizes the Board of Directors to purchase its the Company's own shares in order to:

- cover the stock option purchase and/or subscription plans granted to employees and corporate officers by application of Article L225-177 et seq. of the French Commercial Code, as well as any corporate savings or share ownership plans;
- award bonus shares to employees and officers of the Company within the framework laid down by Article L225-197-1 et seq. of the French Commercial Code;
- ensure active trading of the Company's shares under the liquidity agreement signed with an investment services firm, in accordance with the Code of Ethics drawn up by the AMAFI and approved by the AMF;
- hold shares for delivery to holders of Company securities who exercise their right to receive shares through redemption, conversion, exchange, presentation of a warrant or any other instrument entitling them to receive existing shares;
- hold shares for subsequent use as exchange or payment in a merger or acquisition transaction, in compliance with market practice as permitted by the French Financial Markets Authority (AMF);
- cancel shares up to a maximum of 10% of share capital over a period of 24 months as part of a capital reduction plan.

The maximum purchase price is set at €75 per share.

However, the Board of Directors may adjust the aforesaid maximum price if there is a change in the par value per share, a capital increase through the capitalization of retained earnings and a bonus share allocation, a share split or consolidation, a capital amortization or reduction, a distribution of reserves or other assets or any other operation affecting equity in order to reflect the impact of such transactions on the share value.

Use of the authorization may not have the effect of taking the number of shares held by the Company to more than 10% of the number of shares making up the share capital as of December 31, 2011, i.e. 4,646,616 shares with a maximum value of €348.5 million, it being specified that, when Company shares are purchased within the context of a liquidity contract, the number of these shares taken into account for calculation of the 10% threshold referred to above will correspond to the number of these shares purchased, with a deduction made for the number of shares resold for the liquidity contract during the period of authorization.

The aforementioned shares may be acquired, sold, transferred or exchanged by any means and at any time, on the stock market or off-market, between trading parties or over-the-counter, including as blocks of shares or through the use of derivatives such as call options. The maximum share of capital that may be transferred in the form of blocks of shares may be as high as the entire amount of the repurchase program.

The shares may also be loaned, in accordance with the provisions of Article L211-22 et seq. of the French Monetary and Financial Code. This authorization of the share repurchase program will expire at the Shareholders' Meeting convened to approve the 2012 financial statements and management report, and no later than November 23, 2013.

The Shareholders' Meeting resolves that the Company may continue to implement its repurchase program even in the event of a takeover bid or public offer relating to shares, bonds or other securities issued by the Company or at the Company's initiative.

A description of the share repurchase program will be included in the Reference Document filed with the French Financial Markets Authority (AMF).

In view of guaranteeing the implementation of this resolution, full powers are given to the Board of Directors, with the option to delegate these powers, in order to:

- carry out the actual transactions and set their conditions and methods;
- complete all declarations and formalities with the French Financial Markets Authority (AMF);
- execute all trading orders and enter into any agreements, in particular with a view to keeping registers of the purchase and sale of shares;
- make adjustments in the purchase price of the shares to take into account the effect of the above-mentioned transactions on the share value;
- carry out all formalities and, more generally, take all necessary measures.

The Board of Directors shall inform the Shareholders' Meeting of any transactions carried out pursuant to the present authorization.

RESOLUTIONS WITHIN THE COMPETENCE OF THE EXTRAORDINARY SHAREHOLDERS' MEETING

• **Twenty-first resolution**

(Authorization to reduce share capital by the cancellation of own shares held)

The Extraordinary Shareholders' Meeting, having been acquainted with the Board of Directors' and the statutory auditors' reports, authorizes the Board of Directors, in accordance with the provisions of Article 225-209 of the French Commercial Code, to reduce the share capital at any time, on one or more occasions, by the cancellation of up to 10% of the share capital in shares that the Company would purchase in accordance with an authorization given by the Shareholders' Meeting, within a maximum period of 24 months following their purchase date.

The Shareholders' Meeting grants all powers to the Board of Directors for the purposes of carrying out this/these transaction(s) to reduce share capital within the limits fixed above.

The authorization thus granted is valid for a period of 36 months from the date of this Shareholders' Meeting. Accordingly, the Board of Directors will take all measures necessary and will carry out all legal and statutory formalities to conduct these transactions and, in particular, to carry out a correlating modification of the Articles of Association.

• **Twenty-second resolution**

(Powers)

The Shareholders' Meeting grants full authority to the bearer of an original, a copy or an extract of the minutes of this meeting to carry out all filing, disclosure and publication requirements stipulated by the applicable laws.

Additional information

GENERAL INFORMATION ABOUT RALLYE

GENERAL INFORMATION

Corporate name: RALLYE

Registered office: 83, rue du Faubourg Saint-Honoré – 75008 Paris

Administrative headquarters: 32, rue de Ponthieu – 75008 Paris

• Legal form

RALLYE is a *Société Anonyme* (joint stock corporation) governed by Book II of the French Commercial Code.

Governing law: French law

Formation – life

Date of formation: January 20, 1925

Expiration date: December 31, 2064

Life: 90 years, beginning as from December 31, 1974, the date of its first extension.

• Corporate purpose

Article 3 of the by-laws:

"The company's purpose is:

- to take equity interests in any French or foreign business, whatever its legal form or purpose, and to manage these interests;
- to provide administrative, accounting, legal, financial, IT, commercial or other services to further the interests of any company, as well as public relations services;
- to acquire and manage all types of real property;
- to undertake any form of business, commission, or brokerage in its own name, or on behalf of others;
- and, in general, to undertake any commercial, industrial, real estate, personal property or financial transactions either directly or indirectly related, or likely to be of use, to the Company's purpose or to help in its attainment.

It may, in France or abroad, create, acquire, operate or cause to be operated any brand of manufacture, trade, or service, any model or design, any patent or manufacturing process related to the above purpose.

It may act in any country, either directly or indirectly, on its own account or on behalf of others, alone or in association, participation, grouping or company, in conjunction with any other person or company, and it may carry out the transactions necessary to its purpose, under any form".

• Trade and Companies Register

Registered in the Paris (France) Trade and Companies Register (R.C.S.) under number 054 500 574.

• Consultation of documents and information relating to the Company

Company documents relating to the last three fiscal years (annual financial statements, minutes of Shareholders' Meetings, Directors, statutory auditors' reports, by-laws, etc.) can be consulted at the Company's headquarters, 32, rue de Ponthieu – 75008 Paris, France.

Accounting year - Article 32 of the by-laws

The accounting year starts on January 1 and ends on December 31.

BY-LAWS RELATING TO THE MANAGEMENT AND GOVERNANCE BODIES – BOARD OF DIRECTORS' INTERNAL RULES OF PROCEDURE

• Board of Directors

› Composition of the Board of Directors (extract from Article 14 of the by-laws)

The company is administered by a Board with between three and eighteen members.

› Directors' shares (extract from Article 15 of the by-laws)

"Each Director must own at least 1 (one) share.

In the event that a Director does not own the requisite share on the day of his or her appointment or ceases to own such shares while still in office, such director is deemed to have automatically left office unless he or she remedies the situation within six months".

› Term of office – Age limit - Replacement (extract from Article 16 of the by-laws)

- I. Members of the Board are appointed for a term of one year expiring after the Shareholders' Meeting called to approve the financial statements for the year ended and held during the year in which their term of office expires.
- II. All Members of the Board who are natural persons and all Members that are permanent representatives of a legal entity are deemed to have automatically left office after the Ordinary Shareholders' Meeting held to approve the financial statements for the year during which they reach 75 years of age.
- III. Members of the Board are appointed or re-appointed by the Shareholders' Meeting.

In the event of a vacancy due to the death or resignation of one or several Members of the Board, the Board may, between two Shareholders' Meetings, appoint a temporary Member or Members. These appointments are subject to ratification at the subsequent Shareholders' Meeting.

Even if the appointment of a Member by the Board is not ratified by the Shareholders' Meeting, the actions performed by the Member and the proceedings undertaken by the Board during the temporary appointment period remain valid.

If the number of Members falls below three, the remaining Members (or the statutory auditors or a representative designated, at the request of any interested party, by the Presiding Judge of the Commercial Court) must immediately call an Ordinary Shareholders' Meeting to appoint one or several new Members in order to fill the vacancies and bring the number of Board Members up to the required legal minimum.

A Member appointed to replace another Member only fills the vacancy for the remainder of the unexpired term of his or her predecessor. The appointment of a new Board Member in addition to serving Members may only be decided on by the Shareholders' Meeting, which establishes the term of office.

› Board of Directors' organization, meetings and proceedings

- Chairman – Board Committee (extracts from articles 17 and 20 of the by-laws)

The Board of Directors appoints a Chairman from among its Members who are natural persons.

The Chairman of the Board of Directors organizes and directs the activities of the Board and reports thereon to the Shareholders' Meeting. The Chairman ensures that the Company's management bodies function properly and that Board Members are able to fulfill their duties.

The Chairman may be appointed for the entire term of his or her office as a Board Member, subject to the right of the Board of Directors to remove him or her from office and to the Chairman's right to resign before the expiry of his or her tenure. The Chairman is eligible for reappointment.

The Chairman is deemed to have automatically resigned from office after the Shareholders' Meeting called to approve the financial statements for the year during which he or she reaches 75 years of age.

The Board of Directors may remove him or her from office at any time.

In the event of the temporary incapacity or death of the Chairman, the Board of Directors may delegate the powers and duties of the Chairman to another Member. In the event of temporary incapacity, the delegation of the powers and duties shall be given for a limited period, which may be renewed. In the event of death, the delegation shall be valid until the appointment of a new Chairman.

- Non-voting observers [Censeurs] (extract from Article 23 of the by-laws)

The Shareholders' Meeting may appoint one or more non-voting observers, which may be either legal entities or natural persons, from among the shareholders. The Board of Directors may appoint non-voting observers subject to the ratification of the appointment by the subsequent Shareholders' Meeting.

Non-voting observers are appointed for a term of office of one year. Their appointment expires after the Shareholders' Meeting called to approve the financial statements for the previous year and held in the year during which their term of office expires.

Any non-voting observer is deemed to have automatically resigned from office after the Shareholders' Meeting called to approve the financial statements for the year during which he or she reaches 80 years of age.

Observers are eligible for reappointment at any time, and may be removed from office at any time by decision of the Shareholders' Meeting.

The observers participate in the Board of Directors' meetings. At such meetings, they give their opinion and comments and have an advisory role in the Board's proceedings.

They may receive compensation, the amount and distribution of which are established by the Board of Directors within the framework of the attendance fees allocated by the Shareholders' Meeting.

› Board Proceedings (extract from Article 18 of the by-laws)

I. The Board of Directors meets as often as required by the interests of the company and whenever it sees fit, at a place indicated in the notice of meeting.

Notices of meetings are issued by the Chairman or on his or her behalf by a person designated by the latter. When a meeting has not been held for more than two months, one third of the serving Members may ask the Chairman to call a meeting with a specific agenda. The Chief Executive Officer may also ask the Chairman to call a Board meeting with a specific agenda.

II. The proceedings of the Board of Directors are valid if at least half the serving Members are effectively present. A register of attendance is maintained, signed by the Members attending the meetings.

Decisions are taken by a majority vote of the Members present or represented. In the event of a tied vote, the Chairman's vote is casting. However, if the Board consists of fewer than five Members, decisions may be made by two Members in attendance, who are in agreement.

The Members may participate in proceedings by means of video conference or a similar communications system under the conditions set out and in the manner governed by current regulations and the Board's internal rules of procedure.

› Board's powers (extract from Article 19 of the by-laws)

I. The Board of Directors determines the strategic orientations of the company's business and ensures that they are implemented. Subject to the powers expressly assigned to Shareholders' Meetings, and within the limits of the Company's corporate purpose, the Board of Directors deals with all issues that concern the Company's operations. Through its proceedings, it resolves the issues confronting the Company.

II. When the Chairman is appointed or re-appointed, the Board of Directors sets out the arrangements governing the executive management of the Company, which is performed either by the Chairman or by another natural person appointed for that purpose. However, the Board of Directors may, by Board decision and at any time, modify the arrangements governing the executive management of the Company, without requiring any amendment to the Company's by-laws.

III. The Board may appoint committees and determine their composition and powers. The Members of these committees are responsible for examining issues referred to them by the Chairman or the Board.

IV. The Board authorizes, in compliance with legal provisions, the agreements other than those relating to ordinary business operations concluded under normal conditions, pursuant to Article L225-38 of the Commercial Code. However, the Company may not grant loans, overdrafts, sureties or guarantees to the persons mentioned in Article L225-43 of the Commercial Code or for the purposes provided for in Article L225-219 of the Commercial Code.

V. Except where prohibited by law, all powers, offices and duties limited to one or several operations or types of operation may be delegated to any persons, whether Board Members or not.

Furthermore, the Board of Directors of the Company has set up a number of mechanisms in its internal rules of procedure to ensure oversight of the executive management of the Company (see the section on "Corporate Governance").

• Executive Management System

The powers and duties of the Chairman of the Board of Directors and the Chief Executive Officer may be entrusted to the same person (extract from Article 21 of the by-laws).

› Executive management

The executive management of the Company may be carried out either under the responsibility of the Chairman of the Board of Directors, or by another natural person, whether a Director or not, appointed by the Board of Directors and with the title of Chief Executive Officer. Although the Company's by-laws provide for the separation of these powers, the Chairman of the Board of Directors holds the office of Chief Executive Officer.

If the executive management of the Company is conducted by the Chairman, the provisions of this Article apply to him. He or she then takes the title of Chairman/Chief Executive Officer.

The Chief Executive Officer has the broadest powers to act in all circumstances on behalf of the Company. He or she exercises these powers within the limits of the Company's corporate purpose and subject to the powers expressly attributed by law to Shareholders' Meetings and to the Board of Directors.

He or she represents the Company in its dealings with third parties.

The term of office of the Chief Executive Officer is freely set by the Board of Directors. It may not exceed the Members' term of office as set forth in Article 16 above.

The Chief Executive Officer shall be deemed to have automatically resigned from office after the Shareholders' Meeting called to approve the financial statements for the year during which he or she reaches 75 years of age.

The Chief Executive Officer may be removed from office at any time by the Board of Directors. If the Chief Executive Officer is removed without just cause, he or she may seek damages, unless he or she is also Chairman of the Board of Directors.

› Deputy Managing Directors

Upon a proposal by the Chief Executive Officer, the Board of Directors may appoint one or more natural persons to assist the Chief Executive Officer, with the title of Deputy Managing Director.

The maximum number of Deputy Managing Directors is five.

By agreement with the Chief Executive Officer, the Board of Directors determines the scope and duration of the powers granted to the Deputy Managing Directors. In dealings with third parties, the Deputy Managing Directors have the same powers as the Chief Executive Officer.

Deputy Managing Directors may be removed from office at any time by the Board of Directors upon a proposal by the Chief Executive Officer. If they are removed without just cause, they may seek damages.

The Chairman, if he or she also acts as Chief Executive Officer, the Chief Executive Officer or any of the Deputy Managing Directors are authorized to delegate or substitute powers to carry out one or several operations or types of operation.

• Board of Directors' Internal Rules of Procedure

The Board of Directors of the Company has adopted internal rules of procedure for its operations, in addition to the laws, regulations and by-laws governing the Company.

These internal rules of procedure specify how the Board is organized and operates and set out the powers and duties of the Board of Directors and of the Board committees that it has established. They also set out the arrangements for monitoring and assessing its performance (see the section on "Corporate governance", which describes the various Board committees, the limits placed on executive management and the system for control and evaluation of the Board of Directors).

• Appropriation of income

Article 33 of the by-laws:

"1. The income statement shows the income or loss for the period, after the deduction of amortization and provisions.

From this income, less losses carried forward from previous periods, if any, the following must be paid in priority:

- at least five percent to constitute the legal reserve fund. This ceases to be mandatory once said fund has reached one-tenth of the capital, but becomes mandatory again if, for whatever reason, this requirement is no longer met;
- and any amounts to be set aside as reserves in compliance with the law.

The balance, together with any profit carried forward, constitutes the earnings available for distribution. It is at the disposal of the shareholders at the general meeting to be, if proposed by the Board of Directors, either totally or in part, distributed to the shares as a dividend, appropriated to any reserve or capital amortization accounts, or to retained earnings.

The Shareholders' Meeting voting on the accounts for the period may grant each shareholder, for all or part of the dividend to be distributed, the option to choose between receiving the dividend in cash or in shares.

- II. The shareholders at the general meeting may choose to use the reserves at their disposal to pay a dividend on shares. Should this be decided, the decision must expressly indicate the line items from which the amounts are taken".

• Information regarding Shareholders' Meetings

• Shareholders' meetings are convened as follows:

Article 27, paragraphs I, II and III of the by-laws states:

- I. The Shareholders' Meeting is called by the Board of Directors, or, failing that, by the statutory auditors or by an agent appointed by the presiding judge of the Commercial Court ruling in summary proceedings at the request of one or more shareholders representing at least one fifth of the share capital, or of a shareholders' association under the conditions set out in Article L225-120 of the Commercial Code.

The meeting is called at least fifteen days ahead of time on first calling and at least ten days earlier for subsequent callings, by means of a notice published in a publication authorized to receive legal notices in the geographic department of the company's registered office and in the mandatory announcements bulletin (*Bulletin des Annonces Légales Obligatoires*).

Shareholders holding registered shares for at least a month as of the date of such notices are convened by regular mail or by any means of electronic telecommunication.

The invitation is preceded by a notice containing the disclaimers provided for by law and published in the *Bulletin des Annonces Légales Obligatoires* at least thirty five days prior to the meeting.

- II. Meetings are held in the city or town in which the Company has its registered office, or in any other town in France, depending on what has been decided by the person convening the meeting, and at the location indicated therein.
- III. The agenda for each general meeting is established by the person convening the meeting. If applicable, it contains proposals made by one or more shareholders, under the conditions provided by law."

• Conditions of admission:

Article 25, paragraphs I, II and III of the by-laws states:

- I. Subject to forfeiture due to the failure to make full payment for shares within the prescribed deadlines, the shareholders' meeting consists of all shareholders regardless of the number of shares held.
The shareholders' meeting, duly convened and constituted, represents all the shareholders; its decisions are binding on all, even for dissenters, those lacking capacity or absent.

- II. Any shareholder may have himself or herself represented in accordance with the law.
Minors and those lacking capacity are represented by their guardians and administrators, who need not personally be shareholders. Legal entities are validly represented by any legal representative having that capacity or by a person specifically authorized for that purpose.
Shareholders not domiciled in France may be represented through an agent duly registered as a holder of such shares for the account of the former."

Any shareholder may also vote by mail in the manner and in accordance with the time periods prescribed by law.

A postal ballot and ballot by proxy may be cast using one and the same document as defined by the author of the notice.

III. Whatever number of shares they hold, all shareholders have the right, upon providing proof of their identity and capacity, to participate in shareholders' meetings, provided that their shares were recorded at midnight (Paris time) on the third business day preceding the shareholders' meeting:

- for holders of registered shares: in the name of the shareholder in the registered accounts held by the Company;
- for holders of bearer shares: in the name of the intermediary registered on the shareholder's behalf in the bearer share accounts held by the authorized intermediary;

and, if necessary, subject to providing the Company with any necessary proof of identification, in compliance with applicable rules and regulations.

Accounting entries or registration of shares in bearer share accounts held by the authorized intermediary will be confirmed by a participation certificate issued by the latter, in compliance with legal and regulatory provisions.

Article 12 of the by-laws:

Beneficial owners, bare owners, joint owners of shares may attend meetings under the conditions provided by law.

• Composition of the Shareholders' Meeting

Article 25, paragraph IV of the by-laws:

"IV. Shareholders may, if the Board so decides, attend shareholders' meeting and vote remotely by videoconference or by any means of telecommunication and teletransmission, including the Internet, that allows for their identification under the conditions prescribed by applicable regulations and those decided on by the Board.

On a decision of the Board of Directors, the shareholders may define the forms for remote voting or voting by proxy using an electronic medium, under the conditions set by the regulation then in effect. These forms may be filled out and signed directly on the internet site created by the centralized institution in charge of the shareholders' meetings. Electronic signature of the form may be done by any means corresponding to the provisions of the first phrase of paragraph two of article 1316-4 of the Civil Code or any other subsequent legal provision that may replace it, such as the use of an identifier code and password.

Votes cast by electronic means, as well as any acknowledgment of receipt that is provided for it, shall be deemed an irrevocable writing and enforceable against all, except for a disposal of shares of which notice is given under the conditions stipulated in the second paragraph of article R.225-85 IV of the Commercial Code or by any other subsequent legal or regulatory provision that may replace it.

A proxy cast by electronic means, as well as an acknowledgment of receipt provided thereto, shall be deemed an irrevocable writing enforceable against all under the conditions defined by law."

• Conditions for exercise of voting rights:

Article 28, paragraph III and IV of the by-laws:

III. Shareholders have as many votes as the shares they own or represent, with no limits, except as provided by law or these by-laws. Votes are cast by a show of hands, electronically or by any means of telecommunication that enables identification of the shareholders under regulatory conditions in effect. The shareholders' meeting may also decide to vote by secret ballot on a proposal of the meeting committee.

• Conditions for acquiring double voting rights:

Article 28, paragraph III of the by-laws:

"However, under the circumstances provided by law, fully paid-up shares which have demonstrably been registered for at least two years in the name of the same shareholder are granted double voting rights, as are registered bonus shares that were allotted to a shareholder on the basis of existing shares entitled to such right, upon a capital increase through capitalization of reserves, earnings, or issue premiums.

The list of registered shares entitling their holders to double voting rights is decided on by the Board of Directors.

The double voting rights thus granted to registered shares fully paid up ceases as a matter of law for any shares that are converted into bearer shares or transferred to a different owner, except in the event of a registered-to-registered transfer, in application of the provisions of Article L225-124 of the Commercial Code.

For any proxy by a shareholder which does not indicate the agent, the person presiding over the shareholders' meeting casts a vote for the adoption of draft resolutions presented or approved on by the board of directors and a vote against the adoption of any other draft resolutions. To cast any other vote, the shareholder must select an agent who agrees to vote as indicated by the principal. Votes are cast by a show of hands, electronically or by any means of telecommunication that enables identification of the shareholders under regulatory conditions in effect. The shareholders' meeting may also decide to vote by secret ballot on a proposal of the meeting committee.

Shareholders may also vote by absentee ballot under the conditions prescribed by law.

A vote cast or power issued by an agent who either did not declare being an agent registered as the holder of shares on behalf of third parties not domiciled in France, or did not reveal the identity of the owners of the shares on whose behalf he or she is registered, in accordance with regulations in effect, will not be taken into account."

• Share ownership thresholds required to be declared to the Company:

Article 10, paragraph II of the by-laws:

"Apart from being required to fulfill the legal obligation of informing the Company of the ownership of certain percentages of company capital and the attached voting rights, any person or legal entity – including any intermediary registered as the holder of shares of persons not domiciled in France or in French territory – who, alone or acting in concert with other natural or legal persons, should come to hold, or should cease to hold, in whatever manner, a percentage equal to 1% of the voting rights or any multiple thereof, must inform the Company of the total number of shares and voting rights held, by means of registered letter, return receipt requested, to the Company's registered office within five trading days from the date one of these thresholds is crossed.

Should this reporting obligation not be respected, and upon the request, as recorded in the minutes of the general meeting, of one or more shareholders holding at least 5% of the company's capital, the voting rights in excess of the percentage which should have been declared may not be exercised at any meeting held, for a period of two years following the date of correct compliance with the reporting requirement."

• Shareholder identification

Article 10, paragraph III of the by-laws:

"In order to identify the holders of bearer securities, and in accordance with Article L228-2 of the Commercial Code, the Company has the right, at any time and at its expense, to obtain certain information from the securities clearing agency. The information it may request is the names (or company name, in the case of a legal entity), nationality and address of the holders of securities conferring either present or future rights to vote at its shareholders' meetings, as well as the number of shares held by each holder, and any restrictions which may apply to the shares in question.

The company may also, under the terms of Articles L228-2 et seq. of the Commercial Code, ask holders of the Company's shares whether they hold the shares on their own behalf, or on behalf of a third party. Should the latter be the case, it may ask them to provide information serving to identify such third party or parties.

Should the identity of the owners of the shares not be revealed, a vote or proxy authorization issued by the intermediary will be discarded.

In addition, by virtue of Article L228-3-1-II of the Commercial Code, any legal entity owning shares in excess of 2.5% of the capital or of the voting rights, must, when so requested by the Company, reveal the identity of the individuals and/or legal entities which own, either directly or indirectly, more than one third of its own capital or voting rights.

In application of Article L228-3-3 of the Commercial Code, failure to provide the information requested under Articles L228-2-II or L228-3 or L228-3-1 of the Commercial Code, or the provision of incomplete or erroneous information, will be punishable by the loss of voting and dividend rights attaching to the shares held by the person who received the request for information, until such date as the correct information is supplied."

Additional information

GENERAL INFORMATION ABOUT COMPANY CAPITAL

AMOUNT OF CAPITAL

- Amount of capital at December 31, 2011: €139,398,480
- Amount of capital at February 29, 2012: €139,398,480
- Number of shares at December 31, 2011: 46,466,160
- Number of shares at February 29, 2012: 46,466,160

The shares have a par value of €3 each, are paid in full and belong to the same class.

Shares may be either in registered or bearer form, at the option of the shareholder.

The company keeps track of its shareholder structure as provided by law.

The shares are freely negotiable, except as otherwise indicated by law or regulations.

Double voting rights are granted to shares that have been held as registered shares by the same person for over two years. At February 29, 2012, double voting rights having been granted to 24,882,029 shares, the total number of voting rights amounted to 70,613,253 for 46,466,160 shares.

FINANCIAL AUTHORIZATIONS

Shareholders at the General Meeting of May 4, 2011 delegated certain powers to the Board of Directors which would allow the company to raise funds on financial markets for the purpose of continuing the Group's development and strengthening its financial position. All powers granted or delegated to the Board allowing it to issue securities providing access to the Company's capital are as follows:

Type of issue	Extraordinary shareholders' meeting	Term of authorization	End date of authorization	Amounts authorized in nominal ⁽¹⁾
Authority to increase the share capital through capitalization of reserves, earnings, premiums or other sums whose capitalization is allowed	05/04/2011	26 months	07/04/2013	€66m
Authority to issue shares or securities entitling their holders to the allocation of new or existing shares or to existing shares of any company in which it holds, directly or indirectly, over 50% of the capital or debt securities with preservation of preemptive subscription rights upon the issuance of new shares ⁽²⁾	05/04/2011	26 months	07/04/2013	€66m ⁽³⁾ €1bn ⁽⁴⁾ and (5)
Authority to issue shares or securities entitling their holders to the allocation of new or existing shares or to existing shares of any company in which it holds, directly or indirectly, over 50% of capital or debt securities with preservation of preemptive subscription rights upon the issuance of new shares ⁽²⁾	05/04/2011	26 months	07/04/2013	€33m ⁽³⁾ €1bn ⁽⁴⁾ and (5)
Authority to issue securities giving access to the capital in the event of a public offering by Rallye for the shares of another company	05/04/2011	26 months	07/04/2013	€66m ⁽³⁾ €1bn ⁽⁴⁾
Authority granted to the Board of Directors to issue shares or securities granting a right to the allocation of new or existing shares of the Company or to existing shares of any company in which it holds, directly or indirectly, more than 50% of the capital or debt securities with elimination of preemptive subscription rights by offer sent to the persons referred to in Article L411-2, II of the French Monetary and Financial Code	05/04/2011	26 months	07/04/2013	10% of the capital/year
New or existing bonus share allotment to staff or corporate officers of the Company or affiliates	05/04/2011	26 months	07/04/2013	2% of total shares of the company at the time of issuance
Capital increase in favor of employees participating in the Company Savings Plan PEE of the Company or affiliates	05/04/2011	26 months	07/04/2013	4% of total shares of the company at the time of issuance

(1) Amounts authorized equal to residual amounts if unused.

(2) The board of directors may increase the number of shares to be issued up to 15% of those originally issued and at the same price as the latter.

(3) For issuance of securities giving access to capital.

(4) Under the loan.

(5) For debt securities.

The Extraordinary Shareholders' Meeting of May 19, 2010 renewed the Board's authorization to grant stock options to employees and corporate officers of the Group for thirty-eight (38) months from the date of the meeting.

The total number of options granted may not confer rights to a number of shares representing more than 5% of share capital at the grant date, without taking into account the options granted under previous authorizations that have not yet been exercised.

The total number of options granted and unexercised may not be more than 5% of the number of shares of the company at the grant date, without taking into account those already granted under previous authorizations.

The Board of Directors is also authorized to issue shares or securities providing access to capital corresponding to a maximum of 10% of the Company's share capital, as consideration for contributions in kind made to the Company in shares or securities providing access to capital.

POTENTIAL CAPITAL STOCK AS OF FEBRUARY 29, 2012

The potential capital stock as of February 29, 2012 can be broken down as follows:

Number of shares as of February 29, 2012:	46,466,160
Exercise of stock subscription options	678,453
Number of potential shares	47,144,613

The dilutive effect in the event of exercise of subscription options totals 1.5% for a shareholder holding 1% of the capital as of February 29, 2012.

CHANGES IN CAPITAL OVER THE LAST TEN YEARS

Date	Change in capital	Changes			New capital (in €)	Aggregate number of shares
		Number of shares	Capital (in €)	Additional paid- in capital (in €)		
2001	Conversion of capital to euros		(1,437,835.66)			
	Exercise of warrants and convertible bonds	9,580,561	28,741,716.75	392,598,277.71		
12/31/2001					116,805,696.00	38,935,232
2002	Cancellation of shares	(5,000,000)	(15,000,000.00)	(285,000,000.00)		
	Exercise of warrants and convertible bonds	3,265,992	9,797,976.00	134,666,646.93		
12/31/2002					111,603,672.00	37,201,224
2003	Exercise of warrants and convertible bonds	206,620	619,860.00	8,057,485.58		
12/31/2003					112,223,532.00	37,407,844
2004	Exercise of warrants	5	15.00	275.00		
12/31/2004					112,223,547.00	37,407,849
2005	Payment of balance of the 2004 dividend in shares	438,907	1,316,721.00	14,361,037.04		
	Exercise of stock warrant B	2,424	7,272.00	103,020.00		
	Payment of 2005 interim dividend in shares	958,407	2,875,221.00	30,055,643.52		
12/31/2005					116,422,761.00	38,807,587
2006	Payment of balance of the 2005 dividend in shares	403,255	1,209,765.00	11,984,738.60		
	Exercise of stock warrant C	186	558.00	8,370.00		
12/31/2006					117,633,084.00	39,211,028
2007	Exercise of options	314,300	942,900.00	8,450,793.00		
	Conversion of bonds convertible into new or existing shares (OCEANES)	3,127,264	9,381,792.00	125,519,779.47		
12/31/2007					127,957,776.00	42,652,592
2008	Exercise of options	24,000	72,000.00	725,265.00		
	Cancellation of shares	(316,452)	(949,356.00)	(13,632,380.88)		
12/31/2008					127,080,420.00	42,360,140
12/31/2009					127,080,420.00	42,360,140
2010	Payment of balance of the 2009 dividend in shares	688,754	2,066,262.00	14,098,794.38		
	Payment of 2010 interim dividend in shares	1,251,109	3,753,327.00	25,122,268.72		
12/31/2010					132,900,009.00	44,300,003
2011	Payment of balance of the 2010 dividend in shares	1,321,416	3,964,248.00	35,162,879.76		
	Payment of 2011 interim dividend in shares	793,939	2,381,817.00	14,108,296.03		
	Exercise of options	50,802	152,406.00	571,014.48		
12/31/2011					139,398,480.00	46,466,160
02/29/2012					139,398,480.00	46,466,160

Additional information

DISTRIBUTION OF THE CAPITAL AND VOTING RIGHTS

STATUS AS OF FEBRUARY 29, 2012

Total number of voting rights at February 29, 2012: 70,613,253.

Number of shareholders: Over 16,000, based on the identifiable bearer securities research carried out in March 2012.

To the Company's knowledge, the main shareholders at that time were as follows:

Shareholders	Shares	% capital	Voting rights	% voting rights
Foncière Euris	25,813,596	55.55%	50,244,454	71.15%
Other companies of the Euris Group	1,513		2,570	
Other members of the Board of Directors and management	120,034	0.27%	166,811	0.24%
Sub-total	25,935,143	55.82%	50,413,835	71.39%
Treasury shares held ⁽¹⁾	734,936	1.58%		
Other shareholders ⁽²⁾	19,796,081	42.60%	20,199,418	28.61%
registered:	579,351	1.24%	982,688	1.39%
bearer:	19,216,730	41.36%	19,216,730	27.22%
TOTAL	46,466,160	100.00%	70,613,253	100.00%

* Registered shareholders.

(1) Including 93,000 allocated to the liquidity agreement, the balance being allocated to the coverage of bonus share plans and subscription plans.

(2) To the Company's knowledge, none of the "Other shareholders" holds directly, indirectly or in concert with others more than 5% of the share capital or voting rights.

• Threshold crossing disclosures between January 1, 2011 and February 29, 2012

In accordance with Article 10.II of the Company by-laws and based on the number of shares and voting rights declared by Rallye and published on the Company's website, between January 1, 2011 and February 29, 2012 the following companies disclosed threshold crossings:

Person disclosing the information	Date of exceeding the threshold	Type of threshold crossed	Number of shares declared	% of capital	% of voting rights
Dexia AM	06/17/2011	up	501,434	1.10	1.10
Natixis AM	09/12/2011	up	700,000	1.53	1.01
Dexia AM	10/27/2011	down	449,091	0.97	0.64
Financière de l'Échiquier	01/19/2012	up	1,860,264	4.00	2.63
Tocqueville Finance	02/08/2012	down	708,005	1.52	1.00
Financière de l'Échiquier	02/15/2012	down	1,833,664	3.95	2.60

CHANGE IN DISTRIBUTION OF THE CAPITAL OVER THE PRECEDING THREE YEARS

The distribution of capital and voting rights has changed as follows over the preceding three years:

Shareholders	Situation as of 12/31/2011			Situation as of 12/31/2010			Situation as of 12/31/2009		
	Number of shares	% of capital	% of voting rights	Number of shares	% of capital	% of voting rights	Number of shares	% of capital	% of voting rights
Foncière Euris*	25,813,596	55.55%	71.15%	25,210,459	56.91%	72.49%	24,430,858	57.67%	72.92%
Own shares held	728,686	1.57%	-	649,930	1.47%	-	891,789	2.11%	-
Other shareholders	19,923,878	42.88%	28.85%	18,439,614	41.62%	27.51%	17,037,493	40.22%	27.08%
TOTAL	46,466,160	100%	100%	44,300,003	100%	100%	42,360,140	100%	100%

* Directly and indirectly.

The percentages shown are as of December 31 of each year.

DESCRIPTION OF THE COMPANY'S SHARE BUYBACK PLAN

Since the authorization granted by the Shareholders' Meeting on May 4, 2011 remains in force until November 4, 2012, the Shareholders' Meeting convened for May 23, 2012 will be requested to extend the duration of the share buyback plan.

• Portion of capital owned by the Company and breakdown of treasury stock holdings by purpose:

As of February 29, 2012, the Company owned 734,936 shares, i.e., 1.58% of its capital, as follows:

- 641,936 set aside to cover bonus share and subscription plans;
- 93,000 shares within the framework of the AMAFI (French Financial Markets Association) liquidity agreement concluded with Rothschild et Cie Banque.

• Objectives of the share buyback plan

The objectives of the share buyback plan are, in decreasing order of priority, the following:

- to cover the stock option plans issued to employees and corporate officers in accordance with Articles L225-177 et seq. of the Commercial Code, as well as Company savings plans or any shareholding plans;
- allot bonus shares to employees and officers of the Company within the framework laid down by Articles L225-197-1 et seq. of the Commercial Code;
- to ensure active trading in the market for the Company's securities under the framework of a liquidity agreement entered into with an investment services provider, in compliance with the code of conduct prepared by the AMAFI and recognized by the AMF;
- to issue shares upon the exercise of rights attached to securities issued by the Company granting the right to receive existing company shares through redemption, conversion, exchange, presentation of a warrant, or in any other way;
- to hold shares for subsequent use as exchange or payment in a transaction for the purposes of external expansion, in compliance with market practice as permitted by the French Financial Markets Authority (AMF);
- to cancel shares, up to a maximum of 10% of share capital over a period of 24 months, as part of a capital reduction plan.

• Maximum share ownership, maximum number of shares and nature of the shares which the Company plans to purchase, and maximum purchase price

Rallye will be able to acquire 10% of its capital; that is, as of February 29, 2012, 4,646,616 shares with a par value of €3 each. Given that the Company already owned 734,936 treasury shares, the maximum number of shares that can be bought under the share buyback plan is thus 3,911,680. This corresponds to a maximum theoretical investment of €293,376,000 based on a maximum purchase price of €75 as laid down in the twenty-first resolution submitted to the Shareholders at the Meeting of May 23, 2012.

• Duration of the share buyback plan

The share buyback plan has been extended for a period which will end at the Shareholders' Meeting called to approve the management and the financial statements for 2012, or, at the latest, on November 23, 2013.

PLEDGED SECURITIES

Under the terms of the credit facilities it has arranged, Foncière Euris has pledged Rallye shares as collateral for its borrowing capacity or amounts drawn and outstanding. Shares pledged as collateral by beneficiary at December 31, 2011, were as follows:

	Pledge start date ⁽¹⁾	Pledge end date ⁽¹⁾	Condition for ending the pledge	Number of shares pledged by the issuer	% capital pledged by the issuer
BNP	June 2008	June 2013	(2)	3,268,721	7.03%
CACIB	April 2009	June 2015	(2)	2,476,390	5.33%
Groupe CM - CIC	October 2010	April 2014	(2)	4,791,667	10.31%
HSBC	May 2010	June 2013	(2)	3,647,059	7.85%
Natixis	December 2004	December 2016	(2)	4,296,355	9.25%
RBS	August 2006	June 2016	(2)	1,183,163	2.55%
Société Générale	July 2006	March 2013	(2)	2,272,727	4.89%
TOTAL				21,936,082	47.21%

(1) The start and end dates are the dates at both ends recorded for the credit facilities currently valid.

(2) Repayment or maturity of the facility.

SHAREHOLDERS' AGREEMENT AND CONCERTED ACTIONS

To the Company's knowledge, there are no shareholders' agreements, or persons or group of persons who exercise or may exercise control over the Company.

MATERIAL AGREEMENTS

During the course of the last three years, to the date of this registration document, the Group has not entered into any material agreements other than in the normal course of its business that might create a significant obligation or commitment for the Group as a whole.

Off-balance-sheet commitments are explained in Note 32 to the consolidated financial statements.

RELATED PARTY TRANSACTIONS

Rallye has entered into a strategic consulting and assistance agreement with Euris.

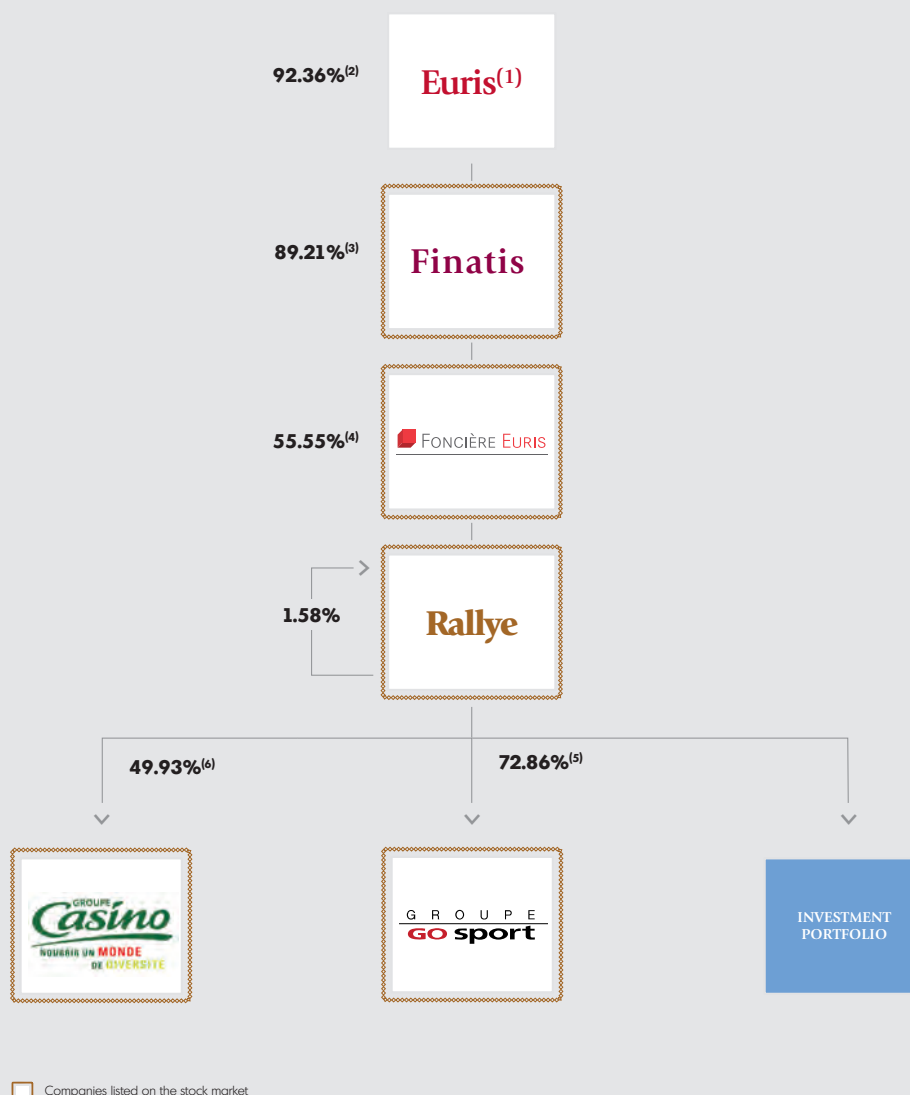
Under the agreement, Euris draws on its structures and resources to provide Rallye with continuous support in determining its strategy and in managing and developing its business. It also provides technical assistance on legal and administrative matters.

No loans or guarantees have been granted or put in place by the Company to Members of the Board of Directors.

Corporate officers or members of their family own none of the assets required for operations.

Additional information

ORGANIZATIONAL CHART OF THE GROUP AS OF FEBRUARY 29, 2012



(1) Euris is controlled by Mr. Jean-Charles Naouri.

(2) 92.48% of voting rights.

(3) 93.21% of voting rights.

(4) 71.15% of voting rights.

(5) 78.81% of voting rights.

(6) Shares held directly or indirectly, excluding treasury stock, by Rallye and its subsidiaries, representing 61.26% of voting rights.

The Rallye Group's current structure is the result of the reorganization undertaken in 1992 and 1993, which notably involved:

- the transfer to the Casino Group of all hypermarket, supermarket and cafeteria divisions;
- the merger and absorption of parent companies Rallye SA and Coficam and of SMPO and Record Carburants. After the mergers, the acquiring company, Genty-Cathiard, changed its name to Rallye;
- a transfer of real property assets by Foncière Euris.

The latest changes in the structure result from the share exchange offer on Casino shares, launched in September 1997, the merger-absorption of GO Sport by Courir, now known as Groupe GO Sport, on December 27, 2000, and the Athlete's Foot management buy-out on December 27, 2003.

Rallye provides no management services to its operating subsidiaries. However, it receives technical and strategic support from Euris, the Group's parent company.

Additional information

LISTING OF COMPANY SECURITIES

SECURITIES LISTED ON THE EURONEXT PARIS STOCK EXCHANGE (COMPARTMENT A)

- Rallye share (ISIN: FR0000060618)⁽¹⁾.

SECURITIES LISTED ON THE LUXEMBOURG STOCK EXCHANGE

- Rallye 3.25% April 2013 bonds exchangeable for Casino common shares issued April 30, 2003 (ISIN: FR0000473985)⁽¹⁾.
- Rallye 8.375% September 2015 bond (ISIN: FR0010806745) issued September 20, 2009⁽¹⁾.
- Rallye 7.625% November 2016 bond (ISIN: FR0010815472) issued November 4, 2009⁽¹⁾.
- Rallye 5.875% March 2014 bond (ISIN: FR0010874115) issued March 15, 2010⁽¹⁾.

Institutions responsible for servicing the securities:

(1) BNP Paribas Securities Services – Grands Moulins de Pantin – 9, rue du Débarcadère – 93761 PANTIN Cedex

SUMMARY OF THE RALLYE SHARE PRICE OVER 18 MONTHS⁽¹⁾

Years/months	Number of shares exchanged	High for the period (in €)	Low for the period (in €)	Capital exchanged (in € million)
2010				
September	855,302	28.00	26.10	23.16
October	871,061	28.67	26.91	24.38
November	865,940	29.49	27.53	24.77
December	1,399,284	32.24	27.18	41.91
2011				
January	1,180,517	34.66	31.10	38.87
February	665,557	34.63	31.60	21.99
March	1,603,750	32.64	28.51	49.49
April	1,268,418	35.73	31.60	42.84
May	1,028,396	36.51	33.40	35.95
June	1,456,248	34.37	27.55	44.13
July	1,228,867	29.63	26.72	34.65
August	1,733,906	27.57	21.75	41.97
September	1,278,773	24.75	19.83	28.14
October	1,291,271	24.42	20.20	29.34
November	1,600,997	23.19	19.88	35.08
December	1,239,970	23.00	19.75	26.71
2012				
January	1,403,490	25.10	21.14	32.42
February	1,798,718	27.50	24.76	47.16

(1) Source: Euronext.

As of February 29, 2012, the Rallye share price stood at €27.36 and its market capitalization was €1.3 billion.

DIVIDEND DISTRIBUTION POLICY OVER THE PAST FIVE YEARS – LIMITATIONS PERIOD FOR DIVIDENDS

Rallye has paid the following dividends over the past five years:

	12/31/2007	12/31/2008	12/31/2009	12/31/2010	12/31/2011 ⁽¹⁾
Net dividend (in €/share)	1.83	1.83	1.83	1.83	1.83 ⁽²⁾
Number of shares	42,336,140	42,360,140	42,360,140	44,300,003	46,466,160
Total distribution (in €)	77,728,298	77,519,056	77,519,056	80,068,118	84,357,280

(1) In accordance with the resolutions proposed to the Shareholders' Meeting of May 23, 2012.

(2) Interim 2011 dividend in the amount of €0.80 per share was paid on October 6, 2011.

The dividend distribution policy of Rallye depends on its financial position as well as its projected financial requirements. No guarantees can be made as to the amount of dividends that will be paid out in respect of a given year.

The dividend per share was stable at €1.83 over the last four years, representing a return for the shareholder based on the stock market price at December 31, of respectively 11.4%, 7.5%, 5.7% and 8.6% for the years 2008 to 2011.

Moreover, as from the balance of the 2009 dividend, the option to receive dividend payments in shares has been offered to shareholders. This option offers to the shareholder the ability to acquire Rallye shares at a 10% discount to the stock market price. In fact, the issue price of the new shares corresponds to 90% of the average of the opening price at the twenty trading days prior to the decision to pay out a dividend less the amount of the dividend.

At the Shareholders' Meeting on May 23, 2012, shareholders will be asked to approve the distribution of a dividend of €1.83 per share.

An interim dividend of €0.80 per share, was paid on October 6, 2011. The balance of €1.03 per share will be paid on June 28, 2012. Shareholders may opt to take the entire balance of the dividend in new shares as they did for the interim dividend.

In accordance with Articles L.27 and R.46 of the French Code on Government Property (*Code du Domaine de l'État*), dividends which remain unclaimed five years after they became payable escheat to the Treasury.

EMPLOYEE INCENTIVES AND PROFIT-SHARING AGREEMENTS

As required by current regulations, most Rallye subsidiaries have employee profit-sharing incentive agreements. Rallye itself does not, because of the small number of its staff.

Additional information

STOCK OPTIONS AND BONUS SHARES

Stock option plans and bonus share plans for employees and executive officers have the following characteristics:

Date of Shareholders' Meeting	Extraordinary shareholders' meeting of 06/06/2007	Extraordinary shareholders' meeting of 06/06/2007	Extraordinary shareholders' meeting of 06/06/2007
Date of Board meeting	10/01/2007	04/23/2008	04/27/2009
Type of plan (Subscription/Bonus shares)	Subscription	Subscription	Subscription
Number of beneficiaries on initial grant	60	66	13
Total number of options/shares initially allotted	181,127	258,091	310 521
<i>o/w total options/shares allotted to corporate officers</i>	<i>50,866</i>	<i>80,234</i>	<i>151,852</i>
<i>o/w total options/shares allotted to the top 10 employees</i>		<i>72,624</i>	<i>62,937</i>
Start of exercise period for the options	01/01/2011	07/23/2011	10/27/2011
Expiration date of the options/shares	03/31/2013	10/22/2013	10/26/2014
Exercise price in euros	48.73	43.15	14.24
Number of options exercised at February 29, 2012	-	-	50,802
<i>o/w since January 1, 2011</i>	<i>-</i>	<i>-</i>	<i>50,802</i>
<i>Options/shares cancelled as of February 29, 2012⁽¹⁾</i>	<i>33,440</i>	<i>44,492</i>	<i>79,037</i>
<i>o/w since January 1, 2011</i>	<i>1,320</i>	<i>2,900</i>	
Options/shares remaining as of February 29, 2012	147,687	213,599	180,682
Remaining number of shares that may be purchased or subscribed as of February 29, 2012	147,687	213,599	180,682

(1) Following the departure of beneficiaries.

Extraordinary shareholders' meeting of 06/06/2007	Extraordinary shareholders' meeting of 05/19/2010	Extraordinary shareholders' meeting of 06/04/2008	Extraordinary shareholders' meeting of 05/04/2011	Total
12/09/2009	09/06/2010	09/06/2010	06/08/2011	
Subscription	Subscription	Bonus shares	Bonus shares	
1	12	61	58	
12,000	124,485	143,195	133,032	1,162,451
-	42,263	21,132	31,548	346,347
-	37,439	42,675	40,040	215,675
06/09/2012	03/06/2013	na	na	
06/08/2015	03/05/2016	03/06/2013	06/08/2014	
24.62	26.44	na	na	
-	-	-		50,802
-	-	-		50,802
0	0	4,740	313	161,709
		4,740	313	8,960
12,000	124,485	138,455	132,719	816,908
12,000	124,485	138,455	132,719	816,908

STOCK OPTIONS AND BONUS SHARES GRANTED DURING THE YEAR BY THE ISSUER OR ANY COMPANY OF THE GROUP TO THE TEN EMPLOYEES OF THE ISSUER WITH THE HIGHEST NUMBER OF OPTIONS GRANTED

Granting company	Grant date	Expiration date	Type	Number of options granted	Number of corresponding shares	Exercise price (in €)
Rallye	06/08/2011	06/08/2014	Bonus shares	40,040	40,040	n.a.
Groupe GO Sport	04/29/2011	10/28/2013	Subscription options	6,450	6,450	17.55

OPTIONS HELD ON THE ISSUER AND ANY COMPANY OF THE GROUP, EXERCISED OVER THE YEAR BY THE TEN EMPLOYEES HAVING EXERCISED THE HIGHEST NUMBER OF OPTIONS

Granting company	Grant date	Expiration date	Number of options exercised	Number of corresponding shares	Exercise price (in €)
Rallye	04/27/2009	10/26/2014	22,974	22,974	14.24

Additional information

INFORMATION ABOUT RALLYE'S BUSINESS - RISK MANAGEMENT

INFORMATION ABOUT RALLYE'S BUSINESS

• Investment policy

The investment portfolio is explained in greater detail on page 19 of the management report. Annual investments by operating subsidiaries for the past two years were as follows:

(In € millions)	2011	2010
	1,211	979

Investments by operating companies are detailed in the "Business review" section of the management report. For more information on the strategy of the Group's operating subsidiaries, see "Recent trends and Outlook" on page 24 of this report.

Rallye is the holding company for two operating companies: Casino, in the sector based on food retail, and Groupe GO Sport, in sporting goods retail. As such it does not have any competitor to which it can be compared. Casino and Groupe GO Sport's competitive positions are described in detail in their respective 2011 reference documents.

• Significant changes in the Group's financial or commercial position

There have been no significant changes in the Group's financial or commercial position since the end of the period for which audited financial statements or interim financial statements have been published.

The Group's Recent trends and outlook is presented on page 24 of this annual report.

RISK MANAGEMENT

• Market risk

Rallye as a parent company and its two main operating subsidiaries, Casino and Groupe GO Sport, manage market risks separately.

Within each company, cash, currency and interest rate risks are managed centrally, under the responsibility of the finance department, which has the necessary tools and expertise and reports to senior management.

These risks, as well as the tools used to manage them, are described in further detail in Note 31, "Financial risk management policies and objectives", to the consolidated financial statements closed on December 31, 2011.

In addition, in the event of a change of control over Rallye, certain credit documents include change of control clauses enabling creditors to demand immediate repayment of the outstanding amounts due, as each one sees fit and, where appropriate, cancellation of the credit commitments entered into with the Company.

• Operating risk

As a holding company, this type of risk does not apply directly to Rallye. It does however apply to Casino and Groupe GO Sport, which are subject to a number of business risks, including mainly:

• The Company's risk of being dependent on certain suppliers

Casino lists more than 30,000 suppliers and is not dependent on any single supplier in any way. Through specialized subsidiary Easydis, Casino has its own logistics network in France, with around 913,000 square meters at 20 sites throughout France. This enables the group to supply its different networks, excluding Monoprix and Franprix-Leader Price which have their own supply network.

The five main suppliers of Groupe GO Sport (Nike, Adidas, Puma, Planet Fun and Le Coq Sportif) together account for 46% of the purchases delivered in 2011, slightly up compared to 2010.

However, the Company's risk of being dependent on its major suppliers is limited, since Groupe GO Sport has developed a close partnership with its suppliers, who can take advantage of the positioning and the concept of the GO Sport and Courir networks to promote their own brands.

• Store network risk

At Casino, the different chains operate in France through affiliated or franchised networks. These networks accounted for nearly 61% of Casino's outlets at December 31, 2011. These are mainly supermarket (including Leader Price) and convenience store networks. The credit risk related to the affiliate/franchise networks of convenience stores is factored into the Group's credit management.

At Groupe GO Sport, the risk associated with the mode in which products are sold is considered to be very limited, because it markets its products through a network of wholly-owned stores for the two brands it operates in France and Poland, and through franchise agreements in the rest of the world.

• Risk linked to brands and chains

The Group owns almost all of its brands and is not particularly dependent on patents and licenses, with the exception of the "Spar" brand, for which it holds an operating license in France, which was renewed for ten years in 2009.

• Competition risks

Because of risks related to competition, the Group has to pay particular attention to changes in the market and its players. Décathlon, Intersport, Sport 2000 and Foot Locker are the principal competitors of Groupe GO Sport. In this competitive context, Groupe GO Sport tries to adapt the concepts of the GO Sport and Courir stores and to differentiate its store offerings.

• IT risk

The Group is increasingly dependent on standard IT applications for the data it needs to make operating decisions. IT security is taken into account from the design stage of any project and is monitored continuously. However, the potential failure of one of the IT systems would not have a significant or lasting effect on the Company's activity or results.

• Geographical risk

Some of the Group's businesses are subject to risk and uncertainty linked to business activities in countries that may experience or have recently experienced, a period of economic or political instability (South America and Asia). Events that took place during the year are recorded in Casino's consolidated operating income. In 2011, international activities accounted for 45.4% of the Group's consolidated sales and 51.6% of consolidated current operating income.

The risks related to the international nature of the business of Groupe GO Sport are considered as non-material to the extent that the Group has direct operations only in Poland. Establishments in Saudi Arabia, the United Arab Emirates, Kuwait, Qatar, Syria, North Africa, Jordan, Romania, Mauritius, Luxembourg and Belgium are conducted through franchises, with the specific risk for each country therefore not being borne by the Group.

The Group is also exposed to international risk due to the sourcing of its own-brand products in Asia (mainly China, Thailand, Indonesia, Bangladesh and Pakistan).

In each country, local agents or a dedicated office with employees of the Group ensure the ethical and social standards of our suppliers and secure the quality and delivery of products.

• Industrial and environmental risk

Since 2003, the Casino Group has formalized its environmental policy through an action program called "Excellence verte" which is in line with the "Grenelle Environnement" objectives. An Environmental Director coordinates actions for the different operational branches related to the environment for all the Group's businesses.

Taking into account its business, Groupe GO Sport is not directly affected by industrial and environmental risks other than those described in the management report.

See pages 29 to 32 ("Social and environmental information") of this annual report for a description of environmental risk and how it is managed.

LEGAL RISK

• Risks linked to regulations

Casino and Groupe GO Sport are mainly subject to all laws and regulations governing facilities classified as establishments open to the public or falling under administrative classifications. Some businesses are also subject to specific regulations, e.g., Casino Vacances (travel agent), Banque du Groupe Casino (bank and consumer lending), Sudéco (real estate agent), etc. Furthermore, new store openings and store expansion projects are subject to administrative authorization procedures.

• Tax and customs risks

Periodically, the Group is subject to tax audits both in France and in the various countries where it is established. A provision is made for uncontested claims for taxes due, and claims that are contested are dealt with on a case-by-case basis, using estimates of the likelihood that the actions and proceedings pursued may not be successful.

• Legal disputes

As part of its normal operations, the Group is involved in various legal and administrative proceedings and may be the subject of various government inspections. Provisions are formed for these disputes and arbitrations if there is a legal, contractual or constructive obligation to a third party at the date of the financial statements, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

To the knowledge of Groupe GO Sport, at the filing date of the reference document no special circumstances existed nor was there any administrative, judicial or arbitration proceeding that may have or has recently had, a significant and highly probable effect on the financial position, assets or profitability of the Company and the Group.

For Casino, information on the legal disputes is provided in Notes 26.1 and 33 to the consolidated financial statements.

At the filing date of the registration document, there was no other administrative, judicial or arbitration proceeding, including all proceedings of which the Company is aware, either unresolved or pending, that is likely to have, or has in the past 12 months had, a significant effect on the financial position or profitability of the Company and/or Group.

It should be noted, however, that in connection with the litigation with the Baud family, as mentioned on page 31 under «Shareholders' Agreement», the arbitration panel called upon to rule in the Franprix-Leader Price case between the Casino Group and the Baud family for damages corresponding to dividends and interest on arrears issued its decision February 4, 2011. The Baud family's claim of entitlement to the payment of dividends for the years 2006-2007 and for additional damages related to their foreign tax situation due to anomalies and irregularities found in the financial statements was rejected. In accordance with the panel's decision, during the first half of the year Casino paid €34 million corresponding to an indemnity in compensation for the 2008 dividends of €28 million and a supplement to the sales price of the securities of Franprix and Leader Price, which had been previously acquired by Casino for €6 million.

As for the Geimex company, owner of the Leader Price brand internationally, and 50% owned by the Casino Group and 50% by the Baud family, the disputes between the two shareholders deal particularly with the sale of Leader Price Polska by Casino in 2006 and the Swiss operations of the Baud family for which an arbitration proceeding and reciprocal criminal complaints are in progress.

In its decision of December 23, 2011, the arbitration panel, after ruling out any intentional action on the part of Casino, ruled that the failure to notify resulted in a loss of opportunity of €7 million. Casino is required to pay this amount to the Baud family, less the sum of €1 million paid by the Baud family to Casino for costs of proceedings. These amounts of -€7 million and +€1 million have been respectively recognized in "Net income per share from discontinued operations" and "Other operating income".

Beginning in late May 2011, the Brazilian and French presses were reporting on negotiations underway between the Diniz Group (Casino's Brazilian partner), Carrefour and Gama 2 SPE Empreendimentos e Participacoes ("Gama"), a financial investment vehicle wholly owned by a fund managed by BTG Pactual and to be funded by the Brazilian National Bank for Development (BNDES). In violation of the shareholders' agreements concluded in 2006 between the Diniz family and Casino, within the framework of their joint venture Wilkes, the project involved, with no prior agreement or consultation between the two shareholders, a merger of the Brazilian assets of Carrefour with those of GPA in a 50/50 joint venture, with Gama becoming a reference shareholder of Carrefour.

In this context, on May 30 and July 1, 2011 Casino took two arbitration proceedings against the Diniz group to the International Chamber of Commerce requesting that the shareholders' agreement of November 27, 2006 on their Wilkes joint venture, which controls the Brazilian company GPA, be upheld and properly executed. These two arbitration proceedings were merged.

The Board of Directors of Casino Guichard-Perrachon then met on July 12, 2011 to review the terms of the financial offer planned by the Diniz Group, the Carrefour Group and Gama, which was made public on June 28, 2011. Following its deliberations, the Board of Directors found unanimously, with the exception of Mr. Diniz, who did not vote, that the project is contrary to the interests of GPA, all its shareholders and Casino.

On July 13, 2011, the Casino Group took note of the withdrawal from their project of Mr. Abilio Diniz, BTG Pactual and Carrefour.

These events were unlikely to change control of GPA, which continues to be exercised by Wilkes, as provided for by both the shareholders' agreement of Wilkes dated November 27, 2006, and that of GPA, dated December 20, 2006.

INSURANCE

• Coverage of possible risks which the Company may incur

The Rallye Group manages its insurance and random risks as part of a wider policy framework designed to protect the Group's balance sheet while monitoring certain objectives, including the following:

- to protect the assets and liabilities incurred by the Group;
- to defend shareholders' interests;
- to take account of regulations applying to establishments open to the public (known as the ERP rules).

The analysis of random insurable risks, as well as the taking out and management of insurance policies and claims, are handled independently by each of the operating subsidiaries (essentially Casino and Groupe GO Sport) and by the parent company Rallye.

• Insurance taken out

The main insurance policies taken out by the Rallye Group are for:

- property damage and consequential business interruption;
- third-party liability.

For risks other than those mentioned above, the Group has taken out insurance coverage whenever required by law. It has also done so whenever the nature of the risks in question makes insurance coverage useful and necessary and where the policies available on the market provide the degree of coverage sought.

• Level of coverage

› Property damage and business interruption

The purpose of this insurance is to protect the Group's assets.

Casino's current policy is an "All risks" policy (where the risks excluded define the scope of coverage provided by the insurers) in accordance with the coverage available on the insurance market. This covers the usual risks for such policies, including fire, explosion, natural disasters, structural failure, electrical damage, loss of business, etc. Maximum coverage corresponds to the maximum possible claim, for both direct damage and loss of business, i.e., €220 million in direct damage and loss of business, for major events (fire, explosion, etc.) with lower sub-limits of coverage for certain specific risks (including natural events, structural failure, theft, etc.).

At Groupe GO Sport, capital insured with the AFM insurance companies amounts to €325 million per year, against damage to property, and €296 million to cover operating losses.

› Third-party liability insurance

The aim of this insurance is to cover the financial consequences of the Group's civil liability for physical, material and/or financial damage to third parties arising from its goods delivered or sold, installations and equipment, buildings, store operations and services provided on behalf of third parties. The current insurance policy, also an "All risks" policy, also covers the costs of recalling goods and the financial warranty for accidents in the workplace and work-related illnesses within a sub-limit comprised in the general aggregate limit of insurance (€76 million).

› Mandatory insurance

Considering the business activities performed, the Group continues to take out mandatory insurance policies, notably, automotive insurance, building/structural damage insurance, ten year builder's warranty and professional liability insurance (real estate manager, tour operator, bank).

› Other insurance

Taking into account the size of the flow of funds and the risks attached thereto, the Group has taken out various insurance policies, including a transportation policy (coverage for domestic transport and worldwide imports) and a "all risks construction" policy (coverage of real estate assets).

• Crisis prevention and management

Loss-prevention and business continuity measures after an incident are an integral part of the Group's insurance policy.

In line with the Group's long-standing loss-prevention policy, aimed particularly at minimizing the risk of damage to property, in 2011 Casino continued to regularly visit sites with high levels of insured capital, to carry out technical loss-prevention and asset safeguard audits, and to monitor the process for mapping the risk of damages, including with regard to natural disasters and other incidents, both in France and abroad.

Casino also continued its proactive work on safeguarding against "product" risk to retailers' own brands and to other brands. In the event of a serious crisis or grave incident, the Group has the technical resources and the appropriate advice to enable it to promptly intervene for the protection of persons, preservation of property and maintenance of operating continuity and customer service.

Rallye and its subsidiaries also have access to the support necessary to manage any crisis situation or serious disaster in the most appropriate way.

Rallye has conducted a review and believes that there are no significant risks other than those presented here.

Additional information

PERSON RESPONSIBLE FOR PREPARING THE REFERENCE DOCUMENT AND ACCOUNTS

PERSON RESPONSIBLE FOR PREPARING THE REFERENCE DOCUMENT

Jean-Charles Naouri, Chairman/Chief Executive Officer.

The information reported in this document is the sole responsibility of the company's managers.

DECLARATION BY THE PERSON RESPONSIBLE FOR THE REFERENCE DOCUMENT

"I declare, having taken all reasonable care for this purpose, that the information contained in the reference document is, to the best of my knowledge, in accord with the facts and contains no omission likely to affect its import.

To the best of my knowledge, the financial statements have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets, financial position and results of operations of the Company and all subsidiaries included within the scope of consolidation. I further declare that the management report on pages 6 et seq. gives a true and fair view of the business performance, the results of operations and the financial position of the company and all subsidiaries included within the scope of consolidation and also describes the main risks and uncertainties to which they are exposed.

I have received from the statutory auditors a completion-of-audit letter, in which they state that they have verified the information bearing on the financial position and the financial statements in this reference document and have read the document as a whole.

The historical financial information contained in this document were discussed in reports by the statutory auditors, appearing on page 160 of said document for the year ended December 31, 2011 and on page 216, incorporated by reference, for the years ended December 31, 2010 and December 31, 2009, which contain observations".

Chairman and Chief Executive Officer – Jean-Charles Naouri

INFORMATION INCORPORATED BY REFERENCE IN THE REFERENCE DOCUMENT

In accordance with Article 28 of European Commission Regulation 809-2004 of April 29, 2004, the following information has been incorporated by reference in this reference document:

- the consolidated financial statements prepared in accordance with IFRS and the Company's financial statements as at December 31, 2010, the corresponding statutory auditors' reports and the Group's management report on pages 62 to 159, 162 to 184, 160, 185 and 6 to 51 of the reference document filed with the Financial Markets Authority on April 11, 2011 under number D 11-079;
- the consolidated financial statements prepared in accordance with IFRS and the Company's financial statements as at December 31, 2009, the corresponding statutory auditors' reports and the Group's management report on pages 51 to 148, 151 to 171, 149, 172 and 6 to 41 of the reference document filed with the Financial Markets Authority on April 28, 2010 under number D 10-339.

The chapters of the reference documents numbers D 11-079 and D 10-339 that are not referred to above are either of no interest to investors or covered elsewhere in this reference document.

PERSON RESPONSIBLE FOR AUDITING THE FINANCIAL STATEMENTS

• Regular Statutory Auditors

› KPMG Audit Département de KPMG SA

1, Cours Valmy – 92923 Paris-La Défense Cedex.

Appointed by the Ordinary Shareholders' Meeting of June 29, 1993.

Represented by Monsieur Patrick-Hubert PETIT.

Last reappointment: Ordinary Shareholders' Meetings of June 6, 2007 for a term of six years, i.e., until the Ordinary Shareholders' Meeting called to approve the financial statements for the year ended December 31, 2012.

› Ernst & Young et Autres

1/2, place des Saisons, 92400 Courbevoie – Paris-La Défense 1.
Appointed by the Ordinary Shareholders' Meeting of June 1, 1999.
Represented by Monsieur Pierre BOURGEOIS.

Last reappointment: Ordinary Shareholders' Meetings of May 4, 2011 for a term of six years, i.e., until the Ordinary Shareholders' Meeting called to approve the financial statements for the year ended December 31, 2016.

• Alternate Statutory Auditors

› Société KPMG AUDIT ID, suppléant de KPMG

3, cours du Triangle, Immeuble "Le Palatin" Puteaux – 92939 Paris-La Défense Cedex.
Appointed by the Ordinary Shareholders' Meeting of May 19, 2010 for the remaining term of office of its predecessor, i.e., until the Ordinary Shareholders' Meeting called to approve the financial statements for the year ended December 31, 2012.

› Société Auditex, suppléant de Ernst et Young et Autres

1/2, place des Saisons, 92400 Courbevoie – Paris-La Défense 1.
Appointed by the Ordinary Shareholders' Meeting of May 4, 2011 for a term of six years, i.e., until the Ordinary Shareholders' Meeting called to approve the financial statements for the year ended December 31, 2016.

• Person responsible for financial communications

Didier Carlier – Deputy Managing Director
Phone: 01.44.71.13.73
Fax: 01.44.71.13.70
E-mail: info@rallye.fr

PUBLIC DOCUMENTS - SHAREHOLDER INFORMATION

The following documents can be consulted at Rallye's registered office: corporate documents for the last three years (financial statements, minutes of Shareholders' Meetings, Shareholders' Meeting attendance records, auditors' reports, by-laws, etc.) and any reports, mailings, valuations and special reports prepared by expert assessors at the Company's request, historical financial information on the Company and its subsidiaries Casino and Groupe GO Sport for the last two years, including the consolidated financial statements prepared in accordance with French GAAP.

Once a year, analysts and journalists are invited to a meeting at which the Company comments on the previous year's results. Company press releases, annual reference documents including historical financial information on the company filed with the regulatory agency the French Financial Markets Authority [Autorité des Marchés Financiers] (www.amf-france.org), are available on the Company's website: www.rallye.fr. A printed copy of the reference document may be obtained at the Company's registered office located at 32, rue de Ponthieu, Paris 75008.

The document annually listing all information published or made available to the public over the preceding 12 months, required by European Directive 2003/71/EC is available on the Company's website.

All regulatory disclosures made by the Company under Articles 221-1 et seq. of the Financial Market Authority's general regulations are available on the Company's website: <http://www.rallye.fr/fr/investisseurs/information-reglementee>, and in digital format via Business Wire.

Additional information

CROSS-REFERENCE TABLE FOR THE REFERENCE DOCUMENT

To facilitate the reading of this document, the topical table below can be used to identify the minimum information required by Annex 1 to Regulation (EC) No. 809/2004 of the European Commission of April 29, 2004. Information not applicable to Rallye is marked "n/a".

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To facilitate the reading of this document, the cross-reference table below may be used to identify in this reference document the information that constitutes the annual financial report which must be published by listed companies in accordance with Articles L451-1-2 of the French Monetary and Financial Code and 22-3 of the General Regulations of the Financial Markets Authority.

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The original French version of this translated Registration Document was filed with the Autorité des Marchés Financiers (AMF) on April 24, 2012 under number D. 12-0397, in accordance with article L. 212-13 of the AMF's General Regulations.

It may be used in connection with a financial transaction provided that it is accompanied by an Information Memorandum approved by the Autorité des Marchés Financiers. It was prepared by the issue and its signatories assume responsibility for it.

This document is a free translation from French into English and has no other value than an informative one. Should there be any difference between the French and the English version, only the text in French language shall be deemed authentic and considered as expressing the exact information published by Rallye.

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