



CASINO, GUICHARD-PERRACHON
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**INTERIM
REPORT
FIRST-HALF 2006**

Business Review

Significant events of the period.....	3
France.....	3
International.....	6
Comments on the consolidated financial statements.....	10
Strategy and outlook.....	13
Subsequent events.....	14
Comments on the Casino, Guichard-Perrachon parent company.....	15

Interim consolidated financial statements

Consolidated income statements.....	17
Consolidated balance sheets.....	19
Consolidated cash flow statements.....	21
Consolidated statements of changes in equity.....	23
Consolidated statement of recognised income and expense.....	24
Notes to the consolidated financial statements.....	25

BUSINESS REVIEW

FIRST-HALF 2006

Financial highlights of first-half 2006, under IFRS, are as follows:

<i>€ millions</i>	First-half 2005 restated ⁽¹⁾ (✓)	First-half 2006 (✓)	Reported change	Change at constant exchange rate
Total business volume excl. VAT	16,510	17,814	+ 7.9%	+ 7.1%
Net sales	9,988	11,637	+ 16.5%	+ 15.7%
Gross profit	2,499	2,988	+ 19.6%	+ 18.9%
EBITDA ⁽²⁾	640	724	+ 13.2%	+ 12.4%
Depreciation and amortisation expense	(216)	(274)	+27.1%	+26.2%
Trading profit (EBIT)	424	450	+ 6.1%	+ 5.4%
Other operating income and expense, net	(7)	94		
Net financial expense, of which:	(81)	(100)		
Finance costs, net	(93)	(102)		
Other financial income	65	46		
Other financial expense	(53)	(44)		
Profit before tax	336	444	+ 32.2%	
Income tax expense	(111)	(140)		
Share of profits of associates	25	8		
Profit for the period from continuing operations	249	312		
<i>Minority interests</i>	45	51		
<i>Attributable to equity holders</i>	204	261		
Profit (loss) from discontinued operations	(2)	(3)		
Profit for the period	247	308		
<i>Minority interests</i>	45	51		
<i>Attributable to equity holders</i>	202	258	+ 27.6%	

(✓) The Auditors have performed a limited review of the interim financial statements for the periods ended June 30, 2006 and June 30, 2005.

(1) In compliance with IFRS 5, the losses of the Polish businesses for first-half 2005 have been recorded under "Profit (loss) from discontinued operations". No discounting adjustment was recorded on variable price puts in first-half 2005, leading to a €10 million reduction in financial expense for the period.

(2) EBITDA = EBIT + amortisation and depreciation expense

SIGNIFICANT EVENTS OF THE PERIOD

During the first six months of 2006, Casino deployed the strategic plan announced at the beginning of the year. The plan was divided into two parts:

- **Financial measures**, designed to enhance Casino's balance sheet and refocus on promising, cash-flow generating assets. Thanks in part to a €2 billion asset disposal plan, this objective should be met by end-2007.
- **Operational measures**, designed to improve the growth/profitability profile of the Group's operations. These measures include implementing a number of key operating projects in France and strengthening activities in Casino's priority host regions (primarily Latin America and SouthEast Asia), which generate the highest margins.

Non-strategic asset divestments announced since the beginning of the year under the **asset disposal plan** total more than €1.5 billion, or more than 75% of the objective. They include:

- The unwinding of the Cora equity swap, announced in March 2006 and discussed in detail on page 19 of the 2005 Annual Report (impact on net debt: €253 million).
- The sale of a 15% interest in Mercialys (a subsidiary involved in shopping centre properties in France), announced in March 2006 and discussed in detail on page 18 of the 2005 Annual Report (impact on net debt: €210 million).
- The disposal of the Group's 38% stake in Feu Vert auto service centres, announced in June 2006 (impact on net debt: €90 million).
- The disposal of the Polish businesses (the Géant Polska hypermarkets business and related real estate, and the Leader Price Polska supermarkets business), announced in July 2006 (impact on net debt: €925 million).
- The divestment of Taiwanese subsidiary Far Eastern Géant, announced in September 2006 (impact on net debt: €50 million).

The last two transactions, which were carried out after June 30, 2006, are discussed on page 14.

The speed with which the disposal plan has been conducted since it was unveiled in March has made the Group even more confident that it will achieve its €2 billion target by the end of 2007.

By disposing of assets that contributed very little to consolidated earnings, Casino will be able to refocus on its most promising and profitable operations. Virtually all the transactions announced to date will be completed by end-2006 and will help to significantly reduce net debt starting in the second half.

FRANCE

(73% of consolidated net sales and 77% of consolidated EBIT, excluding Poland)

€ millions	First-half 2005	First-half 2006	Change
Net sales	8,202	8,497	+ 3.6%
EBIT	379	347	- 8.4%
EBIT margin	4.6%	4.1%	

In France, sales are beginning to feel the impact of three operating projects:

- Development of private labels.
- Loyalty programme extensions.
- Introduction of the "Operational Excellence" supply chain programme.

The initial results include market share gains in hypermarkets and supermarkets, faster organic growth and higher gross profit (sales less cost of goods sold).

Operations in France contributed €8,497 million to first-half **net sales**, up 3.6% from €8,202 million the year before. Organic growth accelerated to 3.1% in the second quarter from 2.7% in the first, compared with an average 1.3% in 2005. This reflects:

- Sharply improved performance in the Géant hypermarket and Casino supermarket formats. According to IRI, Géant's market share rose 0.1 points in the second quarter, after remaining stable in the first, while Casino gained 0.1 points in both the first and second quarters.
- Sustained strong performance from Monoprix (up 2.9% on a same-store basis and 3.7% overall) and the Superettes (up 4.7%).
- A 1.3% increase at Franprix/Leader Price, supported by robust expansion that offset a decline in same-store performance over the period.

Gross margin in the French retailing businesses (Géant hypermarkets, Casino supermarkets, Superettes, Monoprix, and Franprix/Leader Price) widened by 0.3 points in the first half thanks to higher margins at the hypermarkets, supermarkets, Superettes and Monoprix. Reflecting an improved margin mix, this growth stemmed from:

- Increased sales of private labels, which generate higher margins than national brands, with double-digit volume growth since Q2-2005.
- Enhanced presentation of traditional dairy and produce items and industrial dairy products.
- Revamped non-food assortments, with a shift towards higher-margin items such as apparel and housewares.

At Franprix/Leader Price, gross margin was hurt by a mix shift to low-price products and a decline in same-store sales.

Operating expenses rose in the first half due to:

- The operating projects underway in Géant hypermarkets and Casino supermarkets and the improvement in in-store service (expanded produce sections, the “Checkout Excellence” programme, etc.), which increased payroll costs, amongst other things.
- The sale and leaseback of commodity property assets, with the €188 million sale of warehouses in March, which increased occupancy costs by €2.2 million over the period.
- The deployment of large, priority cross-banner projects, which generated €11 million in non-recurring consulting fees.

As a result, the French operations’ **EBITDA** edged back by 3.7% to €531 million.

Depreciation and amortisation expense rose to €185 million from €173 million in first-half 2005, reflecting the sustained increase in capital expenditure in France. Routine capital expenditure amounted to €305 million (versus €270 million in the prior-year period) and included continued refurbishment of Géant hypermarkets and Casino supermarkets. New openings totalled 121,000 sq.m. during the period, compared with 76,000 sq.m. in first-half 2005 and 152,000 sq.m. for 2005 as a whole.

The higher depreciation and amortisation expense led to an 8.4% decrease in EBIT from the French operations, to €347 million from €379 million in first-half 2005.

Highlights by format were as follows:

- **Géant hypermarkets** improved their sales performance thanks to action plans applied since the beginning of the year. Same-store sales increased steadily, rising 0.8% in the first quarter and 2.8% in the second after a 1.2% decline over full-year 2005. According to IRI, Géant’s market share remained flat in the first quarter but widened by 0.1 points in the second quarter, while double-digit growth in unit sales of private label products drove an improvement in the margin mix. Over the first six months, Géant’s contribution to consolidated net sales increased by 2.1%.
- **Casino supermarkets** confirmed their positive sales trend, with same-store growth of 2.9% over the period (4.0% in Q2 and 1.8% in Q1) and a 0.1-point gain in market share in each quarter (source: IRI). As part of an ongoing store-base optimisation programme, a number of outlets were upgraded or enlarged, while stores that were unprofitable under the Casino banner were either transferred to Leader Price or closed. The store base has undergone sustained expansion, with 35,000 sq.m. opened over the last 12 months. Over the first half, Casino supermarkets’ contribution to consolidated net sales rose 5.8%.

As these results show, both the Géant hypermarkets and Casino supermarkets were on track in terms of revenue and gross margin. That said, the strategy deployed in the two formats led to higher costs that weighed on profitability. These included increased payroll costs, notably to improve in-store service, and non-recurring project costs.

- The **Superettes** widened their lead in the French convenience market. With nearly 75,000 sq.m. opened during the period, the store base expanded to more than 5,600 outlets at June 30, 2006 from close to 5,000 at year-end 2005. The Superettes’ contribution to consolidated net sales grew by 2.6% over the first half. EBIT also improved, with a high EBIT margin reflecting lower price sensitivity.
- **Monoprix** also turned in an excellent performance, thanks to its differentiated upscale “citymarket” positioning and focus on four areas of expertise: food, apparel, fragrance/beauty and housewares. Same-store sales were up 2.9% over the period. The banner pursued an innovative approach to products/lineups and concepts, under the “Monop” and “Beauty Monop” names. Monoprix’s contribution to consolidated net sales rose by 3.2%, while careful management of operating costs helped lift the banner’s EBIT.

- Lastly, **Franprix/Leader Price** enjoyed sustained growth while maintaining high profitability. Over the period, Franprix/Leader Price's contribution to consolidated net sales increased by 1.3%. An ambitious network expansion programme, with 46,000 sq.m. opened over the last twelve months (including nearly 24,000 sq.m. in first-half 2006), largely offset the negative performance of the existing networks. The recruitment of new affiliates (some 40 former Le Mutant/Coop de Champagne stores) has further increased the store base as of July 1. Franprix/Leader Price's effective business model, combining the power of an integrated, mono-brand purchasing agency and the flexibility of a network of master franchisees, allows the banner to generate substantial free cash flow (routine capex totalled €51 million for EBITDA of €177 million during the period) and one of the highest EBIT margins in the industry (7.0% in first-half 2006).

Property operations and other businesses, primarily Mercialys, Casino Cafétéria, CDiscount and Banque Casino, had a satisfactory first half.

- Mercialys reported a 6.5% increase in rental income and 11.1% growth in cash flow in relation to pro forma first-half 2005 data.
- Casino Cafétéria (253 cafeterias at June 30, 2006), pursued its development in the promising corporate food services segment, with 38 restaurants at the end of the period.
- CDiscount achieved a 40% increase in sales in the first half.
- Banque Casino continued to expand its branch network, opening four new branches during the period for a total of 12 at June 30, 2006. The loan book rose 17.5% year-on-year to €735 million.

INTERNATIONAL

(27% of consolidated net sales and 23% of consolidated EBIT, excluding Poland)

International operations turned in a good sales and operating performance in first-half 2006. Net sales totalled €3,140 million, up 75.8% in euros and 71.5% at constant exchange rates. Sales rose in all regions during the period, which was shaped by the consolidation of CBD and Vindémia. Organic growth accelerated to 8.8% from 6.4% for full-year 2005.

EBITDA rose 118.5% year-on-year (112.9% at constant exchange rates) to €193 million.

EBIT also more than doubled to €103 million. The increase came to 127.2% in euros and 120.9% at constant exchange rates. These good results primarily reflect the growing contribution from Latin America and Asia, the Group's priority host regions. Growth was driven by the positive impact from the consolidation of Brazil-based CBD, whose above-average profitability improved overall margins on international operations, and higher margins in Thailand and Latin America (at constant scope of consolidation). Together, Latin America and Asia accounted for more than two-thirds of International EBIT for the first half.

North America

Smart & Final

€ millions	First-half 2005	First-half 2006	Reported change	Change at constant exchange rate
Net sales	709	765	+ 7.9%	+ 3.2%
EBIT	19	15	- 20.9%	- 24.7%
EBIT margin	2.7%	2.0%		

In the United States, Smart & Final reported net sales up by a healthy 3.2% at constant exchange rates. The increase came to 7.9% in euros, due the dollar's appreciation during the period. Same-store sales increased by 0.7%, lifting same-store growth over the past three years to more than 20%.

Although gross profit was stable in relation to the year-earlier period, Smart & Final's contribution to EBIT declined 20.9% to €15 million due to (i) higher supply chain and IT costs following the deployment of a new flow management system and (ii) new store opening expenses. The strategic review currently being conducted with Goldman Sachs also weighed on the first-half results.

Poland

Géant Polska & Leader Price Polska

In accordance with IFRS 5, continuing operations are presented separately from discontinued operations in the consolidated financial statements. In first-half 2006, profit from continuing operations excludes the retail businesses in Poland, which are presented under discontinued operations following the Group's decision to sell them. The first-half 2005 financial information has been restated on the same basis. The amounts reported under "Net profit (loss) from discontinued operations" with respect to Poland represented net losses of €3 million in first-half 2006 and €2 million in the year-earlier period.

Latin America

Brazil (proportionately consolidated on a 34.2% basis since July 1 2005; previously accounted for under the equity method), Argentina, Uruguay (Disco at 55% and Devoto at 100%) and Venezuela

<i>€ millions</i>	First-half 2005	First-half 2006	Reported change	Change at constant exchange rate
Net sales	332	1,251	x 3.8	x 3.8
EBIT	(1)	42	n/a	n/a
<i>EBIT margin</i>	<i>n/a</i>	<i>3.4%</i>		

Operations in Latin America delivered strong top-line growth, with net sales more than tripling on both a reported basis and at constant exchange rates. This performance reflects the proportionate consolidation of CBD since July 1, 2005 and solid organic growth of 20.2% during the period. Same-store growth was satisfactory, at 5.0%, with increases reported in all host countries.

The contribution to EBIT improved noticeably over the period, representing a positive €42 million in first-half 2006 compared to a negative €1 million in first-half 2005. This favourable swing was primarily attributable to the proportionate consolidation of CBD and higher margins across the region (excluding the impact of changes in the scope of consolidation).

Asia

Thailand, Vietnam (fully consolidated since 1 October 2005; previously proportionately consolidated on a 33.34% basis) and Taiwan (proportionately consolidated on a 50% basis)

<i>€ millions</i>	First-half 2005	First-half 2006	Reported change	Change at constant exchange rate
Net sales	616	731	+ 18.7%	+ 12.4%
EBIT	22	28	+ 30.4%	+21.3%
<i>EBIT margin</i>	<i>3.5%</i>	<i>3.9%</i>		

In Asia, net sales rose 12.4% at constant exchange rates and 18.7% in euros, due to the baht's appreciation during the period. This performance was led by strong organic growth of more than 10% in Thailand and more than 20% in Vietnam.

EBIT increased by 30.4% to €28 million, primarily on the excellent results from Big C in Thailand, which again widened its EBIT margin. Operations in Vietnam are still under development and are not yet contributing to regional EBIT. The Taiwanese business again reported a loss in the first half of 2006. As explained on page 14 under "Subsequent events", the Group has decided to sell its 50% interest in Taiwan-based Far Eastern Géant, a move that will improve the region's growth/profitability profile as from 2007.

Indian Ocean

Vindémia (fully consolidated since 1 October 2005; previously proportionately consolidated on a 33.34% basis)

€ millions	First-half 2005	First-half 2006	Reported change	Change at constant exchange rate
Net sales	128	392	x 3.1	x 3.1
EBIT	7	20	x 2.8	x 2.8
EBIT margin	5.6%	5.1%		

In the Indian Ocean region, Vindémia tripled its net sales to €392 million, in part because the unit was fully consolidated during the period, instead of proportionately consolidated on a 33.34% basis in first-half 2005. Same-store performance was also satisfactory, however, with a 2.9% rise over the period.

Vindémia's contribution to consolidated EBIT rose to €20 million from €7 million in the year-earlier period, due primarily to the change in consolidation method.

International associates

CBD (Brazil) accounted for under the equity method until June 30, 2005 and proportionately consolidated on a 34.2% basis since July 1, 2005, Exito (Colombia) and Laurus (Netherlands)

€ millions	First-half 2005	First-half 2006	Reported change	Change at constant exchange rate
CBD (Brazil)				
Share in profit (loss)	12	(3)	n/a	n/a
Average percent interest	27.38%			
Exito (Colombia)				
Share in profit (loss)	3	5	+ 65.5%	+ 58.2%
Average percent interest	35.59%	38.60%		
Laurus (Netherlands)				
Share in profit (loss)	1	(3)	n/a	n/a
Average percent interest	44.99%	44.99%		
TOTAL	16	(1)		

The Group's share in the profit (loss) of international associates represented a negative €1 million in first-half 2006 compared to a positive €16 million in the same period of 2005. This unfavourable swing stemmed primarily from the proportionate consolidation of CBD, which was accounted for under the equity method in first-half 2005. Aside from this factor, the share in profit from operations in Colombia rose once again, to €5 million from €3 million in first-half 2005, reflecting a good sales and operating performance by Exito. On the other hand, Laurus continued to struggle, making a negative contribution of €3 million, as opposed to a positive €1 million in first-half 2005.

CBD is no longer accounted for under the equity method as from October 1, 2005. The €3 million negative contribution recorded in first-half 2006 corresponds to Casino's 34.2% share in the losses of the associate set up by CBD in partnership with Itaú to develop banking activities, notably though the distribution of payment cards and financial products in CBD's vast store network in Brazil.

In Colombia, **Exito's** sales rose by a strong 19.2% at constant exchange rates. Growth in euros came to 24.6%, reflecting the Colombian peso's rise over the period. Exito's EBITDA margin also improved, to 7.8% from 7.6% in the year-earlier period. Exito intends to broaden its position as Colombia's top-ranked food retailer by acquiring a controlling interest in second-ranked Carulla Vivero. The transaction, which has been submitted to the anti-trust authorities for approval, would make Exito the country's undisputed market leader. Carulla Vivero offers the added advantage of good profitability, with an EBITDA margin of 7.4% for full-year 2005.

In the Netherlands, **Laurus** had a difficult first half during which revenue declined by 3.4%. Nonetheless, same-store sales at Super De Boer increased by an aggregate 0.6% (1.8% at franchisee outlets alone). With the announced sale of Konmar and Edah, Laurus will now focus all its energies on its most promising banner. Despite Super De Boer's encouraging performance, the three banners together turned in a loss before interest and tax of €18 million. Laurus reported an attributable net loss of €6 million, after taking into account the reversal of a €20 million provision on a loan granted to CVC in connection with the 2002 disposal of Spanish businesses. In releasing its results for the six months ended June 30, 2006, Laurus referred to the uncertainty surrounding the company's ability to continue operating as a going concern, particularly due to its cash flow problems that can only be resolved by successfully renegotiating its bank covenants. The new management team will focus on renegotiating these covenants and on defining a new business plan and new objectives for Laurus.

COMMENTS ON THE CONSOLIDATED FINANCIAL STATEMENTS

Significant Accounting Policies

The consolidated financial statements for the six months ended June 30, 2006 have been prepared in accordance with the International Financial Reporting Standards and International Accounting Standards (IFRS) issued by the International Accounting Standards Board (IASB), as adopted by the European Union as of June 30, 2006, and the interpretations issued by the Standing Interpretations Committee (SIC) and the International Financial Reporting Interpretations Committee (IFRIC). With the exception of the amendment to IAS 19, the new amendments and interpretations whose adoption is compulsory as from the first fiscal year commencing on or after January 1, 2006 have not been applied for the preparation of the interim financial statements. The Group decided not to early adopt the standards, amendments or interpretations whose application is compulsory at a future date: The Group is currently examining the impact of these standards, amendments and interpretations on the notes to the consolidated financial statements.

The interim consolidated financial statements have been prepared in accordance with IAS 34 – Interim Financial Reporting.

They are presented in condensed format with selected explanatory notes, and do not therefore comprise all the information and notes included in a complete set of annual financial statements. For this reason, they should be read in conjunction with the consolidated financial statements for the year ended December 31, 2005, which are available from the Company's headquarters, 24 rue de la Montat, Saint-Etienne, France and can be downloaded from the Company's website, www.groupe-casino.fr.

The consolidated financial statements for the year ending December 31, 2006 and the comparative information for 2005 ("the 2006 consolidated financial statements") will be prepared in accordance with the standards and interpretations applicable at December 31, 2006. Consequently, the information for the year ended December 31, 2005 and the six months ended June 30, 2006 presented in this interim report may be modified for inclusion in the 2006 consolidated financial statements, to take into account any new or amended standards or interpretations that may have been adopted by the Union European as of December 31, 2006.

Main changes in the scope of consolidation

The main changes in the scope of consolidation are as follows:

- CBD (Brazil) has been consolidated by the proportionate method on a 34.3% basis as from 1 July 2005.
- Vindémia (Indian Ocean) has been fully consolidated on a 70% basis as from October 1, 2005.
- In accordance with IFRS 5, following the Group's decision to sell its retail operations in Poland, the results, assets and liabilities of the Polish businesses have been reclassified under "Profit (loss) from discontinued operations", "Non-current assets held for sale" and "Liabilities related to non-current assets held for sale".
- The €44 million carrying amount of the Group's interest in Feu Vert has also been reclassified under "Non-current assets held for sale" in accordance with IFRS 5, following the decision to dispose of the shares.

Adjustments to previously reported financial information

The opening IFRS balance sheet at January 1, 2004 has been adjusted to take into account the publication, during 2005, of amendments to certain standards or of additional guidance on the application of certain standards. These adjustments have an effect on previously reported financial information for the first half of 2005.

To permit meaningful comparisons with the consolidated financial statements for first-half 2006, reported financial information for the six months ended June 30, 2005 has been adjusted for these changes, which mainly concern put options granted to minority shareholders of subsidiaries. In accordance with IAS 32, the obligations under these puts have been recognised as financial liabilities. Fixed price puts have been measured at their discounted present value and variable price puts have been measured at fair value, in accordance with the guidance issued by the IFRIC. The effect of applying this guidance to variable price puts was a €51 million increase in financial liabilities at June 30, 2005, a €74 million increase in goodwill and a €10 million reduction in discounting adjustments reported under "other financial expense" compared with the published financial statements for first-half 2005. In addition, dividends on deeply subordinated perpetual bonds have been recognized directly in the statement of changes in equity, in the amount of €30 million.

Lastly, during the first half of 2006, the Group identified certain businesses in the process of being disposed of that fulfilled the criteria for classification as "Non-current assets held for sale", as defined in IFRS 5. Consequently, the previously published income statement and cash flow statement for 2005 have been adjusted to recognize these assets separately in accordance with IFRS 5. The effect of these adjustments is presented in Note 11 to the interim consolidated financial statements.

Changes in accounting methods

The amendment to IAS 19 has been applied as from January 1, 2006. In accordance with this amendment, all actuarial gains and losses on defined benefit plans are now recognised directly in equity. In prior periods, the Group applied the corridor method to recognise actuarial gains and losses in the income statement over the estimated average remaining service lives of plan participants. This change in accounting method has been applied retrospectively, in accordance with the transitional provisions of IAS 19, and comparative financial information has been adjusted accordingly. The effect of this change in accounting method on the interim consolidated financial statements is presented in Note 2.4 to the interim consolidated financial statements.

Net sales

Net sales for first-half 2006 rose 16.5% on a reported basis and 15.7% at constant exchange rates to €11,637 million from €9,988 million in the year-earlier period. A detailed review of sales growth is presented above, in the sections on French and International operations.

EBIT

EBIT grew by 6.1% on a reported basis and 5.4% at constant exchange rates to €450 million from €424 million in the prior-year period. A detailed review of EBIT growth is presented above, in the sections on French and International operations.

Profit before tax

Profit before tax for the period ended June 30, 2006 totalled €444 million, up 32.2% from €336 million in first-half 2005. Above this line:

- Other operating income and expenses represented net income of €94 million versus net expense of €7 million in the first six months of 2005. This reflects:
 - A €107 million capital gain on the sale of a 15% interest in Mercialys.
 - A €71 million capital gain on the sale of warehouses.
 - A €28 million impairment loss on retained assets in Poland.
 - A €17 million impairment loss on the Group's interest in Far Eastern Géant (Taiwan).
 - A €16 million impairment loss on the Group's interest in Laurus.
- Net financial expense amounted to €100 million compared with €81 million in the first six months of 2005. This includes:
 - Finance costs, net of €102 million versus €93 million in first-half 2005.
 - Other financial income, net of €2 million compared with €12 million in the year-earlier period.

Profit attributable to equity holders

Income tax expense came to €140 million, representing 31.5% of profit before tax. This compares with €111 million in first-half 2005.

The Group's **share in profit of associates** declined to €8 million from €25 million in first-half 2005, primarily due to the proportionate consolidation of CBD in Brazil (34.2%), which was accounted for under the equity method until June 30, 2005.

Minority interests amounted to €51 million, up from €45 million in the year-earlier period. The increase mainly reflects the addition of minority interests in 60%-owned Mercialys and 70%-owned Vindémia, resulting from changes in the scope of consolidation, partially offset by a decrease in minority interests in Franprix/Leader Price.

The **net loss from discontinued operations**, corresponding to the first-half loss of the Polish retail businesses, came to €3 million, versus €2 million in the prior-year period.

Profit for the period attributable to equity holders rose 27.6% to €258 million from €202 million in first-half 2005.

Lastly, **cash flow** increased to €519 million from €505 million in first-half 2005.

Routine capital expenditure, acquisitions and disposals

Routine capital expenditure totalled €395 million versus €317 million in the first-half 2005. The total breaks down between €305 million in France and €90 million in the international operations. Changes in the consolidation methods applied to CBD and Vindémia had an impact of €38 million. Factoring out this impact, routine capital expenditure rose by 12.6%, reflecting spending in France to upgrade the hypermarket base and step up expansion, with 120,000 sq.m. opened during the first-half (versus 76,000 sq.m. in first-half 2005).

Acquisitions amounted to €54 million and **disposals** represented €146 million, primarily corresponding to the sale of warehouses for €130 million.

Financial position

At June 30, 2006, the Group had **net debt** of €5,795 million versus €5,495 million one year earlier. The increase reflects acquisitions over the past 12 months in an amount of €1,182 million. The announced divestments of operations in Poland and Taiwan will help reduce the Group's debt at the end of 2006.

Equity also rose over the period, to €5,673 million from €5,638 million at December 31, 2005.

STRATEGY AND OUTLOOK

The Group has confirmed its objectives:

- **Higher organic sales growth compared with 2005**
In **France**, the Group is focused on developing the most profitable and least capital intensive formats. New openings will total 180,000 sq.m. (versus 152,000 sq.m. in 2005), of which more than 75% for Franprix/Leader Price and the Superettes. Franchising will also be stepped up, notably for supermarkets.
Internationally, the Group intends to strengthen its leadership positions in Latin America and South-East Asia.
- **Growth in trading profit (EBIT) as from 2006**
- **Significant reduction in debt in 2006** and disposal of at least €2 billion in assets before the end of 2007, in order to achieve a net debt/EBITDA ratio of less than 2.5 at December 31, 2007.

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

- **In France**, the operational projects deployed in 2006 will start to produce their full effects starting in 2007 and gross margin will continue to benefit from a favourable mix. In addition, the Group's ability to generate cash flow will be enhanced with the completion of programs to upgrade the hypermarket and supermarket base and continued investment in the most promising and least capital intensive formats. Lastly, Casino will benefit from its strong capacity to tap the value creation potential offered by its property portfolio.
- **Internationally**, the Group will strengthen its leadership positions in densely populated, highly promising regions. A perfect example of the Group's commitment to expanding in high growth, value-creating markets is Exito's current move to acquire Carulla Vivero, the number 2 player in Colombia. This will create the uncontested market leader, with sales of around €2 billion and an EBITDA margin above 7%.
- **The Group will enjoy a lasting improvement in its financial position.**

SUBSEQUENT EVENTS

Disposal of retail businesses in Poland, with a positive impact on net debt of €925 million

On July 17, Casino announced the sale of its retail businesses in Poland, a major step in its asset disposal programme. The Group still has a portfolio of property assets in Poland that are held for sale, with an estimated market value of €130 million. The divested assets include:

- Géant hypermarket properties, sold to GE Real Estate (a member of General Electric) for €555 million.
- The Géant Polska hypermarket business, sold to Real (a member of Metro) for €224 million. The transaction will also reduce debt by €41 million thanks to the deconsolidation of finance leases.
- The Leader Price Polska supermarket business, sold to Tesco for €105 million

In all, the divestment will reduce consolidated net debt by €925 million at the end of 2006.

This disposal is part of the Group's programme to refocus on its most promising assets. In 2005, the Polish operations contributed a total of €6 million to consolidated EBIT. The transaction will be immediately accretive to both attributable net profit and return on capital employed.

As discussed on page 6, the Polish retail businesses' net loss is presented under "Discontinued operations" in accordance with IFRS 5 because the decision to sell was made before June 30, 2006.

Sale of the Group's 50% interest in Far Eastern Géant (Taiwan), with a positive impact on net debt of €50 million

On September 14, Casino announced the sale of its 50% interest in Taiwanese subsidiary Far Eastern Géant to its partner Far Eastern Department Stores (FEDS). The disposal will help to reduce the Group's debt by €50 million. The transaction is subject to approval by the FEDS Board and to review by the anti-trust authorities. In connection with this divestment, the Group recorded an additional provision for impairment of Far Eastern Géant goodwill – bringing the total impairment loss for the period to €17 million – to align the value of its interest with the estimated selling price. In the first half of 2006, Far Eastern Géant contributed €90 million in sales and a loss before interest and tax of €6 million.

The transactions in Poland and Taiwan bring the total amount of disposals announced since March 2006 to €1.5 billion (more than three-quarters of the Group's €2 billion target) and improve the growth/profitability profile of Casino's international operations.

Other events since June 30, 2006:

- On July 4, 2006, Mercialys signed an agreement for the acquisition of five shopping centres in Corsica. The transaction concerns four Géant hypermarket properties and one Casino supermarket property, together with the shopping centres located on the same sites, representing total floor space of 78,700 sq.m. The agreement provides for the establishment of a partnership with the current owners, with Mercialys becoming the owner of 60% of the indivisible rights on the five sites. The resources needed to develop the assets over the long term will be pooled. The transaction represents a total investment of at least €80 million (Mercialys' share), of which half will be carried out at the end of 2006 and the other half in 2007. The final cost will be determined in December, based on rental values adjusted by reference to the latest known index.
- The call option on shares and real estate granted by Monoprix to Galeries Lafayette, of which Casino's share represented €37 million, was exercisable until January 31, 2008. On March 29, Galeries Lafayette notified Monoprix of its intention to exercise the option. The sale was completed on July 5.
- On September 12, Laurus announced that it had completed the sale of Edah stores.

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

<i>€ millions</i>	First-half 2005	First-half 2006	Change
Net sales	50	54	+ 6.6%
Net profit (loss) for the period	60	(47)	n/a

In first-half 2006, Casino, Guichard-Perrachon, the Group's parent company, reported revenue of €54 million compared with €50 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 recorded a net loss of €47 million compared with a net profit of €60 million in first-half 2005. This unfavourable swing was due to provisions for impairment of shares in Leader Price Polska and Marushka holding (which carries the investment in Laurus), in an amount of €114 million.

**INTERIM CONSOLIDATED
FINANCIAL STATEMENTS**
FIRST-HALF 2006

The figures in the following tables have been rounded individually to the nearest million euros. Consequently, the totals and sub-totals may not correspond exactly to the sum of the reported amounts.

CONSOLIDATED INCOME STATEMENTS

For the six month interim periods ended June 30, 2006 and June 30, 2005

<i>€ millions</i>	Notes	First-half 2006 (✓)	First-half 2005 Restarted (*) (✓)
CONTINUING OPERATIONS			
Net sales	6	11,637	9,988
Other revenue		127	95
Total revenue		11,764	10,082
Cost of goods sold	7	(8,776)	(7,584)
Gross profit		2,988	2,499
<i>As a % of sales</i>		25.7%	25.0%
Employee benefits expense		(1,138)	(966)
Other expenses		(1,062)	(862)
Depreciation, amortisation and provisions		(339)	(247)
Trading profit		450	424
<i>As a % of sales</i>		3.9%	4.2%
Other non current operating income and expense, net	8	94	-7
Operating profit		544	417
<i>As a % of sales</i>			
Finance costs, net		(102)	(93)
Other financial income		46	65
Other financial expense		(44)	(53)
Profit before tax		444	336
<i>As a % of sales</i>		3.8%	3.4%
Income tax expense		(140)	(111)
Share of profits of associates		8	25
Profit for the period from continuing operations		312	249
<i>As a % of sales</i>		2.7%	2.5%
Attributable to equity holders		261	204
Attributable to minority interests		51	45
DISCONTINUED OPERATIONS			
Profit (loss) from discontinued operations	11	(3)	(2)
Attributable to equity holders		(3)	(2)
Attributable to minority interests		0	0
CONTINUING AND DISCONTINUED OPERATIONS			
Profit for the period		308	247
Attributable to equity holders		258	202
Attributable to minority interests		51	45

(*) See Note 11 – “ Non-current assets held for sale and discontinued operations “, and Note 2.3 – “ Adjustments to previously reported financial information “.

(✓) The Auditors have performed a limited review of the interim consolidated financial statements for the periods ended June 30, 2006 and June 30, 2005.

<i>€ millions</i>	Notes	First-half 2006 (✓)	First-half 2005 Restarted (*) (✓)
Earnings per ordinary share attributable to equity holders			
Basic earnings per share		2.046	1.574
Diluted earnings per share		2.042	1.573
Earnings per non-voting preference share attributable to equity holders			
Basic earnings per share		2.084	1.612
Diluted earnings per share		2.080	1.611
Earnings from continuing operations per ordinary share attributable to equity holders			
Basic earnings per share		2.077	1.595
Diluted earnings per share		2.073	1.595
Earnings from continuing operations per non-voting preference share attributable to equity holders			
Basic earnings per share		2.115	1.633
Diluted earnings per share		2.111	1.633

(*) See Note 11 – “ Non-current assets held for sale and discontinued operations “, and Note 2.3 – “ Adjustments to previously reported financial information “.

(✓) The Auditors have performed a limited review of the interim consolidated financial statements for the periods ended June 30, 2006 and June 30, 2005.

CONSOLIDATED BALANCE SHEETS

Assets

At June 30, 2006 and December 31, 2005

<i>€ millions</i>	Notes	June 30, 2006 (✓)	Dec. 31, 2005 Restated (*)(✓)
Goodwill		5,775	5,787
Intangible assets		266	296
Property, plant and equipment	9	4,867	5,521
Investment property	9	800	792
Investments in associates	10	469	550
Non-current financial assets		370	370
Non-current hedging instruments		40	100
Deferred tax assets		167	165
Pension plan assets		19	19
Total non-current assets		12,773	13,600
Inventories		2,045	2,046
Trade receivables		1,283	1,210
Other receivables		885	949
Tax receivables		24	22
Current hedging instruments		148	173
Cash and cash equivalents	12	1,584	2,061
		5,968	6,460
Assets held for sale	11	850	119
Total current assets		6,818	6,579
TOTAL ASSETS		19,591	20,179

(*) See Note 2.4 – “ Changes in accounting methods “.

(✓) The Auditors have performed a limited review of the interim consolidated financial statements for the periods ended June 30, 2006 and June 30, 2005.

Equity and liabilities

<i>€ millions</i>	Notes	June 30, 2006 (✓)	Dec. 31, 2005 Restated (*)(✓)
Capital stock		171	171
Additional paid-in capital, treasury stock and consolidated reserves		5,193	5,032
Consolidated profit for the period		308	435
Equity		5,673	5,638
Attributable to equity holders		5,097	5,167
Attributable to minority interests		575	471
Long-term provisions		276	271
Non-current financial liabilities		5,771	5,983
Other non-current liabilities		53	56
Deferred tax liabilities		265	270
Total non-current liabilities		6,364	6,580
Short-term provisions		178	182
Trade payables		3,209	3,766
Current financial liabilities		1,796	1,796
Taxes payable		45	66
Other current liabilities		2,148	2,094
		7,375	7,904
Liabilities associated with Assets held for sale	11	179	58
Total current liabilities		7,554	7,962
TOTAL EQUITY AND LIABILITIES		19,591	20,179

(*) See Note 2.4 – “ Changes in accounting methods “.

(✓) The Auditors have performed a limited review of the interim consolidated financial statements for the periods ended June 30, 2006 and June 30, 2005.

CONSOLIDATED CASH FLOW STATEMENTS

For the six month periods ended June 30, 2006 and June 30, 2005

<i>€ millions</i>	Notes	First-half 2006 (✓)	First-half 2005 Restated (*) (✓)
Profit attributable to equity holders		261	204
Minority interests		51	45
Profit for the period from continuing operations		312	249
Depreciation and amortisation		273	216
Additions to/reversals of provisions (other than on current assets)		74	(20)
Unrealised gains and losses arising from changes in fair value		30	61
Income and expenses on share-based payment plans		6	4
Other add-backs of non-cash or non-operating items		6	8
Total add-backs of non-cash or non-operating items		389	269
(Gains)/losses on disposals of fixed assets		(185)	(10)
Share of profits of associates		(8)	(25)
Dividends received from associates		11	21
Cash flow		519	505
Finance costs, net (excluding changes in fair value and amortisation)		78	41
Current and deferred taxes		140	111
Cash flow before finance costs, net and tax		736	658
Income tax paid		(150)	(112)
Change in operating working capital (1)		(591)	(289)
Net cash from (used by) operating activities		(5)	257
Additions to property, plant and equipment, intangible assets and investment property		(395)	(317)
Acquisitions of non-current financial assets		(54)	(135)
Proceeds from disposals of property, plant and equipment, intangible assets and investment property		146	19
Proceeds from disposals of non-current financial assets		3	1
Effect of changes in scope of consolidation (2)		215	(37)
Decrease in loans and receivables		2	10
Net cash used by investing activities		(82)	(458)
Dividends paid to equity holders of the parent		(232)	(13)
Dividends paid to minority shareholders of subsidiaries		(31)	(9)
Dividends paid to holders of deeply subordinated perpetual bonds		(45)	0
(Increase)/decrease in capital stock		(5)	(34)
Proceeds from issue of shares on exercise of stock options		3	0
(Purchases)/sales of treasury stock		56	54
Issue of deeply subordinated perpetual bonds		0	590
Additions to debt		169	81
Retirement of debt		(278)	(952)
Interest paid, net		(137)	(123)
Net cash used by financing activities		(501)	(405)
Net cash from discontinued operations	11.3	35	8
Effect of changes in foreign exchange rates		(2)	7
Change in cash and cash equivalents	12	(556)	(592)
Cash and cash equivalents at beginning of period	12	1,687	1,951
Cash and cash equivalents at end of period	12	1,132	1,359

(*) See Note 11 –“ Non-current assets held for sale and discontinued operations”.

(✓) The Auditors have performed a limited review of the interim consolidated financial statements for the periods ended June 30, 2006 and June 30, 2005.

(1) Change in operating working capital

<i>€ millions</i>	First-half 2006 (✓)	First-half 2005 Restated (*) (✓)
Inventories	(101)	(10)
Trade payables	(437)	(376)
Trade receivables	(7)	194
Other	(46)	(97)
Change in operating working capital – continuing operations	(591)	(289)

(2) Effect of changes in scope of consolidation

<i>€ millions</i>	First-half 2006 (✓)	First-half 2005 Restated (*) (✓)
Acquisitions	(61)	(24)
Acquisition cost	(73)	(24)
<i>of which Exito</i>	(22)	
<i>of which Disco and Lanin</i>	(10)	
Cash of subsidiaries acquired during the period	12	
Disposals	275	(12)
Sale proceeds	287	3
<i>of which Feu Vert advanced payment received</i>	40	
<i>of which Mercialys</i>	236	
Cash of the sold companies	(12)	(15)
Effect of changes in scope of consolidation	215	(37)

(*) See Note 11 –“ Non-current assets held for sale and discontinued operations”.

(✓) The Auditors have performed a limited review of the interim consolidated financial statements for the periods ended June 30, 2006 and June 30, 2005.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(before appropriation of profit)

<i>€ millions</i>	Share capital	Additional paid-in capital (1)	Treasury stock	Consolidated reserves and profit for the period	Deeply subordinated perpetual bonds	Net income recognised directly in equity	Equity attributable to equity holders	Minority interests	Total equity
At January 1, 2005 (2)	166	3,732	(266)	82		66	3,781	193	3,974
Income and expenses recognised directly in equity						306	306	18	324
Profit for the period				202			202	45	247
Total recognised income and expenses				202		306	508	63	571
Issue of share capital	5	160					165		165
Purchases and sales of treasury shares			80			(21)	59		59
Issue of equity instruments (deeply subordinated perpetual bonds)				(11)	600		590		590
Dividends paid				(221)			(221)	(9)	(229)
Dividends paid to holders of deeply subordinated perpetual bonds				(30)			(30)		(30)
Changes in scope of consolidation								5	5
Other				(22)		5	(17)	(34)	(51)
At June 30, 2005 (2) (✓)	171	3,892	(186)	1	600	356	4,835	219	5,054
Income and expenses recognised directly in equity						85	85	5	89
Profit for the period				142			142	46	188
Total recognised income and expenses				142		85	227	51	278
Issue of share capital									
Purchases and sales of treasury stock			92	2		(23)	70		70
Dividends paid									
Dividends paid to holders of deeply subordinated perpetual bonds									
Changes in scope of consolidation								240	240
Other						34	34	(38)	(4)
At December 31, 2005 (2)	171	3,892	(94)	144	600	452	5,167	471	5,638
Income and expenses recognised directly in equity						(127)	(127)	(11)	(137)
Profit for the period				258			258	51	308
Total recognised income and expenses				258		(127)	131	40	171
Issue of share capital									
Purchases and sales of treasury stock			55			1 ⁽³⁾	56		56
Dividends paid				(232)			(232)	(31)	(263)
Dividends paid to holders of deeply subordinated perpetual bonds				(30)			(30)		(30)
Changes in scope of consolidation								129 ⁽⁴⁾	129
Other				(3)		8 ⁽⁵⁾	5	(34) ⁽⁶⁾	(29)
At June 30, 2006 (✓)	171	3,893	(39)	137	600	335⁽⁷⁾	5,097	575	5,673

(1) Additional paid-in capital corresponds to premiums on stock issued for cash or assets, merger premiums and legal reserves.

(2) After taking into account adjustments to previously reported financial information (see Note 2.3) and the effects of adopting the amendment to IAS 19 (see Note 2.4 – “Changes in accounting methods”).

(3) Elimination of disposal gains and losses and impairment losses on treasury stock.

(4) Of which, recognition of minority interests in Mercialis: €129 million.

(5) Of which, contra entry for the cost of stock options recognised in the income statement in the amount of €7 million.

(6) In line with the accounting treatment of puts granted to minority shareholders, minority interests have been reclassified as other liabilities, for the amount of the dividends payable to these shareholders, and as goodwill for the remainder.

(7) Of which, €90 million in cumulative translation adjustments related to Polish assets classified as “Assets held for sale”.

(✓) The Auditors have performed a limited review of the interim consolidated financial statements for the periods ended June 30, 2006 and June 30, 2005.

CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSES

For the six month periods ended June 30, 2006 and June 30, 2005 and the year ended December 31, 2005

€ millions	First-half 2006 (✓)	First-half 2005 (✓)	2005
Translation adjustments	(137)	326	432
Actuarial gains and losses (1)	0	(2)	(4)
Gains and losses from remeasurement at fair value of available-for-sale financial assets (*)	0	-	(15)
Income and expenses recognised directly in equity	(137)	324	414
Profit for the period	308	247	435
Total recognised income and expenses	171	571	849
Attributable to equity holders	131	508	735
Attributable to minority interests	40	63	114

(1) Equity at December 31 and June 30, 2005 has been adjusted for the effects of adopting the amendment to IAS 19 (see Note 2.4 – “Changes in accounting methods”).

(*) Net of tax.

(✓) The Auditors have performed a limited review of the interim consolidated financial consolidated statements for the periods ended June 30, 2006 and June 30, 2005.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Six month period ended June 30, 2006

Note 1: General information

Casino, Guichard-Perrachon (“the Company”) is a *société anonyme* governed by French law. Its shares are listed on Euronext Paris, in compartment A. The Company and its subsidiaries are referred to in these notes as “the Group” or “Casino”.

The interim consolidated financial statements for the six month period ended June 30, 2006 reflect the accounting situation of the Company, its subsidiaries and jointly-controlled companies, as well as the Group’s interests in associates. The auditors have performed a limited review of these interim consolidated financial statements.

The interim consolidated financial statements were approved for publication by the Board of Directors on October 13, 2006.

Note 2: Basis of preparation of the financial statements and accounting policies

2.1. Basis of preparation

The consolidated financial statements for the six month period ended June 30, 2006 have been prepared in accordance with the International Financial Reporting Standards and International Accounting Standards (IFRS) issued by the International Accounting Standards Board (IASB), as adopted by the European Union as of June 30, 2006, and the interpretations issued by the Standing Interpretations Committee (SIC) and the International Financial Reporting Interpretations Committee (IFRIC).

The interim consolidated financial statements have been prepared in accordance with IAS 34 – Interim Financial Reporting.

They are presented in condensed format with selected explanatory notes, and do not therefore comprise all the information and notes included in a complete set of annual financial statements. For this reason, they should be read in conjunction with the consolidated financial statements for the year ended December 31, 2005, which are available from the Company’s headquarters, 24 rue de la Montat, Saint-Etienne, France and can be downloaded from the Company’s website, www.groupe-casino.fr.

The consolidated financial statements for the year ending December 31, 2006 and the comparative information for 2005 (“the 2006 consolidated financial statements”) will be prepared in accordance with the standards and interpretations applicable at December 31, 2006. Consequently, the information for the year ended December 31, 2005 and the six month period ended June 30, 2006 presented in this interim report may be modified for inclusion in the 2006 consolidated financial statements, to take into account any new or amended standards or interpretations that may have been adopted by the Union Européenne as of December 31, 2006.

2.2. Accounting policies

With the exception of the amendment to IAS 19, the new amendments and interpretations whose adoption is compulsory as from the first fiscal year commencing on or after January 1, 2006 are not applicable for the preparation of these interim financial statements. The amendments and interpretations concerned are as follows:

- Amendments to IAS 39 – The Fair Value Option and Cash Flow Hedge Accounting of Forecast Intragroup Transactions
- Amendment to IAS 21 – The Effects of Changes in Foreign Exchange Rates
- IFRIC 4 – Determining whether an Arrangement contains a Lease
- IFRIC 5 – Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds (the Group is not concerned by this interpretation).
- IFRIC 6 – Liabilities arising from Participating in a Specific Market—Waste Electrical and Electronic Equipment.

The impact on equity of adopting the amendment to IAS 19 – Employee Benefits: Actuarial Gains and Losses, Group Plans and Disclosures is described in Note 2.4 – Changes in accounting methods.

The Group decided not to early adopt the following standards, amendments and interpretations, whose application is compulsory at a future date:

- Amendment to IAS 1 – Capital Disclosures
- IFRS 7 – Financial Instruments: Disclosures
- IFRIC 7, interpretation of IAS 29 – Financial Reporting in Hyperinflationary Economies (the Group is not currently concerned by this interpretation).

The Group is currently examining the impact of these amendments and interpretations on the notes to the consolidated financial statements.

Between January 1 and March 8, 2005, Casino held call options on Laurus shares. Based on a strict application of IAS 27, these options should have been taken into account in determining the Group's interest in Laurus, which should have been fully consolidated over this period. However, to make the consolidated financial statements easier to understand, the Group decided to continue to account for Laurus by the equity method. If Laurus had been fully consolidated over the period from January 1 to March 8, 2005, this would have had the effect of increasing 2005 net sales by €540 million.

IFRIC 8 – Share-based Payments and IFRIC 9 – Reassessment of Embedded Derivatives, which have both been published by the IASB and adopted by the European Union, will be applied as from 2007.

2.3. Adjustments to previously reported financial information

The opening IFRS balance sheet at January 1, 2004 has been adjusted to take into account the publication, during 2005, of amendments to certain standards or of additional guidance on the application of certain standards. These adjustments have an effect on previously reported financial information for the first half of 2005.

To permit meaningful comparison with the consolidated financial statements for first-half 2006, reported financial information for the six month period ended June 30, 2005 has been adjusted for these changes, which mainly concern put options granted to minority shareholders of subsidiaries. In accordance with IAS 32, the obligations under these puts have been recognised as financial liabilities. Fixed price puts have been measured at their discounted present value and variable price puts have been measured at fair value, in accordance with the work performed by the IFRIC. The effect of applying this guidance to variable price puts was a €51 million increase in financial liabilities at June 30, 2005, a €74 million increase in goodwill and a €10 million reduction in discounting adjustments reported under “other financial expense” compared with the published financial statements for first-half 2005. In addition, dividends on deeply subordinated perpetual bonds have been recognized directly in the statement of changes in equity, in the amount of €30 million.

Lastly, during the first half of 2006, the Group identified certain businesses in the process of being disposed of that fulfilled the criteria for classification as “Non-current assets held for sale and discontinued operations”, as defined in IFRS 5. Consequently, the previously published income statement and cash flow statement for 2005 have been adjusted. The effect of these adjustments is presented in Note 11.

2.4. Changes in accounting methods

The amendment to IAS 19 has been applied as from January 1, 2006. In accordance with this amendment, all actuarial gains and losses on defined benefit plans are now recognised directly in equity. In prior periods, the Group applied the corridor method to recognise actuarial gains and losses in the income statement over the estimated average remaining service lives of plan participants.

This change in accounting method has been applied retrospectively, in accordance with the transitional provisions of amendment to IAS 19, and comparative financial information has been adjusted accordingly. The effect of this change in accounting method on the interim consolidated financial statements can be summarised as follows:

€ millions	June 30, 2006	Dec. 31, 2005	June 30, 2005	Dec. 31, 2004
CONSOLIDATED BALANCE SHEET				
Increase in provisions and other non-current liabilities	14	15	10	7
Increase in deferred tax assets	6	6	4	3
Decrease in equity	8	8	6	4
<i>Equity attributable to equity holders</i>	4	3	3	2
Recognised income and expenses				
Net income recognised directly in equity	0	(4)	(2)	(4)

2.5. Use of estimates

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

The consolidated financial statements reflect management's best estimates based on the information available when the financial statements are drawn up. These estimates mainly concern:

- Commercial cooperation fees,
- Impairment losses on inventories and receivables,
- Provisions,
- Put options granted to minority shareholders and earn-out payments on business combinations,
- Impairment losses on intangible assets and goodwill,
- Impairment losses on investments in associates accounted for by the equity method,
- Valuation of stock options,
- Deferred taxes,
- Financial assets and liabilities.

Note 3: Non-recurring events

- On January 3, Casino exercised its call option on 9% of the capital of Banque du Groupe Casino. Exercise of this option has not led to any change in the terms of the shareholders' agreement providing for joint management of the bank with the Cofinoga Group. Consequently, Banque du Groupe Casino has continued to be proportionately consolidated in 2006.
- On January 16, Casino sold 850,000 treasury shares for €48 million. For accounting purposes, the shares were treated as having been re-issued, in accordance with IAS 32, and the transaction therefore had no impact on profit.
- On January 20, Casino increased its interest in Exito, Colombia, through the purchase of 6,290,652 shares representing 3% of Exito's capital, for some €23 million. On completion of the transaction, Casino held 38.6% of Exito, which continued to be accounted for by the equity method at June 30, 2006.
- On March 14, Casino sold 10,935,000 Mercialys shares representing 15% of the capital and voting rights. The sale proceeds totalled €238 million (€210 million net of transaction costs and tax). The profit on the sale amounted to €81 million after tax (€107 million before tax), which is reported under "Other operating income and expenses" in the condensed income statement. On completion of the transaction, Casino held 60.3% of the capital and voting rights of Mercialys, which continued to be fully consolidated at June 30, 2006.

- On April 3, Casino sold thirteen warehouses to Mines de la Lucette as announced in October 2005. The profit on the sale amounted to €71 million before tax. It is reported under “Other operating income and expenses” in the condensed income statement.
- On May 2, Casino unwound the Cora equity swap and subsequently sold its 42.39% interest in GMB to the Louis Delhaize Group. This transaction had no impact on profit for the six month period ended June 30, 2006.
- On June 19, Casino announced the signature of an agreement with the Monnoyeur Group for the sale to this group of Casino’s 38% interest in Feu Vert. The Feu Vert shares are presented in the consolidated balance sheet at June 30, 2006 under “Assets held for sale” in the amount of €44 million. The €40 million advance payment on the sale price received at the end of June is reported under “Cash and cash equivalents” and “Other current liabilities”. The transaction was completed on August 24, 2006, once the necessary authorisation had been obtained from the anti-trust authorities.
- On May 29 and 31, Laurus announced the sale of 223 Edah stores for €221 million and 41 Konmar stores for €133 million. On July 17, Laurus announced that the expected sale proceeds of some €354 million should generate a net cash inflow of around €220 million, after taking into account adjustments to the sold assets and liabilities, transaction costs and restructuring costs. The transactions had not been completed as of June 30.
- On July 17, Casino announced the sale of its Polish retail business for €884 million. The transactions concern the Géant Polska hypermarket business and related real estate, sold for a total of €779 million, and the Leader Price Polska supermarket business, sold for €105 million. The Leader Price Polska sale is subject to approval by the anti-trust authorities. The related assets and liabilities are reported in the consolidated balance sheet at June 30, 2006 under “Assets held for sale” and “Liabilities related to Assets held for sale”. They have not been reclassified in the balance sheets at June 30 and December 31, 2005. The results of the two businesses are presented in the consolidated income statements for the six month period ended June 30, 2006 and June 30, 2005 under “Discontinued operations”.

Note 4: Changes in the scope of consolidation

The scope of consolidation at June 30, 2006 included 914 fully consolidated companies, 82 proportionately consolidated companies and 46 associates accounted for by the equity method. At December 31, 2005, 888 companies were fully consolidated, 77 were proportionately consolidated and 41 were accounted for by the equity method.

CBD, which was accounted for by the equity method in first-half 2005, has been proportionately consolidated on a 34.2% basis since July 1, 2005. Vindémia was proportionately consolidated on a 33.34% basis over the first three quarters of 2005. Since October 1, 2005, this company has been 70% owned and has therefore been fully consolidated. If the consolidation methods applied at June 30, 2006 had been used as from January 1, 2005, this would have led to increases in first-half 2005 net sales and trading profit of €664 million and €32 million respectively for CBD and €264 million and €14 million respectively for Vindémia.

No material business combinations took place during the period ended June 30, 2006, but the decision was made to sell certain assets. Information about these planned disposals is provided in Note 11 “ Assets held for sale and discontinued operations”.

The CBD and Vindémia goodwill, which have been determined provisionally, have not been adjusted in the consolidated balance sheet at June 30, 2006.

Note 5: Seasonal fluctuations in business

Seasonal fluctuations in business are limited. Net sales for 2005 at constant exchange rates and based on a comparable scope of consolidation broke down as 47.9% for the first half and 52.1% for the second half.

Note 6: Segment information

Casino's primary segment reporting format is the geographic segment, reflecting the Group's management and internal reporting structure. Segment profit includes goodwill impairment losses but does not include other operating income and expenses. These items represented net income of €94 million in first-half 2006 (including impairment charge of goodwill – see note 8), of which €171 million in France and €(77) million in international markets.

Six months ended June 30, 2006

€ millions (✓)	France	Europe excluding France	North America	South America	Asia	Indian Ocean	Elimina- tions	Total
Segment revenue	8,497	1	765	1,251	731	392		11,637
Segment profit from continuing operations	347	(3)	15	42	11	20		433

Six months ended June 30, 2005

€ millions (✓)	France	Europe excluding France	North America	South America	Asia	Indian Ocean	Elimina- tions	Total
Segment revenue	8 202	1	709	332	616	128		9,988
Segment profit from continuing operations	379	(1)	19	(1)	22	7		424

(✓) The Auditors have performed a limited review of the interim consolidated financial statements for the periods ended June 30, 2006 and June 30, 2005.

Note 7: Cost of good sold

€ millions	First-half 2006 (✓)	First-half 2005 Restated (*) (✓)
Purchases and change in inventories	(8,327)	(7,192)
Logistics costs	(449)	(392)
Cost of goods sold	(8,776)	(7,584)

€ millions	First-half 2006 (✓)	First-half 2005 Restated (*) (✓)
Employee benefits expense	(121)	(109)
Other expenses	(306)	(264)
Taxes other than on income	(9)	(9)
Depreciation, amortisation and provisions	(12)	(10)
Logistics costs	(449)	(392)

(*) See Note 11 – "Assets held for sale and discontinued operations".

(✓) The Auditors have performed a limited review of the interim consolidated financial statements for the periods ended June 30, 2006 and June 30, 2005.

Note 8. Other non current operating income and expenses

Other non current operating income and expenses represented net income of €94 million in first-half 2006, mainly comprising the following items:

Income:

- Gain on the sale of Mercialis shares €107 million
- Gain on the sale of warehouses €71 million

Expenses:

- Impairment losses on retained assets in Poland €28 million
- Impairment loss on Far Eastern Géant goodwill €17 million
- Impairment loss on Laurus shares €16 million

These items are discussed in Note 3 – “Non-recurring events”, Note 9 – “Property, plant and equipment and investment property”, Note 10 – “Investments in associates” and Note 18 – “Events after the balance sheet date”.

Note 9. Property, plant and equipment and investment property

Purchases and sales

Purchases of property, plant and equipment and investment property in first-half 2006 amounted to €345 million (first-half 2005: €278 million).

Assets with a carrying amount of €128 million were sold or scrapped during the period, generating a net gain of €72 million (first-half 2005: €7 million).

Impairment losses

No events or circumstances occurred during the period that would have required the recognition of any impairment losses, except on retained assets in Poland, which were written down by €28 million to their probable realisable value.

Note 10. Investments in associates

The reclassification of Feu Vert under “Assets held for sale” led to a €44 million decrease in investments in associates.

The carrying amount of the investment in Laurus was determined in accordance with IAS 28, based on the higher of fair value (corresponding to the market price of the shares) and value in use (estimated by the discounted cash flows method), and on the results of a valuation performed by an independent bank at December 31, 2005, which was updated internally to take into account Laurus’ first-half performance. At June 30, 2006, an impairment loss of €16 million was recorded, to write down the investment to its value in use (i.e.€ 239 million). This loss is reported in the income statement under “Other non current operating income and expenses” (see Note 8).

Laurus’ financial communications on its results for the six months ended June 30, 2006 refer to the uncertainty surrounding the company’s ability to continue operating as a going concern, particularly due to some cash flow constraints which require successfully renegotiating of its bank covenants. Application of the discounted cash flows method assumes that Laurus remains in operation and the investment’s value in use is therefore subject to the same uncertainty as that described in Laurus’ financial communications.

Note 11: Assets held for sale and discontinued operations

At December 31, 2005, the main assets held for sale were the warehouses subsequently sold to Mines de la Lucette.

In the balance sheet at June 30, 2006, Casino's interest in Feu Vert and the assets of the Polish business are presented as groups of assets held for sale. The sale of Feu Vert and the Polish business form part of the programme of non-strategic asset sales announced on March 16. The disposals are expected to be completed before the end of the year.

11.1 Feu Vert

On June 19, Casino announced the signature of an agreement with the Monnoyeur Group for the sale to this group of Casino's 38% interest in Feu Vert for €89.5 million. The transaction was completed on August 24, 2006, once the necessary authorisation had been obtained from the anti-trust authorities.

The sale was not recognised in the income statement for the six month period ended June 30, 2006 because the conditions precedent had not been fulfilled at that date. The Feu Vert shares are presented in the consolidated balance sheet at June 30, 2006 under "assets held for sale" in the amount of €44 million. They were previously reported under "Investments in associates".

11.2. Polish business

On July 17, Casino announced the sale of its Polish retail business for €884 million. An agreement has been signed for the sale of the Géant Polska hypermarket business to Real (Metro Group) for €224 million, while the hypermarket properties have been sold to GE Real Estate for €555 million and Leader Price Polska has been sold to the Tesco Group for €105 million.

The Leader Price Polska sale is subject to approval by the anti-trust authorities.

At June 30, 2006, the group of assets held for sale consisted of assets in the amount of €802 million and related liabilities of €179 million.

A €12 million impairment loss was recorded under "Other non current operating income and expenses", following the valuation of the Leader Price Polska group of assets held for sale.

The Polish business formed the "Europe excluding France" geographic segment. The business is considered as having been discontinued and is presented as such in the income statement.

11.3. Financial statements impact

The income statement of the Polish business, presented on a single line under “Profit (loss) from discontinued operations”, breaks down as follows:

<i>€ millions</i>	First-half 2006 (✓)	First-half 2005 (✓)
Net sales	426	376
Other revenue	2	3
Revenue	429	379
Cost of goods sold	(336)	(297)
Gross profit	93	81
Employee benefits expense	(25)	(22)
External expenses	(44)	(42)
Depreciation, amortisation and provisions	(20)	(18)
Trading profit	4	(1)
Other non current operating income and expenses	(13)	1
Operating profit	(9)	0
Finance costs, net	(6)	(3)
Other financial income and expense, net	0	0
Profit before tax	(15)	(3)
Income tax expense	12	1
Net profit for the period	(3)	(2)
Attributable to equity holders	(3)	(2)
Attributable to minority interests	0	0

The cash flow statement of the Polish business, presented on a single line under “Net cash from discontinued operations”, breaks down as follows:

<i>€ millions</i>	First-half 2006 (✓)	First-half 2005 (✓)
Net cash used by operating activities	(6)	(2)
Net cash used by investing activities	(29)	(21)
Net cash (used by) from financing activities	(4)	32
Effect of changes in foreign exchange rates	4	(1)
Change in cash and cash equivalents	(36)	8
Cash and cash equivalents at June 30, 2006	70	-
Net cash from discontinued operations	35	8

(✓) The Auditors have performed a limited review of the interim consolidated financial statements for the periods ended June 30, 2006 and June 30, 2005.

“Assets held for sale” comprise the Group’s investment in Feu Vert previously accounted for by the equity method, for €44 million, the assets of the Casino USA group for €4 million and the assets of the discontinued Polish business for €802 million.

“Liabilities related to assets held for sale” consist solely of the liabilities of the discontinued Polish business.

The balance sheet of the discontinued Polish business breaks down as follows:

ASSETS € millions	June 30, 2006 (✓)	EQUITY AND LIABILITIES € millions	June 30, 2006 (✓)
Goodwill	42	Equity	623
Intangible assets	43	Attributable to equity holders	623
Property, plant and equipment	616	Attributable to minority interests	0
Investment property	13	Provisions	3
Deferred tax assets	2	Non-current financial liabilities	42
Total non-current assets	715	Total non-current liabilities	44
Inventories	68	Trade payables	53
Trade receivables	8	Current financial liabilities	75
Other receivables	7	Other current liabilities	7
Cash and cash equivalents	4		
Total current assets	87	Current liabilities	135
TOTAL ASSETS	802	TOTAL EQUITY AND LIABILITIES	802

(✓) The Auditors have performed a limited review of the interim consolidated financial statements for the periods ended June 30, 2006 and June 30, 2005.

Note 12: Cash and cash equivalents and net debt

“Cash and cash equivalents” and “net debt” can be analysed as follows:

Cash and cash equivalents

<i>€ millions</i>	June 30, 2006 (✓)	Dec. 31 2005
Cash	558	576
Cash equivalents	1,026	1,485
Spot loans and confirmed lines of credit	(25)	(38)
Bank overdrafts	(428)	(336)
Net cash and cash equivalents	1,132	1,687

Net debt

<i>€ millions</i>	June 30, 2006 (✓)	Dec. 31 2005
Net cash and cash equivalents	(1,132)	(1,687)
Borrowings (other than bank overdrafts)	6,927	7,132
Net debt	5,795	5,444

(✓) The Auditors have performed a limited review of the interim consolidated financial statements for the periods ended June 30, 2006 and June 30, 2005.

Cash and cash equivalents include the €80 million proceeds from sales of receivables fulfilling the derecognition criteria of IAS 39 (December 31, 2005: €120 million).

Note 13: Dividends

The Annual General Meeting of May 31, 2006, decided to pay a dividend of €2.08 per ordinary share and €2.12 per preferred share. The dividend paid to holders of deeply subordinated perpetual bonds amounted to €75.

Dividends deducted from equity at June 30, 2006 totalled €263 million.

Note 14: Share-based payments

On April 13, 148,211 share and 354,360 stock options were granted to certain members of management. The Casino Guichard-Perrachon share price on the grant date was €59.80.

The terms and conditions of the plans and the methods used to calculate the fair value of the options are described in Note 26 to the consolidated financial statements for the year ended December 31, 2005.

Details of the plans and the main assumptions applied to value the options granted in first-half 2006 are presented below:

- Share price on the grant date: €59.80.
- Option exercise price: €58.16.
- Projected dividend yield: 2%.
- Projected volatility: 25.87%.
- Estimated life of the options: 5.5 years
- Risk-free interest rate: 3.944%

On the above basis, the fair value of each option is €11.88. The methods used to calculate fair value were the same as those described in the consolidated financial statements for the year ended December 31, 2005.

The value of the share grants corresponds to the share price on the grant date, i.e. €59.80.

Stock options exercised during the six months ended June 30, 2006 were not material.

Note 15: Borrowings and other financial liabilities

During the period ended June 30, 2006, no new bond issues were launched and the following early redemptions were carried out:

- 2006 bonds: two early partial redemptions were carried out on January 13 (€10.12 million) and February 2 (€14 million), reducing the nominal amount of the issue to €429.96 million at June 30, 2006. The remaining bonds were redeemed at maturity on July 6.
- 2008 bonds: €31 million worth of bonds were redeemed early on February 9, reducing the nominal amount of the issue to €1,069 million at June 30, 2006 (December 31, 2005: €1,100 million).
- Renegotiations of the financial covenants with the banks concerned were completed without any changes to the other terms of the underlying debt.

Note 16: Contingent assets and liabilities

No new legal proceedings were initiated against the Group during the period.

Note 17: Related parties that control the Group

Casino, Guichard-Perrachon is controlled by Groupe Rallye, which in turn is owned by Groupe Euris. At June 30, 2006, Groupe Rallye held 47.34% of the Company's capital and 62.10% of the voting rights.

Casino receives advice from its majority shareholder, Groupe Rallye, through Groupe Euris, the ultimate holding company, under a strategic advice and assistance contract signed in 2003.

The main related party transaction during the period between Casino and Groupe Rallye concerned the payment of the 2005 dividend for €110 million.

Note 18. Events after the balance sheet date

- On July 4, Mercialys signed an agreement for the acquisition of five shopping centres in Corsica. The transaction concerns four Géant hypermarket properties and one Casino supermarket property, together with the shopping centres located on the same sites, representing total floor space of 78,700 square meters.
- The agreement provides for the establishment of a partnership with the current owners, with Mercialys becoming the owner of 60% of the indivisible rights on the five sites. The resources needed to develop the assets over the long term will be pooled.
- The transaction represents a total investment of at least €80 million (Mercialys' share), of which half will be carried out at the end of 2006 and the other half in 2007. The final cost will be determined in December, based on rental values adjusted by reference to the latest known index.
- The call option on shares and real estate granted by Monoprix to Galeries Lafayette, of which Casino's share represented €37 million, was exercisable until January 31, 2008. On March 29, Galeries Lafayette notified Monoprix of its intention to exercise the option. The sale was completed on July 5, 2006.
- On September 12, Laurus announced that it had completed the sale of the Edah stores.
- On September 14, Casino announced the sale of its 50% interest in Far Eastern Géant, Taiwan, to its local partner, Far Eastern Department Stores. The sale proceeds will be used to reduce the Group's debt by €50 million. The transaction is subject to approval by the Far Eastern Department Stores Board and to review by the anti-trust authorities. In light of this forthcoming sale, at the end of first-half 2006 the Group recorded an additional impairment loss on the Far Eastern Géant goodwill – raising the total impairment loss for the period to €17 million – in order to align the carrying amount of the investment with the estimated sale price. In first-half 2006, Far Eastern Géant contributed €90 million to consolidated net sales and trimmed €6 million from consolidated trading profit. The assets to be sold include non-current assets of €77 million and current assets of €20 million. The related liabilities amount to €70 million. Far Eastern Géant is part of the "Asia" geographic segment and the "hypermarkets" business segment.