Paris - 14 September 2006

First Half 2006 Results

France: Sales and commercial margin targets met;
Current operating income impacted by cost of action plans implemented
International: Strong growth and increasing contribution from the most profitable countries

Net sales +16.5%; EBITDA +13.2%; Current operating income +6.1%; Attributable net income +27.6%

Rapid Progress with Disposal Programme

Taiwan disposal reducing debt by €50 million and raising to more than €1.5 billion total proceeds from disposals announced to date
Confidence in disposal programme of at least €2 billion being completed by the end of 2007

Targets confirmed

2006 organic sales growth higher than 2005 Growth in current operating income from 2006
Debt/EBITDA ratio of < 2.5 at the end of 2007

First half 2006 results

In France, the Group reported strong sales performance and enjoyed the initial benefits of the cross-banner projects now underway (deployment of private label products, enhanced loyalty programmes and the "Operational Excellence" supply chain programme):

- ✓ **Market share gains in hypermarkets and supermarkets**
- ✓ **3.6% sales growth**, reflecting accelerating organic growth during the half
- ✓ **Improvement in commercial margin, both in absolute and percentage terms (+30 basis points)**, reflecting a more favourable margin mix in hypermarkets, supermarkets, Monoprix and Superettes, thanks primarily to the success of private label products and an extended range of fresh produce.

The current strategy has led to an increase in operating costs:

- ✓ Increased payroll costs (5.4%), due in particular to the commitment to improving in-store service (optimisation of checkout flows, redeployment of fruit and vegetable counters)
- ✓ €11 million in non-recurring cost related to the launch of the major cross-banner operating projects.

French EBITDA amounted to €531 million (versus €552 million in the first half of 2005). Excluding the impact of non-recurring costs, EBITDA was down only 1.7% for the period.

Current operating income was €347 million, down 8.4%, impacted by higher amortisation and depreciation from the sustained capital expenditure programme.

The different formats performed as follows:

- ✓ **Hypermarkets and supermarkets** have met their sales and commercial margin targets but earnings for the half were impacted by higher operating costs and non-recurring project costs
- ✓ **Monoprix and the Superettes** reported higher sales and current operating income for the period
- ✓ **FP/LP** operating income declined but remained at a high level
- ✓ **Real estate and other businesses** reported good performances

Results from **international markets** rose strongly during the half, led by the growing contributions of Latin America and Asia to Group profits, particularly following the consolidation of CBD.

In both these regions, the Group's subsidiaries improved their profitabilty during the period, while the Group continued its strategy of strengthening its leadership positions:

- ✓ **Sustained expansion**, in particular at CBD in Brazil and Big C in Thailand
- ✓ **Acquisition of a controlling interest in Carulla Vivero by Exito**, creating the undisputed market leader in Columbia.

This targeted, assertive strategy enables the Group to benefit from a structural strengthening of the growth/profitability profile of its international activities.

In all, consolidated sales rose by 16.5% during the first half 2006. Current operating income for the Group was €450 million, up 6.1%. Other operating income and expense, at €94 million, reflected capital gains on the disposal of a 15% interest in Mercialys and of warehouses, which were partially offset by provisions for impairment. Attributable net income rose by 27.6%.

Net debt stood at €5,795 million at 30 June, versus €5,495 million at 30 June 2005. The rise reflects increased stakes in CBD and Vindémia acquired for €992 million in the second half of 2005.

First half 2006 results

(provisional unaudited consolidated figures - IFRS)

In line with IFRS 5, Polish activities are accounted for as divested activities and accounts for first half 2005 are adjusted accordingly.

Continuing operations (excl. Poland), in € millions	**H1 2006**	H1 2005	%
Net sales	**11,637**	9,988	*+16.5%*
Of which France	***8,497***	*8,202*	*+3.6%*
Of which International	***3,140***	*1,786*	*+75.8%*
EBITDA*	**724**	640	*+13.2%*
Of which France	***531***	*552*	*-3.7%*
Of which International	***193***	*88*	*+118.5%*
Current amortisation and depreciation	**274**	216	*+27.1%*
Current operating income	**450**	424	*+6.1%*
Of which France	***347***	*379*	*-8.4%*
Of which International	***103***	*45*	*+127.2%*
Other operating income (expense)	**94**	(7)	
Operating income	**544**	417	*+30.4%*
Net income from continuing operations	**312**	249	*+25.2%*
Net income from discontinued ops.	**(3)**	(2)	
Attributable net income	**258**	202	*+27.6%*

**EBITDA = current operating income +current amortisation and depreciation*

Consolidated accounts for the total group, including Poland, indicate sales growth of 16.4% to €12,064 million, 13.9% EBITDA growth to €749 million and 7.4% growth in current operating income to €454 million

Implementation of disposal programme

The divestment of Taiwanese assets brings the total impact of disposals to date on debt to more than €1.5 billion, or more than 3/4 of the target.

- ✓ Unwinding of the Cora equity swap (€253 million)
- ✓ Disposal of 15% of Mercialys (€210 million)
- ✓ Disposal of Feu Vert (€90 million)
- ✓ Disposal of Polish assets (€925 million)
- ✓ Disposal of Taiwanese assets (€50 million)

These transactions enable the Group to refocus on its promising, profitable assets and to strengthen its balance sheet. Some of them (Cora, Mercialys), have already had a positive impact on debt, but the main impacts are expected in the second half (particularly with the closing of the Polish deal).

Targets confirmed

The Group confirms its targets:

- ✓ 2006 organic sales growth higher than 2005
- ✓ Growth in current operating income from 2006
- ✓ Significant reduction in debt from 2006 and continued disposal programme of at least €2 billion in assets, to achieve a net debt/EBITDA ratio of < 2.5 at the end of 2007

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

Financial calendar

Third quarter sales: Tuesday, 24 October 2006 after market close
Fourth quarter sales: Thursday, 25 January 2007 after market close

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