CASINO, GUICHARD-PERRACHON
24, rue de La Montat, F–42100 Saint-Etienne

INTERIM FINANCIAL STATEMENTS

6 MONTHS TO JUNE 30, 2005

INTERIM REPORT FOR THE SIX MONTHS ENDED 30 JUNE 2005

Interim financial statement

INTERIM REPORT
FOR THE SIX MONTHS
ENDED 30 JUNE 2005

Financial highlights of first-half 2005, under IFRS, are as follows:

€ millions	First-half 2004	First-half 2005	Reported change	Change at constant exchange rates
Total business volume	16,442	**16,902**	+ 2.8%	+ 1.6%
Net sales	10,208	**10,363**	+ 1.5%	+ 1.8%
France	*8,146*	***8,202***	*+ 0.7%*	
International	*2,062*	***2,161***	*+ 4.8%*	*+ 6.0%*
EBITDA*	705	**658**	- 6.7%	- 6.6%
Trading profit	475	**423**	- 11.0%	- 10.6%
France	*422*	***379***	*- 10.2%*	
International	*53*	***44***	*- 16.9%*	*- 13.7%*
Profit before tax	351	**323**	- 8.2%	
Profit attributable to equity holders	216	**192**	- 11.1%	
Cash flow	523	**522**	- 0.2%	
Net debt	6,445	**5,444**		
Gearing	186%	**107%**		

** EBITDA = earnings before interest, taxes, depreciation and amortisation*

SIGNIFICANT EVENTS OF THE PERIOD

In **France,** against a backdrop of flat consumer spending and lower prices for national brands following the June 2004 "Sarkozy" agreements, the Group implemented an assertive pricing policy. The prices of national brands were cut by more than the 2% provided for in the Sarkozy agreements, and prices of private label products were also lowered, leading to an increase in these products' contribution to total sales. These initiatives initially led to a reduction in the price of the average basket and also eroded the French companies' gross margin. However, they also fuelled an increase in sales volumes for private label and low-price products, as well as boosting the number of visitors to the stores. In addition to taking action on prices, we also kept up our sustained expansion policy, opening 76,100 square meters of additional selling area during the period. Lastly, the cost containment programme launched during the year led to efficiency gains in the stores, optimised supply chain operations and working capital reductions.

In **international** markets, two major transactions were carried out which had no impact on the first-half accounts but will begin to pay dividends as from the second half.

- The first was the acquisition of joint control of CBD, Brazil's leading food retailer. The Group had held a minority interest in CBD since 1999.
- The second was the acquisition of additional shares in Vindemia, the leading retailer in the Indian Ocean region, which was previously 33.34%-owned.

The first transaction gives Casino an economic interest of 34.3% in CBD, which will be consolidated by the proportionate method as from 1 July 2005. On a full-year basis, the transaction will lead to a 7% increase in sales and trading profit.

The second transaction gives Casino an economic interest of 70% in Vindemia, which will be fully consolidated as from 1 October 2005. On a full-year basis, the transaction will increase sales and trading profit by 3%.

The two transactions significantly strengthen the Group's presence in two fast-growing regions and boost its growth profile. In 2006, international operations are expected to account for around 30% of consolidated sales (versus 20% in 2004), some 25% of EBITDA (versus 16% in 2004) and over 20% of trading profit (versus 9% in 2004).

During the period, we pursued the forceful policy to strengthen the Group's **financial position.** Net debt was cut by around €1 billion to €5,443 million at 30 June 2005 from €6,445 million one-year earlier. This, combined with an increase in consolidated equity, reduced gearing to 107% from 186% at 30 June 2005, putting the Group in good shape to achieve its target of bringing gearing to below 100% by the end of the year.

FRANCE

(79% of net sales and 90% of trading profit)

€ millions	First-half 2004	**First-half 2005**	Change
Net sales	8,146	**8,202**	+ 0.7%
Trading profit	422	**379**	- 10.2%
Trading margin	*5.2%*	***4.6%***	

In France, net sales totalled €8,202.0 million, representing an increase of 0.7% in a period of flat consumer spending. This performance was achieved despite lower prices thanks to an assertive marketing policy based on:

- Cuts in the prices of national brands in excess of the 2% provided for in the Sarkozy agreements.
- Reductions in the prices of private label products.
- A favourable shift in the product mix towards products controlled by the Group (private labels and low-price products).

The marketing policy was tailored to the various banners. We are actively expanding the formats where we have a competitive advantage (which include discount stores with Franprix/Leader Price, convenience stores with Petit Casino, Spar, Vival and Eco Service, and quality supermarkets with Monoprix). In the discount format, 12 new Franprix stores and 24 Leader Price stores have been opened over the last twelve months, while the convenience stores have strengthened their leadership with over 5,000 stores. We are also bolstering our unique marketing identity with the Monoprix concept and the offshoots currently being trialled, including Daily Monop' and Monop'. In the traditional formats – hypermarkets with Géant and supermarkets with Supermarchés Casino – our price competitiveness has been significantly improved and the contribution of controlled products to total sales has increased. In terms of pricing, the Opus price competitiveness index for the 1,000 most popular items fell at Géant to 98.9 in June 2005 from 100.1 in January 2004, outpacing the price cuts provided for in the Sarkozy agreements. At the same time, prices for private label and low-price products were reduced by 5.7% at Géant and 6.4% at Supermarchés Casino over the twelve months to end-June 2005. In first-half 2005, sales volumes of private label and low-price products rose by 8.7% at Géant (including second quarter growth of 11.1%) and 10.7% at Supermarchés Casino (including a second quarter increase of 12.0%), boosting these products' contribution to total sales volume to nearly 50% compared with 48% in the previous half-year. This policy is paying dividends. At Géant, sales volume rose by 0.3% in the second quarter after contracting slightly in the first quarter, while Supermarchés Casino posted 3.5% volume growth in the second quarter on the back of a modest increase in the first three months.

We also extended our loyalty programme, signing up Caisse d'Epargne to the S'miles® programme. The Caisse d'Epargne savings banks, France's third largest banking network with 4,500 branches and over 5,000 cash dispensers, add to the number of potential participants in the S'miles® programme. As of end-June 2005, the programme had over 15 million active participants, including the 4 million holders of Casino Group store cards. The programme's effectiveness as a marketing tool is demonstrated by the fact that the average basket of S'miles card holders compared to that of non-card holders is 78% bigger at Géant, 87% at Supermarchés Casino and 93% at Monoprix.

The store expansion programme continued apace in the first half. The 76,100 square meters opened during the period represented 15.7% more than the 65,800 square meters opened in the first six months of 2004. Sixty-five percent of the new selling area is in the most profitable formats – discount, with Franprix/Leader Price and convenience stores with Petit Casino, Spar, Vival and Eco Service. It will have a positive impact on sales growth as from the second half.

Our other businesses also performed satisfactorily during the period. Casino Caféteria continued to expand in the buoyant corporate food services segment. C-Discount reported sales up 80% over first-half 2004, at €172 million. Banque Casino had 887,000 customers at end-June 2005 and outstanding loans of €625 million, an increase of 14.5% compared with 30 June 2004.

First-half 2005 trading profit came to €378.5 million, down 10.2% on the same period of 2004. The decline was due to the marketing policies implemented during the period, as explained above, which initially reduced average baskets and gross margins. However, in the longer term, these initiatives will drive an increase in sales volumes of controlled products while also boosting the number of visitors to the stores. The accelerated expansion programme, leading to higher pre-opening costs, also had a negative impact on trading profit.

INTERNATIONAL

(21% of net sales and 10% of trading profit)

International sales rose by a healthy 4.8% in first-half 2005 to €2,161.4 million. At constant exchange rates, the increase was 6.0%. Subsidiaries in the United States, Asia and Latin America all performed satisfactorily, with sales up 3.5%, 9.0% and 20.2% respectively at constant exchange rates.
Trading profit came to €44.2 million versus €53.2 million in first-half 2004. The decline was mainly due to lower sales at Smart & Final in the United States, which contributed €19.2 million compared with €25.5 million in the year-earlier period.
The increases in the Group's interests in CBD and Vindemia will provide considerable leverage for growth as from the second half. On a full-year basis, acquisition of joint control of CBD alone will boost consolidated sales and trading profit by 7%, while the increase in or stake in Vindemia will have a 3% positive impact. Together, the two transactions will drive double-digit growth in sales and trading profit. If they had been carried out at the beginning of first-half 2005, consolidated sales would have been 5.2% higher at €3,091.9 million and trading profit would have totalled €98.9 million, representing 1.6% more than the reported amount.

North America

Smart & Final

€ millions	First-half 2004	First-half 2005	Reported change	Change at constant exchange rates
Net sales	718	709	-1.2%	+3.5%
Trading profit	26	19	-24.6%	-20.8%
Trading margin	*3.6%*	*2.7%*		

In the United States, Smart & Final reported sales up 3.5% in local currency. Its contribution to consolidated sales contracted by 1.2%, however, to €709.2 million, due to the fall in the dollar against the euro during the period. The 2.0% growth in same-store sales represented an outstanding performance, considering the high basis of comparison in first-half 2004 when sales jumped 17.5%. Over the last two years, Smart & Final's same-store sales have grown by an average of nearly 10%.

Smart & Final's contribution to trading profit contracted to €19.2 million from €25.5 million in first-half 2004 which represented a very high basis of comparison due to strikes affecting competing banners. In addition, strong sales growth over the last two years led to an increase in distribution costs.

As announced at the end of last year, Smart & Final stepped up its expansion programme, opening four new stores during the first six months of 2005 compared with the same number in the whole of 2004. The pace is set to accelerate in the second half, with eleven openings scheduled.

Poland

Géant Polska and Leader Price

€ millions	First-half 2004	First-half 2005	Reported change	Change at constant exchange rates
Net sales	338	377	+11.6%	-3.9%
Trading loss	(1)	(2)	n/a	n/a
Trading margin	*n/a*	*n/a*		

Operations in Poland generated sales of €376.9 million, an increase of 11.6%. This healthy performance was attributable to the ambitious expansion programme implemented over the last twelve months, with the opening of one hypermarket and 30 Leader Price stores, as well as to the strengthening of the zloty against the euro during first-half 2005.

The period ended with a trading loss of €2.4 million compared with €1.3 million in first-half 2004. This was due to the higher depreciation expense – at €20.0 million versus €17.8 million – generated by the bold expansion programme. EBITDA increased by a satisfactory 6.8% to €17.6 million.

Leader Price is continuing to expand rapidly in Poland and is aiming to have 300 stores by end-2007 compared with 170 at 30 June 2005. In the first half, a franchise agreement was signed with Lithuania-based IKI, providing for the opening of Leader Price stores in Lithuania and Latvia.

The Group has set as its target to generate a trading profit in Poland over the whole of 2005.

Latin America

Argentina + Uruguay (Disco at 50% and Devoto at 100%) + Venezuela

€ millions	First-half 2004	First-half 2005	Reported change	Change at constant exchange rates
Net sales	295	332	+12.5%	+20.2%
Trading profit/(loss)	2	(1)	n/a	n/a
Trading margin	*0.7%*	*n/a*		

Sales in Latin America continued to grow rapidly, rising 20.2% at constant exchange rates to €331.6 million. This excellent performance was mainly attributable to a 16.8% increase in same-store sales. The contribution to consolidated sales was a lower 12.5%, due to adverse changes in exchange rates.

The contribution of Latin American operations to trading profit was a negative €1.3 million in first-half 2005 compared with a €2.0 million positive contribution in the year-earlier period. The unfavourable swing was primarily due to price controls in Venezuela and destocking measures following changes to the product offer in Argentina.

During the period, Q'Precios in Venezuela stepped up the pace of expansion. The number of stores doubled, from eight to sixteen at 30 June 2005.

Asia

Thailand + Taiwan (proportionately consolidated on a 50% basis)

€ millions	First-half 2004	First-half 2005	Reported change	Change at constant exchange rates
Net sales	578	612	+5.8%	+9.0%
Trading profit	22	22	-0.9%	+3.9%
Trading margin	*3.8%*	*3.6%*		

Operations in Asia generated sales growth of 9.0% at constant exchange rates. This sound overall performance was attributable to strong same-store growth by Big C in Thailand – in excess of 10% - while the situation in Taiwan remained difficult. The contribution of Asian operations to consolidated sales rose by a lower 5.8% to €611.5 million, due to the fall in the Thai baht over the period.

Trading profit contracted slightly, to €21.7 million from €22.0 million in first-half 2004. This was the result of strongly contrasting performances, with a loss in Taiwan versus a trading margin of more than 5% in Thailand. The radical action taken by the new management team in Taiwan to turn the situation around, by scaling back inventories and halting sales to wholesalers, adversely affected first-half operating performance.

In Thailand, Big C continued to rapidly expand its network. Four hypermarkets were opened over the last twelve months and another four are scheduled to be opened in 2005.

Indian Ocean

Vindemia (proportionately consolidated on a 33.34% basis)

€ millions	First-half 2004	First-half 2005	Reported change	Change at constant exchange rates
Net sales	134	132	-1.2%	+0.6%
Trading profit	5.1	7	+38.9%	+39.7%
Trading margin	*3.8%*	*5.3%*		

In the Indian Ocean region, Vindemia performed well, with sales up 0.6% at constant exchange rates. Stores on Reunion Island turned in a resilient performance, while sales in the other host countries of the region grew by 6.1% at constant exchange rates. The region's contribution to consolidated sales dipped to €132.2 million from €133.8 million in first-half 2004, due to negative currency effects in Madagascar and Mauritius.

Trading profit surged by 38.9% to €7 million, representing 5.3% of sales versus 3.8% in first-half 2004. This strong improvement in profitability was mainly attributable to sound cost discipline and improved margins at Vindemia units outside the euro zone. Improvements to the organisation of supplies from Asia and the supply chain also began to pay off.

These good results fully justify the strategic decision to increase the Group's interest in Vindemia.

International associates

CBD (Brazil), Exito (Colombia) and Laurus (Netherlands)

€ millions	First-half 2004	First-half 2005	Reported change	Change at constant exchange rates
CBD (Brazil)				
Share in profit	8	12	+43.4%	+30.3 %
Average percent interest	*27.39%*	*27.38%*		
Exito (Colombia)				
Share in profit	2	3	+37.9%	+25.8%
Average percent interest	*33.98%*	*35.59%*		
Laurus (Netherlands)				
Share in profit/(loss)	(4)	1	n/a	n/a
Average percent interest	*38.72%*	*44.99%*		
TOTAL	**7**	**16**		

The Group's share of the profits of associates rose sharply to €15.9 million from €6.6 million in first-half 2004. All associates reported higher profits. The contribution of CBD (Brazil) increased by 43.4% to €11.6 million from €8.1 million, while that of Exito (Colombia) rose by 37.9% to €3.2 million from €2.4 million. Laurus (Netherlands) contributed a profit of €1.1 million, as opposed to a €3.9 million loss in first-half 2004.

In Brazil, **CBD** – the market leader – continued to enjoy sustained organic growth, with sales up 9.4% in local currency. This performance reflects healthy 6.6% same-store growth and the positive effect of the banner's ambitious expansion programme. In the first six months of 2005, four Extra hypermarkets and seven CompreBem discount stores were opened. Sales in euros were boosted by favourable exchange rates, rising 20.4% to €1,937.7 million. The robust sales performance was reflected in trading profit, which rose 34.7% to €94.4 million, and in net profit, which was 55.8% higher at €36.8 million.

In Colombia, **Exito** reported sales up 4.5% in local currency. Boosted by the appreciation of the Colombian peso, Exito's sales in euros rose 14.6% to €520 million. Sales growth was accompanied by healthy profits, with EBITDA margin rising to 7.5%.

In the Netherlands, **Laurus** had a difficult first half, leading to an 8.8% decline in same-store sales and a 10.2% fall in reported sales to €1,434 million. Laurus reported a trading profit of €26 million as opposed to a €16 million loss in first-half 2004. However, the improvement was entirely due to the reversal of a €68 million provision for pension obligations, in connection with the switch from a defined-benefit plan to a defined-contribution plan. The sub-group ended the period with net profit of €2 million compared with a net loss of €15 million in the first six months of 2004, after taking into account the €47 million positive effect of the provision reversal.

COMMENTS ON THE CONSOLIDATED FINANCIAL STATEMENTS

Accounting policies

The format of the interim financial statements complies with the European Union regulation requiring listed companies to prepare their 2005 consolidated financial statements in accordance with the IASs and IFRSs endorsed by the European Union as of 31 December 2005.

The interim financial statements are prepared using the same policies as the annual financial statements.

The 2005 interim financial statements have been prepared using the hybrid solution accepted by the French securities regulator (AMF press release dated 27 June 2005). This solution consists of presenting the financial statements and notes in accordance with French GAAP (AMF General Regulations, article 221-5, and CNC Recommendation 99-R-01) and applying IFRS recognition and measurement principles.

Financial information at 30 June 2005 and pro forma IFRS financial information at 30 June 2004 and 31 December 2004 included for comparison purposes have been prepared using the standards and related interpretations that the Group expects to apply to prepare the financial statements at 31 December 2005.

The basis for preparing 2005 financial information and pro forma 2004 financial information, as described in the following notes, corresponds to:

- *The standards and interpretations whose application will be compulsory at 31 December 2005.*
- *IAS 32 and IAS 39, whose application is compulsory as from the first financial year commencing on or after 1 January 2005 and which the Group has decided to apply early, as from 1 January 2004.*
- *The currently expected outcome of technical issues and proposals currently being discussed by the IASB and IFRIC, which may be applicable for the preparation of the 2005 annual financial statements.*
- *The options and exemptions that the Group intends to use for the preparation of the 2005 annual financial statements.*

For these reasons, the comparative financial information presented with the 2005 annual financial statements and the 2006 interim financial statements may be different from that presented in this report.

Main changes in scope of consolidation

There were no material changes in the scope of consolidation in first-half 2005.

Sales

Consolidated sales for first-half 2005 totalled €10,363.4 million compared with €10,207.6 million in the year-earlier period, representing an increase of 1.5% on a reported basis and 1.8% at constant exchange rates. Sales growth is discussed in detail in the first part of this report on operations in France and international operations.

Trading profit

First-half 2005 trading profit came to €422.7 million, down 11.0% compared with €474.9 million in the same period of the previous year. Excluding the currency effect, the decline was 10.6%. Changes in trading profit are discussed in detail in the first part of this report on operations in France and international operations.

Profit before tax

First-half 2005 **profit before tax** contracted by 8.2% to €322.5 million from €351.3 million in the year-earlier period. Other operating income and expense represented a net expense of €6.1 million. This compares with net other operating income of €29.1 million in first-half 2004, which included rendering tax relief for a net amount of €27.1 million. Net financial expense came to €94.1 million compared with €152.7 million in first-half 2004, including:

- Finance costs of €96.1 million versus €87.8 million, and
- Net other financial income of €2.0 million compared with net other financial expense of €64.9 million in first-half 2004, which included a €68.0 million charge for the adjustment of the value of options.

Profit attributable to equity holders

Income tax expense amounted to €110.7 million, representing an effective tax rate of 34.3%. This compares with €99.3 million in first-half 2004, which included a €30.1 million tax benefit arising from the cancellation of CBD warrants.

The Group's **share of profits of associates** rose to €24.8 million from €15.3 million in first-half 2004. The contribution of CBD (Brazil) rose to €11.6 million from €8.1 million, reflecting the banner's excellent performance during the period. Laurus (Netherlands) made a positive contribution of €1.1 million – as opposed to a negative contribution of €3.9 million in first-half 2004 – including Casino's €21 million share of the pension provision reversal referred to earlier.

Minority interests represented €44.8 million in first-half 2005 compared with €51.7 million in the year-earlier period. The decline was mainly attributable to the lower percentage of minority interests in Franprix-Leader Price following the June 2004 increase in Casino's stake.

Profit attributable to equity holders amounted to €191.8 million versus €215.6 million in first-half 2004, a decline of 11.1%.

Cash flow held firm at €521.9 million versus €522.8 million in first-half 2004.

Capital expenditure, business acquisitions and divestments

In first-half 2005, the Group made €343.5 million worth of **routine capital expenditure**, compared with €323.9 million in the year-earlier period. A total of €269.5 million was spent in France and €74.0 million at international operations. **Acquisitions** for the period came to €135.4 million (including €66.7 million for the exercise of the put option granted to Hyparlo), while **divestments** represented €36.2 million.

Financial position

At 30 June 2005, the Group had **net debt** of €5,443.5 million versus €6,445.2 million one-year earlier, representing a decrease of some one billion euros over the past twelve months. Over the same period, **equity** rose to €5,067.8 million from €3,461.1 million, reducing the **gearing** ratio to 107% from 186%. Part of the improvement in the Group's financial position over the past twelve months was attributable to the January 2005 issue of €600 million worth of junior perpetual bonds.

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Strategy and outlook

The Group has set three core strategic goals:

1. **Give new impetus to organic sales growth in France and internationally**
   In **France,** the expansion programme is being stepped up, with the scheduled opening of 160,000 square meters in 2005 compared with 150,000 square meters in 2004 and 120,000 square meters in 2003. The marketing strategy launched in the first half in the hypermarket and supermarket segments is also being pursued, with action to increase the contribution of private labels and low-price products to total sales, measures to enhance non-food offerings, and trials of new discount concepts in the hypermarkets, supermarkets and convenience stores.

   In **international** markets, with the increase in our stakes in CBD and Vindemia, we now have strong positions in buoyant markets such as the United States, Latin America, Southeast Asia and the Indian Ocean region. The high growth rates in these countries and the relaunched expansion policy should ensure that international operations enjoy sustained organic growth in the coming years

2. **Achieve a sustainable reduction in gearing to less than 100%**
   We are holding firm to our goal of reducing gearing to less than 100% at 31 December 2005 and are committed to keeping the ratio below this level beyond 2005.

3. **Enhance profitability**
   In **France**, the discount stores, convenience stores and Monoprix generate satisfactory margins.
   In **international** markets, targeted expansion in the most profitable countries (USA, Thailand, Latin America) and additional contributions from CBD and Vindemia should drive a significant increase in the contribution of operations outside France. In 2006, international operations are expected to account for around 30% of consolidated sales, some 25% of consolidated EBITDA and over 20% of consolidated trading profit.

SUBSEQUENT EVENTS

Full consolidation of Vindemia from 1 October and appointment of Jean-Marc Brébion as Vindemia's new Chairman and Chief Executive Officer

On 28 September, we disclosed that we had completed the acquisition of 36.66% of Vindemia's capital from the Bourbon Group for €199.6 million. The transaction, which was originally announced on 18 May 2005, increases to 70% Casino's interest in Vindemia, which will be fully consolidated from 1 October 2005.

We also reaffirmed our confidence in the Vindemia management team and announced the appointment of Jean-Marc Brébion, the company's Chief Executive Officer, as Chairman and Chief Executive Officer.

Launch of the process for the Mercialys IPO

On 28 September 2005, we also announced that we were beginning the process for the stock market flotation of **Mercialys,** our property company dedicated to strategic retail property. After registering Mercialys' *document de base* on 30 August 2005, under no. I.05-111, the French securities regulator (AMF) approved the Mercialys prospectus, comprising the *document de base* and an information memorandum, on 27 September under visa no. 05-690. These documents are available at www.mercialys.com and at the company's head office, 58-60 avenue Kléber, 75016 Paris.

The IPO will carried out through the issue and public placement of some €214 to 230 million worth of new Mercialys shares under an open price offer ("OPO") in France and a guaranteed global offering to institutional investors in France and internationally (except in the United States). The OPO will open on 28 September and close on 10 October 2005. Depending on demand, at least 10% of the total offering is expected to be earmarked for retail investors. Casino Group shareholders will have a priority right to acquire shares in the OPO, up to a maximum of €5,000 and 75% of the shares offered in the OPO. The final offer price will be announced at the end of the book running period which will run from 28 September to 11 October.

The indicative price range of €15.62 to €18.13 per share values Mercialys at €1,155 to 1,322 million after the share issue. Based on the median price in the range and assuming that the greenshoe option on the equivalent of 7.5% of the offer is exercised, after the IPO Casino is expected to hold 74.2% of Mercialys' capital and the free float should represent 18.5%. The AXA Group, co-founder of Mercialys, will increase its interest in the company from 6.5% currently to around 7.3% by purchasing some 25 million shares from Casino at the IPO price.

The Casino Group will continue to be Mercialys' majority shareholder after the IPO and will continue to contribute to its value creation potential by giving Mercialys first right of refusal to participate in property development operations initiated by the Group. The operation will also strengthen Casino's capital base and reduce its debt.

COMMENTS ON THE RESULTS OF CASINO, GUICHARD-PERRACHON, PARENT COMPANY

€ millions	First-half 2004	**First-half 2005**	Change
Revenue	52	50	-4.0%
Net profit for the period	1,478	60	-95.9%

In first-half 2005, Casino, Guichard-Perrachon, the Group's parent company, reported revenue of €50.3 million compared with €52.4 million in the year-earlier period. Revenues consist mainly of royalties received from subsidiaries for the use of trademarks and banners, and expenses charged back to subsidiaries.

The Company's net profit came to €60.4 million. This compares with €1,478 million in first-half 2004, which represented a high basis of comparison due to the capital gains realised on the sale of shares in Codim 2 and Asinco to Distribution Casino France (€1,305 million) and on the buyback by Monoprix of its own shares from its two shareholders (€149 million).

CONSOLIDATED FINANCIAL STATEMENTS

SIX MONTHS ENDED 30 JUNE 2005

CONSOLIDATED INCOME STATEMENT

€ millions	notes	**June 30, 2005**	June 30, 2004	December 31, 2004
Net sales	1	10,363	10,208	21,186
Other income		98	85	208
Total revenue		**10,461**	**10,293**	**21,394**
Cost of goods sold	2	-7,881	-7,706	-15,865
Gross profit		**2,580**	**2,587**	**5,529**
% of net sales		*24.9*	*25.3*	*26.1*
Personnel costs	3	-988	-991	-2,051
External expenses	4	-904	-863	-1,803
Depreciation, amortisation and provisions	5	-265	-259	-534
Trading profit		**423**	**475**	**1,141**
% of net sales		*4.1*	*4.7*	*5.4*
Other operating income and expense	6	-6	29	26
Operating profit		**417**	**504**	**1,167**
% of net sales		*4.0*	*4.9*	*5.5*
Net cost of financial debt	7	-96	-88	-185
Other financial income and expense	8	2	-65	-95
Profit before tax		**323**	**351**	**888**
% of net sales		*3.1*	*3.4*	*4.2*
Income tax	9	-111	-99	-283
Share of results of associates	10	25	15	32
Net profit for the period		**237**	**267**	**636**
% of net sales		*2.3*	*2.6*	*3.0*
Minority interest		45	52	102
Attributable to equity holders		**192**	**216**	**534**

Per share, in €	notes	**June 30, 2005**	June 30, 2004	December 2004
Basic earnings per share attribuable to equity holders	11	1.81	2.10	5.20
Diluted earnings per share attribuable to equity holders	11	1.81	2.10	5.20

CONSOLIDATED BALANCE SHEET

Assets

€ millions	notes	June 30, 2005	December 31, 2004
Goodwill	12	4,401	4,319
Intangible assets	12	261	248
Property, plant and equipment	13	4,739	4,607
Investment property	14	624	591
Investment accounted for using the equity method	15	1,498	1,274
Non-current financial assets	16	932	677
Deferred tax assets	17	143	137
Pension plan assets	23	17	15
Total non-current assets		**12,615**	**11,867**
Inventories	18	1,754	1,721
Trade receivables	19	799	1,001
Other receivables	20	928	812
Current financial assets	24	306	286
Cash and cash equivalents	21	1,800	2,276
Assets classified as held for sale			
Total current assets		**5,588**	**6,096**
TOTAL ASSETS		**18,203**	**17,963**

Equity and liabilities

€ millions	notes	June 30, 2005	December 31, 2004
Equity	22	**5,068**	**3,965**
Attributable to equity holders		4,845	3,770
Minority interest		223	195
Long-term provisions	23	118	107
Non-current financial liabilities	24	6,303	6,156
Other non-current liabilities	25	14	13
Deferred tax liabilities	17	474	472
Total non-current liabilities		**6,910**	**6,748**
Short-term provisions	23	141	187
Trade payables		2,817	3,187
Current financial liabilities	24	1,246	1,936
Other current liabilities	26	2,022	1,939
Total current liabilities		**6,226**	**7,250**
TOTAL EQUITY AND LIABILITIES		**18,203**	**17,963**

CONSOLIDATED STATEMENT OF CASH FLOW

€ millions	notes	June 30, 2005	December 31, 2004
Net profit attributable to equity holders		192	534
Minority interest		45	102
Profit for the period		**237**	**636**
Depreciation and amortisation		235	476
Additions to/(reversals of) provisions (other than on current assets)		-20	22
Unrealised gains and losses arising from changes in fair value interests		61	3
Income and expense on share-based payment plans		4	11
Other add back non-cash or non-operating items		18	15
Add back non-cash or non-operating items		**299**	**527**
(Gains)/losses on asset disposals		-10	-10
Share in net income of companies accounted for at equity		-25	-32
Dividends received from companies accounted for at equity		21	15
Cash flow		**522**	**1,136**
Net cost of financial debt (excluding changes in fair value interests and amortisation)		44	287
Current and deferred tax		111	283
Cash flow before finance costs and tax		**677**	**1,706**
Income tax paid		-112	-378
Changes in operating working capital		-310	-1
Net cash from operating activities		**254**	**1,327**
Additions to property, plant and equipment and intangible assets		-344	-713
Acquisitions of financial assets		-135	-74
Proceeds from disposals of property, plant and equipment and intangible assets		23	97
Proceeds from disposals of financial assets		3	16
Changes in scope of consolidation		-37	-417
Decrease in loans		10	19
Net cash used by investing activities		**-479**	**-1,073**
Dividends paid to equity holders		-13	-204
Dividends paid to minority shareholders of subsidiaries		-9	-5
Increased/decreased in capital stock		1	9
(Purchases)/sales of treasury shares		54	128
Additions to debt	21	181	944
Retirement of debt	21	-1,107	-650
Issue of undated deeply subordinated notes (TSSDI)		590	0
Interest paid, net		-70	-280
Net cash used by financing activities		**-373**	**-58**
Effect of changes in foreign exchange rates		**6**	**-11**
Change in cash and cash equivalents		**-592**	**186**
Opening cash & cash equivalents	21	1,951	1,766
Closing cash & cash equivalents	21	1,359	1,951

CONSOLIDATED STATEMENT OF STOCKHOLDERS' IN EQUITY
before appropriation of net profit

€ millions	Capital stock	Additional paid in capital (1)	Treasury shares	Reserves and net profit	Net income recognise directly in equit	**Group stockholders' equity**	**Minority interest**	**Total stockholders' equity**
As of January 1, 2004	166	3,732	-469	-262	50	**3,218**	**184**	**3,402**
Issue of share capital	-	0	-	-	-	0	-	0
Purchases and sales of treasury shares	-	-	203	-	-75 (2)	128	-	128
Dividends paid	-	-	-	-204	-	-204	-5	-209
Net profit for the period	-	-	-	534	-	534	102	636
Changes in fair value of non-current assets held for sale	-	-	-	-	2	2	-	2
Changes in translation differences	-	-	-	-	75	75	-20	55
Changes in scope of consolidation	-	-	-	-	-	-	0	0
Others	-	-	-	1	17 (3)	18	-66 (4)	-49
As of December 31, 2004	166	3,732	-266	70	68	**3,770**	**195**	**3,965**
Issue of share capital	5 (5)	160 (5)	-	-	-	165	-	165
Purchases and sales of treasury shares	-	-	80	-	-21 (2)	59	-	59
Dividends paid	-	-	-	-221	-	-221	-9	-229
Net profit for the period	-	-	-	192	-	192	45	237
Changes in fair value of non-current assets held for sale	-	-	-	-	-	-	-	-
Changes in translation differences	-	-	-	-	307	307	20	327
Changes in scope of consolidation	-	-	-	-	-	-	5	5
Issue of undated deeply subordinated notes (TSSDI)	-	-	-	590	-	590	-	590
Others	-	-	-	-22 (6)	4 (7)	-17	-34 (4)	-51
As of June 30, 2005	171	3,892	-186	608	359	**4,845**	**223**	**5,068**

(1) Including legal reserve, additional paid-in capital

(2) Elimination of disposal gains and losses and impairment losses on treasury shares

(3) Of which:
- Fair value of stock options: €11.2 million.
- Effect of change in tax rate recognised in equity: €5.6 million.

(4) Including profit attributable to minority shareholders of subsidiaries to whom the Group has granted put options reclassified in other liabilities for €-71.5 million in 2004 and €-33.5 million in first-half 2005.

(5) 2004 dividends paid in shares. By decision of the Annual General Meeting of 26 May 2005, shareholders had until early July to decide whether to receive the dividend in cash or shares. The corresponding shares were issued on 22 July 2005.

(6) Of which: reduction in additional paid-in capital following payments on the Monoprix contingent value rights certificates: €-19.3 million.

(7) Of which: fair value adjustments to stock options: €4.3 million.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Significant accounting policies

The format of the interim financial statements complies with the European Union regulation requiring listed companies to prepare their 2005 consolidated financial statements in accordance with the IASs and IFRSs endorsed by the European Union as of 31 December 2005.

The interim financial statements are prepared using the same policies as the annual financial statements.

The 2005 interim financial statements have been prepared using the hybrid solution accepted by the French securities regulator (AMF press release dated 27 June 2005). This solution consists of presenting the financial statements and notes in accordance with French GAAP (AMF General Regulations, article 221-5, and CNC Recommendation 99-R-01) and applying IFRS recognition and measurement principles.

Financial information at 30 June 2005 and pro forma IFRS financial information at 30 June 2004 and 31 December 2004 included for comparison purposes have been prepared using the standards and related interpretations that the Group expects to apply to prepare the financial statements at 31 December 2005.
The basis for preparing 2005 financial information and pro forma 2004 financial information, as described in the following notes, corresponds to:

- The standards and interpretations whose application will be compulsory at 31 December 2005.
- IAS 32 and IAS 39, whose application is compulsory as from the first financial year commencing on or after 1 January 2005 and which the Group has decided to apply early, as from 1 January 2004.
- The currently expected outcome of technical issues and proposals currently being discussed by the IASB and IFRIC, which may be applicable for the preparation of the 2005 annual financial statements.
- The options and exemptions that the Group intends to use for the preparation of the 2005 annual financial statements.

For these reasons, the comparative financial information presented with the 2005 annual financial statements and the 2006 interim financial statements may be different from that presented in this report.

Scope of consolidation

The consolidated financial statements include the financial statements of all material subsidiaries and associates that are controlled directly or indirectly by the parent company or over which the parent company exercises significant influence. Companies that are not material in relation to the Group as a whole are not consolidated. These are mainly companies set up to carry out intragroup transactions which do not generate any margins and whose assets are not material.
The main changes in the scope of consolidation in first-half 2005 were as follows:

- Two property companies, SCI Toulon Bon Rencontre and SCI Actimmo, and two retail companies, SNC Prical 2 (Supermarket) and SNC SMNA (Supermarket) were consolidated for the first time.
- Geant kredyt was removed from the scope of consolidation following the sale of its business and Kamili was merged into DCF.

These changes in scope were not sufficiently material to require the preparation of pro forma financial statements.

The list of companies consolidated in first-half 2005 is provided in Note 31.

Consolidation methods

For all companies other than special purpose entities, control is determined based on the percentage of existing and potential voting rights. Control of special purpose entities is determined by reference to the Group’s share of the risks and rewards of ownership of the entity. Companies that are controlled jointly by the Group and a limited number of partners under a contractual arrangement are consolidated by the proportionate method. Associated companies over which the Group exercises significant influence are accounted for by the equity method. Goodwill related to these entities is included in the carrying amount of the investment.

All companies that are exclusively controlled by the parent company, directly or indirectly, are fully consolidated, whatever the percentage interest held.

All Group companies are fully consolidated, except for:

- CBD (Brazil), Exito (Colombia), Feu Vert, Smart & Final del Noroeste (Mexico), Laurus (Netherlands) and the companies in the RLP Investissement sub-group, all of which are less than 50%-owned. The Group exercises significant influence over these companies which are therefore accounted for by the equity method. For the reasons explained in the section on the transition to IFRS, note 12, Laurus and its subsidiaries were not fully consolidated over the period from 1 January to 8 March 2005, when the call option was renegotiated. Application of the full consolidation method would have had the effect of increasing first-half 2005 sales by around €540 million, which is not considered material, but would have had no impact on profit.
- Monoprix, SCI Opéra, Distridyn, Far Eastern Géant, Grupo Disco de Uruguay, Régie Média Trade, Banque du Groupe Casino, Store Consumer Finance and IRTS, which are jointly controlled by the Group and are consolidated by the proportionate method.

Vindemia and Club Avantages, which are 33.34% and 66%-owned respectively, are also consolidated by the proportionate method because in both cases the agreement between Casino and its partners provides for the exercise of joint control over the business.

Consolidation of subsidiaries whose business is dissimilar from that of the Group as a whole

The financial statements of Banque du Groupe Casino and Store Consumer Finance are prepared in accordance with accounting standards applicable to financial institutions. In the consolidated financial statements, their assets, liabilities, income and expenses are classified based on non-industry-specific IASs and IFRSs.

Customer loans are included in "Trade receivables", refinancing of customer loans in "Other current liabilities" and banking revenue in "Sales".

Foreign currency translation

The financial statements of foreign subsidiaries are translated into euros as follows:

- Balance sheet items are translated at the closing rate.
- Income statement items are translated at the average rate for the period.
- Cash flows are translated at the average rate for the period.

Exchange differences on translating foreign operations recognised in equity correspond to:

- The impact of applying different closing rates to translate opening and closing equity.
- The impact on profit for the period and on movements in equity of differences between the average exchange rate and the closing rate.

Foreign currency transactions are translated at the exchange rate on the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated at the closing rate and the resulting exchange differences are recognised in the income statement under "Exchange gains and losses". Non-monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate on the transaction date.

In the opening IFRS balance sheet, cumulative translation differences at 1 January 2004 were reset to zero by adjusting retained earnings, in accordance with the option available to first-time adopters under IFRS 1. As a result of this adjustment, which had no impact on total equity at 1 January 2004, translation differences for the period prior to the IFRS transition date will not be taken into account in determining future gains or losses on disposals of foreign subsidiaries or associates.

Intangible assets and goodwill

Intangible items are recognised as intangible assets when they meet the following criteria:

- The item is identifiable and separable.
- The Group has the capacity to control the economic benefits flowing from the underlying resource.
- The item will generate future economic benefits.

Items that do not meet these criteria are included in goodwill.

· ***Goodwill***

At the acquisition date, goodwill is initially measured as the excess of the cost of the business combination over the Group’s interest in the net fair value of the acquiree’s identifiable assets, liabilities and contingent liabilities.

Goodwill is not amortised but is tested for impairment at each year-end, or whenever there is an indication that it may be impaired. Impairment losses on goodwill are not reversible.

The method used by the Group to test goodwill for impairment is described in the section entitled “Impairment of assets”.

The values assigned to commercial locations and market shares acquired by the Group, which were recognised as intangible assets in the French GAAP accounts, have been reclassified as goodwill in the opening IFRS balance sheet as they do not meet the definition of intangible assets under IFRS.

Negative goodwill, corresponding to the negative difference between the cost of a business combination and the Group's interest in the net fair value of the acquiree’s identifiable assets, liabilities and contingent liabilities, is recognised directly in profit.

Business combinations recorded prior to 1 January 2004 were not restated retrospectively in the opening IFRS balance sheet, in accordance with the exemption available to first-time adopters.

. ***Intangible assets***

Intangible assets acquired by the Group are measured at cost less accumulated amortisation and any accumulated impairment losses. Intangible assets consist mainly of purchased software, software developed for internal use, trade marks, patents and lease fees.

Development costs mainly concern the development of new private label products and are not material.

Intangible assets are amortised on a straight-line basis over their estimated useful life, as follows:

Asset	Amortisation period
Development costs	3 years
Software	3 to 8 years
Purchased trade marks	Not amortised
Lease premiums	Not amortised

Property, plant and equipment

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

On first-time adoption of IFRS, the revaluations of land owned by the "core" Group companies (historical companies in France) and Monoprix and the land on which the Asinco (Franprix/Leader Price) warehouses are built were used as these assets' deemed cost at that date. Revaluations of certain assets of the Laurus sub-group were also used as the assets' deemed cost. All other property, plant and equipment were measured at cost at the transition date.

Land is not depreciated. All other property, plant and equipment are depreciated over their estimated useful lives without taking into account any residual value. The main useful lives are as follows:

Asset	Depreciation period
Land	Not depreciated
Buildings (shell)	40 years
Roof waterproofing and shell fire protection systems	15 years
Land improvements	10 to 20 years
Building improvements	5 to 10 years
Technical installations, machinery and equipment	5 to 10 years
Computer equipment	3 to 5 years

Finance leases

Assets held under finance leases are accounted for in the balance sheet and income statement as if they had been acquired using bank finance. They are recognised in the balance sheet at their value at the inception of the lease and an obligation in the same amount is recorded in liabilities.

Lease payments are broken down between:

- Depreciation of the asset
- Interest expense on the finance lease liability.

Assets under finance leases are depreciated on a straight-line basis over their estimated useful life in the same way as assets in the same category that are purchased outright, or over the lease term if this is shorter.

Investment property

Investment property is property held to earn rentals or for capital appreciation or both. The shopping malls owned by the Group are classified as investment property.

Investment property is measured at cost less accumulated depreciations and any accumulated impairment losses.

Cost of property, plant and equipment and intangible assets

The cost of property, plant and equipment and intangible assets corresponds to their purchase cost plus transaction expenses including tax.

In accordance with the benchmark treatment under IAS 23, borrowing costs are recognised as an expense for the period in which they are incurred.

Impairment of assets

The procedure to be followed to ensure that the carrying amount of assets does not exceed their recoverable amount is defined in IAS 36.

Goodwill and intangible assets with an indefinite useful life must be tested for impairment at least once a year. Other assets are tested whenever there is an indication that they may be impaired.

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.
Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Value in use is the present value of the future cash flows expected to be derived from continuing use of an asset and from its ultimate disposal. It is determined using cash flow projections derived from the most recent budgets or forecasts covering a maximum of five years. Cash flow projections beyond this period are estimated by extrapolating the projections based on the budgets/forecasts using a steady or declining growth rate. The rate applied corresponds to long-term market rates before tax that reflect market estimates of the time value of money and the specific risks associated with the assets.

The recoverable amount of each asset is generally determined separately. When this is not possible, the recoverable amount of the cash-generating unit (CGU) to which the asset belongs is used.
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.

The Group has defined cash-generating units as follows:

- For hypermarkets and supermarkets, each store is treated as a separate CGU.
- For other networks, each network represents a separate CGU.

An impairment loss is recognised when the carrying amount of an asset or the CGU to which it belongs is less than its recoverable amount. Impairment losses are recorded as an expense.

Impairment losses recognised for an asset 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 recognised. However, the increased carrying amount of an asset attributable to a reversal of an impairment loss may not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.
Impairment losses on goodwill cannot be reversed.

Financial assets

Financial assets are classified in four categories according to their type and intended holding period, as follows:

- Held-to-maturity investments
- Financial assets at fair value through profit
- Available-for-sale financial assets
- Loans and receivables

With the exception of financial assets at fair value through profit, all financial assets are initially recognised at cost, corresponding to the fair value of the consideration paid plus transaction costs.

. ***Held-to-maturity investments*** are fixed income securities that the Group has the positive intention and ability to hold to maturity. They are measured at amortised cost using the effective interest method. Amortised cost is calculated by adding or deducting any premium or discount over the remaining life of the securities. Gains and losses are recognised in profit when the assets are derecognised or impaired and also through the amortisation process.
No financial assets held by the Group are currently classified as held-to-maturity.

· ***Loans and receivables*** are financial assets issued or acquired by the Group in exchange for cash, goods or services that are paid, delivered or rendered to a debtor. They are measured at amortised cost using the effective interest method. Long-term loans and receivables that are not interest-bearing or that bear interest at a below market rate are discounted when the amounts involved are material. Any impairment losses are recognised in the income statement.

. ***Financial assets at fair value through profit*** are financial assets classified as held for trading, i.e. assets that are acquired principally for the purpose of selling them in the near term. They are measured at fair value and gains and losses arising from remeasurement at fair value are recognised in profit.
The Group does not currently hold any financial assets in this category.

Available-for-sale financial assets correspond to financial assets not meeting the criteria for classification in any of the other three categories, mainly investments in non-consolidated companies. They are measured at fair value. Gains and losses arising from remeasurement at fair value are accumulated in equity until the asset is derecognised. When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised directly in equity is removed from equity and recognised in profit.
The fair value of available-for-sale financial assets is determined based on various criteria including the net asset value of the companies concerned at the year-end, their profitability and earnings outlook, their share price in the case of listed companies, and the assets' fair value to the Group.

Share call options are also recognised as non-current financial assets and measured at fair value (see "Derivative instruments and hedge accounting").

Inventories

Inventories are measured at the lower of cost and net realisable value, determined by the first-in first-out (FIFO) method.

Under IFRS, the cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing inventories to their present location and condition. Accordingly, logistics costs are included in the carrying amount and supplier discounts recognised in "Cost of goods sold" are deducted.

Trade and other receivables

Trade receivables are recognised and measured at the original invoice amount net of any accumulated impairment losses.
They are derecognised when all the related risks and rewards are transferred to a third party.

Cash and cash equivalents

Cash and cash equivalents consist of cash and short-term investments that are not exposed to any material risk of impairment and have a maturity of less than three months at the acquisition date.

Equity

• The accounting classification of ***equity instruments and hybrid instruments*** depends on their specific characteristics.

· ***Treasury shares:*** Casino, Guichard-Perrachon shares purchased by the Group are deducted from equity at cost. The proceeds from sales of treasury shares are credited to equity with the result that any disposal gains or losses, net of the related tax effect, have no impact on profit for the period.

· ***Share-based payments:*** the management and certain employees of the Group receive stock options and share grants. In accordance with IFRS 2 "Share-based payment", the fair value of the options at the grant date is recognised as an expense in the income statement over the option vesting period.

The fair value of options is determined using the Black & Scholes option pricing model, based on the plan attributes, market data (including the market price of the underlying shares, share price volatility and the risk-free interest rate) at the grant date and assumptions concerning the probability of grantees remaining with the Group until the options vest.

An expense has been recognised for all options granted after 7 November 2002 that have not yet vested.

Provisions

. Pension and other post-employment benefit obligations:

The Group has set up various pension plans for certain employees. Its projected benefit obligations under these plans and other defined benefit plans are recognised in the balance sheet net of the fair value of the plan assets. Contributions to defined contribution plans, which are made in full discharge of the Group's liability for benefit payments, are recognised as an expense for the period of payment.

In France, the Group has certain retirement obligations towards employees. The corresponding provision recorded in the consolidated balance sheet is determined primarily by the projected unit credit method and includes related payroll taxes. The payroll tax rate used varies depending on the company and on the expected circumstances of each employee's retirement.

In accordance with local rules, the North American subsidiary's obligations under defined benefit plans are funded by a dedicated fund.

None of the Group's other international subsidiaries have any equivalent material obligations.

Actuarial gains and losses arising from experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and the effects of changes in actuarial assumptions, as follows:

- Staff turnover rate
- Rate of future salary increases
- Discount rate
- Mortality rate
- Expected yield on plan assets

are recognised in the income statement by the corridor method over the average expected remaining service lives of plan participants. The corridor method consists of recognising actuarial gains and losses that exceed the greater of 10% of the present value of the obligation before deducting plan assets and 10% of the fair value of any plan assets.

In accordance with the option available to first-time adopters under IFRS 1, cumulative actuarial gains and losses at the IFRS transition date were recognised in equity.

Long-service awards payable to active employees are covered by provisions. The amount of the provision is determined based on the probability of employees completing the required years of service and is discounted.

. Other provisions:

A provision is recorded when the Group has a present obligation (legal or constructive) as a result of a past event, the amount of the obligation can be reliably estimated and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. Provisions are discounted when the related adjustment is material.

In accordance with the above principle, a provision is recorded for the cost of repairing household appliances, televisions, hi-fi and video equipment sold with a guarantee. The provision represents the cost of repairs to be performed during the guarantee period, as estimated on the basis of actual costs incurred in prior years. Each year, the provision is reversed to offset the actual repair costs recognised in expenses.

Other provisions concern specifically identified liabilities and charges.

Contingent liabilities correspond to possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the Group's control, or present obligations whose settlement is not expected to require an outflow of resources embodying economic benefits. Contingent liabilities are not recognised in the balance sheet but are disclosed in the notes to the financial statements, except when they arise from a business combination.

A provision for restructuring is recorded only when the Group has a constructive obligation to restructure. This is the case when management has drawn up a detailed, formal plan and has raised a valid expectation in those affected that it will carry out the restructuring by announcing its main features to them before the period-end.

Financial liabilities

Borrowings are measured at amortised cost except when they are hedged by instruments qualifying for hedge accounting (see "Derivative instruments and hedge accounting" below).

Debt issue costs and issue and redemption premiums are included in the cost of borrowings and amortised over the life of the debt by the effective interest method.

Derivative instruments and hedge accounting

All derivative instruments (swaps, collars, floors and options) are recognised in the balance sheet and measured at fair value, with gains and losses arising from remeasurement at fair value recognised in profit.

In accordance with IAS 39, hedge accounting is applied to:

- Fair value hedges (for example, swaps to convert fixed rate debt to floating rate). In this case, the debt is measured at fair value, with gains and losses arising from remeasurement at fair value recognised in profit on a symmetrical basis with the loss or gain on the derivative. If the hedge is entirely effective, the loss or gain on the hedged debt is offset by the gain or loss on the derivative.
- Cash flow hedges (for example, swaps to convert floating rate debt to fixed rate). For these hedges, the effective portion of the change in the fair value of the derivative is recognised in equity and reclassified into profit on a symmetrical basis with the hedged cash flows, and the ineffective portion is recognised in profit.

Put options granted to minority shareholders

The Group has granted put options on shares held by minority shareholders of some of its fully-consolidated subsidiaries.

In accordance with IAS 32, these options are recognised as financial liabilities at their discounted present value.

The standard does not clearly specify where the contract entry should be recorded, except for the portion corresponding to derecognition of the minority interest. Pending a decision by IFRIC and after ascertaining the accounting practice adopted by other companies that have granted similar options, the Group has decided to recognise in goodwill the difference between the discounted present value of the option exercise price and the derecognised minority interest. The amount recognised in goodwill will be adjusted each year for changes in the discounted present value of the option exercise price and in minority interests. This accounting treatment, which would be applied if the options were exercised today, best reflects the substance of the transaction. However, it may be changed if an interpretation or new standard is issued requiring application of a different approach.

Revenue

Net sales include sales by the Group's stores, self-service restaurants and warehouses, as well as financial services, rental and service revenues.

Other income consists of incidental revenues and revenues from secondary activities, including commissions for the sale of travel packages and franchise revenues.

Gross profit

The cost of goods sold comprises the cost of purchases net of discounts and commercial cooperation fees, changes in inventory and logistics costs.

Commercial cooperation fees are measured based on contracts signed with suppliers. They are billed in instalments over the year. At each year-end, an accrual is booked for the amount receivable or payable, corresponding to the difference between the value of the services actually received from the supplier and the sum of the instalments billed during the year.

Changes in inventory, which may be positive or negative, are determined after taking into account any impairment losses.

Pre-opening and post-closure costs

Costs incurred prior to the opening or after the closure of a store are recognised in operating expense when incurred.

Other operating income and expense

Other operating income and expense include gains and losses on asset disposals and any impairment losses recognised on goodwill.

Finance costs

Finance costs correspond to all income and expense generated by net debt during the period, including gains and losses on related interest rate and currency hedges.

Other financial income and expense

This item corresponds to financial income and expense that is not generated by net debt and does not qualify as operating income or expense. It consists mainly of dividends from non-consolidated companies, gains and losses arising from remeasurement at fair value of financial assets other than cash and cash equivalents and derivatives not qualifying for hedge accounting, gains and losses on disposal of financial assets other than cash and cash equivalents, discounting adjustments (including to provisions for pensions and other post-employment benefit obligations) and exchange gains and losses on items other than components of net debt.

Cash discounts are recognised in financial income for the portion corresponding to the normal market interest rate and as a deduction from cost of goods sold for the balance.

Income tax

Income tax expense corresponds to the sum of the current taxes due by the various Group companies and changes in deferred taxes.

Qualifying French subsidiaries are generally members of a tax group and file a consolidated tax return.

The sum of current taxes corresponds to the tax due by the parent companies of the tax groups and by companies that are not members of a tax group.

Deferred tax assets correspond to future tax benefits arising from temporary differences, tax loss carryforwards and certain consolidation adjustments that are expected to be realised.

Deferred tax liabilities are recognised in full for:

- Taxable temporary differences, except where the deferred tax liability results from recognition of a non-deductible impairment loss on goodwill or from initial recognition of an asset or liability in a transaction which is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or the tax loss.
- Taxable temporary differences related to investments in subsidiaries, associates and joint ventures, except when the Group controls the timing of the reversal of the difference and it is probable that it will not reverse in the foreseeable future.

Deferred taxes are recognised for temporary differences between the carrying amount of assets and liabilities and their tax base, in accordance with IAS 12. They are not discounted.

No deferred taxes are recognised on goodwill because it cannot be sold separately from the acquired business.

A deferred tax liability also arises from dilution gains resulting from the issue of shares in certain subsidiaries to outside investors. In view of the specific tax rules applicable to these transactions, the liability is not expected to become due at any time in the future.

Deferred taxes are calculated by the liability method. This method consists of adjusting deferred taxes recognised in prior periods for the effect of any enacted changes in the income tax rate.

Segment information

For the purpose of applying IAS 14, the Group has determined that its primary segment reporting format is the geographic segment and its secondary format is the business segment. This presentation is based on the Group's internal organisation systems and management structure.

Business segments correspond to the four store formats operated by the Group – hypermarkets, supermarkets, discount stores and convenience stores – and "other businesses" (self-service restaurants, financial services, specialised retailing).

Support services (logistics, property management, headquarters functions) are allocated among the business segments.

NOTES

The following tables include figures which have been individually rounded. The arithmetic total of such rounded figures may therefore differ from the aggregates or sub-totals presented.

Minor adjustments have been made to the comparative information for 2004 compared with that reported in the 2004 Annual Report (see "Reconciliation of French GAAP and IFRS financial statements").

NOTE 1 – Segment information

€ millions	June 30, 2005	June 30, 2004	December 31, 2004
Net sales			
Hypermarkets	2,905	2,953	6,298
Supermarkets	2,193	2,186	4,465
Discount stores	2,024	2,000	3,961
Convenience stores	735	738	1,522
Other activities	345	269	569
France	**8,202**	**8,146**	**16,816**
USA	709	718	1 573
Europe (excluding France)	377	338	730
Latin America	332	295	635
Asia	612	578	1 156
Indian Ocean	132	134	276
International[1]	**2,161**	**2,062**	**4,370**
TOTAL NET SALES (a)	**10 363**	**10 208**	**21 186**
Trading profit			
France	**379**	**422**	**1 019**
USA	19	25	53
Europe (excluding France)	-2	-1	5
Latin America	-1	2	6
Asia	22	22	41
Indian Ocean	7	5	17
International[1]	**44**	**53**	**122**
TOTAL TRADING PROFIT (b)	**423**	**475**	**1,141**
(1) Converted into euros at the average exchange rates presented in Note 26			
(a) Including revenue from banking operations.	23	21	45
(b) including operating income from banking operations.	5	4	8

Consolidated net sales for first-half 2005 totalled €10,363 million, up 1.5% over the year-earlier period. Trading profit declined 11% to €423 million.

The impact of changes in exchange rates on sales and trading profit was not material.

At constant exchange rates and scope of consolidation, sales increased by 1.7% and trading profit declined by 10.5%.

NOTE 2. Cost of goods sold

€ millions	June 30, 2005	June 30, 2004	December 31, 2004
Purchases and change in inventories	-7,478	-7,344	-15,101
Logistics costs	-403	-362	-764
Cost of goods sold	**-7,881**	**-7,706**	**-15,865**

Analysis of logistics costs by expense type

€ millions	June 30, 2005	June 30, 2004	December 31, 2004
External expenses	-272	-241	-517
Personnel costs	-111	-105	-211
Taxes, duties and similar charges	-9	-8	-16
Depreciation, amortisation and provisions	-11	-8	-19
Logistics costs	**-403**	**-362**	**-764**

NOTE 3. Personnel costs

€ millions	June 30, 2005	June 30, 2004	December 31, 2004
Wages and salaries	-736	-717	-1,480
Social security costs	-214	-212	-447
Employee incentives	-4	-17	-37
Employee profit-sharing	-12	-16	-36
Cost of share-based payments	-6	-5	-11
Post-employment benefits expense	-3	-2	4
Other employee benefits expense	-14	-22	-44
Personnel costs	**-988**	**-991**	**-2,051**

NOTE 4. External expenses

€ millions	June 30, 2005	June 30, 2004	December 31, 2004
Advertising costs	-165	-160	-322
Property rentals	-117	-108	-226
Equipment rentals	-23	-28	-54
Rental charges	-56	-52	-85
Maintenance, energy and sundry supplies	-198	-185	-376
Taxes and duties	-128	-117	-261
Other external expenses	-216	-212	-480
External expenses	**-904**	**-863**	**-1,803**

Development expenses

Development expenses are not material.

NOTE 5. Depreciation, amortisation and provisions

€ millions	**June 30, 2005**	June 30, 2004	December 31, 2004
Property, plant & equipment and intangible assets	-198	-192	-396
Leased assets	-25	-29	-54
Charge to depreciation and amortisation	**-223**	**-221**	**-450**
Charges to provisions against current assets other than inventories	-8	-9	-18
Write-backs of provisions against current assets other than inventories	2	4	10
Charges to provisions for contingencies and charges	-38	-37	-87
Write-backs of provisions for contingencies and charges	2	4	11
Net provision (charges) / write-backs	**-42**	**-38**	**-84**
Depreciation, amortisation and provisions	**-265**	**-259**	**-534**

NOTE 6. Other operating income and expense

€ millions	**June 30, 2005**	June 30, 2004	December 31, 2004
Gains and losses on asset disposals	10	5	11
Asset write-downs		-1	-12
Rebate on meat purchase tax		27	34
Dilution profit in respect of Itau and Sendas			21
Other operating income and expense	-16	-2	-27
Other operating income and expense	**-6**	**29**	**26**

NOTE 7. Net cost of financial debt

€ millions	**June 30, 2005**	June 30, 2004	December 31, 2004
Gains and losses on sales of cash equivalents	9	11	18
Income from cash and cash equivalents	8	9	9
Income from cash and cash equivalents	**17**	**20**	**26**
Interest expense on borrowings after hedging	-116	-112	-214
Exchange gains and losses on net debt components	8	10	13
Interest expense on capital leases	-5	-6	-11
Gross cost of financial debt	**-113**	**-108**	**-211**
Net cost of financial debt	**-96**	**-88**	**-185**

NOTE 8. Other financial income and expense

€ millions	June 30, 2005	June 30, 2004	December 31, 2004
Income from participating interests	1	1	3
Foreign exchange gains (other than net debt components)	7	6	10
Gains on actualization	1	0	1
Gains on financial discount	13	11	27
Gains from remeasurement at fair value of derivative instruments not qualifying for hedge accounting	10	3	25
Other financial income	14	23	52
Total financial income	**45**	**43**	**117**
Foreign exchange loss (other than net debt components)	-4	-7	-21
Losses on actualization	-16	-3	-20
Losses from remeasurement at fair value of derivative instruments not qualifying for hedge accounting	-13	-13	-40
Losses from remeasurement at fair value of other fair value accounting assets	-1	-68	-86
Other financial expense	-9	-18	-44
Total financial expense	**-43**	**-108**	**-212**
Other financial income and expense	**2**	**-65**	**-95**

NOTE 9. Income tax

€ millions	June 30, 2005	June 30, 2004	December 31, 2004
Profit before tax	**323**	**351**	**888**
Theoretical tax charge in France	-101	-117	-292
Theoretical tax charge outside France	-19	-18	-38
Total theoretical tax charge	**-121**	**-135**	**-330**
Net impact of non-deductible charges non-taxable revenues	10	36	47
Effective tax charge	**-111**	**-99**	**-283**
Effective tax rate (%)	*34.34%*	*28.26%*	*31.93%*
Profit after tax	**212**	**252**	**604**
Tax rates			
France	34.93%	35.43%	35.43%
USA	40.00%	40.00%	40.00%
Poland	19.00%	19.00%	19.00%
Netherlands	34.50%	34.50%	34.50%
Indian Ocean	34.93%	35.43%	35.43%
Argentina	35.00%	35.00%	35.00%
Thailand[1]	30.00%	30.00%	30.00%
Brazil	34.00%	34.00%	34.00%
Uruguay	30.00%	30.00%	30.00%
Taiwan	25.00%	25.00%	25.00%
Venezuela	34.00%	34.00%	34.00%

(1) For the portion of income under THB 300 million the tax rate is 25%.

The net impact of non-deductible charges and non-taxable revenues essentially comprises permanent differences and group relief.

NOTE 10. Share of results of associates

€ millions	**June 30, 2005**	June 30, 2004	December 31, 2004
CBD	12	8	27
Laurus	1	-4	-22
Exito	3	2	8
Feu Vert	1	0	3
Asinco	7	8	14
Other	0	0	1
Share of results of associates	**25**	**15**	**32**

NOTE 11. Earnings per share

Basic earnings per share, attributable to equity holders

	June 30, 2005	June 30, 2004	December 31, 2004
Net profit (€ millions)	192	216	534
Weighted average number of shares in issue during the year	105,826,072	102,547,730	102,800,826
Basic earnings per share (€)	**1.81**	**2.10**	**5.20**

Diluted earnings per share, attributable to equity holders

	June 30, 2005	June 30, 2004	December 31, 2004
Net profit (€ millions)	**192**	**216**	**534**
Weighted average number of shares and potential shares	105,826,072	102,547,730	102,800,826
Diluted earnings per share (€)	**1.81**	**2.10**	**5.20**

Number of fully-diluted shares

	June 30, 2005	June 30, 2004	December 31, 2004
Weighted average number of shares in issue during the year (1)			
Common shares	90,702,227	87,423,885	87,676,981
Non-voting preferred shares	15,123,845	15,123,845	15,123,845
Non-diluted	**105,826,072**	**102,547,730**	**102,800,826**
Potential shares arising on :			
2001 B share warrants (2)	380,634	380,635	380,634
2004 C share warrants (3)	1,343,095	1,343,115	1,343,095
Stock options (officers and employees)	1,564,102	1,696,070	1,739,537
Theoretical number of shares purchased at market price (4)	-3,287,831	-3,419,820	-3,463,266
Fully diluted	**105,826,072**	**102,547,730**	**102,800,826**

(1) Excluding 108,169 treasury shares held by Germinal and Uranie and 2,671,736 treasury shares held by Casino, Guichard-Perrachon.

(2) 761,268 B warrants giving the right to acquire or subscribe for common shares on the basis of one share for two B warrants at a price of € 135 per share, until December 15, 2005.

(3) On April 8, 2004, Casino filed a public exchange offer with the Autorité des Marchés Financiers for the 7,924,550 existing B warrants, offering three C warrants for every eight B warrants held.The C warrants, as with the B warrants, entitle holders to subscribe for the new Casino shares on the basis of two C warrants for one common share, expiring on December 15, 2006. The exercice price is €102 until June 14, 2006, and then 90% of the average opening share price quoted during the twenty trading days prior to the 25th of the month before exercise, with a maximum of €102 an a minimum of € 91.80 between June 15,2006 and December 15,2006. Following the offer, 2,686,190 C warrants were issued in exchange for 7,163,280 B warrants tendered, and 761,268 B warrants remained in issue.

(4) In accordance with the treasury stock method, the proceeds from the exercise of warrants and options are assumed to be used in the first instance to buy back shares at market price. The theoretical numbers of shares bought back are deducted from the total number of shares resulting from the exercise of the rights attached to the warrants and options. Any theoretical shares in excess of the number of shares resulting from the exercise of rights are not taken into account.

The number of shares used to calculate and diluted earnings per share is the same as for the basic earnings per share calculation, because the stock options and warrants are out-of-the-money and are therefore anti-dilutive for the purpose of applying IAS 33 “Earnings per share”.

NOTE 12. Intangible assets and goodwill

• Analysis

€ millions	June 30, 2005	December 31, 2004
Goodwill	4,402	4,320
Amortisation	-1	-1
	4,401	4,319
Other intangible assets	360	343
Accumulated amortisation and impairment losses	-99	-95
	261	248
Intangible assets and goodwill	**4,662**	**4,567**

The value attributed to goodwill of the group accounted for by the equity method, included under “Investments accounted for using the equity method”, amounts to €610.1 million.

• Impairment charges

At the end of the first half, various indicators are reviewed to determine whether the value of intangible assets and goodwill may be impaired. If any indication of impairment exists, the present value of investments in subsidiaries is calculated.
The results of this exercise at June 30, 2005 confirmed that there was no need to record any further impairment losses.

NOTE 13. Property, plant and equipment

€ millions	June 30, 2005	December 31, 2004
Land and land improvements	1,128	1,106
Accumulated depreciation and impairment losses	-49	-48
	1,079	1,058
Buildings and building improvements	2,893	2,809
Accumulated depreciation and impairment losses	-879	-712
	2,014	2,097
Other	3,604	3,365
Accumulated depreciation and impairment losses	-1,958	-1,913
	1,646	1,452
Property, plant and equipment	**4,739**	**4,607**

NOTE 14. Investment property

€ millions	June 30, 2005	December 31, 2004
Investment property	705	653
Accumulated depreciation and impairment losses	-81	-62
Investment property	**624**	**591**

The fair value of investment property was not available when the interim financial statements were drawn up and will be disclosed in the annual report.

NOTE 15. Investment accounted for using the equity method

• Analysis

€ millions	June 30, 2005	December 31, 2004
Feu Vert	43	44
CBD	913	713
Exito	175	154
Laurus	317	316
Other companies	51	47
Total investments in associates	**1,498**	**1,274**

• Movements in companies accounted for at equity as of June 30, 2005

€ millions	1 January 2005	Profits recognised directly in equity	Profit for the period	Dividends	Changes in scope and exchange rates	30 June 2005
Feu Vert	44	0	1	-3	-	43
CBD	713	0	12	-9	196	913
Exito	154		3	-8	25	175
Laurus	316		1	-	0	317
Other companies	47		7	-4	1	51
Total	**1,274**	**0**	**25**	**-23**	**222**	**1,498**

NOTE 16. Non-current financial assets

€ millions	June 30, 2005	December 31, 2004
Investments in non-consolidated companies	208	149
Available-for-sale financial assets	8	6
Total available-for-sale financial assets	**216**	**155**
Loans	46	52
Non-current hedge derivatives	484	313
Long-term prepaid expenses, net	94	77
Other financial assets	97	84
Accumulated impairment losses	-5	-4
	716	**522**
Non-current financial assets	**932**	**677**

Non-current hedge derivatives correspond to the fair value of call options, mainly on GMB (Cora) shares. The increase is primarily due to the extension of the equity swap on GMB shares.
Long-term prepaid expenses consist of prepaid rentals.

NOTE 17. Defered tax assets and liabilities

€ millions	Opening balance	Movements for the period	Closing balance
Temporary differences	-273	52	-220
Tax loss carryforwards	19	11	30
Consolidation adjustments	-83	-62	-145
At December 31, 2004	**-336**	**1**	**-335**
Temporary differences	-220	16	-204
Tax loss carryforwards	30	1	32
Consolidation adjustments	-145	-14	-159
At June 30, 2005	**-335**	**3**	**-331**
Of which deferred tax assets			143
Of which deferred tax liabilities			-474

Tax loss carryforwards mainly concern Géant Polska, C-Discount and the subsidiaries of Asinco. The deferred tax benefit has been recognised, as there is a strong probability of its future recovery given the earnings prospects of these subsidiaries or their tax planning strategies. The deferred tax on consolidation adjustments is principally due to the restatement of fixed assets at historic cost.
A schedule for the recovery of deferred taxes asset as been drawn up. The tax rates used are the statutory rates currently prevailing in each country or the tax rates applicable to future years where a change as already been enacted.
Unrecognised deferred tax assets on tax loss carryforwards amount to €29.2 million before discounting. These losses mainly concern subsidiaries in Argentina and Taiwan.

NOTE 18. Inventories

€ millions	June 30, 2005	December 31, 2004
Goods, raw materials and supplies	1,787	1,748
Accumulated impairment losses	-33	-27
Inventories, net	**1,754**	**1,721**

NOTE 19. Trade receivables

€ millions	June 30, 2005	December 31, 2004
Trade receivables	547	744
Accumulated impairment losses	-39	-39
Banking business receivables	323	328
Accumulated impairment losses	-31	-32
Trade receivables, net	**799**	**1,001**

At June 30, 2005, receivables totalling €144 million sold under a discounting programme had been derecognised.

NOTE 20. Other receivables

€ millions	June 30, 2005	December 31, 2004
Other receivables	785	653
Current account advances to non consolidated companies	39	48
Accumulated impairment losses	-23	-22
Derivatives non-cash hedge accounting	18	22
Prepaid expenses	110	112
Other receivables	**928**	**812**

NOTE 21. Cash and cash equivalents

€ millions	notes	December 31, 2004	Increase or decrease	Change in fair value and other changes	June 30, 2005
Marketable securities		1,768	-618	8	1,159
Cash		508	115	19	642
Cash and cash equivalents		**2,276**	**-503**	**27**	**1,800**
Spot credit and confirmed credit lines		-20	-13	-3	-36
Bank overdrafts		-305	-74	-26	-405
Net cash and cash equivalents		**1,951**	**-590**	**-2**	**1,359**
Borrowings (other than bank overdrafts)	24	7 481	-927	248	6 803
Net debt	24	**5,530**	**-337**	**250**	**5,443**

NOTE 22. Equity
• Capital stock and additional paid-in capital

At June 30, 2005, after taking into account the issue of shares in payment of dividends, stock capital totalled €171,210,943, represented by 96,774,021 ordinary shares and 15,128,556 preferred non-voting shares. Additional paid-in capital comprises €2,574,396,784 in issue premiums and €1,318,056,222 in merger premiums.

• Geographical analysis of translation reserve

€ millions	Attributable to equity holders			Minority interest			
Country	At January 1, 2005	Movement for the period	At June 30, 2005	At January 1, 2005	Movement for the period	At June 30, 2005l	Translation reserve
Brazil	7	201	**208**			**0**	**208**
Argentina	-9	15	**6**			**0**	**6**
Colombia	11	27	**38**			**0**	**38**
Uruguay	3	17	**20**	0	0	**0**	**21**
Venezuela	-16	-2	**-18**	-4	0	**-4**	**-22**
USA	-11	17	**7**	-7	11	**5**	**11**
Taiwan	0	8	**7**			**0**	**7**
Thailand	-12	13	**1**	-8	8	**-1**	**0**
Poland	104	10	**114**			**0**	**114**
Vindemia	-2	0	**-2**	0	0	**0**	**-2**
Total	**75**	**307**	**382**	**-20**	**20**	**0**	**382**

• Treasury shares

The Group has bought back Casino, Guichard-Perrachon shares under shareholder approved programmes. At 30 June 2005, a total of 2,877,606 shares were held in treasury, representing €168 million. The Group has also purchased call options as hedges of stock option plans for €18 million. These treasury shares and call options are recorded as a deduction from equity.

• Share-based payments

Since November 7, 2002, the Group has granted options to subscribe for ordinary shares to officers and employees. The following provides details of the current plans:

Grant date	Expiry date	Original number of grantees	Number of options granted	Adjusted exercise price
December 9, 2002	June 8, 2009	519	36,011	67.84
April 17, 2003	October 16, 2008	567	872,124	60.89
December 9, 2003	June 8, 2009	454	49,158	77.11
April 8, 2004	October 7, 2009	1,920	611,282	78.21
December 9, 2004	June 8, 2010	408	78,160	59.01
May 26,2005	November 25, 2010	275	319,933	57.76

Options to purchase existing shares have also been granted. The following table provides details of the current plan :

Grant date	Expiry date	Original number of grantees	Number of options granted	Adjusted exercise price
April 8, 2004	October 7, 2009	1,920	611,237	78.21

Free share grants have also been made. The following table provides details of the current plan:

Grant date	Expiry date	Original number of grantees	Number of options granted	Adjusted exercise price
May 26, 2005	May 26, 2010	651	146,438	-

The total expense under these plans recognised in the first-half 2005 income statement amounted to €6.1 million, included in "Personnel costs". Income of €1.9 million was also recognised in the period, under "Other operating income and expense", in respect of options cancelled after the grantees left the Group. The net expense of €4.3 million was recorded by adjusting equity at June 30, 2005 by the same amount.

• Equity instruments (TSSDI)

At the beginning of 2005, the Group issued €600 million worth of undated deeply subordinated notes ("TSSDI") through a public placement. The notes are redeemable solely at the Group's discretion and interest payments are due only if the Group pays a dividend on its ordinary shares in the preceding twelve months. For these reasons, the notes are carried in equity net of issue costs for €589.5 million.

NOTE 23. Provisions

• Analysis

€ millions	June 30, 2005	December 31, 2004
Warranties	29	30
Long-service awards	19	19
Retirement benefits (see after.)	46	43
Long-service bonuses for convenience store managers	14	14
Casino USA health insurance plan (see after.)	34	30
Miscellaneous claims and litigation	18	28
Sundry contingencies and charges	71	104
Restructuring	7	7
Restructuring of companies acquired	2	2
US commercial dispute	1	1
Loyalty scheme	20	18
Total provisions	**259**	**294**
Short-term provisions	118	107
Long-term provisions	141	187
Total provisions	**259**	**294**

• Pension and other post-employment benefit obligations

The Group's obligations under defined-benefit plans mainly result from two types of plans:

- In France, Group companies are liable for the payment of length-of-service awards to employees on retirement. In addition, the Group has obligations under a supplementary pension plan which is closed to new participants and now only concerns retired employees.
- In the United States, the US sub-group has obligations under pension and healthcare plans covering current and former employees.

For interim reporting purposes, the service cost for first-half 2005 has been assumed to be equal to 50% of the estimated full-year cost.

NOTE 24. Financial liabilities

€ millions		June 30, 2005	December 31, 2004
Bonds		4,944	4,774
Other borrowings		394	551
Leasing commitments		159	182
Borrowings (over one year)		**5,496**	**5,507**
Other non-current financial liabilities	(1)	807	649
Total non-current financial liabilities		**6,303**	**6,156**
Bonds		177	749
Other borrowings		106	68
Leasing commitments		52	53
Borrowings (under one year)	(a)	**334**	**869**
Other current financial liabilities	(a) (2)	345	652
Derivatives (fair value hedges)	(a)	126	90
Derivatives acquired as hedges of fair value (assets)	(b)	-268	-243
Derivatives acquired as hedges of borrowings (assets)	(b)	-38	-43
Total borrowings (other than bank overdrafts)		**6,803**	**7,481**
Spot and confirmed credit facilities	(a)	36	20
Bank overdrafts	(a)	405	305
Total borrowings		**7,244**	**7,806**
Marketable securities	(c)	-1,159	-1,768
Cash	(c)	-642	-508
Net debt		**5,443**	**5,530**
	(a) Current financial liabilities	1 246	1 936
	(b) Current financial assets	-306	-286
	(c) Cash and cash equivalents	-1 800	-2 276

(1) As explained in the note on significant accounting policies, other non-current financial liabilities correspond to put options granted to minority shareholders of subsidiaries – mainly in the Franprix/Leader Price sub-group – that are exercisable in more than one year.

(2) As explained in the note on significant accounting policies, other current financial liabilities correspond to put options granted to minority shareholders of subsidiaries – mainly in the Franprix/Leader Price sub-group – that are exercisable within one year. As of December 31, 2004, borrowings also include debts of €307 million related to sold receivables that had not been derecognised from assets.

NOTE 25. Other non-current liabilities

Other non-current liabilities correspond to put options granted to the family shareholders of Disco (Uruguay) on 42% of the capital. The options are exercisable until June 21, 2021 at a price based on the Disco sub-group's consolidated operating profit, with a floor of US$73.7 million plus interest at 5% per year.

NOTE 26. Other current liabilities

€ millions	June 30, 2005	December 31, 2004
Tax social security liabilities	962	1,038
Fixed asset creditors	125	125
Related companies	145	133
Sundry liabilities	467	301
Financing of banking business	291	278
Deferred income	16	18
Derivatives	15	46
Other current liabilities	**2,022**	**1,939**

NOTE 27. Foreign currency translation rates

	June 30, 2005	December 31, 2004
US dollar – USD 1 = EUR		
Closing rate	0.827	0.734
Average rate	0.778	0.804
Polish zloty – PLN 1 = EUR		
Closing rate	0.248	0.245
Average rate	0.245	0.221
Argentine peso – ARS 1 = EUR		
Closing rate	0.286	0.246
Average rate	0.267	0.273
Uruguayan peso – UYP 1 = EUR		
Closing rate	0.034	0.028
Average rate	0.031	0.028
New Taiwan dollar – NT$ 1 = EUR		
Closing rate	0.026	0.023
Average rate	0.025	0.024
Thai baht – THB 1 = EUR		
Closing rate	0.020	0.019
Average rate	0.020	0.020
Colombian peso – COP 1,000 = EUR		
Closing rate	0.356	0.306
Average rate	0.331	0.306
Brazilian real – BRL 1 = EUR		
Closing rate	0.351	0.276
Average rate	0.302	0.275
Venezuelan bolivar – VEB 1,000 = EUR		
Closing rate	0.385	0.382
Average rate	0.376	0.425

NOTE 28. Off-balance sheet commitments and other contractual obligations

Off-balance sheet commitments are reported by subsidiaries in the consolidation package. The Finance, Legal and Tax departments are responsible for checking the completeness of the reported information and are also involved in drafting contracts binding the Group.

• Commitments related to ordinary business

€ millions	June 30, 2005	December 31, 2004
Bank guarantees received	13	11
Collateralised assets	80	68
Undrawn confirmed lines of credit[1]	2,173	2,093
Total commitments received	**2,266**	**2,171**
Guarantees given	73	51
Collateral given[2]	24	22
Confirmed customer credit facilities[1]	783	777
Other commitments given	55	52
Total commitments given	**935**	**902**
Reciprocal commitments	4	15
Total reciprocal commitments	**4**	**15**

(1) Credit facilities granted to customers of Banque du Groupe Casino for €783 million which can be drawn down at any time. Facilities included are those defined by the French banking commission for the purpose of calculating prudential ratios i.e. excluding accounts witch have been dormant for two years. An undrawn credit line of €153 million is also available for financing the banking business.

(2) Corresponding to a mortgage on a store property in Argentina held by the Cordoba provincial government, a mortgage on land in Taiwan, and mortgages on securities and various other assets in the Indian Ocean region held by lender banks.

Following a tax audit covering the 1998 accounts, the tax authorities disallowed the recovery of certain tax losses and the deduction of impairment losses on certain non-current assets. The Group has contested the proposed reassessments and is confident of a favourable outcome. Consequently, no provision has been set aside for the additional tax claimed.

• Commitments related to exceptional operations

€ millions	June 30, 2005	December 31, 2004
CVRs issued in connection with the Monoprix acquisition	0	27
Total commitments given	**0**	**27**
Deutsche Bank/Cora equity swap[1]	1 053	911
Written put options[2]	1 654	1 666
Monoprix (2.1)	*838*	*861*
Franprix / Leader Price (2.2)	*328*	*273*
Vindemia (2.3)	*327*	*324*
Uruguay (2.4)	*66*	*59*
Other (2.5)	*96*	*149*
Total reciprocal commitments	**2,708**	**2,577**

(1) At June 30, 2005, following extension of the equity swap to 20 May 2011, the off-balance sheet commitment arising from the call option on shares of the Cora group holding company amounted to €1,053 million.

(2) The contractual value of the put and call options written by the Group can be determined using earnings multiples. These valuations are based on available information, including the latest published earnings figures where the options exercisable at any time and expected earnings in future years if it is exercisable as of a given future date. In many cases, the Group has written puts but has also purchased calls. The values shown correspond to written puts. For these options, the value shown corresponds to that of the written put. In accordance with IAS 32, these options are recognised in the balance sheet under "Financial liabilities" at their discounted present value.

(2.1) Monoprix: the Galeries Lafayette Group has a put option on its 50% interest in Monoprix, exercisable between January 11, 2006 and March 20, 2028, corresponding to the expiry date of the agreement with Casino. In the period to March 31, 2009, the exercise price will be equal to the higher of the indexed price* per share and the sum of 50% of this indexed price and 50% of the value determined by an independent expert. As from April 1, 2009, the exercise price will correspond to the value determined by an independent expert. Casino has a call option on 10% of the Monoprix shares, at an exercise price corresponding to the value determined by an independent expert plus a 21% premium. This option is exercisable between April 1, 2009 and the expiry date of the agreement with Galeries Lafayette. During the 12-month period following the exercise Casino's call option, Galeries Lafayette will have a put option on its remaining 40% interest in Monoprix, exercisable fat a price corresponding to the value determined by an independent expert plus a 21% premium.

(*) The indexed price is equal to €219 per Monoprix share plus interest calculated at the 3-month Euribor plus 210 basis points, capitalised over the period from March 20, 2003, less the sum of all dividends and other distributions paid on each Monoprix share between March 20, 2003 and the exercise date of the put option plus interest on said dividends and other distributions calculated at the same rate.

(2.2) Franprix / Leader Price : The Group has written put options on shares in a large number of companies that are not wholly-owned by the Group. The options are exercisable until 2020 at a price based on the operating profits of the companies concerned.

(2.3) Vindemia : matching put and call options on 66.67% of the capital. The first put option granted to the Bourbon Group concerns 36.67% of Vindémia's capital and is exercisable any time until September 15, 2006. The second option concerns 30% and is exercisable between mid-2007 unti September 15, 2009. Each option is exercisable over a period of two and a half years at a price based on Vindémia's operating result. Based on 2003 and 2004 results, the price of the first option is €200 million and the price of the second option, based on 2005 and 2006 results, is €127 million. The Bourbon Group exercised the first option in May 2005. The Vindemia sub-group will therefore be fully-consolidated as from October 1, 2005.

(2.4) Uruguay : Casino has granted a put option on 42% of Disco's capital to the family shareholders. The option is exercisable until June 21, 2021 at a price based on the Disco sub-group's consolidated operating profit, with a floor of US$59 million plus interest at 5% per year.

(2.5) The other put options written by the Group mainly concern an option on Monoprix shares granted to Galéries Lafayette for €36 million, exercisable until January 31, 2008, and an option on 33% of the capital of Geimex, which was exercised at the beginning of the second-half of this year for €60 million.

The leading shareholders of the Exito sub-group have a put option on 44.98% of the capital. Exercise of the option is dependent on Casino acquiring control of Exito or having the right to appoint more than half of the members of the Board of Directors.

The Group also has call options on 9% of the capital of Banque du Groupe Casino, exercisable as from December 30, 2005, and on 6.24% of the capital of Laurus, exercisable between January 1, 2006 and June 30, 2009.

NOTE 29. Financial risk management and hedging objectives and policies

Interest rate risks

The Group uses interest rate swaps, purchased interest rate options and other financial instruments to manage its exposure to interest rate risks. These instruments are used solely for hedging purposes.

Currency risks

The Group uses currency swaps, forward foreign exchange purchase and sale contracts and other financial instruments to manage its exposure to currency risks. These instruments are used solely for hedging purposes.

Equity risks

The Group does not hold any equities listed on a regulated market.

NOTE 30. Subsequent events

Outside France, two major transactions have been carried out which had no impact on the first-half accounts but will have an impact as from the second half.

- The first was the acquisition of joint control of CBD, Brazil's leading food retailer, for €511 million. The Group had held a minority interest in CBD since 1999.
- The second was the acquisition of additional shares in Vindemia, the leading retailer in the Indian Ocean region, for €199.6 million. Prior to the transaction, Vindemia was 33.34%-owned by the Group.

The first transaction gives Casino an economic interest of 34.3% in CBD, which will be consolidated by the proportionate method as from July 1, 2005.

The second transaction gives Casino an economic interest of 70% in Vindemia, which will be fully consolidated as from 1 October 2005. The Group has also given a put option on the remaining 30% of Vindemia's capital to the minority shareholders. This option, valued at €127 million, will be recognised in liabilities at December 31, 2005.

In France, on August 30, 2005 Casino announced that the French securities regulator (AMF) had registered the *document de base* of its property company dedicated to strategic retail properties, named Mercialys. The Group intends to float Mercialys on the stock exchange in the fourth quarter of 2005, after which Mercialys will opt for the SIIC tax regime, a REIT-style regime available to listed property companies.

NOTE 31. Main consolidated companies at 30 June 2005

The scope of consolidation at June 30, 2005 comprises some 980 companies. The main consolidated companies are as follows:

Companies	% voting rights	% interest	Consolidation method
Casino, Guichard Perrachon..........			Parent company
FRANCE			
Distribution			
Acos SNC..........	100.00	100.00	FC
Casiband SAS..........	10.00	10.00	FC
Casino Carburants SAS..........	90.52	90.52	FC
Casino Services SAS..........	100.00	100.00	FC
Casino Vacances SNC..........	100.00	100.00	FC
Casino Information Technology SAS..........	100.00	100.00	FC
Club Avantages SAS..........	66.00	66.00	PC
Comacas SNC..........	100.00	100.00	FC
Distribution Casino France SAS..........	100.00	100.00	FC
Distridyn SA..........	49.99	49.99	PC
Easydis SAS..........	100.00	100.00	FC
EMC Distribution SAS..........	100.00	100.00	FC
Finovadis SNC..........	1.00	1.00	FC
Floréal SA..........	100.00	100.00	FC
Fox SA..........	99.70	99.70	FC
Germinal SNC..........	99.80	99.80	FC
Groupe Feu Vert..........	38.00	38.00	EM
Groupe Monoprix	50.00	50.00	PC
Hodey SA..........	99.95	99.95	FC
Groupe International Fruit France SAS (Casitalia)..........	100.00	100.00	FC
Junichar SA..........	99.83	99.83	FC
Messidor SNC..........	99.80	99.80	FC
Nésitic SA..........	51.29	98.81	FC
Régie Média Trade SAS..........	50.00	50.00	PC
RMC 2 SNC..........	100.00	100.00	FC
SCI Opéra..........	50.00	50.00	PC
Serca SAS..........	100.00	100.00	FC
Société Française d'Exploitation d'Hypermarchés et de Supermachés SA	100.00	100.00	FC
SMNA SNC..........	100.00	100.00	FC
Thor SNC..........	100.00	100.00	FC
TPLM SARL..........	100.00	100.00	FC
Asinco Group			
Asinco..........	100.00	100.00	FC
Baud SA..........	100.00	95.00	FC
Distribution Leader Price..........	100.00	75.00	FC
Franprix Holding..........	95.00	95.00	FC
Cogefisd..........	60.00	60.00	FC
Figeac..........	60.00	60.00	FC
Sofigep..........	58.50	58.50	FC
H2A..........	60.00	60.00	FC
L.C.I..........	60.00	60.00	FC
Leader Price Holding..........	75.00	75.00	FC
Leadis Holding..........	51.00	51.00	FC
Minimarché..........	100.00	95.00	FC
Retail Leader Price..........	100.00	75.00	FC
R.L.P. Investissement..........	100.00	75.00	FC
Sarjel..........	60.00	60.00	FC
Sédifrais..........	100.00	77.05	FC
SodFCestion..........	60.00	60.00	FC

Companies	% voting rights	% interest	Consolidation method
Codim Group			
Balcadis 2 SNC	100.00	100.00	FC
Codim 2 SA	100.00	100.00	FC
Fidis 2 SNC	100.00	100.00	FC
Hyper Rocade 2 SNC	100.00	100.00	FC
Lion de Toga 2 SNC	100.00	100.00	FC
Pacam 2 SNC	100.00	100.00	FC
Poretta 2 SNC	100.00	100.00	FC
Prical 2 SNC	100.00	100.00	FC
Prodis 2 SNC	100.00	100.00	FC
Semafrac SNC	100.00	100.00	FC
SNC des Cash Corses	100.00	100.00	FC
Sodico 2 SNC	100.00	100.00	FC
Sudis 2 SNC	100.00	100.00	FC
Unigros 2 SNC	100.00	100.00	FC
Property Group			
L'Immobilière Groupe Casino SAS	100.00	100.00	FC
SCI Actimmo	100.00	100.00	FC
SCI Bourg en Bresse Kennedy	96.47	96.47	FC
SCI de l'Océan	100.00	100.00	FC
SC Dinetard	100.00	100.00	FC
SCI Kerbernard	98.31	98.31	FC
SCI Les Béguines	100.00	100.00	FC
SCI Toulon Bon Rencontre	96.67	96.67	FC
Soderip SNC	100.00	100.00	FC
Sudéco SAS	100.00	100.00	FC
Uranie SAS	100.00	100.00	FC
New businesses			
Banque du Groupe Casino SA	51.00	51.00	PC
Casino Entreprise SAS	100.00	100.00	FC
C'Discount SA	56.67	56.67	FC
Imagica SAS	100.00	100.00	FC
Komogo SA	100.00	100.00	FC
Store Consumer Finance	51.00	51.00	PC
Catering			
Casino Cafétéria SAS	100.00	100.00	FC
Restauration Collective Casino SAS	100.00	100.00	FC
INTERNATIONAL			
USA – Mexico			
Casino USA Inc.	99.74	99.74	FC
Smart & Final Inc. - SFI. (société cotée)	57.14	56.99	FC
Poland			
Espace Gdansk	100.00	100.00	FC
Géant Polska	100.00	100.00	FC
Leader Price Pologne	100.00	100.00	FC
NRG	100.00	100.00	FC
Netherlands			
Laurus	44.99	44.99	EM
Marushka Holding BV	100.00	100.00	FC

Companies	% voting rights	% interest	Consolidation method
Taiwan			
Far Eastern Géant Company Ltd...	50.00	50.00	PC
Thaïlande			
Groupe BFC C (listed company)...	63.19	63.19	FC
Saowanee..	100,00	100,00	FC
Argentina			
Géant Argentina..	100.00	100.00	FC
Leader Price Argentina SA..	100.00	100.00	FC
Libertad SA...	100.00	100.00	FC
Uruguay			
Géant Inversiones..	100.00	100.00	FC
Grupo Disco de Uruguay	50.00	50.00	PC
Devoto...	95.05	95.05	FC
Lanin..	95.05	95.05	FC
Larenco..	100.00	100.00	FC
Brazil			
Groupe CBD (société cotée)..	27.38	27.38	EM
Spice 2000 Investment SA...	100.00	100.00	FC
Colombia			
Groupe Exito (listed company)...	35.59	35.59	EM
Venezuela			
Bonuela...	100.00	100.00	FC
Cativen..	60.20	60.20	FC
Indian Ocean			
Groupe Vindémia..	33.34	33.34	PC
Switzerland			
IRTS..	50.00	50.00	PC
Holding companies			
Bergsaar BV..	100.00	100.00	FC
Casino International SAS...	99.99	99.99	FC
Coboop BV..	100.00	100.00	FC
Cuersup SA...	99.88	99.88	FC
Géant Foncière BV..	100.00	100.00	FC
Géant Holding BV...	100.00	100.00	FC
Géant International BV...	100.00	100.00	FC
Gelase SA...	100.00	100.00	FC
Pachidis SA..	100.00	100.00	FC
Paglop SA...	100.00	100.00	FC
Plesia SA..	100.00	100.00	FC
Ségisor SA..	100.00	100.00	FC
Smilodon SA...	100.00	100.00	FC
Tevir SA..	100.00	100.00	FC

FC: Full consolidation PC: Proportionate consolidation EM: Equity method

TRANSITION TO IFRS

Reconciliation of French GAAP and IFRS financial statements

Opening balance sheet at January 1, 2004, 2004 income statement and closing balance sheet at December 31, 2004

Reconciliations of the French GAAP and IFRS financial statements at January 1, and December 31, 2004 were presented in the 2004 Annual Report. The following tables reflect minor adjustments to the amounts reported in the 2004 Annual Report, mainly concerning financial income and expense and the reclassification of €1,138 million between non-current financial liabilities and current financial liabilities.

Opening balance sheet at January 1, 2004: transition from French GAAP to IFRS

€ millions	French GAAP (IFRS format)	IFRS adjustments In the 2004 Annual Report	IFRS adjustments	IFRS
Goodwill	761	3,334	3,334	4,095
Intangible assets	3,285	-3,061	-3,061	224
Property, plant and equipment	3,836	560	559	4,396
Investment property		593	593	593
Investment accounted for using the equity method	850	241	251	1,101
Non-current financial assets	421	369	369	789
Deferred tax assets	121	82	28	149
Pension plan assets		13	13	13
Total non-current assets	**9,274**	**2,130**	**2,086**	**11,360**
Inventories	1,819	-166	-166	1,652
Trade receivables	969	229	61	1,030
Other receivables	642	-1	167	810
Current financial assets		54	54	54
Cash and cash equivalents	2,448	-461	-461	1,987
Assets classified as held for sale	0	0	0	0
Total current assets	**5,879**	**-345**	**-345**	**5,533**
TOTAL ASSETS	**15,153**	**1,785**	**1,741**	**16,894**
Capital stock	166			166
Additional paid-in capital	3,732			3,732
Consolidation reserves	804	-1,866	-1,862	-1,058
Translation differences	-1,569	1,569	1,569	0
Consolidation profit for the period	562			562
Equity	**3,695**	**-297**	**-293**	**3,402**
Of which:				
Attributable to equity holders	3,071	143	147	3,218
Minority interest	624	-440	-440	184
Long-term provisions	55	52	52	107
Non-current financial liabilities	5,799	1,199	269	6,067
Other non-current liabilities		0	31	31
Deferred tax liabilities	36	504	450	485
Total non-current liabilities	**5,889**	**1,756**	**802**	**6,691**
Short-term provisions	205	-28	-28	177
Trade payables	3,258			3,258
Current financial liabilities	222	363	1,300	1,523
Other current liabilities	1,884	-9	-40	1,844
Liabilities related to assets held for sale				
Total current liabilities	**5,569**	**326**	**1,232**	**6,801**
TOTAL EQUITY AND LIABILITIES	**15,153**	**1,785**	**1,741**	**16,894**

Income statement for the year ended December 31, 2004: transition from French GAAP to IFRS

€ millions	French GAAP (IFRS format)	IFRS adjustments in the 2004 Annual Report	IFRS adjustments	IFRS
Net sales	23,170	-1,984	-1,984	21,186
Other income		208	208	208
Revenue	**23,170**		**-1,775**	**21,394**
Cost of goods sold	-17,723	-1,858	1,858	-15,865
Gross profit	**5,447**	**83**	**83**	**5,529**
Personnel costs	-2,045	-6	-6	-2,051
External expenses	-1,759	-47	-44	-1,803
Depreciation, amortisation and provisions	-522	-9	-12	-534
Trading profit	**1,120**	**21**	**22**	**1,141**
Other operating income and expense	-121	147	147	26
Operating profit	**999**	**168**	**168**	**1,167**
Net cost of financial debt	-170	30	-15	-185
Other financial income and expense	-7	-116	-88	-95
Profit before tax	**822**	**81**	**65**	**888**
Income tax	-270	-20	-13	-283
Share of results of associates	36	-3	-4	32
Profit from continuing operations	**588**	**58**	**48**	**636**
Profit from discontinued operations and assets held for sale	0	0	0	0
Net profit for the period	**588**	**58**	**48**	**636**
. Attributable to equity holders	488	49	46	534
. Minority interest	101	9	1	102

Balance sheet at December 31, 2004: transition from French GAAP to IFRS

€ millions	French GAAP (IFRS format)	IFRS adjustments in the 2004 Annual Report	IFRS adjustments	IFRS
Goodwill	841	3,477	3,477	4,319
Intangible assets	3,310	-3,062	-3,062	248
Property, plant and equipment	4,028	580	579	4,607
Investment property		590	591	591
Investments accounted for using the equity method	1,004	260	270	1,274
Non-current financial assets	424	253	253	677
Deferred tax assets	155	-11	-18	137
Pension plan assets		15	15	15
Total non-current assets	**9,762**	**2,102**	**2,105**	**11,867**
Inventories	1,912	-190	-190	1,721
Trade receivables	940	244	61	1,001
Other receivables	707	-48	105	812
Current financial assets		282	286	286
Cash and cash equivalents	2,441	-165	-165	2,276
Assets classified as held for sale	0	0	0	0
Total current assets	**5,999**	**123**	**97**	**6,096**
TOTAL ASSETS	**15,761**	**2,225**	**2,202**	**17,963**
Capital stock	166			166
Additional paid-in capital	3,732			3,732
Consolidated reserves	821	-1 449	-1 445	-624
Translation differences	-1,514	1 569	1 569	55
Consolidated profit for the period	589	58	47	636
Equity	**3,794**	**178**	**172**	**3,965**
Of which:				
Attributable to equity holders	3,308	462	462	3,770
Minority interest	486	-283	-291	195
Long-term provisions	91	3	16	107
Non-current financial liabilities	6,175	1,119	-19	6,156
Other non-current liabilities		0	13	13
Deferred tax liabilities	38	446	434	472
Total non-current liabilities	**6,305**	**1,568**	**444**	**6,748**
Short-term provisions	207	-6	-20	187
Trade payables	3,187			3,187
Current financial liabilities	326	469	1 610	1,936
Other current liabilities	1,943	15	-3	1,939
Liabilities related to assets held for sale				
Total current liabilities	**5,663**	**479**	**1,587**	**7,250**
TOTAL EQUITY AND LIABILITIES	**15,761**	**2,225**	**2,202**	**17,963**

Impact of IFRS adjustments on the cash flow statement

Differences between the French GAAP and IFRS cash flow statements are not material. In particular, adoption of IFRS has not led to the consolidation of any companies excluded from the consolidation scope in the French GAAP accounts and no entities have been consolidated by a different method.

The following table presents a reconciliation of net debt reported in the French GAAP accounts and the IFRS accounts.

€ millions	30 June 2004
Net debt - French GAAP (French GAAP format)	**4,324**
Reclassification of “other equity” in debt	162
Reclassification of bond redemption premiums in net debt components	-7
Net debt - French GAAP (IFRS format)	**4 478**
Recognition of finance lease	47
Reclassification of treasury shares	419
Recognition of put options (over fully-consolidated companies) as a financial liability	1 121
Fair value of financial liabilities and financial instruments	69
Sum payable on Cora option	89
Receivables discounting	230
Recognition of debt issue costs and issue premiums as a deduction from net debt components	-11
Marketable securities that do not meet the definition of cash	3
Net debt - IFRS	**6,445**

Balance sheet at June 30, 2004 and income statement for first-half 2004

Reconciliation of french GAAP and IFRS income statements for first half 2004

€ millions	French GAAP (IFRS format)	IFRS adjustments	Notes	IFRS
Net sales	11,103	-895	2	10,208
Other income		85	1 & 2	85
Revenue		-810		**10,293**
Cost of goods sold	-8,541	835	1 & 2	-7,706
Gross profit	**2,562**	**25**		**2,587**
Personnel costs	-989	-2	3 & 4	-991
External expenses	-834	-29	1	-863
Depreciation, amortisation and provisions	-257	-1	1 & 5	-259
Trading profit	**482**	**-7**		**475**
Other operating income and expense	-21	50	1 & 6	29
Operating profit	**461**	**44**		**504**
Net cost of financial debt	-86	-2	1	-88
Other financial income and expense		-65	1 & 13	-65
Profit before tax	**374**	**42**		**351**
Income tax	-121	22	1 & 7	-99
Share of results of associates	16	-1		15
Profit from continuing operations	**270**	**-3**		**267**
Profit from discontinued operations and assets held for sale	0	0		0
Net profit for the period	**270**	**-3**		**267**
. Attributable to equity holders	220	-4		216
. Minority interest	50	2		52

Reconciliation of French GAAP and IFRS balance sheets at June 30, 2004

€ millions	*French GAAP (IFRS format)*	*IFRS adjustments*	*Notes*	*IFRS*
Goodwill	741	3,553	6, 8 & 11	4,294
Intangible assets	3,324	-3,087	8	237
Property, plant and equipment	3,915	568	5, 9 & 10	4,483
Investment property		595	11	595
Investments accounted four using the equity method	842	258	12	1,100
Non-current financial assets	379	290	13	669
Deferred tax assets	113	18	7	131
Pension plan assets		14	3	14
Total non-current assets	**9,314**	**2,209**		**11,523**
Inventories	1,959	-201	2	1,758
Trade receivables	868	79	13	947
Other receivables	1,010	-42		968
Current financial assets		89	13	89
Cash and cash equivalents	1,591	-423	13	1,168
Assets classified as held for sale	0	0		0
Total current assets	**5,428**	**-498**		**4,930**
TOTAL ASSETS	**14,742**	**1,711**		**16,453**
Capital stock	166	0		166
Additional paid-in capital	3,732			3,732
Consolidated reserves	1,002	-1,729		-727
Translation differences	-1 463	1 485		22
Consolidated profit for the period	270	-3		267
Equity	**3,707**	**-246**	4 & 14	**3,461**
Of which:				
Attributable to equity holders	3,086	181		3,267
Minority interest	621	-426		195
Long-term provisions	85	28		113
Non-current financial liabilities	4,761	730	13	5,491
Other non-current liabilities		31	13	31
Deferred tax liabilities	37	421	7	458
Total non-current liabilities	**4,883**	**1,210**		**6,093**
Short-term provisions	170	-10		160
Trade payables	2,881	-99		2,782
Current financial liabilities	1,309	902	13	2,211
Other current liabilities	1,792	-46		1,746
Liabilities related to assets held for sale				
Total current liabilities	**6,152**	**747**		**6,899**
TOTAL EQUITY AND LIABILITIES	**14,742**	**1,711**		**16,453**

RECONCILIATION OF EQUITY AT 30 JUNE 2004

Reconciliation of changes in equity between January 1, and June 30, 2004 under French GAAP and IFRS

Impacts net of deferred tax (€ millions)	*1 January 2004*	*Treasury shares*	*Profit for the period*	*Dividends paid*	*Exchange differences from translating foreign operations*	*Other movements*	*30 June 2004*
Equity attributable to equity holders – French GAAP	3,071		220	-204	20	-21	3,086
Minority interest – French GAAP	624		50	-54		1	620
Total equity – French GAAP	**3,695**		**270**	**-258**	**20**	**-20**	**3,706**
Recognition of logistics costs and marketing co-operation allowances in inventories	-114		-21				-135
Change in depreciation period of buildings	250		15		2		267
Revaluation of land	495						495
Recognition of finance leases	-2						-2
Derecognition of deferred charges	-17		3				-14
Reclassification of commercial locations and market shares as goodwill with no recognition of minority interests	-245		4		1		-240
Derecognition of goodwill amortisation			25				25
Impairments losses	-15		1				-15
Derecognition of treasury shares	-455	10	15				-430
Recognition of share call options	76		-44				33
Recognition of share put options granted to minority shareholders of fully consolidated subsidiaries	-193			49		-40	-184
Restatement of loans and receivables at amortised cost	-17						-17
Hedge accounting	-11		3			2	-6
Revaluation of non-current assets held for sale	37		1				38
Deferred taxes	-41		2		1		-37
Post-retirement obligations	-40				-1	21	-19
Amortisation of cost of stock option			-5			5	0
Other	-1		-2			1	-2
Equity attributable to equity holders – IFRS	3,218	10	216	-204	21	6	3,267
Minority interest – IFRS	184		52	-5	1	-37	195
Total equity – IFRS	**3,402**	**10**	**267**	**-209**	**22**	**-32**	**3,461**

Comments on the balance sheet at June 30, 2004 and income statement for first-half 2004

All figures referred to below are expressed in millions of euros and, for the income statement and equity statement, net of the impact of deferred tax arising on adjustments.

1. Presentation of financial statements (IAS 1)

1.1. Income statement

The Group has presented its income statement by nature in accordance with Recommendation 2004-R 02 of the Conseil National de la Comptabilité (CNC).
Accordingly, some non-recurring items have been included in operating profit under the line item "Other operating expense and revenue", which principally comprises asset impairment charges, including goodwill impairment, and asset disposals.

The Group has also included a line item entitled "Trading profit", corresponding to operating profit before other operating expense and revenue, as this aggregate is very similar to French GAAP operating profit.

Positive movements in the value of inventories are not recognised as income but through an adjustment to the cost of goods sold. Inventory impairment losses are also recognised through an adjustment to the cost of goods sold. Expense transfers have no corresponding revenue entry and are therefore accounted for through a positive or negative adjustment to the expense accounts concerned.

Provision reversals do not result in a net increase in assets and therefore do not qualify as income. They are recognised through a reduction in the corresponding expense. When the actual expense is lower than the provision taken and the balance of the provision is no longer required, the surplus should be recognised as income on the same line item as the original provision charge.

Financial income and expense is presented as two separate line items: "Cost of finance" and "Other financial income and expense".

The "income tax" line item comprises the entire tax charge payable, whereas under French GAAP, it includes only taxes on ordinary activities as exceptional items are shown net of the corresponding tax.

1.2. Balance sheet

Assets and liabilities are presented separately as current and non-current items. Under French GAAP, the balance sheet is presented in order of their liquidity.
Classification between current and non-current is based on the company's operating cycle, which corresponds to the period between acquisition of the assets and their realisation in the form of cash or cash equivalents.
For the Group, this has no material impact on the consolidated balance sheet. The operating cycle is twelve months.

2. Revenue (IAS 18) and Inventories (IAS 2)

The definition of revenue under IAS 18 has led the Group to reclassify certain amounts previously treated as sales under French GAAP either as a reduction in "Cost of goods sold" or, to a lesser extent, as "Other income".

Under IAS 2, the cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Accordingly, logistics costs and all advantages obtained from suppliers which are included in the cost of goods sold have been taken into account in measuring consolidated inventories.

Impact on inventories: €(166) million at January 1, 2004 and €(201) million at June 30, 2004.
Impact on equity: €(114) million at January 1, 2004 and €(135) million at June 30, 2004.
Impact on first-half 2004 profit: €(21) million.

3. Employee benefits (IAS 19)

IAS 19 requires the recognition of all post-employment obligations. The Group recognised these liabilities under French GAAP in 2004, pursuant to recommendation CNC 2003-R.01 on accounting for pension benefits and similar obligations.

Actuarial gains or losses on post-employment benefits must be recognised in profit and loss.
These gains and losses arise from changes in calculation assumptions:

- • staff turnover
- • rate of salary increases
- • discount rate
- • mortality rate.
- • Expected yield on plan assets

Under IFRS 1, a first-time adopter may elect to recognise all cumulative actuarial gains and losses at the date of transition. Accordingly, the cumulative actuarial loss has been charged against equity at January 1, 2004, in the sum of €(43) million.

Actuarial gains and losses arising as from January 1, 2004 are recognised in profit by the corridor method over the average expected remaining service lives of plan participants. The corridor method consists of recognising actuarial gains and losses that exceed the greater of 10% of the present value of the obligation before deducting plan assets and 10% of the fair value of any plan assets.

4. Share-based payments (IFRS 2)

IFRS 2 requires an entity to recognise goods or services received or acquired in a share-based payment transaction when it obtains the goods or as the services are received.

Accordingly, share options granted to employees are treated as follows: the fair value of options granted is determined on the date of grant and recognised in profit and loss over the vesting period.

The fair value of options is calculated by the Group using the Black & Scholes option pricing model, based on the attributes of the share option plan, market data on the date of grant, and assumptions on employee behaviour.

The total expense recognised in first-half 2004 amounted to €5 million, leading to a corresponding increase in equity.

5. Property, plant and equipment (IAS 16)

The depreciable amount of an item of property, plant & equipment should be allocated on a systematic basis over its useful life. The depreciable amount is equal to the cost of the asset less any residual value.

The depreciation period applied by the Group for buildings is now 40 years as opposed to 20 years under French GAAP, which better reflects the useful life of the assets concerned, with a residual value of zero.

The new depreciation period has been applied retrospectively.

Impact on buildings: €373 million at January 1, 2004 and €375 million at June 30, 2004.
Impact on equity: €250 million at January 1, 2004 and €267 million at June 30, 2004.
Impact on first-half 2004 profit: €15 million.

6. Impairment of assets (IAS 36)

Goodwill is no longer amortised. As is the case for other assets, it is regularly tested for impairment and any impairment losses are not reversible. Goodwill amortisation recognised under French GAAP in 2004 has therefore been written back.

Impact on equity: €25 million at June 30, 2004
Impact on first-half 2004 profit: €25 million.

7. Income tax (IAS 12)

Discounting of deferred tax assets and liabilities is not permitted.
Cancellation of discounting adjustments to deferred taxes, mainly on fair value adjustments to land, had the effect of reducing equity.

In the absence of an agreement requiring that the profits of an associate company will not be distributed in the foreseeable future, an investor must recognise a deferred tax liability arising from taxable temporary differences associated with its investment in the associate.

> Impact on equity: €(42) million at January 1, 2004 and €(38) million at June 30, 2004.
> Impact on first-half 2004 profit: €2 million.

8. Intangible assets (IAS 38)

The recognition of an item as an intangible asset requires that item to meet certain criteria relating to:
- identifiability and separability;
- control over the underlying resource;
- probability of future economic benefits flowing to the enterprise.

All intangible assets that do not meet these criteria are classified as goodwill. However, the minority interest in such assets is not recognised as goodwill but charged to equity.

Commercial locations and market shares recognised as intangible assets in the Group's French GAAP balance sheet do not meet these criteria and have therefore been reclassified as goodwill with no recognition of the minority interest.

> Commercial locations and market shares reclassified as goodwill: reduction in intangible assets of €(2,980) million at January 30, 2004 and €(3,010) million at June 30, 2004 and increase in goodwill of €2,735 million at January 1, 2004 and €2,769 million at June 30, 2004.
> Impact on equity: €(245) million at January 1, 2004 and €(240) million at June 30, 2004.
> Impact on first-half 2004 profit: €4 million.

9. Property, plant and equipment (IAS 16)

Under IFRS, a first-time adopter may elect to revalue all or part of its property, plant & equipment.
The Group has elected only to revalue land owned by the French central property companies, Monoprix and Asinco, and warehouses owned by Franprix/Leader Price.
All other items of property, plant & equipment are valued at historical cost. The fair value of land has been determined on the basis of independent expert valuation.

> Impact on land: €767 million
> Impact on equity: €495 million at both January 1, 2004 and June 30, 2004.

For measurement subsequent to initial recognition, two methods are permitted:
- • Benchmark treatment: historical cost less cumulative depreciation and impairment losses;
- • Alternative treatment: periodical revaluation.

The Group has elected to apply the benchmark treatment.

10. Leases (IAS 17)

IAS 17 distinguishes between two types of lease.

- A finance lease is a lease that transfers substantially all the risks and rewards incident to ownership of an asset;
- An operating lease is a lease other than a finance lease.

Under IFRS, assets leased under finance leases must be recognised in the balance sheet along with a corresponding financial liability. Operating leases are not recognised.

Impact on assets: €47 million, net at January 1, 2004 and €44 million, net at June 30, 2004.
Impact on equity: €(2) million at January 1, 2004 and €(2) million at June 30, 2004.
Impact on net debt: €51 million at January 1, 2004 and €47 million at June 30, 2004.

11. Investment property (IAS 40)

Investment property is defined as property held by the owner to earn rentals or for capital appreciation or both. The Group has therefore reclassified its shopping malls as investment property.

Impact : €593 million at January 1, 2004 and €595 million at June 30, 2004.

12. Consolidated financial statements and accounting for investments in subsidiaries (IAS 27)

Consolidated financial statements are the financial statements of a group presented as those of a single enterprise.

Control is the power to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. Immediately exercisable share call options are taken into account for the purpose of determining whether an enterprise exercises control and therefore the consolidation method to be used.

This standard only differs from the Group's current practices in respect of share call options. All special purpose entities have been consolidated under French GAAP since January 1, 2004.

On January 1, 2004, the Group owned immediately exercisable call options over Laurus shares representing a block of 12.28% of its capital, which, added to the 38.72% already owned by the Group, would give the Group majority control.

In March 2005, the parties agreed to postpone the initial exercise date to January 1, 2006.

Under IAS 27, therefore, Laurus should be fully consolidated in the opening balance sheet on January 1, 2004, but accounted for by the equity method in 2005 with 2004 comparative figures shown on an equity basis. For ease of comparison and understanding, the Group has elected to account for Laurus by the equity method in 2004 as well as 2005.

If Laurus had been fully consolidated in the first-half 2004 accounts, this would have had the effect of increasing consolidated equity by €59 million, consolidated debt by €453 million and consolidated revenue by €1,653 million.

If the same approach had been applied at 31 December 2004, equity would have been increased by €131 million, debt by €234 million and revenue by €3,504 million.

13 Financial instruments (IAS 32, IAS 39)

As indicated in the section entitled "Presentation of standards used", the Group has elected for prospective adoption of IAS 32 and IAS 39 as of 1 January 2004, for the purpose of transparency and to provide useable comparatives for 2005.

Financial assets

Under IAS 39, financial assets available for sale are measured at fair value whereas they are carried at historical cost under French GAAP with an impairment provision taken where necessary. Accordingly, investments in non-consolidated companies are carried at their fair value in the opening IFRS balance sheet at January 1, 2004, and any change in fair value will be recognised in equity. If the impairment is deemed to be permanent, the cumulative negative change in value is taken to profit and loss.

Impact on equity: €37 million at January 1, 2004 and €38 million at June 30, 2004

Financial assets and liabilities

Long-term financial assets and liabilities should be discounted if the effects of discounting are material. Under French GAAP, discounting is not permitted

Impact on equity[1]: €(17) million at January 1, 2004 and €(17) million at June 30, 2004.

(1) Excluding the effect of discounting debt corresponding to put options granted to minority shareholders of subsidiaries (see note 12.7)

A financial asset or liability may only be derecognised when the contractual rights to its cash flows expire. The current receivables discounting arrangement does not transfer substantially all the risks incident to ownership of the receivables to the bank. Accordingly, the receivables may not be derecognised.

Impact on financial liabilities: €295 million at January 1, 2004 and €230 million at December 31, 2004.

Treasury shares

Treasury shares are deducted from equity, regardless of their purpose. No gain or loss may be recognised in profit and loss on the purchase, sale, issue or cancellation of treasury shares. Under French GAAP, treasury shares held to stabilise the share price or for allotment under employee stock options are classified as marketable securities and deducted from net debt.

Impact on borrowings: €457 million at January 1, 2004 and €419 million at June 30, 2004.
Impact on equity: €(455) million at January 1, 2004 and €(430) million at June 30, 2004.
Impact on first-half 2004 profit: €15 million.

Other stockholders' equity

Unlike French GAAP, IFRS does not recognise the intermediate aggregate between equity and liabilities entitled "Other stockholders' equity". The substance of the underlying transaction must be analysed to determine whether it represents debt, equity or a hybrid instrument comprising part debt and part equity.

The perpetual subordinated bond issued by Nesitic in December 2001 and the Monoprix subordinated loan do not have an equity component and have therefore been reclassified as financial liabilities.

Impact on financial liabilities: €181 million at January 1, 2004 and €162 million at June 30, 2004

Debt securities

Under IFRS, bond issuance expenses, premiums and discounts are included in the amortised cost of the debt securities whereas under French GAAP, they are recorded as deferred charges.

Accordingly, on first-time adoption of IFRS, these expenses, premiums and discounts have been deducted from the value of the debt securities concerned and will subsequently be amortised using the effective interest method.

Impact on financial liabilities: €(23) million at January 1, 2004 and €(18) million at June 30, 2004

Debt securities are measured at amortised cost, except where hedge accounting is applied (see below).

Derivatives and hedge accounting

Under IFRS, all derivatives must be recognised in the balance sheet at their fair value, whereas under French GAAP, they are usually disclosed as off-balance sheet commitments. Any change in fair value is recognised in profit and loss.

Accordingly, all derivatives such as swaps, collars, floors, options, etc. have been recognised in the balance sheet at their fair value.

IAS 39 also provides for hedge accounting as follows:

- For fair value hedges (e.g. fixed to floating rate swap), the hedged item is measured at its fair value on initial recognition and any change in fair value subsequently recognised in profit and loss. Changes in the fair value of the hedging instrument are also recognised in profit and loss. If the hedge is totally effective, the changes will cancel each other out.
- For cash flow hedges (e.g. floating rating debt), the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised directly in equity and written back to profit and loss symmetrically with the cash flows arising on the hedged item, while the ineffective portion of the gain or loss on the hedging instrument is recognised in profit or loss.

The Group uses hedge accounting only for debt securities hedged at the time of their issue in order to avoid large swings in its results.

Impact on borrowings: €108 million at January 1, 2004 and €69 million at June 30, 2004.
Impact on equity: €(9) million at January 1, 2004 and €(6) million at June 30, 2004.
Impact on first-half 2004 profit: €3 million.

Call options over shares in GMB (Cora), Laurus (Netherlands) and Disco (Uruguay) are recognised in the balance sheet at their fair value. Any additional sums to be paid as part of the purchase price are added to financial liabilities.

Impact on borrowings: €102 million at January 1, 2004 and €89 million at June 30, 2004.
Impact on equity: €76 million at January 1, 2004 and €33 million at June 30, 2004.
Impact on first-half 2004 profit: €(44) million.

Put options granted to minority shareholders

The Group has granted put options over shares in certain of its fully consolidated subsidiaries.
Under French GAAP, the corresponding sums are disclosed as off-balance sheet commitments.

IAS 32 and 39 require such commitments to be recognised as financial liabilities but are not yet clear on what the corresponding asset should be, other than the disappearance of the corresponding minority interests.

Pending a decision by IFRIC, and after consultation with the marketplace, the Group has elected to account for the difference between the net present value of the option exercise price and the amount of minority interest deducted from equity as goodwill. The goodwill will be adjusted each year for the change in exercise price of the options and the change in minority interest. This treatment, which is what would be applied if the options were exercised today, best reflects the substance of the transaction. However, it could change according to a future interpretation or revision of the standard concerned.

The amount of the commitment given to minority shareholders, principally of Franprix/Leader Price, is recognised as a financial liability. In addition, agreements with some of these minority shareholders during 2004 to postpone the option exercise date led to an adjustment of the net present value of sums payable.

Impact on borrowings: €967 million at January 1, 2004 and €1,121 million at June 30, 2004.
Impact on equity[1]: €(193) million at January 1, 2004 and €(184) million at June 30, 2004.

(1) The impact on equity is due to the restatement of minority interests. The change for the period is due to the fact that some of the options were exercised during first-half 2004.

14. Equity

Translation differences (IFRS 1)

As allowed under IFRS 1, cumulative translation differences, after restatements required under IFRS, were deemed to be zero upon first-time adoption. The sum of €(1,569) million was therefore reclassified in consolidated reserves, with no impact on equity at January 1, 2004. Accordingly, the gain or loss on a subsequent disposal of any foreign subsidiary or associate will not include translation differences that arose before the date of transition to IFRS.