INTERIM FINANCIAL REPORT

30 JUNE 2018

This document is a free translation into English of the original French "Rapport Financier Semestriel au 30 Juin 2018", hereafter referred to as the "Interim Financial Report at 30 June 2018". It is not a binding document. In the event of a conflict in interpretation, reference should be made to the French version, which is the authentic text.

Financial highlights

Financial highlights of the first half of 2018 were as follows:

(in € millions)	**H1 2017[1]**	**HI 2018**	Change (%)	Organic change[2]
Consolidated net sales (excluding taxes)	**18,439**	**17,816**	-3.4%	+4.1%[3]
Gross margin	**4,683**	**4,516**	-3.6%	
EBITDA[4]	**798**	**773**	-3.2%	+7.3%
Net depreciation and amortisation	**(348)**	**(333)**	-4.2%	
Trading profit	**450**	**439**	-2.4%	+10.3%
Other operating income and expenses	**(274)**	**(136)**	+50.2%	
Net financial expense, o/w:	**(227)**	**(250)**	-9.7%	
Net finance costs	**(192)**	**(158)**	+17.8%	
Other financial income and expenses	**(35)**	**(91)**	n.m.	
Profit/(loss) before tax	**(51)**	**53**	n.m.	
Income tax	**30**	**(23)**	n.m.	
Share of profit of equity-accounted investees	**5**	**11**	n.m.	
Net profit/(loss) from continuing operations	**(16)**	**42**	n.m.	
Attributable to owners of the parent	**(88)**	**(67)**	+24.1%	
Attributable to non-controlling interests	**72**	**108**	+51.1%	
Net profit/(loss) from discontinued operations	**(14)**	**48**	n.m.	
Attributable to owners of the parent	**(8)**	**4**	n.m.	
Attributable to non-controlling interests	**(6)**	**44**	n.m.	
Consolidated net profit/(loss)	**(30)**	**90**	n.m.	
Attributable to owners of the parent	**(96)**	**(63)**	+34.6%	
Attributable to non-controlling interests	**66**	**153**	n.m.	
Underlying net profit, Group share[5]	**37**	**48**	+28.6%	+73.6%[6]

(1) H1 2017 financial statements have been restated in line with the application of IFRS 15 to permit meaningful comparisons to 2018.
(2) Based on a comparable scope of consolidation and constant exchange rates, excluding the impact of asset disposals (real estate mutual investment funds).
(3) Excluding fuel and calendar effects.
(4) EBITDA = Earnings before interest, taxes, depreciation and amortisation.
(5) Underlying net profit corresponds to net profit from continuing operations adjusted for the impact of other operating income and expenses, the impact of non-recurring financial items, and income tax expense/benefits related to these adjustments (see p.12).
(6) At constant exchange rates.

Significant events of the period

- On **24 January 2018**, the Casino Group announced that it had successfully placed a €200 million bond issue, adding to its existing bond debt maturing in June 2022. The new bond issue raised the total nominal amount of the paper from €550 million to €750 million.
- On **19 February 2018**, Monoprix announced that it was in exclusive negotiations to acquire Sarenza. Following the partnership deals recently signed by the banner, namely with Ocado, this acquisition aims to complete Monoprix's offering and position it as an "omni-channel lifestyle" leader (Fashion, Home, Beauty). The planned acquisition is a seamless fit with Monoprix's digitalisation strategy. Sarenza is a leading online shoe retailer and is among France's favourite online banners. This transaction will combine the forces of the Monoprix network, its Fashion, Home and Beauty offering and the expertise of its teams, with the e-commerce know-how of Sarenza, a shoe and accessories specialist, to create a truly unique omni-channel lifestyle leader. The acquisition of Sarenza was completed on 30 April 2018.
- On **26 March 2018**, the Casino Group announced that Amazon and Monoprix had joined forces to bring grocery items sourced from Monoprix to Amazon Prime Now service customers in Paris and its inner suburbs in 2018. Grocery items sourced from Monoprix will be available on the Amazon Prime Now app and website through a dedicated virtual store.
- On **3 April 2018**, the Casino Group and Auchan Retail announced that they had entered into exclusive talks to build, in compliance with competition rules, a strategic partnership enabling them to jointly negotiate their purchases in France and abroad with their main multi-national food and non-food suppliers. The Casino Group and Auchan Retail will invite their current partners in procurement to participate in the new dynamic, it being stipulated that Casino Group and Intermarché have now terminated their procurement cooperation agreements in France, by mutual agreement.
- On **11 June 2018**, upon review of its business portfolio, the Group announced that it was launching a €1.5 billion asset disposal plan covering non-core assets, including real estate assets. This plan complements the ongoing disposal process of Via Varejo. Half of the plan will be completed in 2018 and half in 2019. The proceeds will be used to accelerate the deleveraging process in France, to continue transforming the business model and to support the Group's strategy based on in-store innovation, digitalisation of the customer relationship, and partnerships with major e-tailers.
- On **29 June 2018**, the Casino Group, Auchan Retail, Metro and the Schiever Group announced their cooperation in purchasing. This set of alliances, called "Horizon" is built around a set of next generation purchasing platforms, internationally and in France, for both national brands and private labels.

Business report

The comments in the Interim Financial Report reflect comparisons with first-half 2017.
H1 2017 financial statements have been restated in line with the application of IFRS 15 to permit meaningful comparisons to 2018.
Organic and same-store changes in net sales exclude fuel and calendar effects.

Main change in the scope of consolidation and associated effects:

- Acquisition of Sarenza on 30 April 2018
- Changes in scope within the Franprix-Leader Price sub-group

Currency effects:
Currency effects were negative in H1 2018, with the Brazilian real and Colombian peso declining against the euro (by an average 16.9% and 8.2%, respectively). Nevertheless, the Colombian peso rallied against the euro in the latter part of the period, with the closing rate up 1.8%.

Continuing operations (in € millions)	HI 2017	H1 2018	Change	Organic change
Net sales	**18,439**	**17,816**	**-3.4%**	**+4.1%(1)**
EBITDA	**798**	**773**	**-3.2%**	**+7.3%**
Trading profit	**450**	**439**	**-2.4%**	**+10.3%**
Underlying net profit, Group share	**37**	**48**	**+28.6%**	**+73.6%**

- <u>First-half 2018 was shaped by:</u>

  - Consolidated net sales down 3.4% as reported and up 4.1% on an organic basis, excluding fuel and calendar effects.
  - Group trading profit of €439 million versus €450 million in H1 2017.
  - Trading profit of €136 million in France versus €110 million in H1 2017 (up 23.0%), of which €114 million for food retail activities compared with €78 million in H1 2017.
  - Underlying net profit, Group share of €48 million.
  - Free cash flow from continuing operations of €1.6 billion for the 12-month rolling period to 30 June 2018, excluding non-recurring items, before dividends and net interest paid(2).
  - Group net debt of €5.4 billion versus €5.6 billion at end-June 2017.
  - Net debt in France of €4.0 billion versus €4.3 billion at end-June 2017.

- In H1 2018, consolidated net sales fell 3.4%. Exchange rate fluctuations had a 7.7% negative impact, while the impact of changes in the scope of consolidation was positive at 0.1%.

  Sales excluding fuel and calendar effects increased by 4.1% on an organic basis and 2.5% on a same-store basis:

  - In France, food retail operations excluding fuel and calendar effects grew 1.3% on an organic basis and 1.5% on a same-store basis:
    - Monoprix, Franprix and Casino Supermarkets performed well, thanks to growth in food sales and the deployment of in-store services.
    - Géant hypermarkets reported a sharp rise in net sales, led by food retail, and Leader Price continued to recover.

(1) Excluding fuel and calendar effects.
(2) Before dividends paid to owners of the parent and holders of TSSDI deeply-subordinated notes, and excluding net interest paid

- In E-commerce, gross merchandise volume (GMV) climbed 13.7%[(1)] in H1 2018, of which 7.5% on a organic basis[(1)]. Net sales rose 4.8% on an organic basis, reflecting the rapid development of the B2B offering and services, improved delivery performance and higher revenues from traffic monetisation initiatives.
- In Latin America, food sales excluding fuel and calendar effects expanded 7.3% on an organic basis and 3.1% on a same-store basis:
    - At Group Éxito (excluding GPA Food), sales increased compared with H1 2017 on both an organic and a same-store basis.
    - GPA Food, reported organic sales growth of 8.7%, led by the Multivarejo brand's recovery and a dynamic performance by Assaí.

- Group trading profit amounted to €439 million, down 2.4% from €450 million in H1 2017, after taking into account the 14.2% negative currency effect. On an organic basis, the period-on-period change was an increase of 10.3%. Excluding tax credits in Brazil, Group trading profit amounted to €339 million, an increase of 6.1% as reported and 17.3% on an organic basis compared with H1 2017.
    - The trading profit of the France Retail segment amounted to €136 million, up 23.0% compared with H1 2017 (€110 million). Excluding property development, it amounted to €114 million (versus €78 million in H1 2017). The increase reflected the retail business's dynamic performance, supported by the favourable mix of format during the period.
    - The E-commerce segment's trading loss amounted to €23 million, a slight improvement on H1 2017.
    - Latam Retail's trading profit amounted to €326 million, down 10.3% versus H1 2017 and included a 17.1% negative currency effect. On an organic basis, the period-on-period change was an increase of 6.8%, led by GPA's good performance. The H1 2018 total includes tax credits recognised by GPA[(2)]. Adjusted for these items, trading profit was up 14.8% on an organic basis thanks to dynamic sales performances at Multivarejo and Assaí.

- The trading margin edged up 3 bp versus H1 2017 to 2.5%, thanks mainly to a favourable mix of format in France:

- Trading margin for the France Retail segment was up 26 bp at 1.5%.
- The E-commerce trading margin climbed 31 bp to a negative 2.6%.
- Trading margin for the Latin Retail segment was down 6 bp to 4.3%.

[(1)] Data published by the subsidiary. They include all sales generated by Cdiscount, including sales of technical products to the customers of Casino Group hypermarkets and supermarkets, further to the multi-channel agreement in effect since 19 June 2017. The organic changes exclude sales of technical products and household equipment generated with customers of the Casino Group hypermarkets and supermarkets (impact of -6.4 pts and -8.9 pts on GMV and net sales, respectively), but include sales generated in corners.
[(2)] Including tax credits of €130 million in H1 2017 and €100 million in H1 2018 relating mainly to the ICMS-ST ("tax substitution") tax.

FRANCE RETAIL

(in € millions)	HI 2017	H1 2018
Net sales	**9,208**	**9,310**
EBITDA	**281**	**307**
EBITDA margin	*3.1%*	*3.3%*
Trading profit	**110**	**136**
Trading margin	*1.2%*	*1.5%*

Food retail operations in France delivered **net sales** of €9,310 million in H1 2018 versus €9,208 million in H1 2017. Excluding fuel and calendar effects, sales growth stood at 1.3% on an organic basis and 1.5% on a same-store basis, with a good performance in food sales (up 2.3% on a same-store basis). Over the last measured Kantar period (P07), the Group increased its market share by 0.1 pt, reflecting gains at Géant Hypermarkets (up 0.2 pt) and Casino Supermarkets (up 0.1pt).

The trading profit of the France Retail segment increased by 23.0% to €136 million, from €110 million in H1 2017. Food retail trading profit rose by a strong 47.3% to €114 million from €78 million in H1 2017, reflecting improved performances by the main banners and a favourable mix of format.

The trading margin for the food retail business in France stood at 1.5% in H1 2018.

During the half-year, the following can be noted per format:

- **Monoprix** reported organic sales growth of 2.4% and same-store growth of 1.3%. Customer traffic is dynamic, notably led by Sunday openings. The banner also benefited from a good performance in food (especially organic products) as well as from the deployment of the multi-channel strategy (1-hour delivery, click & collect). During the period, Monoprix signed an agreement with Amazon to bring grocery items sourced from Monoprix to Amazon Prime Now service customers and acquired Sarenza, a leading online footwear retailer.

- **Franprix** posted organic sales growth of 1.4% and same-store growth of 1.1%. Sales were led by innovative new offerings and the deployment of new in-store services. Two stores, at the new concept “Le Drugstore Parisien” opened during the period, specialised mainly in beauty and wellness products.

- **Casino Supermarkets** continued to enjoy strong momentum, reporting organic sales growth of 1.3% and same-store growth of 1.4%. Food sales were boosted by the successful organic and private-label offerings, and the banner continued to roll out the Bijou (“Jewel”) concept, with additional stores converted during the period. Franchisees, which now account for 25% of the store base, experienced sustained sales growth.

- **Géant hypermarkets** enjoyed another period of growth, with sales up 2.5% on a same-store basis and up 2.9% on an organic basis. Géant gained 0.2 pt market share over the last Kantar period (P07). This success reflected the banner’s outstanding sales dynamic, led by a strong performance in food sales and rapid growth at drive-throughs. Non-food sales continued to improve, helped by the deployment of in-store Cdiscount corners (21 corners as of 30 June 2018).

- **Convenience** sales were up 3.5% on an organic basis and 0.8% on a same-store basis. Over the integrated network, the banner continued to action to revamp the offering, in particular by introducing more organic products. Sales by the franchise network were also higher compared with H1 2017. As part of the Group’s digital strategy, during H1 2018 the banner started deploying the Casino Max app in the integrated store network.

- **Leader Price** sales dipped by 0.9% on an organic basis, reflecting the impact of store closures, mainly for renovation. Same-store sales grew 1.5%, led by the new Next concept (with 70 stores converted to date). Work to structure and revamp the offering is being pursued, with the development of the organic range and deployment of the beauty and well-being brand, Sooa. In line with the Group's digital strategy, the banner is gradually deploying a next-generation app incorporating digital promotional offers.

E-COMMERCE (CDISCOUNT)

(in € millions)	**HI 2017**	**H1 2018**
GMV (Gross Merchandise Volume) as published by Cnova	**1,419**	**1,614**
Net sales	**835**	**876**
EBITDA	**(12)**	**(7)**
Trading profit (loss)	**(24)**	**(23)**

In E-commerce, gross merchandise volume (GMV) totalled €1,614 million in H1 2018, up 13.7%[(1)] including organic growth of 7.5%[(1)]. At €876 million, E-commerce sales were up 4.9% as reported and 4.8% on an organic basis and customer traffic grew 4.4%. The increase was attributable to the rapid development of the products and services offered to customers and marketplace vendors. The contribution of marketplace sales is growing at an increasingly fast pace, accounting for 34% of GMV in H1 2018. The Cdiscount à Volonté loyalty programme is also expanding rapidly, with sales to subscribers representing a growing proportion of GMV.

As part of the Group's multi-channel strategy, 21 Cdiscount corners were set up in Géant stores as of 30 June. Lastly, data monetisation revenues (advertising sales, service commissions, financial services, etc.) were sharply higher.

The E-commerce segment posted a trading loss of €23 million in H1 2018. EBITDA was a negative €7 million, representing a sequential improvement thanks to increased data monetisation revenues and ongoing cost rationalisation measures (among which delivery costs).

[(1)] *Data published by the subsidiary. They include all sales generated by Cdiscount, including sales of technical products to the customers of Casino Group hypermarkets and supermarkets, further to the multi-channel agreement in effect since 19 June 2017*
The organic changes exclude sales of technical products and household equipment generated with customers of the Casino Group hypermarkets and supermarkets (impact of -6.4 pts and -8.9 pts on GMV and net sales, respectively), but include sales generated in corners.

LATAM RETAIL

(in € millions)	HI 2017	H1 2018
Net sales	**8,397**	**7,630**
EBITDA	**529**	**473**
EBITDA margin	*6.3%*	*6.2%*
Trading profit	**364**	**326**
Trading margin	*4.3%*	*4.3%*

Latam Retail sales came to €7,630 million in H1 2018, after taking into account the -16.8% negative currency effect. The segment's sales were up 7.3% on an organic basis, excluding fuel and the calendar effect.

In Brazil, **GPA** food sales showed strong organic growth of 8.7% in H1 2018 excluding fuel and calendar effects. The Group continued to align its portfolio with new consumer trends by pursuing the Assaí store conversion programme and deploying new concepts in the Pão de Açúcar and Extra Supermarkets banners.

Multivarejo staged a strong recovery since March, with same-store sales up 0.8% and market share up 100 bp during the quarter (source: Nielsen). The main growth drivers were the Extra Hypermarkets and Pão de Açúcar banners. The new management team is driving a commercial strategy that is focused more closely on targeted, digital promotional tools and more robust marketing campaigns.

Assaí continued to expand during the period and delivered an excellent performance, reporting organic sales growth of 24.0% and same-store growth of 7.0%. The banner increased its market share by 200 bp in the second quarter (source: Nielsen). Customer loyalty rates improved, thanks to the Passaí store card which has been acquired by 335,000 holders. In H1 2018, the banner converted one Extra hypermarket to the cash & carry format and opened four new stores, for a network of 130 stores at end-June 2018.

Latam Retail's trading profit from food retail amounted to €326 million, down 10.3% versus H1 2017 due to the 17.1% negative currency effect. The H1 2018 total trading profit includes tax credits recognised by GPA[1]. Adjusted for these items, trading profit was up 14.8% on an organic basis thanks to improved margins at GPA.

[1] *Including tax credits of €130 million in H1 2017 and €100 million in H1 2018 relating mainly to the ICMS-ST ("tax substitution") tax.*

Overview of the consolidated financial statements

The accounting methods described in the notes to the consolidated financial statements have been applied continuously across the periods presented in the consolidated financial statements, after taking into account the new standards and interpretations.

Net sales

Consolidated net sales for H1 2018 amounted to €17,816 million versus €18,439 million in the prior-year period, down 3.4%.
Exchange rate fluctuations had a 7.7% negative impact, while changes in the scope of consolidation had a 0.1% positive impact.

A more detailed review of changes in net sales can be found above in the review of each of the Group's three business segments.

Trading profit

In H1 2018, trading profit amounted to €439 million, down 2.4% on H1 2017.
Exchange rate fluctuations had a 14.2% negative impact, while the impact of changes in the scope of consolidation was positive at 1.6%.
A more detailed review of changes in trading profit can be found above in the review of each of the Group's three business segments.

Operating profit

Other operating income and expenses amounted to a net expense of €136 million in H1 2018, down 50.2% on the prior-year period (expense of €274 million).

The net expense of €136 million in H1 2018 comprises:

- €10 million in disposal gains and losses.
- €33 million in net expenses related to changes in the scope of consolidation.
- €1 million in net asset impairment losses.
- €96 million in restructuring costs.
- €16 million in expenses related to litigation and risks.

The net expense of €274 million in H1 2017 comprised:

- €23 million in disposal gains and losses.
- €55 million in net expenses related to changes in the scope of consolidation.
- €45 million in net asset impairment losses.
- €124 million in restructuring costs.
- €60 million in expenses related to litigation and risks.
- €13 million in other expenses.

After the impact of other operating income and expenses, **operating profit** for H1 2018 came to €303 million versus €176 million in the same period of 2017.

Net financial expense and profit before tax

Net financial expense for the period totalled €250 million versus €227 million in H1 2017, comprising:

- Net finance costs of €158 million versus €192 million in H1 2017, reflecting lower average interest rates in Brazil (down 527 bp) and Colombia (down 207 bp) and local currency weakness.
- Other financial income and expenses, representing a net expense of €91 million in H1 2018 compared with a net expense of €35 million in H1 2017. This increase is mainly due to fair value adjustments in France to derivative instruments not qualifying for hedge accounting.

The Group recognised a **profit before tax** of €53 million in H1 2018 versus a loss of €51 million in H1 2017.

Net profit, Group share

Income tax represented an expense of €23 million in H1 2018, compared with a benefit of €30 million in the prior-year period. Excluding non-recurring items, the effective tax rate stood at a negative 26.8% versus a negative 24.8% in H1 2017.

The Group's share of profit of equity-accounted investees was €11 million versus €5 million in H1 2017.

Non-controlling interests stood at a positive €108 million, compared with €72 million for the same period in 2017. Excluding non-recurring items, underlying non-controlling interests amounted to €135 million in H1 2018 versus €122 million in H1 2017.

Net profit (loss) from continuing operations, Group share was €(67) million.

Net profit (loss) of consolidated companies, Group share amounted to €(63) million.

Underlying net profit, Group share from continuing operations totalled €48 million.

Underlying diluted earnings per share from continuing operations was €0.05 in H1 2018, versus a diluted loss per share of €(0.05) in H1 2017.

Financial position

Casino Group net debt at 30 June 2018 stood at €5,445 million versus €5,594 million at 30 June 2017, a decrease of €149 million.

Net debt of Casino in France at 30 June 2018 totalled €4,019 million, compared with €4,314 million at 30 June 2017.

At 30 June 2018, **Casino in France**(1) had €5.5 billion in cash and cash equivalents, corresponding to a significant **gross cash** position of €2.1 billion and **confirmed undrawn credit facilities** of €3.3 billion.

Group cash-flow from continuing operations increased to €635 million from €564 million in H1 2017.

Group Capex from continuing operations decreased to €305 million from €452 million in H1 2017.

Casino has been rated BB+ by Standard & Poor's (with a negative outlook since 24 April 2018) and Ba1 by Moody's (with a stable outlook) since 30 November 2017.

Consolidated equity stood at €6,680 million at end-June 2018, compared with €7,794 million at 30 June 2017.

(1) Scope: The Casino Guichard-Perrachon parent company, French businesses and wholly-owned holding companies.

Progress on the disposal plan

The Group's objective is to complete half of the €1.5bn asset disposal plan announced on 11 June 2018 this year.

Taking into account:

- the definitive disposal of 15% of Mercialys equity through an equity swap with a bank for €213m;
- the indicative offers received in July 2018 for other Group assets representing around half of the disposal plan;

The Group confirms this objective.

2018 outlook

The Group confirms its 2018 objectives, and updates them following the asset disposal plan announced in June 2018:

- For **trading profit**:
  - In France, it targets in food retail an organic[1] growth **above 10%** of trading profit excluding property development, led by growth in the most profitable formats, by improved hypermarket and convenience profitability.
  - In all, the Group is aiming to deliver organic growth[1] of its consolidated trading profit and **above 10%** excluding tax credits.
- In France, **a free cash flow**[2] from operations excluding non-recurring items covering financial expenses and dividends and enabling to improve net financial debt.
- Reduction in **net debt** in France by around **€1 billion** at 31 December 2018 thanks to self-financing and the proceeds from the asset disposals announced in June.
- A reduction in Group **net financial debt**, with:
  - Return to breakeven for Cdiscount's free cash flow.
  - Free cash flow[2] from continuing operations excluding exceptional items of over €1 billion in total.
  - A capex envelope of around €1 billion.
  - And the impact of the disposal of Via Varejo.

Subsequent events

- On **16 July 2018**, the Group announced that it had been informed of an investigation by the French Competition Authority (*Autorité de la Concurrence*) regarding the "Purchasing alliances in the food retail sector" prompted by the Horizon alliances. This procedure is standard and non-suspensive of the agreements' implementation.
- On **25 July 2018**, Casino's Board of Directors authorised the definitive disposal of a block of Mercialys shares representing 15% of its capital, through a total return swap entered into with CA-CIB which will sell the shares over a period of 2.4 years. During this period, the Casino Group will remain exposed to changes in the Mercialys share price and will continue to receive dividends on the shares.

Other information

Risk factors are presented in the 2017 Registration Document submitted to the AMF on 5 April 2018.

The definitions of non-GAAP indicators are available on the Casino Group website: www.groupe-casino.fr/en

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(1) Excluding changes in the scope of consolidation and exchange rates.
(2) Before dividends paid to owners of the parent, TSSDI holders and excluding financial expenses.

Appendix: Alternative performance indicators

The definition of key non-GAAP indicators are available on the Group's website (https://www.groupe-casino.fr/en/investors/regulated-information/), particularly the underlying net profit as below.

Underlying net profit corresponds to net profit from continuing operations, adjusted for (i) the impact of other operating income and expenses, as defined in the "Significant accounting policies" section in the notes to the consolidated financial statements, (ii) the impact of non-recurring financial items, as well as (iii) income tax expense/benefits related to these adjustments.

Non-recurring financial items include fair value adjustments to equity derivative instruments (such as total return swaps and forward instruments related to GPA shares) and the effects of discounting Brazilian tax liabilities.

Underlying profit is a measure of the Group's recurring profitability.

(€ millions)	H1 2017 restated	Restated items	H1 2017 restated underlying	**H1 2018**	**Restated items**	**HI 2018 underlying**
Trading profit	450	0	450	**439**	**0**	**439**
Other operating income and expenses	(274)	274	0	**(136)**	**136**	**0**
Operating profit	176	274	450	**303**	**136**	**439**
Net finance costs	(192)	0	(192)	**(158)**	**0**	**(158)**
Other financial income and expenses[(1)]	(35)	(18)	(53)	**(91)**	**43**	**(48)**
Income tax[(2)]	30	(81)	(51)	**(23)**	**(39)**	**(62)**
Share of profit of equity-accounted investees	5	0	5	**11**	**0**	**11**
Net profit/(loss) from continuing operations	(16)	175	158	**42**	**140**	**182**
Attributable to non-controlling interests[(3)]	72	50	122	**108**	**26**	**135**
Attributable to owners of the parent	(88)	125	37	**(67)**	**114**	**48**

[(1)] Other financial income and expenses have been restated, primarily for the impact of discounting tax liabilities, as well as for changes in the fair value of total return swaps and forward instruments related to GPA shares.
[(2)] Income tax has been restated for tax effects corresponding to the above restated financial items and the tax effects of the restatements.
[(3)] Non-controlling interests have been restated for the amounts relating to the restated items listed above.

INTERIM FINANCIAL STATEMENTS

30 JUNE 2018

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Condensed Consolidated Financial Statements

CONSOLIDATED INCOME STATEMENT

(€ millions)	Notes	For the six months ended 30 June 2018	For the six months ended 30 June 2017 (restated)(i)
CONTINUING OPERATIONS			
Net sales	5 / 6.2	**17,816**	18,439
Other revenue	6.2	**241**	225
Total revenue	**6.2**	**18,057**	**18,664**
Cost of goods sold		**(13,541)**	(13,981)
Gross margin from recurring operations		**4,516**	**4,683**
Selling expenses	6.3	**(3,381)**	(3,531)
General and administrative expenses	6.3	**(695)**	(702)
Trading profit	5.1	**439**	**450**
As a % of net sales		***2.5%***	*2.4%*
Other operating income	6.5	**102**	106
Other operating expenses	6.5	**(238)**	(380)
Operating profit		**303**	**176**
As a % of net sales		***1.7%***	*1.0%*
Income from cash and cash equivalents	9.3.1	**23**	49
Finance costs	9.3.1	**(181)**	(241)
Net finance costs	9.3.1	**(158)**	**(192)**
Other financial income	9.3.2	**52**	84
Other financial expenses	9.3.2	**(143)**	(119)
Profit/(loss) before tax		**53**	**(51)**
As a % of net sales		***0.3%***	*-0.3%*
Income tax (expense)/gain	7	**(23)**	30
Share of profit of equity-accounted investees	3.3.1	**11**	5
Net profit/(loss) from continuing operations		**42**	**(16)**
As a % of net sales		***0.2%***	*-0.1%*
Attributable to owners of the parent		**(67)**	(88)
Attributable to non-controlling interests		**108**	72
DISCONTINUED OPERATIONS			
Net profit/(loss) from discontinued operations	3.2.2	**48**	**(14)**
Attributable to owners of the parent	3.2.2	**4**	(8)
Attributable to non-controlling interests	3.2.2	**44**	(6)
CONTINUING AND DISCONTINUED OPERATIONS			
Consolidated net profit/(loss)		**90**	**(30)**
Attributable to owners of the parent		**(63)**	(96)
Attributable to non-controlling interests		**153**	66

Earnings per share

(€)	For the six months ended 30 June 2018	For the six months ended 30 June 2017 (restated)(i)
From continuing operations, attributable to owners of the parent		
▪ Basic	**(1.00)**	(1.18)
▪ Diluted	**(1.00)**	(1.18)
From continuing and discontinued operations, attributable to owners of the parent		
▪ Basic	**(0.96)**	(1.25)
▪ Diluted	**(0.96)**	(1.25)

(i) The comparative information has been restated to reflect the retrospective application of IFRS 15 – Revenue from Contracts with Customers (Note 1.3).

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(€ millions)	For the six months ended 30 June 2018	For the six months ended 30 June 2017 (restated)(i)
Consolidated net profit/(loss)	**90**	**(30)**
Items that may be subsequently reclassified to profit or loss	**(843)**	**(825)**
Cash flow hedges	**18**	(30)
Foreign currency translation adjustments(ii)	**(853)**	(797)
Available-for-sale financial assets	**-**	1
Debt instruments at fair value through other comprehensive income	**3**	-
Share of items of equity-accounted investees that may be subsequently reclassified to profit or loss	**(4)**	(9)
Income tax effects	**(7)**	10
Items that will never be reclassified to profit or loss	**3**	**(1)**
Equity instruments at fair value through other comprehensive income	**(2)**	-
Actuarial gains and losses	**8**	(2)
Income tax effects	**(2)**	1
Other comprehensive income/(loss) for the period, net of tax	**(840)**	**(827)**
Total comprehensive income/(loss) for the period, net of tax	**(750)**	**(857)**
Attributable to owners of the parent	***(456)***	*(470)*
Attributable to non-controlling interests	***(294)***	*(387)*

(i) The comparative information has been restated to reflect the retrospective application of IFRS 15 – Revenue from Contracts with Customers (Note 1.3).

(ii) The €853 million negative foreign exchange translation adjustment in first-half 2018 primarily reflects the depreciation of the Brazilian real for €830 million. The €797 million negative foreign exchange translation adjustment in first-half 2017 primarily reflected the depreciation of the Brazilian real for €710 million.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS (€ millions)	Notes	30 June 2018	31 December 2017 (restated)(i)	1 January 2017 (restated)(i)
Goodwill	8	**8,819**	9,031	9,595
Intangible assets	8	**2,754**	2,879	3,109
Property, plant and equipment	8	**6,786**	7,289	8,123
Investment property	8	**477**	460	411
Investments in equity-accounted investees	3.3.1	**581**	575	609
Other non-current assets		**1,389**	1,199	1,073
Deferred tax assets		**631**	520	677
Total non-current assets		**21,437**	**21,954**	**23,596**
Inventories		**3,885**	3,820	3,945
Trade receivables		**791**	941	876
Other current assets		**1,372**	1,275	1,541
Current tax assets		**140**	138	130
Cash and cash equivalents	9.1	**3,397**	3,391	5,750
Assets held for sale	3.2.1	**5,545**	6,593	6,120
Total current assets		**15,131**	**16,158**	**18,361**
TOTAL ASSETS		**36,568**	**38,113**	**41,958**

EQUITY AND LIABILITIES (€ millions)	Notes	30 June 2018	31 December 2017 (restated)(i)	1 January 2017 (restated)(i)
Share capital	10.1	**169**	170	170
Additional paid-in capital, treasury shares and retained earnings		**6,512**	7,389	8,276
Equity attributable to owners of the parent		**6,680**	**7,559**	**8,445**
Non-controlling interests		**5,147**	**5,468**	**5,986**
Total equity		**11,827**	**13,027**	**14,431**
Non-current provisions for employee benefits		**352**	358	312
Other non-current provisions	11.1	**460**	514	615
Non-current financial liabilities	9.2.1	**7,873**	7,229	7,733
Non-current put options granted to owners of non-controlling interests		**65**	28	41
Other non-current liabilities		**480**	481	618
Deferred tax liabilities		**700**	725	1,094
Total non-current liabilities		**9,929**	**9,335**	**10,413**
Current provisions for employee benefits		**11**	11	12
Other current provisions	11.1	**143**	162	163
Trade payables		**6,012**	6,668	6,939
Current financial liabilities	9.2.1	**2,238**	1,493	2,482
Current put options granted to owners of non-controlling interests		**121**	143	341
Current tax liabilities		**64**	88	54
Other current liabilities		**2,518**	2,506	2,719
Liabilities associated with assets held for sale	3.2.1	**3,704**	4,680	4,404
Total current liabilities		**14,812**	**15,750**	**17,113**
TOTAL EQUITY AND LIABILITIES		**36,568**	**38,113**	**41,958**

(i) The comparative information has been restated to reflect the retrospective application of IFRS 15 – Revenue from Contracts with Customers (Note 1.3).

CONSOLIDATED STATEMENT OF CASH FLOWS

(€ millions)	Notes	For the six months ended 30 June 2018	For the six months ended 30 June 2017 (restated)[(i)]
Profit/(loss) before tax from continuing operations		**53**	**(51)**
Profit/(loss) before tax from discontinued operations	3.2.2	**74**	(28)
Consolidated profit/(loss) before tax		**128**	**(80)**
Depreciation and amortisation expense	6.4	**333**	348
Provision expense	4.1	**(6)**	(3)
Losses/(gains) arising from changes in fair value	9.3.2	**43**	(17)
Expenses/(income) on share-based payment plans		**13**	13
Other non-cash items		**(24)**	(24)
(Gains)/losses on disposals of non-current assets		**(4)**	(16)
(Gains)/losses due to changes in percentage ownership of subsidiaries resulting in acquisition/loss of control		**(1)**	31
Dividends received from equity-accounted investees	3.3.1	**27**	51
Net finance costs	9.3.1	**158**	192
Non-recourse factoring and associated transaction costs	9.3.2	**42**	38
Gain on disposal of discontinued operations	3.2.2	**-**	-
Adjustments related to discontinued operations	3.2.3	**45**	240
Net cash from operating activities before change in working capital, net finance costs and income tax		**754**	**776**
Income tax paid		**(107)**	(40)
Change in operating working capital	4.2	**(867)**	(1,853)
Income tax paid and change in operating working capital: discontinued operations	3.2.3	**(402)**	(775)
Net cash used in operating activities		**(623)**	**(1,892)**
Of which continuing operations		***(340)***	***(1,329)***
Cash outflows related to acquisitions of:			
▪ Property, plant and equipment, intangible assets and investment property	4.3	**(529)**	(625)
▪ Non-current financial assets		**(22)**	(17)
Cash inflows related to disposals of:			
▪ Property, plant and equipment, intangible assets and investment property	4.4	**223**	173
▪ Non-current financial assets		**20**	3
Effect of changes in scope of consolidation resulting in acquisition or loss of control	4.5	**(74)**	(61)
Effect of changes in scope of consolidation related to equity-accounted investees		**(4)**	-
Change in loans and advances granted		**3**	(30)
Net cash from/(used in) investing activities of discontinued operations	3.2.3	**(58)**	(36)
Net cash used in investing activities		**(440)**	**(592)**
Of which continuing operations		***(382)***	***(556)***
Dividends paid:			
▪ To owners of the parent	10.4	**(168)**	(173)
▪ To non-controlling interests		**(36)**	(24)
▪ To holders of deeply subordinated perpetual bonds	10.4	**(42)**	(41)
Increase/(decrease) in the parent's share capital		**-**	-
Transactions between the Group and owners of non-controlling interests	4.6	**44**	(148)
(Purchases)/sales of treasury shares	10.1	**(143)**	1
Additions to borrowings	4.7	**1,739**	1,889
Repayments of borrowings	4.7	**(244)**	(1,466)
Interest paid, net	4.8	**(297)**	(425)
Net cash used in financing activities of discontinued operations	3.2.3	**(291)**	(387)
Net cash from/(used in) financing activities		**561**	**(774)**
Of which continuing operations		***852***	***(388)***
Effect of changes in exchange rates on cash and cash equivalents of continuing operations		**(148)**	(161)
Effect of changes in exchange rates on cash and cash equivalents of discontinued operations		**(54)**	(23)
Change in cash and cash equivalents		**(705)**	**(3,443)**
Net cash and cash equivalents at beginning of period		**4,137**	**6,787**
▪ Of which net cash and cash equivalents of continuing operations	9.1	3,236	5,614
▪ Of which net cash and cash equivalents of discontinued operations		901	1,174
Net cash and cash equivalents at end of period		**3,432**	**3,345**
▪ Of which net cash and cash equivalents of continuing operations	9.1	3,218	3,145
▪ Of which net cash and cash equivalents of discontinued operations		214	199

(i) The comparative information has been restated to reflect the retrospective application of IFRS 15 – Revenue from Contracts with Customers (Note 1.3).

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(€ millions) (before appropriation of profit)	Share capital	Additional paid-in capital(i)	Treasury shares	Deeply subordinated perpetual bonds (TSSDI)	Retained earnings and profit for the period	Other reserves(ii)	Equity attributable to owners of the parent(iii)	Non-controlling interests	Total equity
At 1 January 2017 (reported)	**170**	**3,992**	**(5)**	**1,350**	**4,412**	**(1,469)**	**8,450**	**5,990**	**14,440**
Effect of applying IFRS 15 (Note 1.3)	-	-	-	-	(5)	-	(5)	(4)	(8)
At 1 January 2017 (restated)(*)	**170**	**3,992**	**(5)**	**1,350**	**4,407**	**(1,469)**	**8,445**	**5,986**	**14,431**
Other comprehensive income/(loss) for the period (restated)(*)	-	-	-	-	-	(374)	(374)	(453)	(827)
Net profit/(loss) for the period (restated)(*)	-	-	-	-	(96)	-	(96)	66	(30)
Consolidated comprehensive income/(loss) for the period (restated)(*)	**-**	**-**	**-**	**-**	**(96)**	**(374)**	**(470)**	**(387)**	**(857)**
Issue of share capital	-	-	-	-	-	-	-	-	-
Purchases and sales of treasury shares	-	-	3	-	(2)	-	2	-	2
Dividends paid/payable to shareholders(v)	-	-	-	-	(173)	-	(173)	(15)	(188)
Dividends paid/payable to holders of deeply subordinated perpetual bonds(v)	-	-	-	-	(43)	-	(43)	-	(43)
Share-based payments	-	-	-	-	7	-	7	6	13
Changes in percentage interest resulting in the acquisition/loss of control of subsidiaries	-	-	-	-	-	-	-	-	-
Changes in percentage interest not resulting in the acquisition/loss of control of subsidiaries(vi)	-	-	-	-	26	-	26	43	68
Other movements	-	-	-	-	-	-	-	-	-
At 30 June 2017 (restated)(*)	**170**	**3,992**	**(1)**	**1,350**	**4,127**	**(1,843)**	**7,794**	**5,362**	**13,426**

(€ millions) (before appropriation of profit)	Share capital	Additional paid-in capital(i)	Treasury shares	Deeply subordinated perpetual bonds (TSSDI)	Retained earnings and profit for the period	Other reserves(ii)	Equity attributable to owners of the parent(iii)	Non-controlling interests	Total equity
At 31 December 2017 (reported)	**170**	**3,992**	**(5)**	**1,350**	**4,173**	**(2,096)**	**7,584**	**5,473**	**13,057**
Effect of applying IFRS 15 (Note 1.3)	-	-	-	-	(25)	-	(25)	(5)	(30)
At 31 December 2017 (restated)(*)	**170**	**3,992**	**(5)**	**1,350**	**4,148**	**(2,096)**	**7,559**	**5,468**	**13,027**
Effect of applying IFRS 9 and IFRS 2 amendments (Note 1.3)	-	-	-	-	(43)	(17)	(61)	(41)	(101)
At 1 January 2018	**170**	**3,992**	**(5)**	**1,350**	**4,105**	**(2,114)**	**7,498**	**5,427**	**12,926**
Other comprehensive income/(loss) for the period	**-**	**-**	**-**	**-**	**-**	**(393)**	**(393)**	**(447)**	**(840)**
Net profit/(loss) for the period	**-**	**-**	**-**	**-**	**(63)**	**-**	**(63)**	**153**	**90**
Consolidated comprehensive income/(loss) for the period	**-**	**-**	**-**	**-**	**(63)**	**(393)**	**(456)**	**(294)**	**(750)**
Issue of share capital	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Purchases and sales of treasury shares(iv)	**(1)**	**(32)**	**(84)**	**-**	**(21)**	**-**	**(138)**	**-**	**(138)**
Dividends paid/payable to shareholders(v)	**-**	**-**	**-**	**-**	**(168)**	**-**	**(168)**	**(33)**	**(201)**
Dividends paid/payable to holders of deeply subordinated perpetual bonds(v)	**-**	**-**	**-**	**-**	**(42)**	**-**	**(42)**	**-**	**(42)**
Share-based payments	**-**	**-**	**-**	**-**	**5**	**-**	**5**	**7**	**12**
Changes in percentage interest resulting in the acquisition/loss of control of subsidiaries	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Changes in percentage interest not resulting in the acquisition/loss of control of subsidiaries(vi)	**-**	**-**	**-**	**-**	**(18)**	**-**	**(18)**	**39**	**21**
Other movements	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
At 30 June 2018	**169**	**3,960**	**(89)**	**1,350**	**3,797**	**(2,506)**	**6,680**	**5,147**	**11,827**

(*) Previously reported comparative information has been restated to reflect the retrospective application of IFRS 15 – Revenue from Contracts with Customers (Note 1.3).
(i) Additional paid-in capital includes (a) premiums on shares issued for cash or for contributions in kind, or in connection with mergers or acquisitions, and (b) legal reserves.
(ii) See Note 10.2
(iii) Attributable to the shareholders of Casino, Guichard-Perrachon.
(iv) See Note 10.1 for information about treasury share transactions.
(v) See Note 10.4 for dividends paid and payable to holders of ordinary shares and deeply subordinated perpetual bonds. Dividends paid and payable to non-controlling interests in first-half 2018 concern Éxito and GPA in the amount of €18 million and €12 million, respectively (first-half 2017: Éxito and Uruguay for €7 million and €6 million, respectively).
(vi) The €21 million positive impact primarily relates to (a) the additional contribution of €36 million made by the private equity fund Fondo Inmobiliaro Colombia to the Viva Malls real estate trust created by Éxito in 2016, less (b) the impact of the sale of Franprix-Leader Price and Distribution Casino France stores for €7 million and €4 million, respectively (Notes 3.1.2 and 3.1.3). At 30 June 2017, the €68 million positive impact mainly reflected (a) the additional €42 million contribution paid by the private equity fund Fondo Inmobiliario Colombia to the Viva Malls real estate trust created by Éxito in 2016, and (b) the €22 million resulting from the public tender offer for Cnova N.V. shares.

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

INFORMATION ABOUT THE CASINO, GUICHARD-PERRACHON GROUP

Casino, Guichard-Perrachon ("the Company") is a French *société anonyme* listed in compartment A of Euronext Paris. The Company and its subsidiaries are hereinafter referred to as "the Group" or "the Casino Group". The Company's registered office is at 1, Cours Antoine Guichard, 42008 Saint-Etienne, France.

The interim consolidated financial statements for the six months ended 30 June 2018 reflect the accounting position of the Company and its subsidiaries as well as the Group's interests in joint ventures and associates.

The condensed consolidated financial statements of Casino, Guichard-Perrachon for the six months ended 30 June 2018 were approved for publication by the Company's Board of Directors on 25 July 2018.

Note 1 Significant accounting policies

1.1 Accounting standards

Pursuant to European Commission Regulation No. 1606/2002 of 19 July 2002, the condensed consolidated financial statements of the Casino Group have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), as adopted by the European Union at 30 June 2018.

These standards are available on the European Commission's website: https://ec.europa.eu/info/business-economy-euro/company-reporting-and-auditing/company-reporting/financial-reporting_en

The interim consolidated financial statements, presented here in condensed form, have been prepared in accordance with IAS 34 – Interim Financial Reporting. They do not contain all the information and notes included in the annual financial statements. They should therefore be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2017 which are available upon request from the Company's head office, or can be downloaded from the Group's website, https://www.groupe-casino.fr/en/.

The accounting principles used to prepare these condensed consolidated financial statements for the six months ended 30 June 2018 are identical to those applied to the annual consolidated financial statements for the year ended 31 December 2017, with the exception of the accounting changes related to the following new standards and interpretations applicable from 1 January 2018 :

- IFRS 9 – Financial Instruments
- IFRS 15 – Revenue from Contracts with Customers
- IFRIC 22 –Foreign Currency Transactions and Advance Consideration
- Amendments to IAS 40 – Transfers of Investment Property
- Amendments to IFRS 2 – Classification and Measurement of Share-settled Share-based Payment Transactions
- IFRS Annual Improvements – 2014-2016 cycle

The effects of applying IFRS 15 and IFRS 9 and the amendments to IFRS 2 are presented in Note 1.3. The other amendments and interpretations have no material impact on the Group's financial statements.

Standards, amendments and interpretations published but not yet mandatory

- IFRS 16 – Leases

Details of the accounting treatment of leases under IFRS 16 are provided in Note 18 to the Group's 2017 consolidated financial statements.

Application of IFRS 16 as from 1 January 2019 will have an impact on the consolidated financial statements, in particular due to the fact that a proportion of the Retail business's store base consists of leased stores. The Group mostly has property leases; annual rent on the roughly 7,000 property leases amounted to €852 million in 2017, out of total rental expense for the year of €982 million. In this context, application of IFRS 16 will lead to an increase in the Group's lease liabilities and an improvement in EBITDA, trading profit and net cash from operating activities.

In first-half 2018, the Group continued to identify and analyse the data required for the application of IFRS 16. During the period, the Group also started to deploy an IT application to manage leases from an operational and financial standpoint on a fully integrated basis. The potential impact of applying IFRS 16 on the Group's financial information is still being analysed and no decision has yet been made on the choice of transition option between the full retrospective approach and the modified retrospective approach.

The main application difficulty identified to date concerns the determination of the lease term, because of the wide range of different property leasing practices and the different legal rules applicable from one country to another.

1.2 Basis of preparation and presentation of the consolidated financial statements

1.2.1 Basis of measurement

The consolidated financial statements are presented in euros, which is the functional currency of the Group's parent company. The tables are presented in millions of euros and include figures which are rounded individually to the nearest million euros. Consequently, the totals and sub-totals shown may not correspond exactly to the sum of the reported amounts.

1.2.2 Use of estimates and judgements

The preparation of consolidated financial statements requires management to make judgements, estimates and assumptions that may affect the reported amounts of 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 the estimates. Estimates and assessments are reviewed at regular intervals and adjusted where necessary to take into account past experience and any relevant economic factors.

In preparing these interim consolidated financial statements, the main judgements made by management and the key assumptions used to update material estimates concern the following:

- classification and measurement of Via Varejo's net assets and the other assets of the France Retail and Latam Retail segments, in accordance with IFRS 5 (Note 3.2);
- review of impairment indicators, and non-current asset and goodwill measurements (Note 8);
- recoverable amounts of deferred tax assets (Note 7);
- recognition, presentation and measurement of the recoverable amounts of tax credits or taxes (mainly ICMS, PIS and COFINS in Brazil) (Notes 5.1 and 11);
- provisions for risks (Note 11), particularly tax and employee-related risks in Brazil.

1.3 Changes in accounting methods

1.3.1 Impact on the consolidated financial statements

The following tables show the impact on the previously published consolidated income statement, statement of comprehensive income, consolidated statement of financial position and consolidated statement of cash flows, resulting from :

- full retrospective application of IFRS 15 (Note 1.3.2);
- limited retrospective application (cumulative catch-up without restating prior years) of IFRS 9 (Note 1.3.3);
- prospective application of the amendments to IFRS 2: the impact consists in the reclassification to non-controlling interests at 1 January 2018 of a €5 million debt corresponding to withholding taxes due on stock option plans in Brazil.

Moreover, certain changes have been made to the presentation of the consolidated income statement in connection with the application of IFRS 15. These changes concern (i) the addition of a new income statement indicator, "Total revenue", representing the sum of "Net sales" and "Other revenue", (ii) the reclassification of the cost of property development and property trading activities and changes in related inventories from "Selling expenses" to "Cost of goods sold", and (iii) reclassifications between "Net sales" and "Other revenue" of various items including:

- rental revenues, which are now reported under "Other revenue";
- franchising and service fees billed to franchisees, which are now reported under "Net sales".

The new presentation has been applied retrospectively, by restating 2017 comparative information on the same basis.

Impact on the main consolidated income statement indicators

(€ millions)	For the six months ended 30 June 2017 (reported)	IFRS 15 adjustments	For the six months ended 30 June 2017 (restated)
Net sales	18,598	(158)	18,439
Other revenue	154	71	225
Total revenue	**18,751**	**(87)**	**18,664**
Cost of goods sold	(14,086)	105	(13,981)
Selling expenses	(3,505)	(25)	(3,531)
General and administrative expenses	(693)	(9)	(702)
Trading profit	**466**	**(16)**	**450**
Operating profit	**192**	**(16)**	**176**
Net finance costs	(192)	-	(192)
Other financial income and expenses, net	(35)	-	(35)
Profit/(loss) before tax	**(35)**	**(16)**	**(51)**
Income tax	26	5	30
Share of profit of equity-accounted investees	5	-	5
Net profit/(loss) from continuing operations	**(5)**	**(11)**	**(16)**
Attributable to owners of the parent	*(78)*	*(10)*	*(88)*
Attributable to non-controlling interests	*73*	*(1)*	*72*
Net profit/(loss) from discontinued operations	**(14)**	**-**	**(14)**
Attributable to owners of the parent	*(8)*	-	*(8)*
Attributable to non-controlling interests	*(6)*	-	*(6)*
Consolidated net profit/(loss)	**(19)**	**(11)**	**(30)**
Attributable to owners of the parent	*(86)*	*(10)*	*(96)*
Attributable to non-controlling interests	*67*	*(1)*	*66*

Impact on the main consolidated statement of comprehensive income indicators

(€ millions)	For the six months ended 30 June 2017 (reported)	IFRS 15 adjustments	For the six months ended 30 June 2017 (restated)
Consolidated net profit/(loss)	**(19)**	**(11)**	**(30)**
Items that may be subsequently reclassified to profit or loss	(825)	-	(825)
Items that will never be reclassified to profit or loss	(1)	-	(1)
Total comprehensive income/(loss) for the period, net of tax	**(845)**	**(11)**	**(857)**
Attributable to owners of the parent	*(460)*	*(10)*	*(470)*
Attributable to non-controlling interests	*(386)*	*(1)*	*(387)*

Impact on the main consolidated statement of financial position indicators

(€ millions)	31 December 2017 (reported)	IFRS 15 adjustments	31 December 2017 (restated)	IFRS 9 adjustments	IFRS 2 adjustments	1 January 2018 (restated)
Goodwill	9,031	-	**9,031**	-	-	**9,031**
Intangible assets, property, plant and equipment, and investment property	10,629	-	**10,629**	-	-	**10,629**
Investments in equity-accounted investees	587	(13)	**575**	(11)	-	**563**
Other non-current assets	1,220	(21)	**1,199**	-	-	**1,199**
Deferred tax assets	523	(2)	**520**	21	-	**541**
Total non-current assets	**21,990**	**(36)**	**21,954**	**10**	**-**	**21,964**
Inventories	3,871	(51)	**3,820**	-	-	**3,820**
Trade receivables	946	(5)	**941**	(46)	-	**895**
Other current assets	1,272	3	**1,275**	(1)	-	**1,274**
Current tax assets	138	-	**138**	-	-	**138**
Cash and cash equivalents	3,391	-	**3,391**	-	-	**3,391**
Assets held for sale	6,593	-	**6,593**	(47)	-	**6,546**
Total current assets	**16,212**	**(54)**	**16,158**	**(94)**	**-**	**16,065**
Total assets	**38,202**	**(90)**	**38,113**	**(84)**	**-**	**38,029**
Equity attributable to owners of the parent	7,584	(25)	**7,559**	(61)	-	**7,498**
Non-controlling interests	5,473	(5)	**5,468**	(46)	5	**5,427**
Total equity	**13,057**	**(30)**	**13,027**	**(107)**	**5**	**12,926**
Non-current provisions for employee benefits	358	-	**358**	-	-	**358**
Other non-current provisions	514	-	**514**	-	-	**514**
Non-current financial liabilities	7,229	-	**7,229**	19	-	**7,249**
Non-current put options granted to owners of non-controlling interests	28	-	**28**	-	-	**28**
Other non-current liabilities	481	-	**481**	-	(3)	**478**
Deferred tax liabilities	725	-	**725**	-	-	**725**
Total non-current liabilities	**9,335**	**-**	**9,335**	**19**	**(3)**	**9,352**
Current provisions for employee benefits	11	-	**11**	-	-	**11**
Other current provisions	162	-	**162**	-	-	**162**
Trade payables	6,649	19	**6,668**	-	-	**6,668**
Current financial liabilities	1,493	-	**1,493**	-	-	**1,493**
Current put options granted to owners of non-controlling interests	143	-	**143**	-	-	**143**
Current tax liabilities	88	-	**88**	-	-	**88**
Other current liabilities	2,584	(78)	**2,506**	4		**2,509**
Liabilities associated with assets held for sale	4,680	-	**4,680**	-	(2)	**4,678**
Total current liabilities	**15,809**	**(59)**	**15,750**	**4**	**(2)**	**15,752**
Total equity and liabilities	**38,202**	**(90)**	**38,113**	**(84)**	**-**	**38,029**

(€ millions)	1 January 2017 (reported)	IFRS 15 adjustments	1 January 2017 (restated)
Goodwill	9,595	-	**9,595**
Intangible assets, property, plant and equipment, and investment property	11,642	-	**11,642**
Investments in equity-accounted investees	625	(16)	**609**
Other non-current assets	1,080	(8)	**1,073**
Deferred tax assets	687	(10)	**677**
Total non-current assets	**23,629**	**(33)**	**23,596**
Inventories	3,990	(46)	**3,945**
Trade receivables	880	(5)	**876**
Other current assets	1,542	(1)	**1,541**
Current tax assets	130	-	**130**
Cash and cash equivalents	5,750	-	**5,750**
Assets held for sale	6,120	-	**6,120**
Total current assets	**18,412**	**(51)**	**18,361**
Total assets	**42,042**	**(84)**	**41,958**
Equity attributable to owners of the parent	8,450	(5)	**8,445**
Non-controlling interests	5,990	(4)	**5,986**
Total equity	**14,440**	**(8)**	**14,431**
Non-current provisions for employee benefits	312	-	**312**
Other non-current provisions	615	-	**615**
Non-current financial liabilities	7,733	-	**7,733**
Non-current put options granted to owners of non-controlling interests	41	-	**41**
Other non-current liabilities	618	-	**618**
Deferred tax liabilities	1,094	-	**1,094**
Total non-current liabilities	**10,413**	**-**	**10,413**
Current provisions for employee benefits	12	-	**12**
Other current provisions	163	-	**163**
Trade payables	6,939	-	**6,939**
Current financial liabilities	2,482	-	**2,482**
Current put options granted to owners of non-controlling interests	341	-	**341**
Current tax liabilities	54	-	**54**
Other current liabilities	2,795	(76)	**2,719**
Liabilities associated with assets held for sale	4,404	-	**4,404**
Total current liabilities	**17,189**	**(76)**	**17,113**
Total equity and liabilities	**42,042**	**(84)**	**41,958**

Impact on the main consolidated statement of cash flows indicators

(€ millions)	For the six months ended 30 June 2017 (reported)	IFRS 15 adjustments	For the six months ended 30 June 2017 (restated)
Net cash from/(used in) operating activities	**(1,892)**	**-**	**(1,892)**
Consolidated profit/(loss) before tax	*(64)*	*(16)*	*(80)*
Other components of cash flow	*858*	*(3)*	*855*
Change in operating working capital and income tax paid	*(2,686)*	*18*	*(2,668)*
Net cash from/(used in) investing activities	**(592)**	**-**	**(592)**
Net cash from/(used in) financing activities	**(774)**	**-**	**(774)**
Effect of changes in exchange rates on cash and cash equivalents	(184)	-	(184)
Change in cash and cash equivalents	**(3,443)**	**-**	**(3,443)**
Net cash and cash equivalents at beginning of period	6,787	-	6,787
Net cash and cash equivalents at end of period	3,345	-	3,345

1.3.2 Impact of first-time adoption of IFRS 15 – Revenue from Contracts with Customers

IFRS 15 defines the principles for recognising revenue and replaces IAS 18 – Revenue, IAS 11 – Construction Contracts and all related interpretations. The standard defines a single model for recognising revenue, in five steps. It introduces new concepts and principles regarding the recognition of revenue, in particular the identification of performance obligations and the allocation of the transaction price for contracts with multiple performance obligations.

The Group has decided to adopt IFRS 15 from 1 January 2018 under the full retrospective approach, by restating comparative information. In view of the nature of the Group's businesses, the application of the standard had no material impact on the revenue and trading profit previously published by the Group.

Adoption of IFRS 15 has mainly led to reclassifications between net sales, other revenue, cost of goods sold and selling expenses. This mainly concerns certain services provided to suppliers, certain promotional offers granted directly by suppliers to end-customers, agent/principal qualifications in certain contracts and the presentation of rental revenue. Retrospective application of IFRS 15 had the effect of reducing trading profit for first-half 2017 by €16 million.

The amended accounting policy applied to revenue is presented in Note 6.2.

1.3.3 Impact of the first-time adoption of IFRS 9 – Financial Instruments

IFRS 9 defines new principles covering the classification and measurement of financial instruments, the recognition of impairment provisions for credit risk on financial assets and hedge accounting.

The Group has adopted IFRS 9 as from 1 January 2018 using the simplified retrospective approach consisting of recording the cumulative impact in opening equity at the transition date. The main individually non-material changes resulting from the application of IFRS 9 are as follows:

- In line with the new impairment model for financial assets (including contract assets), incurred losses recorded under IAS 39 have been replaced by lifetime expected credit losses. The Group has applied the simplified model for all these assets, in particular receivables from franchisees and tenants. With respect to continuing operations excluding equity-accounted investees, application of the new model led to a €44 million increase in provisions for asset impairment and a €30 million reduction in equity, net of tax.
- Credit card receivables (Brazil) have been classified as debt instruments at fair value through other comprehensive income, resulting in a €3 million reduction in trade receivables and a €2 million reduction in equity.
- Equity instruments previously classified as "Available-for-sale financial assets" have been reclassified mainly as equity instruments at fair value through profit or loss.
- Bond swaps have been restated, leading to a €19 million increase in debt and a €15 million reduction in equity, net of tax.
- With respect to equity-accounted investees (Mercialys, Banque du Groupe Casino and FIC), an €11 million reduction in equity, net of tax was recognised against equity-accounted investees, mainly due to the application of the new impairment model for financial assets.
- With respect to Via Varejo's discontinued operations, a €47 million reduction in equity, net of tax was recognised against assets held for sale, as a result of the application of the new impairment model for consumer finance receivables and to the classification of credit card receivables as debt instruments at fair value through other comprehensive income.

The table below shows the original measurement categories under IAS 39 and the new categories used as from 1 January 2018 under IFRS 9 for each class of financial assets. The financial liability categories are unchanged and are therefore not presented.

(€ millions)	Original classification (IAS 39)	New classification (IFRS 9)	Original carrying amount (IAS 39)	New carrying amount (IFRS 9)
Equity instruments	Available-for-sale – at cost	**Fair value through profit or loss**	4	**4**
Equity instruments	Available-for-sale – at fair value	**Fair value through profit or loss**	32	**32**
Cash and cash equivalents	Held-for-trading financial assets	**Fair value through profit or loss**	4	**4**
Cash and cash equivalents	Loans and receivables	**Amortised cost**	3,386	**3,386**
Hedging derivative assets	Hedging instruments	**Fair value – hedging instruments**	98	**98**
Credit card receivables (Brazil)	Loans and receivables	**Debt instruments at fair value through other comprehensive income (OCI)**	104(i)	**101(i)**
Trade receivables and other current and non-current assets	Loans and receivables	**Amortised cost**	2,192(i)	**2,149(i)**

(i) The original carrying amount and the new carrying amount under IFRS 9 of Via Varejo's debt instruments (reclassified as "Assets held for sale" and not included in the table above) represent €421 million and €405 million, respectively.

The amended accounting policy applied to financial instruments is presented in Note 9.

Note 2 Significant events of the period

Significant events during the period are the following:

- **Planned disposal of Via Varejo**

During 2017, certain external factors that were beyond GPA's control, mostly related to the macro-economic environment in Brazil, prevented the disposal of Via Varejo being completed within one year as originally planned. The disposal plan is nonetheless unchanged. GPA and Casino have examined the next steps with their financial advisors and have confirmed that they are pursuing the disposal process.
Consequently, in accordance with IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations:

- the assets and liabilities held for sale have been reclassified in the statement of financial position under "Assets held for sale" and "Liabilities associated with assets held for sale" (Note 3.2.1);
- Via Varejo's net profit and cash flows for the periods ended 30 June 2018 and 2017 are reported under separate lines in the income statement and statement of cash flows;
- the table related to contingent liabilities (Note 11.3) does not take into account Via Varejo's activities. If necessary, specific information for Via Varejo is provided in a footnote.

- **Bond issue**

On 24 January 2018, Casino placed a €200 million tap of its bond issue due June 2022, at an effective interest rate of 1.58%. The new bond issue raised the total nominal amount of the paper from €550 million to €750 million.

- **Acquisition of Sarenza (Note 3.1.1)**

- **Commercial partnership between Monoprix and Amazon**

On 26 March 2018, Monoprix and Amazon announced that they were forming a commercial partnership to bring grocery items sourced from Monoprix to Amazon's Prime Now service customers in Paris and its inner suburbs. Starting in September 2018, grocery items sourced from Monoprix will be available in the Prime Now app and website through a dedicated virtual store.

- **Announcement of an asset disposal plan**

On 11 June 2018, the Group announced that it was launching an asset disposal plan to support ongoing transformation of the business model and accelerate the deleveraging process in France. The plan concerns non-strategic real estate and other assets identified by the Group with an estimated total realisable value of €1.5 billion. Around half of the plan will be completed in 2018 and the other half in 2019.

- **Cooperation in purchasing with Auchan Retail, METRO and the Schiever Group**

On 29 June 2018, the Casino Group, Auchan Retail, METRO and the Schiever Group announced their cooperation in purchasing, internationally and in France, after signing several agreements over the previous three months. A set of alliances in purchasing called "Horizon" has been created. The new alliances will focus on moving away from purely transactional negotiations towards a collaborative, balanced and innovative type of negotiations. Prior to the Horizon project, on 3 April 2018 the Casino Group and Auchan Retail announced that they had begun exclusive talks to build a global strategic partnership. This coincided with Casino and Intermarché's mutually agreed termination of their purchasing alliance.
The relevant competition authorities will be approached for approval prior to implementation of the alliances. A submission was made to the French Competition Authority immediately upon the signing of the agreements for France on 18 May 2018.

On 16 July 2018, the French Competition Authority announced that it had launched an investigation into recent purchasing alliances between retailers.

Note 3 Scope of consolidation

3.1 Transactions affecting the scope of consolidation in the first half of 2018

3.1.1 Acquisition of control of Sarenza

On 30 April 2018, Monoprix acquired Sarenza, a leading online footwear retailer. The amount paid was €22 million for 100% of the shares (Note 4.5).

Considering the closing date of the deal, the Group did not have time to measure the acquired assets and assumed liabilities at fair value. Sarenza has therefore been consolidated in the statement of financial position at 30 June 2018 at net book value, leading to the recognition of provisional goodwill of €24 million (corresponding to the difference between the book value of the acquired net assets and the consideration transferred), which has been allocated to the Monoprix CGU.

Sarenza's contribution to consolidated net sales for the period from 30 April 2018 to 30 June 2018 was €27 million. Its contribution to consolidated net profit for the period was not material. If control of Sarenza had been acquired on 1 January 2018, it would have increased consolidated net sales by €70 million and reduced consolidated net profit by €7 million.

3.1.2 Changes in scope relating to the Franprix-Leader Price sub-group

On 28 February 2018, Franprix-Leader Price sold control of 105 Franprix and Leader Price stores to a master-franchisee. As the decision to dispose of the stores was made at the end of 2017, the related assets and liabilities were presented on a separate line of the statement of financial position at 31 December 2017 ("Assets held for sale"), in accordance with IFRS 5.
The sale proceeds amounted to €33 million, including €28 million collected in cash during the period (Note 4.5). The transactions generated a loss of €15 million which is recognised in "Other operating expenses". If the transactions had been completed on 1 January 2018, the impact on net sales, trading profit, other operating income and expenses and the Group's share of profit of equity-accounted investees would not have been material.
Franprix-Leader Price has retained a 49% interest in the group of stores and has a call option exercisable between 2021 and 2023.

Concurrently, the same master-franchisee acquired a 40% stake in another group of Franprix-Leader Price stores. The investment was accounted for as a transaction between owners.
The master-franchisee has a put option on its 40% stake and Franprix-Leader Price has a call option.
Together, all of these transactions (i) had the effect of reducing consolidated equity attributable to owners of the parent by €7 million and (ii) led to the recognition in debt of put options granted to owners of non-controlling interests for €17 million and of a derivative instrument in assets for €10 million.

In addition, Franprix-Leader Price acquired control of various stores during first-half 2018, at a total cost of €45 million, including €36 million paid in cash during the period (Note 4.5). Provisional goodwill on these transactions amounted to €41 million. Some of the acquired sub-groups were previously accounted for by the equity method in the Casino Group's consolidated financial statements. The previously-held interest was therefore remeasured at its acquisition-date fair value, leading to the recognition of a €17 million gain in "Other operating income".
The contribution of these stores to consolidated net sales and consolidated net profit was €6 million and a negative €2 million, respectively (before taking into account the gain recognised on remeasurement of the previously-held interest).
If these acquisitions had been completed on 1 January 2018, the additional contribution to consolidated net sales and consolidated net profit would have been €15 million and €1 million, respectively (before taking into account the gain recognised on remeasurement of the previously-held interest).

3.1.3 Sale of a group of Casino supermarkets without loss of control

During first-half 2018, Distribution Casino France sold a 40% stake in five Casino supermarkets to a master-franchisee. The sale without loss of control was accounted for as a transaction between owners. It had a €13 million impact on equity attributable to owners of the parent and a €2 million impact on non-controlling interests.
The master-franchisee has a put option on its 40% stake and Distribution Casino France has a call option. The put has been recognised in debt for €19 million with a corresponding adjustment to equity (including a €15 million reduction in equity attributable to owners of the parent).

3.2 Non-current assets held for sale and discontinued operations

3.2.1 Assets held for sale and liabilities associated with assets held for sale

(€ millions)	Notes	30 June 2018		31 December 2017	
		Assets	Liabilities	Assets	Liabilities
Via Varejo sub-group		**4,938**	**3,624**	6,041	4,571
Other France Retail(i)		**487**	**79**	545	109
Other Latam Retail(ii)		**120**	**1**	7	-
Total		**5,545**	**3,704**	**6,593**	**4,680**
Net assets		**1,841**		1,913	
Of which attributable to owners of the parent of the selling subsidiary	*9.2.1*	***1,089***		*1,070*	

(i) At 30 June 2018, this item mainly includes stores and property assets. The absence of a material change in net assets attributable to owners of the parent of the selling subsidiary compared to 31 December 2017 reflects the net impact of the €175 million cancelled on completed sales for the period and the new disposal plans for approximately €140 million recognised for assets classified as held for sale during the period.
(ii) Consisting mainly of real estate assets.

3.2.2 Discontinued operations

Profit from discontinued operations, mostly composed of Via Varejo (including Cnova Brazil), breaks down as follows:

(€ millions)	For the six months ended 30 June 2018(i) (ii)	For the six months ended 30 June 2017(i) (ii)
Net sales	**3,155**	3,521
Expenses	**(3,080)**	(3,512)
Gain on disposal of discontinued operations	**-**	**-**
Disposal proceeds	-	-
Disposal costs	-	-
Carrying amount of net assets sold	-	-
Other items of comprehensive income/(loss) reclassified to profit or loss, net of tax(iii)	-	-
Impairment loss resulting from the measurement of Via Varejo at fair value less costs to sell(iv)	**-**	(38)
Net profit/(loss) before tax from discontinued operations	**74**	**(28)**
Income tax (expense)/gain	**(29)**	10
Share of profit of equity-accounted investees	**3**	4
Net profit/(loss) from discontinued operations	**48**	**(14)**
Attributable to owners of the parent	***4***	*(8)*
Attributable to non-controlling interests	***44***	*(6)*
Basic earnings per share attributable to owners of the parent (€)	**0.04**	(0.07)
Diluted earnings per share attributable to owners of the parent (€)	**0.04**	(0.07)

(i) The amounts reported for first-half 2018 and first-half 2017 mainly represent 6 months of business for Via Varejo.
(ii) In first-half 2018, Via Varejo reported net sales of €3,155 million and EBITDA of €186 million (first-half 2017: €3,521 million and €183 million, respectively).
(iii) The reclassification of Via Varejo under discontinued operations had no impact on other items of comprehensive income for first-half 2018 and first-half 2017. The sale of Via Varejo will not lead to any related foreign currency translation adjustments being reclassified to profit or loss.
(iv) When it was reclassified under discontinued operations in 2016, in accordance with IFRS 5, Via Varejo's fair value (including Cnova Brazil) was estimated at €1,656 million (before estimated costs to sell of €20 million), based on the share price of BRL 10.75 at 31 December 2016 plus an estimated control premium. The share price was approximately the same at 30 June 2017 and the valuation was therefore not adjusted at that date. The fair value measurement led to the recognition of an impairment loss of €38 million at 30 June 2017. No additional impairment loss has been recorded since then. Via Varejo's share price at 30 June 2018 was BRL 18.61.

3.2.3 Net cash from/(used in) discontinued operations

For the six-months periods ended 30 June 2018 and 30 June 2017, net cash used in discontinued operations mainly concerned Via Varejo.

3.3 Investments in equity-accounted investees

3.3.1 Changes in investments in equity-accounted investees

(€ millions)	Opening balance (restated)	IFRS 9 adjustments.	Impairment loss	Share of profit/(loss) for the period	Dividends	Other	Closing balance
Associates							
FIC (GPA)	92	-	-	18	(53)	(12)	45
Mercialys	351(*)	-	-	29	(38)	9(i)	350
Franprix–Leader Price Group associates	2	-	-	(39)	-	40(ii)	4
Other	39	-	-	1	(4)	3	39
Joint ventures							
Banque du Groupe Casino	84	-	-	1	-	4	89
Tuya (Éxito)	28	-	-	3	-	1	32
Other	13	-	-	(1)	-	3	15
2017 (restated)	**609**	**-**	**-**	**13**	**(96)**	**48**	**575**
Associates							
FIC (GPA)	**45**	**(5)**	**-**	**8**	**-**	**(5)**	**42**
Mercialys	**350**	**(1)**	**-**	**17**	**(25)**	**(3)(i)**	**337**
Franprix–Leader Price Group associates	**4**	**-**	**-**	**(26)**	**-**	**26(ii)**	**4**
Other	**39**	**-**	**-**	**1**	**(2)**	**3**	**41**
Joint ventures							
Banque du Groupe Casino	**89**	**(5)**	**-**	**2**	**-**	**-**	**86**
Tuya (Éxito)	**32**	**-**	**-**	**8**	**-**	**12**	**52**
Other	**15**	**-**	**-**	**2**	**-**	**-**	**17**
For the six months ended 30 June 2018	**575**	**(11)**	**-**	**11**	**(27)**	**33**	**581**

(*) Restatement of Mercialys equity-accounted investee, following the retrospective application of IFRS 15 had a negative impact of €16 million.

(i) The €3 million decrease in first-half 2018 and the €9 million increase in 2017 correspond mainly to the elimination of gains and losses on purchases and sales of property assets between Casino and Mercialys for the portion corresponding to Casino's percentage interest in Mercialys.

(ii) The amounts of €26 and €40 million respectively in first-half 2018 and 2017 relate to the reclassification of the share of losses from Franprix-Leader Price associates that exceeds the book value of the investments, when Franprix-Leader Price has an obligation to cover its share in the losses of those associates.

3.3.2 Share of contingent liabilities of equity-accounted investees

At 30 June 2018 and 31 December 2017, none of the Group's associates and joint ventures had any material contingent liabilities.

3.3.3 Related party transactions (equity-accounted investees)

The related party transactions shown below mainly concern transactions carried out in the normal course of business on arm's length terms with companies over which the Group exercises significant influence (associates) or joint control (joint ventures) that are accounted for in the consolidated financial statements using the equity method.

(€ millions)	2018		2017 (restated)	
	Associates	Joint ventures	Associates	Joint ventures
Closing balance at 30 June 2018 and 31 December 2017				
Loans	**21**	**12**	15	13
of which impairment	***(70)***	**-**	*(63)*	-
Receivables	**128**	**47**	78	49
of which impairment	***(2)***	**-**	*(1)*	-
Payables	**9**	**486**	10	274
First half-year transactions				
Expenses	**42**(i)	**993**(ii)	48(i)	547(ii)
Income	**519**(iii)	**19**	459(iii)	23

(i) Of which rental revenue excluding occupancy costs for the 71 leases signed with Mercialys for €26 million in first-half 2018 (first-half 2017: 73 leases for €29 million). At 31 December 2017, lease commitments to Mercialys for property assets amounted to €68 million, of which €43 million due within one year.

(ii) Including €576 million in fuel purchases from Distridyn in first-half 2018 (first-half 2017: €536 million) and €400 million in goods purchases from CD Supply Innovation, the joint purchasing organisation set up with Dia at the end of 2017.

(iii) Income of €519 million in first-half 2018 (first-half 2017: €459 million) includes sales of goods by Franprix-Leader Price and Distribution Casino France to master-franchisees accounted for by the equity method for €440 million (first-half 2017: €402 million). It also includes income related to property development transactions with Mercialys reported under "Other revenue" for €8 million (first-half 2017: €14 million).

In first-half 2018, the Group signed a property development contract with Sacré Cœur, a subsidiary of Mercialys. After eliminating a percentage corresponding to the Group's interest in Mercialys, the contract led to the recognition of €8 million in "Other revenue" and a non-material contribution to EBITDA.

In addition, the Group sold two property development projects of hypermarkets scheduled for transformation. After eliminating a percentage corresponding to the Group's 10% interest in the associates concerned, the two transactions led to the recognition of €29 million in "Other revenue" and had a €15 million contribution to EBITDA.

Note 4 Additional disclosures related to the consolidated statement of cash flows

4.1 Reconciliation of provision expense

(€ millions)	Notes	For the six months ended 30 June 2018	For the six months ended 30 June 2017
Goodwill impairment		**-**	(4)
Impairment of intangible assets		**-**	(11)
Impairment of property, plant and equipment		**(12)**	(42)
Impairment of investment property		**-**	-
Impairment of other assets		**(2)**	5
Net (additions to)/reversals of provisions for risks and charges	11.1	**19**	54
Provision expense adjustment in the statement of cash flows		**6**	**3**

4.2 Reconciliation of changes in working capital to the statement of financial position

(€ millions)	31 December 2017 (restated)	Effect of applying IFRS 9 and IFRS 2	Cash flows from operating activities	Other cash flows	Changes in scope of consolidation	Effect of movements in exchange rates	Reclass. and other	30 June 2018
Goods inventories	**(3,694)**	**-**	**(133)**	**-**	**(50)**	**149**	**(2)**	**(3,730)**
Property development inventories	**(126)**	**-**	**(21)**	**-**	**(1)**	**4**	**(12)**	**(155)**
Trade payables	**6,668**	**-**	**(528)**	**-**	**26**	**(183)**	**29**	**6,012**
Trade receivables	**(941)**	**46**	**78**	**-**	**4**	**25**	**(3)**	**(791)**
Other (receivables)/payables	**513**	**1**	**(264)**	**(71)**	**(6)**	**63**	**1**	**237**
TOTAL	**2,420**	**47**	**(867)**	**(71)**	**(27)**	**58**	**13**	**1,572**

(€ millions)	1 January 2017 (restated)	Cash flows from operating activities	Other cash flows	Changes in scope of consolidation	Effect of movements in exchange rates	Reclass. and other	30 June 2017 (restated)
Goods inventories	(3,775)	(166)	-	-	157	19	(3,764)
Property development inventories	(170)	(3)	-	(4)	(1)	3	(175)
Trade payables	6,939	(1,426)	-	-	(192)	(8)	5,313
Trade receivables	(876)	67	-	-	19	5	(785)
Other (receivables)/payables	723	(325)	(50)	(13)	4	13	353
TOTAL	**2,842**	**(1,853)**	**(50)**	**(17)**	**(13)**	**32**	**942**

4.3 Reconciliation of acquisitions of non-current assets

(€ millions)	For the six months ended 30 June 2018	For the six months ended 30 June 2017
Additions to and acquisitions of intangible assets	**(89)**	(63)
Additions to and acquisitions of property, plant and equipment	**(357)**	(465)
Additions to and acquisitions of investment property	**(25)**	(43)
Changes in amounts due to suppliers of non-current assets	**(64)**	(63)
New finance leases	**-**	1
Capitalised borrowing costs (IAS 23)	**6**	8
Cash used in acquisitions of intangible assets, property, plant and equipment and investment property	**(529)**	**(625)**

4.4 Reconciliation of disposals of non-current assets

(€ millions)	For the six months ended 30 June 2018	For the six months ended 30 June 2017
Disposals of intangible assets	**4**	7
Disposals of property, plant and equipment	**73**	119
Disposals of investment property	**-**	-
Gains/(losses) on disposals of non-current assets	**5**	18
Changes in receivables related to non-current assets	**4**	(32)
Reclassification of non-current assets as “Assets held for sale”	**136**	61
Cash from disposals of intangible assets, property, plant and equipment and investment property	**223**	**173**

4.5 Effect on cash and cash equivalents of changes in scope of consolidation resulting in acquisition or loss of control

(€ millions)	For the six months ended 30 June 2018	For the six months ended 30 June 2017
Amount paid for acquisitions of control	**(70)**	(34)
Cash acquired/(bank overdrafts assumed) in acquisitions of control	**(19)**	-
Proceeds from losses of control	**15**	3
(Cash sold)/bank overdrafts transferred in losses of control	**-**	(30)
Effect of changes in scope of consolidation resulting in acquisition or loss of control	**(74)**	**(61)**

In first-half 2018, the net impact of these transactions on the Group's cash and cash equivalents mainly comprised:

- an outflow of €43 million for the acquisition of Sarenza (Note 3.1.1), including the €20 million negative cash acquired and the €22 million sale price paid;
- an outflow of €45 million for acquisitions by the Franprix-Leader Price sub-group, including an outflow of €36 million for transactions of the period (Note 3.1.2) and an outflow of €11 million for transactions in 2017;
- an inflow of €14 million for losses of control by the Franprix-Leader Price sub-group, including an inflow of €28 million for the sale of 105 stores (as described in Note 3.1.2).

4.6 Effect on cash and cash equivalents of transactions with non-controlling interests

(€ millions)	For the six months ended 30 June 2018	For the six months ended 30 June 2017
Distribution Casino France – Disposal without loss of control (Note 3.1.3)	**20**	-
Éxito – Additional contribution of FIC to Viva Malls	**36**	42
Franprix-Leader Price sub-group – Acquisition of Sarjel shares	**-**	(19)
Tender offer on Cnova shares	**-**	(165)
Other	**(12)**	(6)
Effect on cash and cash equivalents of transactions with non-controlling interests	**44**	**(148)**

4.7 Reconciliation between change in cash and cash equivalents and change in net debt

(€ millions)	For the six months ended 30 June 2018	For the six months ended 30 June 2017
Change in cash and cash equivalents	**(705)**	**(3,443)**
Additions to borrowings(i)	**(1,739)**	(1,889)
Repayments of borrowings(i)	**244**	1,466
Non-cash changes in debt(i)	**191**	460
Change in net assets held for sale attributable to owners of the parent	***96***	*271*
Change in fair value hedges	***20***	*7*
Change in accrued interest	***63***	*164*
Other	***13***	*18*
Effect of movements in exchange rates(i)	**89**	261
Change in debt of discontinued operations	**619**	918
Change in net debt	**(1,299)**	**(2,227)**
Net debt at beginning of period (reported)	**4,126**	3,367
Effects of applying IFRS 9 at 1 January 2018 (Note 1.3)	**19**	-
Net debt at beginning of period (restated)	**4,146**	3,367
Net debt at end of period (Note 9.2.1)	**5,445**	5,594

(i) These impacts relate exclusively to continuing operations.

4.8 Reconciliation of net interest paid

(€ millions)	Notes	For the six months ended 30 June 2018	For the six months ended 30 June 2017
Net finance costs reported in the income statement	**9.3.1**	**(158)**	**(192)**
Neutralisation of unrealised exchange gains and losses		**(12)**	(11)
Neutralisation of amortisation of debt issuance/redemption costs and premiums		**16**	10
Capitalised borrowing costs		**(6)**	(8)
Change in accrued interests and in fair value hedges of borrowings		**(95)**	(186)
Non-recourse factoring and associated transaction costs	9.3.2	**(42)**	(38)
Interest paid, net as presented in the statement of cash flows		**(297)**	**(425)**

Note 5 Segment information

5.1 Key indicators by reportable segment

The segment information presented below is based on the internal reporting used by General Management (the chief operating decision maker) to evaluate performance and allocate resources. It includes in particular the allocation of the holding company costs to all of the Group's Business Units.

(€ millions)	France Retail	Latam Retail	E-commerce	For the six months ended 30 June 2018
External net sales (Note 6.2)	**9,310**	**7,630**	**876**	**17,816**
EBITDA	**307(i)**	**473(ii)**	**(7)**	**773**
Recurring depreciation and amortisation expense (Note 6.4)	**(171)**	**(147)**	**(16)**	**(333)**
Trading profit/(loss)	**136(i)**	**326(ii)**	**(23)**	**439**

(i) Of which €21 million for property development transactions carried out in France.
(ii) Of which BRL 414 million (€100 million) recognised in respect of tax credits by GPA during the period (mainly reversal of the valuation allowance on Assai's ICMS-ST tax credit following a change in the law).

(€ millions)	France Retail	Latam Retail	E-commerce	For the six months ended 30 June 2017 (restated)
External net sales (Note 6.2)	9,208	8,397	835	18,439
EBITDA	281(i)	529(ii)	(12)	798
Recurring depreciation and amortisation expense (Note 6.4)	(171)	(165)	(12)	(348)
Trading profit/(loss)	110(i)	364(ii)	(24)	450
Including effect of applying IFRS 15 on net sales	*(53)*	*(69)*	*(37)*	*(158)*
Including effect of applying IFRS 15 on trading profit	*(10)*	-	*(5)*	*(16)*

(i) Of which €33 million for property development transactions carried out in France.
(ii) Of which BRL 447 million (€130 million) for the ICMS-ST tax credits arising in prior periods that were recognised by GPA in first-half 2017 as a deduction from "Cost of goods sold" following the decision published in April 2017 by the Brazilian federal supreme court stipulating that the ICMS-ST tax is not a final tax and should not therefore be included in the basis of assessment of the PIS and COFINS taxes, allowing GPA to apply for a refund from the Brazilian state administrations.

5.2 Key indicators by geographical area

(€ millions)	France	Latin America	Other regions	Total
External net sales for the six months ended 30 June 2018	**10,184**	**7,628**	**4**	**17,816**
External net sales for the six months ended 30 June 2017 (restated)	10,040	8,397	3	18,439

(€ millions)	France	Latin America	Other regions	Total
Non-current assets at 30 June 2018[(i)]	**11,435**	**8,068**	**50**	**19,553**
Non-current assets at 31 December 2017 (restated)[(i)]	11,487	8,822	49	20,357

(i) Non-current assets include goodwill, intangible assets and property, plant, and equipment, investment property, investments in equity-accounted investees, contract assets and the non-current portion of prepaid expenses.

Note 6 Activity data

6.1 Seasonality of operations

Across all businesses, seasonal fluctuations on the income statement are minor in terms of net sales (first-half 2017 represented 49% of full-year 2017, or 51% based on the average 2017 exchange rate), but are more significant in terms of trading profit (first-half 2017 represented 37% of full-year 2017, or 39% based on the average 2017 exchange rate).

These seasonal fluctuations have an even greater impact on the cash flows generated by the Group. The change in working capital observed in the first half of the year is structurally negative as a result of the large payments made to suppliers at the beginning of the financial year in return for purchases made to meet strong demand in December of the previous year.

6.2 Breakdown of revenue

Following the first-time adoption of IFRS 15 from 1 January 2018 (Note 1.3.2), the Group revised its revenue accounting policy.

Accounting principle

Total revenue is composed of two parts: “Net sales” and “Other revenue”.

“Net sales” include sales by the Group’s stores, service stations, e-commerce sites and restaurants, franchise fees, revenues from business leases and financial services revenues.

“Other revenue” consists of revenue from the property development and property trading businesses, rental revenues, miscellaneous service revenues, incidental revenues and revenues from secondary activities, and revenues from the energy business.

Revenue is measured at the contract price, corresponding to the consideration to which the Group expects to be entitled in exchange for the supply of goods or services. The transaction price is allocated to the performance obligations in the contract, which represent the units of account for revenue recognition purposes. Revenue is recognised when the performance obligation is satisfied, i.e. when control of the good or service passes to the customer. Revenue may therefore be recognised at a specific point in time or over time (based on the stage of completion).

The Group’s main sources of revenue are as follows:

- Sales of goods (including through the property trading business): in this case, the Group generally has only one performance obligation, that of delivering the good to the customer. Revenue from these sales is recognised when control of the good is transferred to the customer, generally upon delivery. In the Group, control passes mainly:
  - at the check-out for in-store sales;
  - on receipt of the goods by the franchisee or affiliated store;
  - on receipt of the goods by the customer for e-commerce sales.

- Sales of services, for example sales of subscriptions, franchising fees, logistics services, rental revenue and property management services: in this case, the Group generally has only one performance obligation, to supply the service, and the related revenues are recognised over the period in which the services are performed.
- Property development revenues: in this case, the Group generally has several performance obligations, some of which may be satisfied at a given point in time and others over time based on the project's percentage of completion. Profit is calculated on a percentage-of-completion basis by reference to the projected margin on completion weighted by the percentage of completion determined by the costs incurred (input method).

If settlement of the consideration is deferred beyond normal payment terms and no promise of financing is explicitly stated in the contract or implied by the payment terms, the transaction price is determined by adjusting the consideration for the effects of the time value of money. If significant, the difference between this price and the unadjusted transaction price is recognised in "Other financial income" over the payment deferral period.

The Group operates loyalty programmes that enable customers to obtain discounts or award credits on their future purchases. Award credits granted to customers under loyalty programmes represent a performance obligation that is separately identifiable from the initial sales transaction. This performance obligation gives rise to the recognition of a contract liability. The corresponding revenue is deferred until the award credits are used by the customer.

The following tables present a breakdown of revenue:

(€ millions)	France Retail	Latam Retail	E-commerce	For the six months ended 30 June 2018
Net sales	**9,310**	**7,630**	**876**	**17,816**
Other revenue	**163**	**78**	**-**	**241**
Total revenue	**9,473**	**7,708**	**876**	**18,057**

(€ millions)	France Retail	Latam Retail	E-commerce	For the six months ended 30 June 2017 (restated)
Net sales	9,208	8,397	835	18,439
Other revenue	148	77	-	225
Total revenue	9,356	8,474	835	18,664

The Group's core business is retailing and the vast majority of revenues are therefore recognised at a given point in time. Revenue recognised over time mainly concerns certain performance obligations arising from the property development business and from certain incidental services related to retail activity.

6.3 Expenses by nature and function

Following the first-time adoption of IFRS 15 from 1 January 2018 (Note 1.3.2), the Group revised its accounting policy for "Selling expenses", which now consist of point-of-sale costs.

The cost of property development and property trading activities and changes in property development and property trading inventories have been reclassified to "Cost of goods sold".

(€ millions)	Logistics costs[i]	Selling expenses	General and administrative expenses	For the six months ended 30 June 2018
Employee benefits expense	**(270)**	**(1,559)**	**(407)**	**(2,235)**
Other expenses	**(462)**	**(1,577)**	**(219)**	**(2,258)**
Depreciation and amortisation expense (Notes 5.1/6.4)	**(18)**	**(245)**	**(70)**	**(333)**
Total	**(750)**	**(3,381)**	**(695)**	**(4,826)**

(i) Logistics costs are reported in the consolidated income statement under "Cost of goods sold".

(€ millions)	Logistics costs[i]	Selling expenses	General and administrative expenses	For the six months ended 30 June 2017 (restated)
Employee benefits expense	(253)	(1,631)	(406)	(2,289)
Other expenses	(457)	(1,640)	(227)	(2,324)
Depreciation and amortisation expense (Notes 5.1/6.4)	(19)	(260)	(69)	(348)
Total	**(729)**	**(3,531)**	**(702)**	**(4,961)**

(i) Logistics costs are reported in the consolidated income statement under "Cost of goods sold".

6.4 Depreciation and amortisation

(€ millions)	Notes	For the six months ended 30 June 2018	For the six months ended 30 June 2017
Amortisation of intangible assets		**(61)**	(59)
Depreciation of property, plant and equipment		**(269)**	(285)
Depreciation of investment property		**(3)**	(4)
Total depreciation and amortisation expense	**5.1/6.3**	**(333)**	**(348)**

6.5 Other operating income and expenses

(€ millions)	For the six months ended 30 June 2018	For the six months ended 30 June 2017
Total other operating income	**102**	106
Total other operating expenses	**(238)**	(380)
	(136)	**(274)**
Breakdown by type		
Gains and losses on disposal of non-current assets[v]	**10**	23
Net impairment losses on assets[i] [v]	**(1)**	(45)
Net income/(expense) related to changes in scope of consolidation[ii] [v]	**(33)**	(55)
Gains and losses on disposal of non-current assets, net impairment losses on assets and net income (expense) related to changes in scope of consolidation	**(24)**	**(77)**
Restructuring provisions and expenses[iii] [v]	**(96)**	(124)
Provisions and expenses for litigation and risks[iv]	**(16)**	(60)
Other	**-**	(13)
Sub-total	**(112)**	**(197)**
Total net other operating income (expenses)	**(136)**	**(274)**

(i) Impairment losses recorded in first-half 2017 mainly related to individual assets in the France Retail segment for €32 million (primarily Monoprix and Franprix-Leader Price for €11 million and €9 million, respectively) and the Latam Retail segment (primarily GPA) for €12 million.

(ii) The €33 million expense recorded in first-half 2018 primarily concerns fees related to various projects for changes in the scope of consolidation. The €55 million expense recognised in first-half 2017 related mainly to changes in consolidation scope at Distribution Casino France for an amount of €30 million and related fees of €10 million.

(iii) Restructuring expenses for first-half 2018 relate chiefly to the France Retail segment for €49 million (including employee-related costs and store closure costs for €41 million and store conversion costs of €8 million) and to Latam Retail for €37 million. Restructuring expenses for first-half 2017 mainly concerned the France Retail segment for €90 million (including employee-related costs and store closure costs for €55 million and store conversion costs of €35 million) and GPA for €21 million.

(iv) Provisions and expenses for litigation and risks represented a net expense of €16 million in first-half 2018 and concerned France Retail for €6 million and Latam Retail for €8 million. The net expense in first-half 2017 included €53 million for the tax amnesty programme launched by GPA during the period.

(v) Reconciliation of the breakdown of asset impairment losses with the tables of asset movements:

(€ millions)	For the six months ended 30 June 2018	For the six months ended 30 June 2017
Goodwill impairment losses	**-**	(4)
Impairment (losses)/reversals on intangible assets, net	**-**	(11)
Impairment (losses)/reversals on property, plant and equipment, net	**(12)**	(42)
Impairment (losses)/reversals on investment property, net	**-**	-
Impairment (losses)/reversals on other assets, net	**(2)**	-
Total net impairment losses	**(14)**	**(57)**
of which presented under "Restructuring provisions and expenses"	***(2)***	*(11)*
of which presented under "Net impairment (losses)/reversals on assets"	***(1)***	*(45)*
of which presented under "Net income/(expense) related to changes in scope of consolidation"	***(3)***	-
of which presented under "Gains and losses on disposal of non-current assets"	***(9)***	-

Note 7 Income tax

The effective tax rate for the half-year ended 30 June 2018 was -43.5% versus -59.0% for first-half 2017. The tax proof is presented below:

(€ millions)	For the six months ended 30 June 2018		For the six months ended 30 June 2017 (restated)	
Profit/(loss) before tax	**53**		**(51)**	
Theoretical income tax gain/(expense)[(i)]	**(18)**	**-34.43%**	**18**	-34.43%
Reconciliation of theoretical income tax expense to actual income tax expense				
Impact of differences in foreign tax rates	**2**	**4.7%**	10	-19.7%
Recognition of previously unrecognised tax benefits on tax losses and other deductible temporary differences[(ii)]	**27**	**50.9%**	37	-72.3%
Unrecognised deferred tax assets/valuation allowances on recognised deferred tax assets on tax loss carryforwards or other deductible temporary differences[(iii)]	**(22)**	**-41.9%**	(21)	40.5%
CVAE net of income tax	**(20)**	**-36.9%**	(19)	37.5%
Non-deductible interest expense[(iv)]	**(13)**	**-24.8%**	(12)	24.1%
Non-taxable CICE[(v)]	**16**	**29.9%**	18	-35.1%
Deductible interest on deeply subordinated perpetual bonds	**8**	**15.4%**	8	-16.5%
Taxation of Mercialys shares	**(6)**	**-11.5%**	(8)	15.6%
Other	**3**	**5.1%**	(1)	1.3%
Actual income tax gain/(expense) / Effective tax rate	**(23)**	**-43.5%**	**30**	**-59.0%**

(i) The reconciliation of the effective tax rate paid by the Group is based on the current French rate of 34.43%, unchanged from 2017.

(ii) In 2017, following the review of earnings outlooks and tax options implemented at Ségisor (French holding company for the voting shares of its Brazilian subsidiary), tax loss carryforwards in an amount of €153 million were recognised, giving rise to deferred tax assets of €45 million. After taking into account profit for the period, deferred tax assets stood at €41 million at 30 June 2017.

(iii) In first-half 2018, this mainly concerned the E-commerce segment for a negative €19 million (first-half 2017: E-commerce segment for a negative €17 million).

(iv) Tax laws in some countries cap the deductibility of interest paid by companies. In France, since the 2012 amended Finance Act, companies are required to add back 25% of interest expense to their taxable profit. The resulting income tax amounts disclosed for the periods presented relate mostly to French entities.

(v) A competitiveness and employment tax credit (CICE) was introduced in France, corresponding to a tax credit (refundable if not used within three years) based on a percentage of salaries that do not exceed 2.5x the French minimum wage (SMIC). The rate was 7% in 2017 and 6% for salaries paid as from 1 January 2018 (9% for Vindémia). In first-half 2018, the Group recognised this CICE income of €46 million (first-half 2017: €52 million) as a reduction of its employee benefits expense.

Deferred tax assets recognised for tax loss carryforwards primarily concern Casino, Guichard-Perrachon, Éxito and GPA.

Note 8 Goodwill, intangible assets, property, plant and equipment and investment property

Acquisitions of intangible assets, property, plant and equipment and investment property totalled €470 million in first-half 2018, compared with €571 million for the same period in 2017.

The Group carried out a review of goodwill and other non-current assets at 30 June 2018 to determine whether there was any evidence of impairment, as defined in the notes to the 2017 consolidated financial statements. Impairment charges of €12 million were recognised on intangible assets, property, plant and equipment and investment property in first-half 2018 (Note 6.5), mainly in the France Retail segment (€6 million) and the Latam Retail segment (€5 million).
Concerning goodwill, the tests carried out on CGUs for which there was an indication of impairment concerned the France Retail segment (Casino Restauration) and the Latam Retail segment (Argentina). The tests did not lead to the recognition of any impairment losses at 30 June 2018.

Note 9 Financial structure and finance costs

Following the first-time adoption of IFRS 9 from 1 January 2018 (Note 1.3.3), the Group revised its accounting policy for financial instruments.

Accounting principle

Financial assets

Financial assets are initially measured at fair value plus directly attributable transaction costs in the case of instruments not measured at fair value through profit or loss. Directly attributable acquisition costs of financial assets measured at fair value through profit or loss are recorded in the income statement.
Financial assets are classified as current if they are due in less than one year at the closing date and non-current if they are due in more than one year.

Financial assets are classified in the following three categories:

- financial assets at amortised cost;
- financial assets at fair value through other comprehensive income (FVOCI);
- financial assets at fair value through profit or loss.

The classification depends on the business model within which the financial asset is held and the characteristics of the instrument's contractual cash flows.

Financial assets at amortised cost

Financial assets are measured at amortised cost when (i) they are not designated as financial assets at fair value through profit or loss, (ii) they are held within a business model whose objective is to hold assets in order to collect contractual cash flows and (iii) their contractual terms give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding ("SPPI" criterion).
They are subsequently measured at amortised cost, determined using the effective interest method, less any impairment losses. Interest income, exchange gains and losses, impairment losses and gains and losses arising on derecognition are all recorded in the income statement.
This category primarily includes trade receivables (except for GPA credit card receivables), cash and cash equivalents as well as other loans and receivables.
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.

FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (OCI)

This category comprises debt instruments and equity instruments.

- Debt instruments are measured at fair value through OCI when (i) they are not designated as financial assets at fair value through profit or loss, (ii) they are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and (iii) they give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding ("SPPI" criterion). Interest income, exchange gains and losses and impairment losses are recorded in the income statement. Other net gains and losses are recorded in OCI. When the debt instrument is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified to profit or loss.
  This category mainly consists of GPA credit card receivables.
- Equity instruments that are not held for trading may also be measured at fair value through OCI. This method may be chosen separately for each investment. The choice is irrevocable. Dividends received are recognised in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other gains and losses are recorded in OCI and are never reclassified to profit or loss. The Group does not hold any material assets in this category.

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

All financial assets that are not classified as financial assets at amortised cost or at fair value through OCI are measured at fair value through profit or loss. Gain and losses on these assets, including interest or dividend income, are recorded in the income statement.

This category mainly comprises derivative instruments that do not qualify for hedge accounting and investments in non-consolidated companies.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash on hand and short-term investments.

To be classified as cash equivalents under IAS 7, investments must be:

- short-term investments;
- highly liquid investments;
- readily convertible to known amounts of cash;
- subject to an insignificant risk of changes in value.

The Group typically uses interest bearing bank accounts or term deposits of less than three months.

IMPAIRMENT OF FINANCIAL ASSETS

IFRS 9 requires the recognition of lifetime expected credit losses on financial assets. This impairment model applies to financial assets at amortised cost, contract assets and debt instruments at fair value through OCI.

The main financial assets concerned are trade receivables relating to Brazilian credit activities, trade receivables from franchisees and affiliated stores and rent receivables.

For trade and rent receivables, the Group applies the simplified approach provided for in IFRS 9. This approach consists of estimating lifetime expected credit losses on initial recognition, usually using a provision matrix that specifies provision rates depending on the number of days that a receivable is past due.

DERECOGNITION OF FINANCIAL ASSETS

Financial assets are derecognised in the following two cases:

- the contractual rights to the cash flows from the financial asset have expired; or,
- the contractual rights have been transferred. In this latter case:
  - if substantially all the risks and rewards of ownership of the financial asset have been transferred, the asset is derecognised in full;
  - if substantially all the risks and rewards of ownership are retained by the Group, the financial asset continues to be recognised in the statement of financial position for its total amount.

Financial liabilities

Financial liabilities are classified as current if they are due in less than one year at the closing date and non-current if they are due in more than one year.

FINANCIAL LIABILITIES RECOGNISED AT AMORTISED COST

Borrowings and other financial liabilities at amortised cost are initially measured at the fair value of the consideration received, and subsequently at amortised cost, using the effective interest method. Transaction costs and issue and redemption premiums directly attributable to the acquisition or issue of a financial liability are deducted from the liability's carrying amount. The costs are then amortised over the life of the liability by the effective interest method.
Within the Group, some loans and other financial liabilities at amortised cost are hedged.
Several subsidiaries have set up reverse factoring programmes with financial institutions to enable their suppliers to collect receivables more quickly in the ordinary course of the purchasing process. The accounting policy for these transactions depends on whether or not the characteristics of the liabilities concerned have been changed. For example, when trade payables are not substantially modified (term and due date, consideration, face value) they continue to be recorded under "Trade payables". Otherwise, they are qualified as financing transactions and included in financial liabilities under "Trade payables – structured programme".

FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

These are mainly derivative instruments (see below) and financial liabilities intended to be held on a short-term basis for trading purposes. They are measured at fair value and gains and losses arising from remeasurement at fair value are recognised in the income statement. The Group does not hold any financial liabilities for trading other than derivative instruments.

The accounting treatment of put options granted to owners of non-controlling interests is described in Note 3.4.1 to the annual consolidated financial statements.

Derivative instruments

All derivative instruments are recognised in the statement of financial position and measured at fair value.

DERIVATIVE FINANCIAL INSTRUMENTS THAT QUALIFY FOR HEDGE ACCOUNTING: RECOGNITION AND PRESENTATION

In accordance with IFRS 9, the Group applies hedge accounting to:

- fair value hedges (for example, swaps to convert fixed rate debt to variable rate). In this case, the debt is recognised at fair value up to the amount of the hedged risk and any change in fair value is recognised in profit or loss. Gains and losses arising from remeasurement at fair value of the derivative are also recognised in profit or loss. 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 or to change the borrowing currency, and hedges of budgeted purchases billed in a foreign currency). For these hedges, the ineffective portion of the change in the fair value of the derivative is recognised in profit or loss and the effective portion is recognised in other comprehensive income and subsequently reclassified to profit or loss on a symmetrical basis with the hedged cash flows in terms of both timing and classification (i.e. in trading profit for hedges of operating cash flows and in net financial income and expense for other hedges). The premium/discount component of forward foreign exchange contracts is treated as a hedging cost. Changes in the fair value of this component are recorded in "Other comprehensive income" and reclassified to profit or loss as part of the cost of the hedged transaction on the transaction date ("basis of adjustment" method).
- hedges of net investments in foreign operations. For these hedges, the effective portion of the change in fair value attributable to the hedged foreign currency risk is recognised net of tax in other comprehensive income and the ineffective portion is recognised directly in financial income or expense. Gains or losses accumulated in other comprehensive income are reclassified to profit or loss on the date of liquidation or disposal of the net investment.

Hedge accounting may only be used if:

- the hedging instruments and hedged items included in the hedging relationship are all eligible for hedge accounting;
- the hedging relationship is clearly defined and documented at inception; and
- the effectiveness of the hedge can be demonstrated at inception and throughout its life.

DERIVATIVE FINANCIAL INSTRUMENTS THAT DO NOT QUALIFY FOR HEDGE ACCOUNTING: RECOGNITION AND PRESENTATION

When a derivative financial instrument does not qualify or no longer qualifies for hedge accounting, successive changes in its fair value are recognised directly in profit or loss for the period under "Other financial income and expenses".

Definition of net debt

Net debt corresponds to loans and other borrowings including derivatives designed as fair value hedge (liabilities) and trade payables – structured programme, less (i) cash and cash equivalents, (ii) financial assets held for cash management purposes and as short-term investments, (iii) derivatives designated as fair value hedge (assets), (iv) financial assets arising from a significant disposal of non-current assets and (v) net assets held for sale attributable to owners of the parent of the selling subsidiary.

9.1 Net cash and cash equivalents

(€ millions)	30 June 2018	31 December 2017
Cash equivalents	**1,303**	1,531
Cash	**2,095**	1,860
Cash and cash equivalents	**3,397**	**3,391**
Bank overdrafts	**(180)**	(154)
Net cash and cash equivalents	**3,218**	**3,236**

At 30 June 2018, cash and cash equivalents were not subject to any material restrictions.
Following the settlement of the debt towards the plaintiffs in the class action against Cnova (Note 11.3), the €24 million placed in escrow to guarantee the debt was released.

TRANSACTIONS IN RELATION TO THE MANAGEMENT OF TRADE PAYABLES/RECEIVABLES

The Group disposes of non-recourse receivables without continuing involvement, within the meaning of IFRS 7, and uses reverse factoring.

9.2 Financial liabilities

9.2.1 Breakdown of financial liabilities

(€ millions)	30 June 2018			31 December 2017		
	Non-current portion	Current portion	Total	Non-current portion	Current portion	Total
Bonds(i)	**6,339**	**484**	**6,823**	6,008	498	6,506
Other borrowings and financial liabilities	**1,495**	**1,733**	**3,228**	1,164	956	2,120
Finance lease liabilities	**35**	**15**	**51**	47	17	65
Fair value hedges – liabilities(ii)	**4**	**6**	**10**	10	22	32
Financial liabilities	**7,873**	**2,238**	**10,111**	**7,229**	**1,493**	**8,722**
Fair value hedges – assets(iii)	**(120)**	**(23)**	**(143)**	(94)	(4)	(98)
Other financial assets	**(6)**	**(31)**	**(37)**	-	(38)	(38)
Net assets held for sale attributable to owners of the parent of the selling subsidiary (Note 3.2.1)	**-**	**(1,089)**	**(1,089)**	-	(1,070)	(1,070)
Cash and cash equivalents (Note 9.1)	**-**	**(3,397)**	**(3,397)**	-	(3,391)	(3,391)
Cash and cash equivalents, other financial assets and net assets held for sale	**(126)**	**(4,541)**	**(4,667)**	**(94)**	**(4,502)**	**(4,596)**
Net debt	**7,747**	**(2,302)**	**5,445**	**7,136**	**(3,010)**	**4,126**

(i) Of which €5,978 million in France and €843 million at GPA at 30 June 2018 (31 December 2017: €5,757 million in France and €749 million at GPA).
(ii) Of which €7 million in Colombia, €3 million in Brazil and €1 million in France at 30 June 2018 (31 December 2017: €16 million in Brazil, €10 million in Colombia and €6 million in France).
(iii) Of which €106 million in France, €31 million in Brazil and €6 million in Colombia at 30 June 2018 (31 December 2017: €89 million in France, €7 million in Brazil and €2 million in Colombia).

BREAKDOWN OF NET DEBT BY OPERATING SEGMENT

(€ millions)	30 June 2018				31 December 2017			
	Debt(i)	Cash and cash equivalents	Net assets classified under IFRS 5 attributable to owners of the parent	Net debt	Debt(i)	Cash and cash equivalents	Net assets classified under IFRS 5 attributable to owners of the parent	Net debt
France Retail	**6,567**	**(2,141)**	**(408)**	**4,019**	**6,022**	**(1,872)**	**(435)**	**3,715**
Latam Retail	**3,043**	**(1,204)**	**(119)**	**1,719**	**2,326**	**(1,475)**	**(7)**	**845**
of which GPA Food	*1,701*	*(681)*	*(93)*	*928*	*1,147*	*(952)*	*(6)*	*189*
of which Éxito(ii)	*1,341*	*(522)*	*(26)*	*793*	*1,179*	*(522)*	*(1)*	*655*
Latam Electronics	**-**	**-**	**(562)**	**(562)**	**-**	**-**	**(628)**	**(628)**
E-commerce	**321**	**(52)**	**-**	**269**	**238**	**(44)**	**-**	**194**
Total	**9,931**	**(3,397)**	**(1,089)**	**5,445**	**8,586**	**(3,391)**	**(1,070)**	**4,126**

(i) Financial liabilities net of fair value hedging derivatives assets and other financial assets.
(ii) Éxito excluding GPA, including Argentina and Uruguay.

During first-half 2018, cash was transferred to Éxito and Casino, Guichard-Perrachon via debt contracted by Ségisor (Latam Retail segment), which holds the GPA shares. The debt consists of a €400 million medium-term loan with a variable interest rate of Euribor + 1.75%.

9.2.2 Change in financial liabilities

(€ millions)	30 June 2018	31 December 2017
Financial liabilities at beginning of period	*8,722*	*10,215*
Fair value hedges – assets	*(98)*	*(291)*
Financial liabilities at 1 January (including hedging instruments) (reported)	**8,625**	**9,924**
Effects of applying IFRS 9 (Note 1.3)	*19*	*-*
Financial liabilities at 1 January (including hedging instruments) (restated)	**8,644**	**9,924**
New borrowings(i) (iii)	**1,739**	1,589
Repayments of borrowings(ii) (iii)	**(244)**	(2,534)
Change in fair value of hedged debt	**(20)**	92
Change in accrued interest	**(63)**	(109)
Effect of movements in exchange rates	**(110)**	(352)
Changes in scope of consolidation	**27**	10
Reclassification of financial liabilities associated with non-current assets held for sale	**(7)**	(17)
Other and reclassifications	**3**	22
Financial liabilities at end of period (including hedging instruments)	**9,968**	**8,625**
Financial liabilities at end of period (Note 9.2.1)	*10,111*	*8,722*
Fair value hedges – assets (Note 9.2.1)	*(143)*	*(98)*

(i) In the first half of 2018, new borrowings mainly included: (a) a €200 million bond issue by Casino, Guichard-Perrachon (Note 2), (b) a net increase in negotiable European commercial paper (NEU CP) for €491 million, (c) a bond issue by GPA for BRL 800 million (€193 million) and new borrowings for €267 million, (d) a €400 million loan taken out by Ségisor and (e) drawdowns on lines of credit by Éxito for COP 500 billion (€145 million).
(ii) In first-half 2018, repayments of borrowings primarily concerned GPA for €184 million and Éxito for €50 million.
(iii) Cash flows from financing activities in first-half 2018 represented a net inflow of €1,198 million, with repayments of borrowings for €244 million and net interest payments of €297 million offset by the proceeds from new borrowings of €1,739 million (Note 4.8). Cash flows from financing activities in 2017 represented a net outflow of €1,450 million, with the proceeds from new borrowings of €1,589 million offset by repayments of borrowings for €2,534 million and net interest payments of €505 million.

9.3 Net financial income (expense)

9.3.1 Net finance costs

(€ millions)	For the six months ended 30 June 2018	For the six months ended 30 June 2017
Gains (losses) on disposals of cash equivalents	**-**	-
Income from cash and cash equivalents	**23**	49
Income from cash and cash equivalents	**23**	**49**
Interest expense on borrowings after hedging	**(177)**	(237)
Interest expense on finance lease liabilities	**(4)**	(4)
Finance costs	**(181)**	**(241)**
Net finance costs	**(158)**	**(192)**

9.3.2 Other financial income and expenses

(€ millions)	For the six months ended 30 June 2018	For the six months ended 30 June 2017
Investment income	**-**	-
Foreign currency exchange gains (other than on borrowings)	**16**	14
Discounting and accretion adjustments	**1**	1
Gains on remeasurement at fair value of non-hedging derivative instruments[i]	**8**	38
Gains from remeasurement at fair value of financial assets	**2**	-
Other	**25**	30
Other financial income	**52**	**84**
Foreign currency exchange losses (other than on borrowings)	**(19)**	(14)
Discounting and accretion adjustments	**(1)**	(3)
Losses on remeasurement at fair value of non-hedging derivative instruments[i]	**(51)**	(22)
Losses on remeasurement at fair value of financial assets	**(2)**	-
Non-recourse factoring and associated transaction costs	**(42)**	(38)
Other	**(28)**	(42)
Other financial expenses	**(143)**	**(119)**
Total other financial income and expenses	**(91)**	**(35)**

(i) The net loss of €43 million reported in first-half 2018 reflects (a) negative fair value adjustments to the GPA TRS (€6 million) and GPA forward (€18 million) as well as the cost of carry associated with these instruments (€7 million); and (b) negative impacts related to other derivative instruments (€13 million). The net gain of €17 million reported in first-half 2017 mainly reflected (a) positive fair value adjustments to the GPA TRS (€9 million) and GPA forward (€25 million) as well as the cost of carry associated with these instruments (€8 million); and (b) negative impacts related to other derivative instruments (€11 million).

9.4 Fair value of financial instruments

The tables below compare the carrying amount and fair value of consolidated financial assets and liabilities, other than those for which the carrying amount corresponds to a reasonable approximation of fair value such as trade receivables, trade payables and cash and cash equivalents.

At 30 June 2018 (€ millions)	Carrying amount	Fair value	Fair value hierarchy: Market price = Level 1	Models with observable inputs = Level 2	Models with unobservable inputs = Level 3
Assets	**213**	**213**	**-**	**168**	**45**
Financial assets at fair value through profit or loss	35	35	-	-	35
Financial assets at fair value through other comprehensive income	20	20	-	20	-
Fair value hedges – assets(ii)	143	143	-	143	-
Other derivative instruments – assets	15	15	-	5	10
Liabilities	**10,602**	**10,625**	**6,008**	**4,432**	**185**
Bonds(iii)	6,823	6,848	6,008	841	-
Other borrowings and finance lease liabilities(iv)	3,279	3,276	-	3,276	-
Fair value hedges – liabilities(ii)	10	10	-	10	-
Other derivative instruments – liabilities(ii)	305	305	-	305	-
Put options granted to owners of non-controlling interests(v)	185	185	-	-	185

At 31 December 2017 (€ millions)	Carrying amount	Fair value	Fair value hierarchy: Market price = Level 1	Models with observable inputs = Level 2	Models with unobservable inputs = Level 3
Assets	**130**	**130**	**-**	**98**	**32**
Available-for-sale financial assets(i)	32	32	-	-	32
Fair value hedges – assets(ii)	98	98	-	98	-
Other derivative instruments – assets	-	-	-	-	-
Liabilities	**9,170**	**9,701**	**6,288**	**3,242**	**171**
Bonds(iii)	6,506	7,040	6,288	752	-
Other borrowings and finance lease liabilities(iv)	2,184	2,181	-	2,181	-
Fair value hedges – liabilities(ii)	32	32	-	32	-
Other derivative instruments – liabilities(ii)	277	277	-	277	-
Put options granted to owners of non-controlling interests(v)	171	171	-	-	171

(i) The fair value of available-for-sale financial assets is generally measured using standard valuation techniques. If their fair value cannot be determined reliably, they are not included in this note.
(ii) Derivative financial instruments are valued (internally or externally) on the basis of the widely used valuation techniques for this type of instrument. Valuation models are based on observable market inputs (mainly the yield curve) and counterparty quality. Derivatives held as fair value hedges are almost fully backed by borrowings.
(iii) The fair value of bonds is based on the latest quoted price on the reporting date.
(iv) The fair value of other borrowings has been measured using other valuation techniques such as the discounted cash flow method, taking into account the Group's credit risk and interest rate conditions at the reporting date.
(v) The fair value of put options granted to owners of non-controlling interests is measured by applying the contract's calculation formulas and is discounted, if necessary. These formulas are considered to be representative of fair value and notably use net profit multiples.

Note 10 Equity

10.1 Share capital and treasury shares

At 30 June 2018, share capital amounted to €168,678,664 (31 December 2017: €169,825,404) and was composed of 110,247,493 ordinary shares issued and fully paid at that date (31 December 2017: 110,996,996 shares). The decrease was mainly due to the cancellation of (i) 413,622 shares by the Board of Directors on 7 March 2018 and (ii) 335,909 shares by the Board of Directors on 15 May 2018, representing a total of €33 million.
At 30 June 2018, 1.5 million shares were held in treasury, representing €56 million.
In addition, 885,000 treasury shares were held under the liquidity agreement at that date, representing €33 million (31 December 2017: 0 shares).
In total, 2.4 million treasury shares were held by the Group at 30 June 2018, representing €89 million.

Purchases and sales of treasury shares during first-half 2018 led to a €138 million reduction in equity, net of tax (€143 million before tax, corresponding to the net cash outflow for the period).

10.2 Breakdown of other reserves

(€ millions)	Cash flow hedges	Net investment hedges	Foreign currency translation reserves	Actuarial gains and losses	Available-for-sale financial assets	Total other reserves
At 1 January 2017	**11**	**(1)**	**(1,427)**	**(66)**	**14**	**(1,469)**
Movements for the period	(18)	-	(356)	(1)	1	(374)
At 30 June 2017	**(7)**	**(1)**	**(1,783)**	**(67)**	**15**	**(1,843)**

(€ millions)	Cash flow hedges	Net investment hedges	Foreign currency translation reserves	Actuarial gains and losses	Available-for-sale financial assets	Equity instruments(i)	Debt instruments(i)	Total other reserves
At 31 December 2017 (reported)	**(16)**	**(1)**	**(1,997)**	**(97)**	**14**	**-**	**-**	**(2,096)**
Effect of applying IFRS 9 (Note 1.3)	(3)	**-**	-	**-**	**(14)**	**2**	**(2)**	(17)
At 1 January 2018 (restated)	**(18)**	**(1)**	**(1,997)**	**(97)**	**-**	**2**	**(2)**	**(2,114)**
Movements for the period	9	-	(406)	5	-	(2)	-	(393)
At 30 June 2018	**(9)**	**(1)**	**(2,403)**	**(92)**	**-**	**-**	**(2)**	**(2,506)**

(i) Financial instruments at fair value through other comprehensive income.

10.3 Material non-controlling interests

SUMMARISED FINANCIAL INFORMATION ON THE MAIN SUBSIDIARIES WITH SIGNIFICANT NON-CONTROLLING INTERESTS

The information presented in the table below is based on the IFRS financial statements, adjusted where applicable to reflect the remeasurement at fair value on the date of acquisition or loss of control, and to align accounting policies with those applied by the Group. The amounts are shown before intragroup eliminations. The Éxito group publishes its financial statements at a date later than that of the Casino Group, therefore information related to that subsidiary is not disclosed.

(€ millions)	GPA	
	2018	**2017 (restated)**
Country	*Brazil*	
% of ownership interests held by non-controlling interests[(i)]	***66.89%***	*66.84%*
% of voting rights held by non-controlling interests[(i)]	***0.06%***	*0.06%*
For the first half-year		
Net sales	**5,561**	6,139
Net profit from continuing operations	**152**	91
Net profit/(loss) from discontinued operations	**51**	(9)
Consolidated net profit	**204**	**83**
Attributable to non-controlling interests in continuing operations	***102***	*61*
Attributable to non-controlling interests in discontinued operations	***44***	*(6)*
Other comprehensive income/(loss)	**(673)**	(663)
Total comprehensive income/(loss) for the period	**(470)**	**(580)**
Attributable to non-controlling interests	***(329)***	*(362)*
At 30 June 2018 and 31 December 2017		
Non-current assets	**6,348**	6,995
Current assets	**7,184**	8,680
Non-current liabilities	**(1,818)**	(1,825)
Current liabilities	**(5,834)**	(7,352)
Net assets	**5,880**	**6,499**
Attributable to non-controlling interests	***3,948***	*4,324*
For the first half-year		
Net cash from/(used in) operating activities	**(511)**	(866)
Net cash from/(used in) investing activities	**(216)**	(168)
Net cash from/(used in) financing activities	**(80)**	(720)
Effect of changes in exchange rates on cash and cash equivalents	**(152)**	(81)
Change in cash and cash equivalents	**(959)**	**(1,835)**
Dividends paid to the Group[(ii)]	***16***	**-**
Dividends paid to owners of non-controlling interests over the period[(ii)]	***26***	-
Average % of ownership interests held by the Group in the first half-year	***33.12%***	*33.17%*
% of ownership interests held by the Group at 30 June	***33.11%***	*33.16%*

(i) The percentages of non-controlling interests set out in this table do not include the Group's own non-controlling interests in sub-groups.
(ii) GPA has a dividend payout obligation (see Note 12.7 to the Group's 2017 consolidated financial statements).

10.4 Dividends

At the Annual General Meeting of 15 May 2018, the shareholders approved the payment of a €3.12 cash dividend per ordinary share for the 2017 financial year. The payout, recorded as a deduction from equity, amounts to €168 million (€173 million in first-half 2017 for the 2016 financial year). An interim dividend of €1.56 per share (representing a total of €173 million) was paid in December 2017 for the 2017 financial year.

The coupon payable on deeply subordinated perpetual bonds is as follows:

(€ millions)	For the six months ended 30 June 2018	For the six months ended 30 June 2017
Coupons payable on deeply subordinated perpetual bonds (impact on equity)	**42**	**43**
Of which amount paid during the period	37	37
Of which amount payable in the following year	6	6
Impact on the statement of cash flows for the period	**42**	**41**
Of which coupons awarded and paid during the period	37	37
Of which coupons awarded in the prior year and paid during the period	6	5

Note 11 Other provisions

11.1 Breakdown of provisions and movements

(€ millions)	1 January 2018	Additions 2018	Reversals (used) 2018	Reversals (not used) 2018	Change in scope of consolidation	Effect of movements in exchange rates	Other	30 June 2018
Claims and litigation	530	60[i]	(35)[i]	(32)[i]	-	(55)	-	**467**
Other risks and expenses	118	18	(20)	(19)	1	-	3	**101**
Restructuring	27	26	(18)	(1)	-	-	-	**35**
Total provisions	**676**	**104**	**(73)**	**(51)**	**1**	**(54)**	**2**	**603**
of which non-current	*514*	*57*	*(30)*	*(28)*	-	*(54)*	-	***460***
of which current	*162*	*46*	*(43)*	*(24)*	*1*	-	*1*	***143***

(i) Additions to provisions, utilisations and reversals of unused provisions at GPA amounted to €49 million, €29 million and €20 million, respectively.

Provisions for claims and litigation, and for other risks and expenses are composed of a wide variety of provisions for employee-related disputes (before a labour court), property disputes (concerning construction or refurbishment work, rents, tenant evictions, etc.), tax disputes and business claims (trademark infringement, etc.).

Claims and litigation mainly includes provisions relating to GPA (Note 11.2).

11.2 Breakdown of GPA provisions for claims and litigation (excluding Via Varejo)

(€ millions)	PIS/COFINS/CPMF disputes[i]	Other tax disputes	Employee disputes	Civil litigation and other	Total
30 June 2018	**29**	**288**	**75**	**28**	**420**
31 December 2017	32	324	83	35	**475**

(i) VAT and similar taxes.

In the context of the litigation disclosed above and below in Note 11.3, GPA (Food only) is contesting the payment of certain taxes, contributions and payroll obligations. The legal deposits paid by GPA pending final rulings from the administrative courts on these various disputes are included in "Other non-current assets". GPA has also provided various guarantees in addition to these deposits, reported as off-balance sheet commitments.

(€ millions)	30 June 2018			31 December 2017		
	Legal deposits paid	**Assets pledged as collateral**	**Bank guarantees**	**Legal deposits paid**	**Assets pledged as collateral**	**Bank guarantees**
Tax disputes	**51**	**186**	**1,708**	51	216	1,843
Employee disputes	**107**	**1**	**27**	119	1	23
Civil and other litigation	**17**	**3**	**82**	21	2	70
Total	**175**	**189**	**1,817**	**192**	**218**	**1,937**

11.3 Contingent assets and liabilities

In the normal course of its business, the Group is involved in a number of legal or arbitration proceedings with third parties or with the tax authorities in certain countries (mainly involving GPA – see below).

As stated in Note 3.3.2, no associates or joint ventures have any significant contingent liabilities.

- **Class action against Cnova N.V. and the Group**

Some of the officers and directors of Cnova N.V. and the underwriters of its IPO were named in a class action before the United States District Court for the Southern District of New York alleging a breach of United States securities laws. The lawsuit claimed that misleading information was issued at the time of the IPO concerning the macro-economic situation in Brazil and the irregularities uncovered at Cnova Brazil. On 19 March 2018, the United States District Court for the Southern District of New York announced its final approval of the proposed settlement of this class action for an amount of €28.5 million. The €28.5 million was paid in first-half 2018 (see Note 9.1) and most of the amount was covered by an insurance settlement received from Cnova's insurers. The balance, including estimated related costs, was covered by the provision recorded in 2016. Consequently, the settlement had no material impact on the Group's net profit.
In a potential separate case, the SEC could fine Cnova N.V. following an analysis of the facts uncovered during the internal investigation carried out by Cnova, its lawyers and consultants, that was completed at the end of the first half of 2016.

- **Proceedings brought by the DGCCRF (French competition authority) against AMC and INCAA and investigations by the French and European competition authorities**

There were no material developments during first-half 2018.

- **GPA tax, social and civil contingent liabilities**

(€ millions)	30 June 2018	31 December 2017
INSS (employer's social security contributions)	92	98
IRPJ – IRRF and CSLL (corporate income taxes)	189	208
PIS, COFINS and CPMF (VAT and similar taxes)	427	429
ISS, IPTU and ITBI (service tax, urban property tax and tax on property transactions)	36	38
ICMS (state VAT)	1,244	1,457
Civil litigation	126	136
Total[i]	**2,115**	**2,367**

(i) Contingent liabilities of Via Varejo classified in discontinued operations and not included in the table above amounted to €359 million at 30 June 2018 (31 December 2017: €407 million).

The €252 million decrease mainly reflects the €271 million negative currency effect.

GPA employs consulting firms to advise it in tax disputes, whose fees are contingent on the disputes being settled in GPA's favour. At 30 June 2018, the estimated amount totalled €35 million (31 December 2017: €40 million).

Moreover, Casino has given a specific guarantee to its Brazilian subsidiary concerning notifications of tax adjustments received from the tax administration, for a total amount of BRL 1,248 million at 30 June 2018 (31 December 2017: BRL 1,223 million), including penalties and interest. Under the terms of the guarantee, Casino has undertaken to indemnify GPA for 50% of any damages incurred, provided those damages are definitive. Based on the commitment given by Casino to its subsidiary, the risk exposure amounts to BRL 624 million (€139 million). The underlying risks are considered possible; as such, no provision was recorded in the financial statements.

- **GPA contingent assets**

Exclusion of ICMS from the PIS/COFINS tax base:

Since the introduction of non-cumulative PIS and COFINS tax credits, GPA has asserted the right to deduct ICMS tax from the base used to calculate PIS and COFINS taxes. On 15 March 2017, in line with the position historically taken by GPA, the Brazilian federal supreme court (STF) ruled that the ICMS tax should be excluded from the PIS and COFINS tax base. Based on the STF's ruling and the opinion of its internal and external advisors, GPA considered that the probability of having to settle the amounts deducted in prior periods was low. It therefore released in first-half 2017 the corresponding provisions set up in prior periods for an amount of BRL 117 million (€34 million).

Since the supreme court's ruling on 15 March 2017, the procedure has continued in line with the expectations of GPA and its advisors, without GPA's judgement being called into question concerning the release of the provisions, although the court has not yet handed down its final decision. GPA and its external legal advisors believe that this decision concerning the application method will not limit its rights under the legal proceedings brought since 2003 which are still in progress. However, an asset cannot be recognised for the tax credits until all the stages in the procedure have been completed. Based on the information available at 31 December 2017 and GPA's estimates in the second quarter of 2018, the potential asset represents between BRL 1,300 million and BRL 1,650 million (€290 million and €368 million) for continuing operations other than the cash & carry business for which the estimate has not yet been finalised.

In the case of Via Varejo, which is classified as a discontinued operation, the estimated potential tax asset amounts to around BRL 1,382 million (€308 million), including an additional amount of BRL 433 million (€96 million) that will be owed exclusively to GPA.

Note 12 Related-party transactions

Casino, Guichard-Perrachon is controlled by Rallye, which in turn is owned by Foncière Euris. At 30 June 2018, the Rallye Group held 51.50% of the Company's capital and 65.35% of the voting rights.

The Company has relations with all of its subsidiaries in its day-to-day management of the Group. The Company and its subsidiaries receive strategic advice from Euris, the ultimate holding company, under strategic advice and assistance agreements. The Company also receives other recurring services from Euris and Foncière Euris (provision of staff and premises). The amount expensed over the period in relation to these agreements with Casino and its subsidiaries totalled €1.9 million, of which €1.6 million for strategic advisory services and €0.3 million for the provision of staff and premises.

The main transaction in the first half of the year between Casino Group consolidated companies and the Rallye Group was the payment of a dividend for 2017 in an amount of €88 million.

In connection with the deployment of its dual model associating retail and commercial real estate activities, Casino and its subsidiaries are involved in a number of property development operations with Mercialys (see Note 3.3.3).

Relations with other related parties, including remuneration of senior managers, remained comparable to those of financial year 2017, and no unusual transactions, in terms of either nature or amount, took place during the period.

Note 13 Subsequent events

Hyperinflation in Argentina

The Group will track changes in the characteristics of the economic environment that may lead to Argentina being classified as a hyperinflationary economy by the end of 2018, in which case IAS 29 – Financial Reporting in Hyperinflationary Economies will be applied. IAS 29 requires that the statements of financial position and income statements of subsidiaries operating in hyperinflationary economies should be (i) restated by applying a general price index so that they are stated in terms of the measuring unit current at the end of the reporting period, and (ii) converted into euros at the period-end exchange rate. IAS 29 would be applied retrospectively and comparative information for 2017 would therefore also be restated. The Group believes that the classification of Argentina as a hyperinflationary economy would not have a material impact on the main consolidated financial indicators (net sales, trading profit, equity and net debt).

Bond buybacks

On 19 July 2018, Casino bought back €27 million worth of 2019, 2020 and 2023 bonds. The bonds were bought back through an intermediary when market opportunities arose, at prices that the Group considered attractive. The transactions were in line with the strategy to pay down consolidated debt.

Via Varejo share conversion

At a meeting of the Board of Directors of its subsidiary Via Varejo on 23 July 2018, GPA proposed undertaking the process to transfer all Via Varejo shares to the new B3 stock market, thereby converting preferred shares into ordinary shares at a ratio of 1:1. The proposal was approved. Bundles of Via Varejo shares (composed of one ordinary share and two preferred shares) will be dissolved and holders will receive three ordinary Via Varejo shares in exchange.

The next meeting of the Board of Directors of Via Varejo is expected to take place by 15 August 2018, at which time the directors will discuss the new legal form of the company in line with the rules of the new market. Consequently, a General Meeting will be called to approve the conversion process and any related decisions.

Sale of 15% of Mercialys through an equity swap

On 25 July 2018, Casino's Board of Directors authorised the definitive disposal of a block of Mercialys shares representing 15% of its share capital, through a total return swap entered into with CA-CIB, which will sell the shares over a period of 2.4 years. During this period, the Casino Group will remain exposed to changes in the Mercialys share price and will continue to receive dividends on the shares. In the immediate term, the Group will receive €213 million euros in connection with the sale.

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

« I certify, to the best of my knowledge, that the condensed consolidated financial statements for the past half-year have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets, financial position and results of the Company and of all the undertakings included in the consolidation and that the half-year management report included herein presents a true and fair review of the main events which occurred during the first six months of the fiscal year, their impact on the financial statements and the main related-party transactions, as well as a description of the main risks and uncertainties for the remaining six months of the fiscal year. »

Paris, July 26, 2018

Jean-Charles NAOURI
Chairman and Chief Executive Officer

[1] this is a free translation of the statement signed and issued in French language by the Chairman and Chief Executive Officer of the Company and is provided solely for the convenience of English speaking readers.

CASINO, GUICHARD-PERRACHON

Société Anonyme

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Statutory Auditors' Review Report on the Half-yearly Financial Information

This is a free translation into English of the statutory auditors' review report on the half-yearly financial information issued in French and is provided solely for the convenience of English-speaking users. This report includes information relating to the specific verification of information given in the Group's half-yearly management report. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

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Statutory Auditors' Review Report on the Half-yearly Financial Information

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To the Shareholders,

In compliance with the assignment entrusted to us by your shareholders' meeting and in accordance with the requirements of article L.451-1-2 III of the French Monetary and Financial Code ("*code monétaire et financier*"), we hereby report to you on:

- the review of the accompanying condensed half-yearly consolidated financial statements of CASINO, GUICHARD-PERRACHON, for the period from 1 January 2018 to 30 June 2018;
- the verification of the information presented in the half-yearly management report.

These condensed half-yearly consolidated financial statements are the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

I- Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed half-yearly consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 -standard of the IFRSs as adopted by the European Union applicable to interim financial information.

II- Specific verification

We have also verified the information presented in the half-yearly management report on the condensed half-yearly consolidated financial statements subject to our review. We have no matters to report as to its fair presentation and consistency with the condensed half-yearly consolidated financial statements.

Lyon and Paris-La-Défense, 25 July 2018

The Statutory Auditors

French original signed by

ERNST & YOUNG ET AUTRES	**DELOITTE & ASSOCIES**	
Yvon SALAÜN	Frédéric MOULIN	Patrice CHOQUET