INTERIM FINANCIAL REPORT

Six months ended June 30, 2010

CONTENTS

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1. INTERIM MANAGEMENT REPORT

1.1 BUSINESS OVERVIEW

The Group believes it is the leading specialized distributor in its core businesses of automotive and pharmaceutical product distribution in Africa (excluding South Africa) and the French Overseas Territories. The Group has four operating divisions and a Holding division, and has operations in five geographic areas.

- **CFAO Automotive.** This division includes the Group's automotive operations, including the purchase, storage, import and distribution of vehicles (light vehicles, heavy trucks and motorcycles), the sale of industrial equipment (heavy machinery, generators, tractors), related services (particularly after-sales services), the sale of spare parts and tires, and long- and short-term car rentals. For accounting purposes, this division also includes technology services and certain trading activities in countries in which the division's presence is too small to justify a separate subsidiary.

- **Eurapharma.** This division includes all of the Group's pharmaceutical distribution businesses: the import-wholesale–resale business in French-speaking Sub-Saharan Africa and the French overseas territories; the pre-wholesale business – outsourcing the export function of pharmaceutical companies and selling directly to wholesalers – in France that exports products chiefly to French-speaking Sub-Saharan Africa and the Maghreb (Algeria); and the distribution agent business in English- and Portuguese-speaking Sub-Saharan Africa.

- **CFAO Industries.** This division includes various industrial activities in French-, English- and Portuguese-speaking Sub-Saharan Africa and the Maghreb. The division's principal activities are the manufacture and bottling of beverages (the biggest contributor to the division's revenue), the manufacture and sale of plastic products, the assembly and distribution of motorcycles and the manufacture and sale of wooden crates.

- **CFAO Technologies.** This division includes three main businesses in Africa: the solutions business (which consists of developing and implementing customized solutions relating to information technology, security, networks and computer hardware), the equipment business (which includes the division's elevator, conveyor and security business) and the products business (which includes the sale, leasing and maintenance of office-related products, air conditioning systems and converters for computer rooms). The division has operations in French-, English- and Portuguese-speaking Sub-Saharan Africa, the Maghreb and mainland France (in connection with the Group's export business).

CFAO Holding. The Group's Holding division includes centralized support services, such as the Group's human resources, IT systems, communication, audit and financial, accounting, legal and tax departments.

1.2 RISK FACTORS

Risks relating to the Group's business are described in Chapter 4 of the 2009 Reference Document, filed with the French financial markets authority (*Autorité des Marchés Financiers* – AMF) on April 13, 2010 under number R. 10-020, which is available on the website of CFAO and the AMF. This risk analysis is still applicable for the purpose of assessing the main risks and uncertainties to which the Group may be exposed in the second half of 2010.

Factors that could significantly affect the Group's results of operations include, in particular, economic and regulatory conditions in the countries in which the Group operates and exchange rate fluctuations.

Economic and regulatory conditions in the countries in which the Group operates

Economic conditions in the regions and countries in which the Group operates can have a significant positive or negative influence on demand for the Group's products and services. This is particularly true for the CFAO Automotive, CFAO Industries and CFAO Technologies divisions. Eurapharma is not as directly affected by economic trends, given the nature of its products and the regulatory pricing framework applicable in the principal countries in which the Group operates.

Generally speaking, the economies of the African countries in which the Group operates are highly dependent on the level of foreign direct investment and financial aid received from other countries or international organizations, as well as the prices of raw materials. The export of raw materials accounts for a large portion of gross domestic product (GDP) for many countries and contributes significantly to the amount of foreign currency entering these countries. Some countries have several principal raw materials, whereas others have a single primary raw material. Fluctuations in prices for these raw materials may have a significant impact on the economic environment and on the growth and development prospects in the countries concerned, which in turn may have a substantial impact on the Group's results of operations.

The economies of the principal African regions in which the Group operates have become increasingly correlated to global macroeconomic trends due to their increasing integration within the global economy. There are substantial differences in terms of economic development between the different countries and regions in Africa. The Maghreb, for example, has relatively dynamic and diversified economies, in contrast to the often poorer and more vulnerable economies in Sub-Saharan Africa. Within Sub-Saharan Africa, significant disparities exist between English-speaking countries such as Nigeria and Ghana, which generate major revenue from exports, and French-speaking countries such as Senegal, Mali or Burkina Faso, which have a lower GDP and remain highly dependent on foreign aid for basic economic and social needs. The economies of the French overseas territories are, in general, highly dependent on transactions with mainland France (particularly exports), and therefore tend to be correlated to the French economy.

Economic conditions in the countries in which the Group operates are also affected by political and social conditions. Political stability creates a more favorable climate for business growth and economic growth in general. Political instability, as manifested through political or social upheaval, conflicts or war, has the opposite effect. Certain African countries have experienced periods of political instability and, in some cases, crises, conflicts or war. Events in 2009 demonstrated that the French overseas territories are not immune to social conflict.

The Group's activities and results may also be negatively impacted by regulatory changes in the countries in which the Group operates, in relation to import restrictions, direct foreign investments, internal regulations which could have a side effect on the level of consumption, or administrative authorizations necessary for the continuance of the Group's operations. The Group's activities require a great number of approvals, permits and licenses from national, regional and local government authorities as well as regulatory authorities. The Group's existing activities, results and future development thus depend on obtaining or maintaining these authorizations. Some countries may also decide to limit imports, by implementing new quotas, conditions for obtaining quotas, customs duties or other import barriers or by modifying those that exist already, which could durably hamper the Group's ability to import its products into some countries and negatively affect the Group's activities. In Algeria in particular, in order to meet regulatory requirements for renewing its import quotas, the Group filed investment documents concerning pharmaceutical production with the appropriate local authorities.

Exchange rate fluctuations

Exchange rate fluctuations can have a significant impact on the Group's results of operations. The Group prepares its consolidated financial statements in euros.

In 2009, 24.8% of the Group's revenues was in euros, 38.5% in CFA francs and 36.7% in other local currencies. The Group's purchases in 2009 were made in yen (30%), US dollars (28%) and euros (42%). Eurapharma, CFAO Industries and CFAO Technologies made purchases primarily in euros. Conversely, CFAO Automotive's purchases in 2009 were primarily made in yen (43%) and US dollars (40%), with only around 17% of purchases made in euros.

In the first half of 2010, 24.7% of the Group's revenue was generated in euros, 37.9% in CFA francs, and 37.4% in other local currencies. The Group's purchases during the same period were made in yen (31%), US dollars (25%) and euros (44%). Eurapharma, CFAO Industries and CFAO Technologies made purchases primarily in euros, whereas CFAO Automotive's purchases were primarily made in yen (43%) and US dollars (35%), with purchases made in euros up from full-year 2009 at 22%.

During first-half 2010, the average euro to yen and euro to US dollar exchange rates were down 9% (at 121.5) and 8% (at 1.33) respectively, compared with the equivalent prior-year period.

These fluctuations expose the Group to several currency-related risks:

- The value of the euro could depreciate between the date on which the Group places an order with a supplier in Japanese yen, US dollars, or any other currency, and the payment date for such order, resulting in an increase in the euro equivalent of such payment.
- The local currencies in which the Group's sales are conducted could depreciate against the currencies in which purchases are conducted or against the euro, requiring a higher amount of local currency to cover the purchase price. If the Group is not able to increase its prices in the local currency to cover such increases, its profit margins will be affected. Furthermore, any price increase in a local currency may lead to a decline in sales volumes, especially in regions where the price elasticity of demand is high.
- Any depreciation in the euro against other currencies in which the Group has contracted debt would result in an increase in the euro-equivalent value of its debt and have a negative impact on the Group's earnings.

Conversely, a reversal of the trends described above would have a positive impact.

Whenever possible, the Group seeks to hedge its exposure to exchange rate fluctuations. When an order is placed with a supplier in yen or dollars, the Group enters into forward purchase contracts to convert these amounts into euros. However, the Group is not able to fully hedge these risks in certain countries and geographic areas such as Algeria, English-speaking Sub-Saharan Africa (with the exception of Kenya), the Democratic Republic of the Congo, Gambia, Guinea and Vietnam. Because the Group is unable to fully eliminate its currency exposure, its revenue, gross profit margin and income are vulnerable to exchange rate fluctuations, particularly with respect to the yen/euro and dollar/euro exchange rates, as well as the dollar, euro and yen exchange rates against other currencies in which the Group's sales are conducted. Generally, an appreciation of the yen or dollar against the euro or a local currency would increase the Group's cost of sales and reduce its gross profit if it is unable, for competitive or other reasons, to raise its prices to cover the full increase in cost. Depreciation of the yen or dollar would have the opposite effect. The pressure on margins is greater in businesses or countries in which there is strong competition.

In the event of unfavorable exchange rates, the Group tries to obtain better financial conditions from its main suppliers in order to reduce the negative impact on its gross profit margin.

The table below sets forth the average euro to yen and euro to dollar exchange rates for 2008, 2009 and the first half of 2010:

	2008				2009				2010	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Japanese yen to one euro	157.8	163.4	161.8	126.7	122.0	132.6	133.8	132.7	125.6	117.4
US dollar to one euro	1.50	1.56	1.51	1.32	1.30	1.36	1.43	1.48	1.38	1.27

Source: European Central Bank

As vehicle orders placed in foreign currencies and payment terms are systematically hedged, the impact of exchange rate variations on gross profit is only felt several months after the change.

Historically, the Group has hedged its foreign exchange risk with PPR as counterparty, with PPR hedging in turn through third party international banks. Since its IPO and departure from the PPR Group, the Group negotiates its currency hedging arrangements directly with banks. The Group cannot guarantee that all such transactions will be on terms as favorable as those previously obtained through the PPR group.

1.3 ANALYSIS OF THE GROUP'S FINANCIAL PERFORMANCE FOR THE SIX MONTHS ENDED JUNE 30, 2010

1.3.1 Comparison of the Group's results for the six-month periods ended June 30, 2009 and June 30, 2010

The table below sets forth the Group's consolidated income statements for the six-month periods ended June 30, 2009 and June 30, 2010, in millions of euros and as a percentage of consolidated revenue for the periods presented.

	First-half 2010		First-half 2009		
	(in € millions)	as a % of revenue	(in € millions)	as a % of revenue	Change
Revenue	**1,299.9**	**100.0%**	**1,338.6**	**100.0%**	**−2.9%**
Cost of sales	(1,006.1)	−77.4%	(1,039.8)	−77.7%	+3.2%
Gross profit	**293.7**	**22.6%**	**298.8**	**22.3%**	**−1.7%**
Payroll expenses	(95.1)	−7.3%	(94.1)	−7.0%	+1.1%
Other recurring operating income and expenses	(96.4)	−7.4%	(83.6)	−6.3%	+15.4%
Recurring operating income	**102.3**	**7.9%**	**121.2**	**9.1%**	**−15.6%**
Other non-recurring operating income and expenses	1.8	0.1%	5.2	0.4%	−65.4%
Operating income	**104.0**	**8.0%**	**126.4**	**9.4%**	**−17.7%**
Finance costs, net	(14.0)	−1.1%	(13.2)	−1.0%	+5.3%
Income before tax	**90.1**	**6.9%**	**113.2**	**8.5%**	**−20.4%**
Income tax	(30.3)	−2.3%	(36.2)	−2.7%	−16.3%
Effective overall tax rate	33.6%		32.0%		
Share in earnings of associates	0.5	–	1.7	0.1%	−70.6%
Net income of consolidated companies	**60.3**	**4.6%**	**78.7**	**5.9%**	**−23.4%**
Net income attributable to non-controlling interests	18.6	1.4%	15.7	1.2%	+18.5%
Net income attributable to owners of the parent	**41.8**	**3.2%**	**63.0**	**4.7%**	**−33.7%**

1.3.2 Revenue

Like-for-like comparisons are based on a constant scope of consolidation and exchange rates.

The Group's revenue for the first half of 2010 came in 2.9% lower than in first-half 2009, at €1,299.9 million versus €1,338.6 million. Changes in the scope of consolidation in the first half of the year (negative 1.7% impact on revenue) primarily resulted from (i) the discontinuation of the trading business and (ii) the consolidation of several smaller subsidiaries. Exchange rate variations against the euro had a negative 0.6% impact on revenue.

On a like-for-like basis, revenue only dipped 0.6%.

The table below provides a breakdown of revenue by division for first-half 2009 and first-half 2010.

	First-half 2010		First-half 2009		Change on a reported basis	Change on a like-for-like basis
	(in € millions)	(as a % of revenue)	(in € millions)	(as a % of revenue)		
CFAO Automotive	751.7	57.8%	786.7	58.8%	−4.5%	−4.5%
Eurapharma	393.4	30.3%	358.5	26.8%	+9.7%	+10.0%
CFAO Industries	109.8	8.5%	136.4	10.2%	−19.5%	+2.9%
CFAO Technologies	45.0	3.5%	57.0	4.3%	−21.1%	−20.8%
Total	**1,299.9**	**100.0%**	**1,338.6**	**100.0%**	**−2.9%**	**−0.6%**

The table below provides a breakdown of revenue by geographic area for first-half 2009 and first-half 2010.

	First-half 2009		First-half 2010		Change on a reported basis	Change on a like-for-like basis
	(in € millions)	(as a % of revenue)	(in € millions)	(as a % of revenue)		
French-speaking Sub-Saharan Africa	537.1	40.1%	536.3	41.3%	−0.2%	+0.7%
French Overseas Territories and Other	257.1	19.2%	274.8	21.1%	+6.9%	+5.0%
Maghreb	272.4	20.4%	263.6	20.3%	−3.2%	−2.8%
English- and Portuguese-speaking Sub-Saharan Africa	200.7	15.0%	164.2	12.6%	−18.2%	−4.1%
France (export)	71.3	5.3%	61.0	4.7%	−14.5%	−14.5%
Total	**1,338.6**	**100.0%**	**1,299.9**	**100.0%**	**−2.9%**	**−0.6%**

In the first half of 2010, **CFAO Automotive's** revenue fell 4.5% to €751.7 million. Business levels during the period were on a par with the same period in 2009 during which sales volumes had not yet borne the full brunt of the economic crisis. At €355.9 million, revenue was down 8.6% on a like-for-like basis in the first quarter of 2010 compared to the same prior-year period. The first signs of recovery appeared during the second quarter of the year with revenue gaining momentum to finish level pegging with the second quarter of 2009 at €395.8 million. Revenue was positively impacted by the higher prices put into effect by CFAO Automotive in many countries. This was primarily in anticipation of increased costs related to unfavorable exchange rate fluctuations for currencies used to purchase vehicles.

The table below provides a breakdown of new vehicle sales for the last three six-month periods (in numbers of new vehicles sold):

Light vehicles	First-half 2009	Second-half 2009	First-half 2010	Change H1 2010/H1 2009	Change H1 2010/H2 2009
French-speaking Sub-Saharan Africa	8,686	7,252	7,697	−11.4%	+6.2%
English-speaking Sub-Saharan Africa	5,624	4,159	5,349	−4.9%	+28.6%
Algeria and Morocco	19,577	14,520	16,781	−14.3%	+15.6%
French Overseas Territories, Mauritius and Vietnam	3,242	3,668	3,598	+11.0%	−1.9%
Total	**37,129**	**29,599**	**33,425**	**−10.0%**	**+12.9%**

Sales in French-speaking Sub-Saharan Africa dropped 7.0% on first-half 2009 as reported and 5.7% like-for-like. The Group was able to maintain its 44% market share despite the continuing market downturn.

Business in English- and Portuguese-speaking Sub-Saharan Africa continued to decline over the first-half of the year. Despite gains in market share in Nigeria and Tanzania, Group sales in the region decreased 4.6% as reported and 4.8% like-for-like. Nonetheless, CFAO's market share climbed to approximately 16% versus 13% in 2009.

With a lower benchmark than in 2009, CFAO Automotive's revenue for the French Overseas Territories and Mauritius registered growth of 12.9% as reported and 7.9% like-for-like.

Sales in the Maghreb – Algeria and Morocco – were down 5.1% and 4.8% respectively on a like-for-like basis. The Algerian market, hard hit by new regulatory restrictions in 2009, progressively gained lost ground over the first half of 2010 with a strong increase in second quarter sales compared with the first three months of the year. Average market shares in the two countries held firm at around 9%.

Revenue generated by **Eurapharma** rose 9.7% in the first half of 2010, or 10.0% on a like-for-like basis. This activity was particularly buoyant in Sub-Saharan Africa. In the Maghreb – where the Group engages in its pre-wholesale business – second-quarter sales outperformed those of the first quarter of 2010. The French Overseas Territories saw modest revenue growth in markets that were affected by social conflicts in the French Antilles in 2009.

Revenues for **CFAO Industries** came in at €52.9 million in the second quarter, down slightly on a like-for-like basis compared to the previous year period. This year-on-year contraction primarily reflects a weaker performance in second-quarter 2010 for the motorcycle assembly and industrial equipment businesses as Brasseries du Congo continued on its growth trajectory. The revenue downturn on a reported basis was due to the Group's discontinuation of the trading business which was completed in late 2009.

CFAO Technologies posted revenue of €45.0 million for the first-half of 2010. Although sales picked up in the second quarter of 2010, compared to the first three months of the year, they retreated 21.1% or 20.8% on a like-for-like basis, over the period as a whole. The decline was particularly steep in the Equipment segment due to an unfavorable basis of comparison with 2009 when the division had major contracts in Nigeria concerning elevators. Despite a more solid order book in the first half of 2010, sales for the Solutions business were down overall compared with 2009.

1.3.3 Gross profit

Gross profit came in at €293.7 million in the six months ended June 30, 2010, down slightly on the equivalent period of 2009 but inching up as a percentage of revenue to 22.6% from 22.3%.

All of the Group's divisions contributed to this increase except for CFAO Automotive where gross margin decline is limited thanks to the ability of the division to manage the impact of its main purchasing currencies (yen and US dollar) increase. The increase was driven by the three other divisions, in particular CFAO Industries, where the discontinuation of the lower-margin trading business had a positive impact on the division's gross profit as a whole.

Net additions to inventory allowances came to €0.3 million for first-half 2010 versus €3.9 million for the same year-ago period.

1.3.4 Payroll expenses

Payroll expenses edged up 1.1% to €95.1 million for the first half of the year compared with €94.1 million for the same period in 2009. This chiefly reflects the increase in payroll expenses for the CFAO Automotive division, which was particularly impacted by the changes in the scope of consolidation. CFAO Technologies and FAO Industries reported lower costs due to lower business volumes and the discontinuation of the trading business respectively.

Payroll expenses also include the net cost of €1.4 million over the first half of the year of the stock option plan set up in January 2010 as well as the additional costs related to the initial reinforcement of headquarter staff.

Payroll expenses as a percentage of revenue inched up to 7.3% in first-half 2010 from 7.0% a year earlier, mainly owing to the lower revenue figure.

1.3.5 Other recurring operating income and expenses (including PPR management fees)

Other recurring operating income and expenses for the first half of 2010 represented a net expense of €96.4 million versus a net expense of €83.6 million for the same period in 2009. This 15.4% increase is chiefly a result of (i) higher variable costs for CFAO Industries and (ii) an increase in specific expenses such as: €4.9 million of provisions for doubtful receivables (Gabon, Chad, Côte d'Ivoire), €1.7 million of additional amortization related to recent investment programs and €1.8 million of increased banking service fees in connection with new regulations implemented in Algeria and Western Africa.

It should be noted that these expenses for first- and second-half 2009 included management fees paid to PPR, totaling €3.3 million and €2.4 million, respectively. CFAO stopped paying management fees to PPR in early December 2009. However, CFAO is now directly responsible for all charges incurred in relation to its new status as a listed company.

These expenses increased from a 6.2% to 7.4% of revenue, reflecting the difficulty in maintaining the ratio amid a sharp slowdown in business.

1.3.6 *Recurring operating income*

Recurring operating income dropped 15.6% to €102.3 million in first-half 2010 compared with €121.2 million for the same period in 2009. The recurring operating profit margin, i.e., recurring operating income divided by revenue, came to 7.9% for the first half of the year versus 9.1% for first-half 2009.

The table below provides a breakdown of recurring operating income by division:

	First-half 2009		Second-half 2009		First-half 2010	
	(in € millions)	(as a % of revenue)	(in € millions)	(as a % of revenue)	(in € millions)	(as a % of revenue)
Recurring operating income (expense)						
CFAO Automotive	79.6	10.1%	38.5	5.8%	53.0	7.1%
Eurapharma	28.9	8.1%	31.2	8.2%	35.9	9.1%
CFAO Industries	20.6	15.1%	23.7	16.5%	22.8	20.8%
CFAO Technologies	0.0	– 0.1%	4.1	7.9%	(1.8)	– 4.1%
Holding company	(7.9)	–	(7.8)	–	(7.7)	–
Total	**121.2**	**9.1%**	**89.8**	**7.2%**	**102.3**	**7.9%**

Overall, recurring operating income for first-half 2010 was €18.9 million lower than in the same period of 2009. This year-on-year decline was mainly attributable to a sharp drop in sales reported by CFAO Automotive and a falloff in this division's margin due to an increase in the exchange rates of its purchasing currencies. This impact was partly offset by higher recurring operating income reported by Eurapharma, powered by strong sales growth, a positive currency effect and a favorable business mix. CFAO Industries benefited from the sharp rise in gross profit as described above.

The two largest divisions reported improved performances compared with the second half of 2009. CFAO Technologies was unable to maintain the same profit margin as in second-half 2009 as sales were not sufficient to offset its fixed costs.

1.3.7 *Other non-recurring operating income and expenses*

Other non-recurring operating income and expenses for the six months ended June 30, 2010 represented net proceeds of €1.8 million breaking down into €1 million from the sale of operating assets (operating site in Mali) and €0.8 million from the sale of financial assets (non-controlling interest in Cameroon). In 2009, this item represented net proceeds of €5.2 million consisting of €1.2 million from the sale of operating assets (trading business sites in Nigeria) and €5.9 million from the sale of financial assets (malt beverage company in Nigeria).

1.3.8 *Operating income*

The Group's operating income retreated 17.7% to €104.0 million in first-half 2010 compared with €126.4 million for the same period in 2009. In the first half of 2010, operating income represented 8.0% of revenue versus 9.4% in the prior-year period.

1.3.9 *Net finance costs*

The table below provides a breakdown of the Group's net finance costs in first-half 2009 and first-half 2010:

(in € millions)	First-half 2010	First-half 2009
Cost of net debt	(10.7)	(10.0)
Other financial income and expenses	(3.3)	(3.3)
Net finance costs	**(14.0)**	**(13.2)**

The cost of net debt rose €0.7 million over the first half of the year reflecting the higher cost of the syndicated credit facility compared with the current account with PPR. This cost includes straight-line amortization of the flat fee charged for setting up the facility.

1.3.10 Income tax

Income tax includes taxes paid or for which provisions are made in a given period, as well as tax adjustments paid or provisioned during the period.

During the first half of 2010, the Group recognized income tax expense of €30.3 million versus €36.2 million for the same period in 2009. The overall effective tax rate inched up from 32.0% to 33.6% primarily due to the slightly unfavorable impact of changes in tax rates and bases over the first half of the year.

1.3.11 Net income

The Group's share in earnings of associates totalled €0.5 million in the first half of 2010 compared with €1.7 million in the comparable prior-year period.

Net income attributable to non-controlling interests for the period climbed 18.5% to €18.6 million (30.9% of consolidated net income) versus €15.7 million (20.0% of consolidated net income) for the first half of 2009. This reflects the fact that increases in net income were higher in divisions with significant third-party partnerships (Eurapharma and CFAO Industries) than in CFAO Automotive.

As a result of the above, net income attributable to owners of the parent tumbled 33.7% to €41.8 million in first-half 2010 compared with €63.0 million for the same period in 2009.

1.3.12 Net debt

At June 30, 2010, net debt totaled €253.1 million, down €8.9 million on end-2009. The main items impacting net debt include: (i) dividend payments, in particular the June 2, 2010 payment of €0.78 per share, corresponding to a total payment of €48 million to CFAO shareholders; (ii) the generation of free cash flow (€105.8 million) and (iii) the payment of the acquisition of the Moroccan company SIAB (see section 1.5).

Average net debt for the first half of 2010 was €261 million versus €350 million for the equivalent period of 2009.

The **gearing ratio** stood at 0.44 at end-June 2010 compared with 0.46 at end-December 2009 and the **net debt/EBITDA ratio** was 1.08 versus 1.02.

At June 30, 2010, €130 million had been drawn down on the syndicated credit facility set up in 2009. None of the financial covenants relating to this facility had been breached at that date and CFAO considers it unlikely that they will be breached at end-December 2010.

1.4 RELATED PARTIES

Information on transactions with related parties is provided in Chapter 19 « Related party transactions » of the 2009 Reference Document. During the first half of 2010, CFAO did not enter into any transactions with related parties that had a material impact on its financial position or results (except those described in section 1.4). The Group did not make any changes that affected the transactions with related parties described in the 2009 Reference Document. The employment contracts of Richard Bielle and Olivier Marzloff, members of the Management Board, were modified to take into account the new criteria used to determine the variable portion of their compensation for 2010. These criteria were described below Table 2 in Chapter 15.1 ''Compensation of corporate officers'' of the 2009 Reference Document.

Furthermore, a related party agreement was entered into between CFAO and its subsidiary SFCE to allow the latter to reinvoice a portion of the exceptional bonuses granted in connection with the IPO, not rebilled to Discodis (50% taken over by the PPR Group).

Other information pertaining to related party transactions are described in Note 20 to the accompanying condensed interim consolidated financial statements.

1.5 SIGNIFICANT EVENTS DURING THE FIRST SIX MONTHS OF 2010

In June 2010, CFAO announced that it had entered into an agreement with Renault Maroc and Nissan Motor Co., Ltd. to acquire Morocco-based SIAB, an importer-distributor for Nissan on the Moroccan market. This business combination will enable the CFAO Group to strengthen its positions in the Kingdom of Morocco, notably in the high-growth segment of passenger vehicles.

1.6 OUTLOOK

CFAO Automotive

Market trends in Sub-Saharan Africa now look buoyant going forward.

In the Maghreb, Algeria is faring better than expected although the regulatory framework is still very strict, and in Morocco the division's business outlook seems brighter.

The outlook for the second half of 2010 in the French overseas territories is difficult to predict despite the improvement experienced in the first six months.

Meanwhile, the steady rise in the yen and dollar is pushing up vehicle purchase prices.

Eurapharma

Sub-Saharan Africa is expected to remain a growth market and the Group will continue to roll out measures to consolidate its market share. Sales growth will be more contained in the French overseas territories as competition is expected to intensify. The Algerian market should also remain buoyant. Eurapharma will continue its development in Angola.

CFAO Industries

Sales growth should continue in the second half of the year.

CFAO Technologies

After a downturn in the first half, business is expected to pick up in the second half of the year based on the robust order book at June 30, 2010.

2. CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2010

In this report, ''Company'' refers to CFAO SA, parent company of the CFAO Group. ''Group'' refers to the Company, its consolidated subsidiaries and its interests in associates.

The Group's consolidated financial statements for the six months ended June 30, 2009 and June 30, 2010 and for the year ended December 31, 2009 were prepared in accordance with the International Financial Reporting Standards ('IFRS') and IFRIC interpretations adopted for use by the European Union and applicable as of June 30, 2010.

CONSOLIDATED INCOME STATEMENT FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2010 AND JUNE 30, 2009 AND THE YEAR ENDED DECEMBER 31, 2009

(in € millions)	Notes	First-half 2010	First-half 2009	Full-year 2009
Revenue	4	**1,299.9**	**1,338.6**	**2,582.0**
Cost of sales		(1,006.1)	(1,039.8)	(2,004.7)
Gross profit		**293.7**	**298.8**	**577.3**
Payroll expenses	5	(95.1)	(94.1)	(184.8)
Other recurring operating income and expenses		(96.4)	(80.3)	(175.8)
PPR management fees		0.0	(3.3)	(5.7)
Recurring operating income	4	**102.3**	**121.2**	**211.0**
Other non-recurring operating income and expenses	6	1.8	5.2	(2.6)
Operating income		**104.0**	**126.4**	**208.3**
Cost of net debt	7	(10.7)	(10.0)	0.0
Other financial income and expenses	7	(3.2)	(3.3)	0.0
Income before tax		**90.1**	**113.2**	**180.5**
Income tax	8	(30.3)	(36.2)	(62.5)
Share in earnings of associates		0.5	1.7	3.2
Net income from continuing operations		**60.3**	**78.7**	**121.2**
o/w attributable to owners of the parent		41.8	63.0	90.3
o/w attributable to non-controlling interests		18.6	15.7	30.9
Net income of consolidated companies		**60.3**	**78.7**	**121.2**
Net income attributable to owners of the parent	9	41.8	63.0	90.3
Net income attributable to non-controlling interests	9	18.6	15.7	30.9
Net income attributable to owners of the parent		**41.8**	**63.0**	**90.3**
Earnings per share (in €)(1)	9	0.68	1.02	1.47
Fully diluted earnings per share (in €)(1)	9	0.68	1.02	1.47

(1) *Earnings per share as reported in 2009 amounted to €6.15. Adjusted for the six-for-one stock split, earnings per share in 2009 were €1.02.*

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2010 AND JUNE 30, 2009

(in € millions)	Notes	First-half 2010	First-half 2009
Net income		**60.3**	**78.7**
Foreign exchange gains and losses		16.8	(6.1)
Actuarial gains and losses[1]		0.0	0.0
Income and expenses recognized directly in equity	**10**	**16.8**	**(6.1)**
Total comprehensive income		**77.2**	**72.6**
o/w attributable to owners of the parent		57.4	57.5
o/w attributable to non-controlling interests		19.7	15.1

[1] *Net of tax.*

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF JUNE 30, 2010, JUNE 30, 2009 AND DECEMBER 31, 2009

ASSETS

(in € millions)	Notes	June 30, 2010	June 30, 2009	Dec. 31, 2009
Goodwill		127.1	109.3	111.2
Other intangible assets		24.1	21.9	22.6
Property, plant and equipment		274.7	248.5	262.8
Investments in associates		20.2	20.2	20.5
Non-current financial assets		43.6	48.0	42.8
Deferred tax assets		24.1	22.3	22.1
Other non-current assets		0.3	0.3	0.0
Non-current assets		**514.2**	**470.5**	**482.0**
Inventories		681.0	638.9	615.6
Trade receivables		363.2	327.5	335.0
Current tax receivables		13.1	17.0	20.0
Other current financial assets		30.4	9.3	5.2
Other current assets		141.4	142.3	128.6
Cash and cash equivalents	12	126.3	87.7	127.8
Current assets		**1,355.5**	**1,222.7**	**1,232.1**
Total assets		**1,869.6**	**1,693.2**	**1,714.1**

EQUITY AND LIABILITIES

(in € millions)	Notes	June 30, 2010	June 30, 2009	Dec. 31, 2009
Share capital	11	10.3	10.3	10.3
Translation adjustments		(4.0)	(19.4)	(20.3)
Treasury shares		(1.9)		
Other reserves		437.5	419.8	443.5
Equity attributable to owners of the parent	**11**	**441.8**	**410.7**	**433.5**
Non-controlling interests		137.7	124.3	137.5
Total equity	**11**	**579.5**	**535.0**	**570.9**
Non-current borrowings	13	146.4	26.5	149.6
Provisions for pensions and other post-employment benefits		28.6	23.3	27.3
Provisions		6.7	8.1	6.4
Deferred tax liabilities		0.8	0.1	0.6
Non-current liabilities		**182.5**	**58.1**	**183.9**
Current borrowings	13	233.0	312.8	240.2
Other current financial liabilities		37.9	36.9	9.0
Trade payables		517.6	430.6	386.9
Provisions for pensions and other post-employment benefits		0.3	2.1	0.3
Provisions		15.9	18.0	16.1
Current tax liabilities		24.3	29.5	34.2
Other current liabilities		278.5	270.4	272.5
Current liabilities		**1,107.6**	**1,100.3**	**959.3**
Total equity and liabilities		**1,869.6**	**1,693.2**	**1,714.1**

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2010 AND JUNE 30, 2009 AND THE YEAR ENDED DECEMBER 31, 2009

(in € millions)	Notes	First-half 2010	First-half 2009	Full-year 2009
Net income		**60.3**	**78.7**	**121.2**
Net recurring charges to depreciation, amortization and provisions on non-current operating assets		21.2	19.4	39.6
Proceeds on disposal of leasing fleets (amendment to IAS 16)		0.9	2.7	5.2
Other non-cash income and expenses		(1.3)	(6.4)	(11.8)
Cash flow from operating activities		**81.2**	**94.5**	**154.1**
Interest paid/received		14.0	13.5	27.5
Dividends received		(0.6)	(0.6)	(0.8)
Net income tax payable		31.6	33.3	59.8
Cash flow from operating activities before tax, dividends and interest		**126.3**	**140.7**	**240.6**
Change in working capital requirement		44.6	61.5	36.2
Income tax paid		(34.9)	(49.3)	(73.7)
Net cash from operating activities		**136.0**	**152.9**	**203.1**
Purchases of leasing fleets (amendment to IAS 16)	18.1	(3.6)	(2.1)	(4.3)
Other purchases of property, plant and equipment and intangible assets	18.1	(29.7)	(28.8)	(65.0)
Proceeds from disposals of property, plant and equipment and intangible assets	18.1	3.0	2.9	5.1
Acquisitions of subsidiaries net of cash acquired	18.2	(21.0)	(1.3)	(3.6)
Proceeds from disposal of subsidiaries, net of cash transferred	18.2	1.1	10.7	19.4
Purchases of other financial assets		(4.2)	(10.4)	(14.0)
Proceeds from sales of other financial assets		4.5	2.1	9.8
Change in consolidation method (full consolidation to equity-accounted)		(0.2)	16.8	12.4
Interest and dividends received		(0.3)	0.3	1.3
Net cash used in investing activities		**(50.2)**	**(9.9)**	**(38.8)**
Share capital increase/decrease		0.4	1.4	1.6
Dividends paid to owners of the parent company		(48.0)	(77.0)	(77.0)
Dividends paid to non-controlling interests		(6.4)	(8.1)	(26.4)
Bond issues		10.0	19.2	172.1
Bond redemptions		(31.0)	(8.2)	(14.8)
Interest paid and equivalent		(14.1)	(14.0)	(28.1)
Net cash from (used in) financing activities		**(88.9)**	**(86.8)**	**27.5**
Impact of exchange rate variations		(5.0)	0.6	0.8
Impact of treasury shares		(1.9)		
Other movements		(1.0)	0.3	(0.1)
Net increase (decrease) in cash and cash equivalents		**(11.1)**	**57.0**	**192.6**
Cash and cash equivalents at beginning of year	18	**(81.5)**	**(274.1)**	**(274.1)**
Cash and cash equivalents at end of year	18	**(92.6)**	**(217.1)**	**(81.5)**

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(in € millions)	Number of shares outstanding[1]	Share capital	Cumulative translation adjustments	Other reserves and net income attributable to owners of the parent	Equity		
					Owners of the parent	Non-controlling interests	Total equity
As of December 31, 2008	**10,254,060[2]**	**10.3**	**(14.7)**	**435.6**	**431.2**	**139.0**	**570.2**
Comprehensive income for first-half 2009			**(4.7)**	**62.3**	**57.5**	**15.1**	**72.6**
Share capital increase/decrease				(0.0)	**(0.0)**	1.6	**1.5**
Dividends paid				(77.0)	**(77.0)**	(26.2)	**(103.2)**
Changes in scope of consolidation				(1.0)	**(1.0)**	(5.1)	**(6.1)**
As of June 30, 2009	**10,254,060[2]**	**10.3**	**(19.4)**	**419.8**	**410.7**	**124.3**	**535.0**
Comprehensive income for second-half 2009			**(2.5)**	**24.8**	**22.3**	**15.2**	**37.5**
Share capital increase/decrease				(0.3)	**(0.3)**	0.1	**(0.2)**
Dividends paid						(1.6)	**(1.6)**
Changes in scope of consolidation			1.6	(0.8)	**0.8**	(0.5)	**0.3**
As of December 31, 2009	**61,524,360**	**10.3**	**(20.3)**	**443.5**	**433.5**	**137.5**	**571.0**
Comprehensive income for first-half 2010			**15.6**	**41.8**	**57.4**	**19.7**	**77.2**
Share capital increase/decrease				0.4	**0.4**	0.0	**0.4**
Treasury shares	**84,900[3]**			(1.9)	**(1.9)**		**(1.9)**
Valuation of share-based payment				1.3	**1.3**		**1.3**
Dividends paid				(48.0)	**(48.0)**	(20.0)	**(68.0)**
Changes in scope of consolidation			0.6	(1.6)	**(0.9)**	0.4	**(0.5)**
As of June 30, 2010	**61,524,360[2]**	**10.3**	**(4.0)**	**435.5**	**441.8**	**137.7**	**579.5**

(1) *Shares with a par value of €0.1667 each after the six-for-one stock split.*

(2) *Number of shares before the six-for-one stock split.*

(3) *Within the framework of the liquidity contract.*

Notes to the condensed interim consolidated financial statements

Note 1 Introduction

The CFAO Group, comprising CFAO SA ('the Company') and its subsidiaries (together, 'the CFAO Group » or 'the Group') is the leading specialized retail brand in Africa and French overseas territories. CFAO is also a major player in trade and industry.

The Group currently has operations in France, 31 African countries, six French overseas territories, Vietnam and Mauritius.

CFAO, the Group's parent company, is a *société anonyme* (joint-stock company) governed by a Supervisory Board and Management Board incorporated under French law, whose registered office is located at 18, rue Troyon, 92310 Sèvres, France. It is registered with the Nanterre Register of Commerce and Companies under the reference 552 056 152 RCS Nanterre. CFAO SA is bound by all regulations governing commercial companies in France, and particularly the provisions of the French Commercial Code (*Code de commerce*).

The CFAO Group prepared its first financial statements under IFRS for the year ended December 31, 2008.

The CFAO Group's condensed interim consolidated financial statements were approved for issue by the Management Board on August 27, 2010 and are presented in euros.

Note 2 Accounting policies and methods

General principles and statement of compliance

The condensed interim consolidated financial statements of the CFAO Group for the six months ended June 30, 2010 were prepared in accordance with applicable international accounting standards adopted by the European Union and of mandatory application as of that date. These international standards comprise International Financial Reporting Standards (IFRS), International Accounting Standards (IAS) and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC).

The condensed interim consolidated financial statements for the six months ended June 30, 2010 have been prepared in accordance with IAS 34 – *Interim Financial Reporting* as adopted by the European Union, which allows entities to present selected explanatory notes.

The notes do not therefore include all of the disclosures required for a complete set of annual financial statements, and should be read in conjunction with the consolidated financial statements for the year ended December 31, 2009.

All accounting standards and guidance adopted by the European Union can be consulted on the European Commission's website:

http://ec.europa.eu/internal_market/accounting/ias_en.htm.

IFRS basis adopted

The interim financial statements have been prepared in accordance with the accounting principles and methods applied by the Group for the 2009 financial statements, except for income tax and employee benefits, which are subject to specific valuation methods (Note 2.1).

The standards, amendments and interpretations applicable to accounting periods beginning on or after January 1, 2010 had no material impact on the interim consolidated financial statements for the six months ended June 30, 2010. This mainly concerns:

- the revised version of IFRS 3 – Business Combinations and amendment to IAS 27 – Consolidated and Separate Financial Statements;
- amendment to IAS 39 – Financial instruments: Eligible Hedged Items;
- amendment to IFRS 2 – Group Cash-settled Share-based Payment Transactions;
- amendment to IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations;

- IFRIC 12 – Service Concession Arrangements;
- IFRIC 15 – Agreements for the Construction of Real Estate;
- IFRIC 16 – Hedges of a Net Investment in a Foreign Operation;
- IFRIC 17 – Distributions of Non-cash Assets to Owners;
- IFRIC 18 – Transfers of Assets from Customers;
- the Annual Improvements to IFRSs issued in April 2009 (IAS 17, IAS 36 and IAS 39).

The Group has elected not to early adopt the following new standards and amendments that have been approved by the European Union but that had not yet come into force as of June 30, 2010:

- amendment to IAS 32 – Classification of Rights Issues;
- the Annual Improvements to IFRSs issued in May 2010.

2.1 Details specific to the preparation of interim financial statements

2.1.1. Corporate income tax

The income tax charge for the period (current and deferred) is calculated based on the estimated effective tax rate for the period, for each tax entity.

2.1.2. Employee benefits

Barring a specific event during the period, no actuarial valuations are performed for the preparation of the interim consolidated financial statements. The charge for the first half of the year relating to post-employment benefits represents one-half of the net charge calculated for full-year 2010, based on the data and actuarial assumptions used for the year ended December 31, 2009.

2.1.3. Seasonality of operations

Seasonal fluctuations in operations do not have a material impact on any of the Group's divisions.

2.2. Use of estimates and judgment

The preparation of consolidated financial statements requires the use of estimates and assumptions by Group management that can affect the carrying amounts of certain assets and liabilities, income and expenses, and the information disclosed in the accompanying notes. Group management reviews these estimates and assumptions on a regular basis to ensure their pertinence with respect to past experience and the current economic situation. Items in future financial statements may differ from current estimates as a result of changes in these assumptions. The impact of changes in accounting estimates is recognized during the period in which the change occurs and all affected future periods.

The main estimates made by management in the preparation of the financial statements concern the valuations and useful lives of operating assets, property, plant and equipment, intangible assets and goodwill; the amount of contingency provisions and other provisions relating to operations, and assumptions underlying the calculation of obligations relating to employee benefits, deferred tax balances and derivatives. The Group notably uses discount rate assumptions based on market data to estimate the value of long-term assets and liabilities.

Note 3 Scope of consolidation

Since January 1, 2010, the following change has taken place in the scope of consolidation: Acquisition on May 31, 2010 of the Moroccan company SIAB, an importer and distributor of vehicles on the Moroccan market, which contributed €1.9 million to consolidated revenue in the first half of 2010. The goodwill recognized on this transaction has not yet been finalized.

Note 4 Operating segments

Information provided on CFAO's divisions and geographic areas is prepared in accordance with the same accounting rules as for the consolidated financial statements.

The performance of each division is measured based on recurring operating income, which is the method used by the Group's chief operating decision-maker.

Charges to depreciation, amortization and provisions on non-current operating assets reflect net charges to depreciation, amortization and provisions on intangible assets and property, plant and equipment recognized in recurring operating income.

Purchases of property, plant and equipment and intangible assets correspond to gross non-current asset purchases, including cash timing differences but excluding purchases of assets under finance leases.

Segment assets comprise non-current segment assets, inventories, trade receivables and other current assets.

Non-current segment assets comprise goodwill, intangible assets, property, plant and equipment and other non-current assets.

Segment liabilities include trade payables and other current liabilities.

4.1 Information by division

(in € millions)	CFAO Automotive	Eurapharma	CFAO Industries	CFAO Technologies	Holding company & other	Eliminations	Total
As of June 30, 2010							
Revenue	791.6	393.5	110.0	45.7		(40.9)	**1,299.9**
– non-Group	751.7	393.4	109.8	45.0			**1,299.9**
– Group	39.9	0.1	0.3	0.7			**40.9**
PPR management fees							
Recurring operating income (expense)	**53.0**	**35.9**	**22.8**	**(1.8)**	**(7.7)**		**102.3**
Net recurring charges to depreciation, amortization and provisions on non-current operating assets	11.3	2.4	6.7	0.6	0.2		**21.2**
Other non-cash recurring operating income and expenses	(2.9)	(0.6)	(0.4)	0.2	3.4		**(0.4)**
Purchases of leasing fleets (amendment to IAS 16)	3.6						**3.6**
Other purchases of property, plant and equipment and intangible assets, gross	11.5	3.0	14.6	0.5	0.1		**29.7**
Segment assets	**940.1**	**403.3**	**212.8**	**72.7**	**(17.1)**		**1,611.8**
Segment liabilities	**458.5**	**224.9**	**62.1**	**45.3**	**5.4**		**796.1**
As of June 30, 2009							
Revenue	827.8	358.5	136.6	57.9		(42.2)	**1,338.6**
– non-Group	786.7	358.5	136.4	57.0			**1,338.6**
– Group	41.0		0.2	0.9			**42.2**
PPR management fees					(3.3)		**(3.3)**
Recurring operating income (expense)	**79.6**	**28.9**	**20.6**	**(0.0)**	**(7.9)**		**121.2**
Net recurring charges to depreciation, amortization and provisions on non-current operating assets	10.2	2.4	5.8	0.7	0.3		**19.4**
Other non-cash recurring operating income and expenses	2.3	0.2	(6.4)	(0.2)	0.5		**(3.6)**
Purchases of leasing fleets (amendment to IAS 16)	2.1						**2.1**
Other purchases of property, plant and equipment and intangible assets, gross	17.2	3.5	7.6	0.4	0.1		**28.8**
Segment assets	**901.6**	**356.0**	**181.1**	**69.6**	**(19.6)**		**1,488.6**
Segment liabilities	**355.9**	**228.1**	**65.6**	**42.1**	**9.3**		**701.0**
As of December 31, 2009							
Revenue	1,535.2	740.9	280.3	111.5		(85.9)	**2,582.0**
– non-Group	1,451.4	740.8	279.9	110.0			**2,582.0**
– Group	83.8	0.1	0.4	1.5			**85.9**
PPR management fees					(5.7)		(5.7)
Recurring operating income (expense)	**118.1**	**60.1**	**44.3**	**4.1**	**(15.7)**		**211.0**
Net recurring charges to depreciation, amortization and provisions on non-current operating assets	21.0	4.9	11.9	1.3	0.5		**39.6**
Other non-cash recurring operating income and expenses	2.6	0.1	(8.2)	(0.4)	(0.7)		**(6.7)**
Purchases of leasing fleets (amendment to IAS 16)	4.3						**4.3**
Other purchases of property, plant and equipment and intangible assets, gross	25.6	6.1	32.4	0.7	0.2		**65.0**
Segment assets	**833.0**	**386.9**	**191.7**	**77.3**	**(13.3)**		**1,475.7**
Segment liabilities	**318.3**	**220.0**	**59.4**	**45.5**	**16.1**		**659.4**

4.2 Information by geographic area

Information is presented by geographic area based on the geographic location of customers for revenue and the geographic location of assets for non-current segment assets, with the exception of data for France (export), which reflects export sales to customers outside the CFAO Group.

(in € millions)	French-speaking Sub-Saharan Africa	English-speaking Sub-Saharan Africa	French Overseas Territories and Other	Maghreb	France (export)	Total
As of June 30, 2010						
Revenue	536.3	164.2	274.8	263.6	61.0	**1,299.9**
Non-current segment assets	197.1	46.5	57.4	75.7	49.6	**426.2**
As of June 30, 2009						
Revenue	537.1	200.7	257.1	272.4	71.3	**1,338.6**
Non-current segment assets	174.5	39.7	54.3	61.1	50.3	**379.9**
As of December 31, 2009						
Revenue	1,067.4	358.5	540.4	491.8	123.9	**2,582.0**
Non-current segment assets	189.3	41.8	56.5	59.9	49.2	**396.6**

Note 5 Share-based payment

Pursuant to the authorization granted by the General Shareholders' Meeting of November 16, 2009, on January 4, 2010 CFAO's Management Board decided to grant stock subscription options in consideration for services rendered.

The Group recognizes its obligation as services are rendered by beneficiaries, over the period from the grant date to the vesting date.

The grant date is the date at which the Management Board set up the plan. The vesting date is the date at which all vesting conditions are satisfied. Vested rights may only be exercised by beneficiaries at the end of a four-year lock-in period.

In accordance with the provisions of IFRS 2 on equity-settled plans, the value of services rendered by beneficiaries was determined using the Black & Scholes model.

The characteristics of the plan are set out below:

Stock option plan	2010 Plan Subscription options
Grant date	1/4/2010
Expiration date	1/4/2010
Vesting of rights	1/4/2010
Number of beneficiaries	239
Number initially granted	1,350,000
Number outstanding as of Dec. 31, 2009	
Number forfeited in 2010	10,500
Number exercised in 2010	
Number expired in 2010	
Number outstanding as of June 30, 2010	1,339,500
Number exercisable as of June 30, 2010	
Strike price (in €)	26.00
Fair value at measurement date (in €)	4.18
Weighted average price of options exercised (in €)	

For three-quarters of the options, vesting is subject to the beneficiaries' presence within the Group and performance conditions.

Options vest at a rate of 25% per full year of presence within the Group. In the event of retirement (under certain conditions), death or disability, the rights vest in full. In the event of resignation, dismissal for gross negligence or misconduct, or removal of a corporate officer, all rights are lost.

Three-quarters of the stock options granted are subject to performance conditions related to the CFAO Group's recurring operating profit margin and free operating cash flow.

The value of services rendered by beneficiaries was determined on the grant date of the plan by using a Black & Scholes model with a trinomial algorithm and exercise thresholds, which takes into account the number of potentially exercisable options at the end of the vesting period.

The exercise thresholds and probability assumptions used are as follows:

Threshold as a % of the strike price	Probability of exercise
125%	15%
150%	20%
175%	20%
200%	20%

The main valuation assumptions are summarized below:

Stock option plans	2010 Plan Subscription options
Volatility	35.00%
Risk-free interest rate	3.35%

The above volatility represents the weighted sum of the volatilities of each division, determined on the basis of benchmarks.

The dividends used for the valuation correspond to dividends estimated by CFAO in accordance with income forecasts and distribution policies.

The risk-free interest rate corresponds to the Euribor 8-year swap rate at the grant date.

The total expense recognized for the first half of 2010 in respect of stock subscription option plans was €1.4 million, including a €0.1 million employer contribution, recognized in proportion to the expense.

Note 6 Other non-recurring operating income and expenses

(in € millions)	First-half 2010	First-half 2009
Non-recurring operating income	**1.9**	**7.1**
Net proceeds from the disposal of operating assets	1.0	1.2
Net proceeds from the disposal of financial assets	0.9	5.9
Other	0.0	
Non-recurring operating expenses	**(0.1)**	**(1.8)**
Restructuring costs		0.2
Contingency provisions		(1.7)
Other	(0.1)	(0.3)
Total	**1.8**	**5.2**

CFAO's other non-recurring operating income and expenses consist of unusual items that could distort the assessment of each division's economic performance. The net balance of this caption was income of €1.8 million in the first half of 2010, primarily comprising €1.9 million of net proceeds from the disposal of assets (first-half 2009: €7.1 million).

Note 7 Financial income and expenses

This caption breaks down as follows:

(in € millions)	First-half 2010	First-half 2009
Cost of net debt	**(10.7)**	**(10.0)**
Income from cash and cash equivalents	0.3	0.4
Finance costs at amortized cost	(11.0)	(10.3)
Other financial income and expenses	**(3.2)**	**(3.3)**
Gains and losses on fair value foreign exchange hedges(1)	(1.0)	(0.5)
Foreign exchange gains and losses	(0.5)	(1.7)
Dividends and interim dividends received	0.6	0.6
Impact of discounting assets and liabilities	(0.5)	(0.3)
Other finance costs	(1.8)	(1.5)
Total	**(14.0)**	**(13.2)**

(1) *This item corresponds to the ineffective portion of fair value hedges.*

Finance costs carried at amortized cost mainly consist of interest on bank overdrafts.

The net impact on income of the ineffective portion of foreign exchange hedges was a negative €1.0 million. This reflects (i) an expense of €11.0 million relating to changes in the fair value of obligations, and (ii) income of €10.0 million relating to changes in the fair value of derivative instruments.

Other financial expenses include discount costs.

Note 8 Income taxes

The Group income tax rate is calculated as follows:

(in € millions)	First-half 2010	First-half 2009
Income before tax	90.1	113.2
Non-recurring items	1.8	5.2
Recurring income before tax	**88.3**	**108.0**
Total tax expense	(30.3)	(36.2)
Tax on non-recurring items	(0.0)	(0.6)
Current tax charge	**(30.2)**	**(35.6)**
Effective tax rate	**33.6%**	**32.0%**
Recurring tax rate	**34.2%**	**33.0%**

In France, the 2010 finance law introduced contribution based on value added (*Cotisation sur la Valeur Ajoutée des Entreprises* – CVAE). In line with similar taxes within the Group, the CVAE is treated as an income tax in application of IAS 12. Consequently, it is accounted for under ''Corporate income tax''.

Note 9 Earnings per share

Basic earnings per share is calculated based on the weighted average number of shares outstanding.

The CFAO Group has no dilutive instruments within the meaning of IAS 33.

Earnings per share as of June 30, 2010

(in € millions)	Consolidated Group
Net income attributable to ordinary shareholders	**41.8**
Weighted average number of ordinary shares outstanding	61,524,360
Weighted average number of treasury shares	(55,292)
Weighted average number of ordinary shares	**61,469,068**
Basic earnings per share (in €)	**0.68**
Net income attributable to ordinary shareholders	**41.8**
Stock subscription options	
Diluted net income attributable to owners of the parent	**41.8**
Weighted average number of ordinary shares	61,469,068
Stock subscription options	0
Weighted average number of diluted ordinary shares	**61,469,068**
Fully diluted earnings per share (in €)	**0.68**

Earnings per share as of June 30, 2009

(in € millions)	Consolidated Group
Net income attributable to ordinary shareholders	**63.0**
Weighted average number of ordinary shares outstanding	61,524,360
Weighted average number of treasury shares	0
Weighted average number of ordinary shares	**61,524,360**
Basic earnings per share (in €)(1)	**1.02**
Net income attributable to ordinary shareholders	**63.0**
Stock subscription options	
Diluted net income attributable to owners of the parent	**63.0**
Weighted average number of ordinary shares	61,524,360
Stock subscription options	0
Weighted average number of diluted ordinary shares	**61,524,360**
Fully diluted earnings per share (in €)(1)	**1.02**

(1) *Based on 2009 reported data: 10,254,060 ordinary shares and fully diluted net income per share of €6.15. In October 2009, the number of shares was multiplied by six and totaled 61,524,360.*

Note 10 Other comprehensive income

The components of other comprehensive income include:

- gains and losses arising from translating the financial statements of a foreign operation;
- components relating to the measurement of employee benefit obligations: unrecognized surplus of pension plan assets and actuarial gains and losses on defined benefit plans.

These items break down as follows, before and after the tax effect:

(in € millions)	Gross	Income tax	Net
Translation adjustments	(6.0)		(6.0)
Unrecognized surplus of pension plan assets			
Actuarial gains and losses			
Other items of comprehensive income as of June 30, 2009	**(6.0)**		**(6.0)**
Translation adjustments	(7.9)		(7.9)
Unrecognized surplus of pension plan assets			
Actuarial gains and losses	(3.5)	0.2	(3.3)
Other items of comprehensive income as of December 31, 2009	**(11.4)**	**0.2**	**(11.2)**
Translation adjustments	16.8		16.8
Unrecognized surplus of pension plan assets			
Actuarial gains and losses			
Other items of comprehensive income as of June 30, 2010	**16.8**		**16.8**

Note 11 Equity

Share capital amounted to €10,254,060 as of December 31, 2009, comprising 61,524,360 fully paid-up shares. These shares had a par value of €0.17 each, reflecting the six-for-one stock split in 2009. The par value of the shares in 2008 was €1.

The Ordinary Shareholders' Meeting called to approve the 2009 financial statements decided to pay dividends representing 50% of net income attributable to owners of the parent (adjusted for exceptional expenses related to IPO) corresponding to around €0.78 per share and €48 million in total. The dividend was paid on June 2, 2010.

Note 12 Cash and cash equivalents

The item breaks down as follows:

(in € millions)	June 30, 2010	June 30, 2009
Cash	126.3	87.7
Total	**126.3**	**87.7**

The Group had no cash equivalents as of June 30, 2009 or 2010.

Note 13 Gross borrowings

(in € millions)	June 30, 2010	Y+1	Y+2	Y+3	Y+4	Y+5	Beyond	June 30, 2009	Dec. 31, 2009
Non-current borrowings	**146.4**		**7.1**	**133.8**	**2.3**	**2.0**	**1.3**	**26.5**	**149.6**
Confirmed lines of credit	130.0			130.0					132.1
Other bank borrowings	13.2		6.2	3.4	1.6	1.4	0.6	22.7	15.1
Obligations under finance leases								0.3	
Employee profit-sharing	2.6		0.8	0.4	0.8	0.6	0.1	2.1	1.8
Other borrowings	0.6		0.0				0.6	1.3	0.6
Current borrowings	**233.0**	**233.0**						**312.8**	**240.2**
Other bank borrowings	9.1	9.1						5.0	7.9
Obligations under finance leases								0.3	
Employee profit-sharing	0.1	0.1						0.4	0.5
Bank overdrafts	218.9	218.9						227.4	209.1
Other borrowings	4.9	4.9						79.7	22.7
Total	**379.4**	**233.0**	**7.1**	**133.8**	**2.3**	**2.0**	**1.3**	**339.2**	**389.8**
%		**61.4%**	**1.9%**	**35.3%**	**0.6%**	**0.5%**	**0.3%**		

As of June 30, 2010, all gross borrowings were recognized at amortized cost based on the effective interest rate after taking into account any identified issue costs and redemption or issue premiums relating to each liability.

Non-current borrowings mainly include the €130 million drawdown on the syndicated facility out of total of confirmed credit line of €300 million. This facility was classified within non-current confirmed lines of credit in light of its three-year term (initial maturity: December 7, 2012).

Drawdowns on the syndicated facility are subject to financial covenants triggering prepayments if they are not complied with. There are three covenants:

– Net debt must not be more than double recurring EBITDA (see Note 16).

EBITDA is defined as recurring operating income plus depreciation, amortization and provisions for non-recurring operating assets recognized in recurring operating income. (EBITDA is not a financial measure defined under IFRS. It should not be taken as a substitute for operating income, net income or cash flows, nor should it be treated as a measure of liquidity. EBITDA may be calculated differently by other companies with businesses that are similar to or different from that of the Group. Accordingly, EBITDA calculated by the Group may not be directly comparable to that calculated by other issuers.)

– Gross borrowings of subsidiaries must not exceed 80% of consolidated gross borrowings.

– The other off-balance sheet commitments given by the Group entities to third parties (see Note 31.2.4 to the consolidated financial statements in Chapter 20 of the 2009 Reference Document) must not exceed 1.2 times the average trade payables for the period under consideration and the preceding six-month period. The covenant was increased from 1 to 1.2 on June 28, 2010. In any event, at June 30, 2010 the ratio came to less than 1.

At June 30, 2010, the Group complied with these covenants.

In June 2009, the Group had access to a cash current account with PPR for €77.3 million, classified within other current borrowings.

Accrued interest is recorded in ''Other borrowings''.

Borrowings with a maturity of more than one year represented 38.6% of gross borrowings as of June 30, 2010, compared with 7.8% as of June 30, 2009 and 38.4% as of December 31, 2009.

Note 14 Net debt

Group net debt breaks down as follows:

(in € millions)	June 30, 2010	June 30, 2009	Dec. 31, 2009
Gross borrowings	(379.4)	(339.2)	(389.8)
Cash	126.3	87.7	127.8
Net debt	**(253.1)**	**(251.5)**	**(262.0)**

Note 15 Accounting classification and market value of financial instruments

The basis of measurement for financial instruments and the market value of these instruments as of June 30, 2010 are presented below:

(in € millions)	June 30, 2010 Carrying amount	June 30, 2010 Market value	Available-for-sale assets	Loans and receivables	Amortized cost	Derivatives qualifying for hedge accounting
Non-current assets						
Non-current financial assets	43.6	43.6	8.7	31.2	3.8	
Current assets						
Trade receivables	363.2	363.2			363.2	
Other current financial assets	30.4	30.4			1.6	28.8
Cash and cash equivalents	126.3	126.3			126.3	
Non-current liabilities						
Non-current borrowings	146.4	146.4			146.4	
Current liabilities						
Current borrowings	233.0	233.0			233.0	
Other current financial liabilities	37.9	37.9			19.1	18.8
Trade payables	517.6	517.6			517.6	

(in € millions)	June 30, 2010 Carrying amount	June 30, 2010 Market value	Available-for-sale assets	Loans and receivables	Amortized cost	Derivatives qualifying for hedge accounting
Non-current assets						
Non-current financial assets	43.6	43.6	8.7	31.2	3.8	
Current assets						
Trade receivables	363.2	363.2			363.2	
Other current financial assets	30.4	30.4			1.6	28.8
Cash and cash equivalents	126.3	126.3			126.3	
Non-current liabilities						
Non-current borrowings	146.4	146.4			146.4	
Current liabilities						
Current borrowings	233.0	233.0			233.0	
Other current financial liabilities	37.9	37.9			19.1	18.8
Trade payables	517.6	517.6			517.6	

Assets and liabilities recognized at fair value are measured as follows:

Level 1: prices quoted on an active market

Where available, prices quoted on an active market are used as the preferred method for determining market value. No instruments were included in level 1 of the fair value hierarchy as of June 30, 2010.

Level 2: internal models using valuation techniques drawing on observable market inputs

These techniques are based on standard mathematical calculations incorporating observable market inputs such as futures prices, yield curves, etc. Most derivatives traded on markets are measured based on models commonly used by market practitioners in pricing these financial instruments.

Level 3: internal models based on non-observable inputs

The fair values used to determine the instruments' carrying amounts represent reasonable estimates of their market values. This method chiefly concerns non-current financial assets.

In 2010, no changes were made to the fair value measurement of financial assets and liabilities.

(in € millions)	June 30, 2010 Carrying amount	June 30, 2010 Market value	June 30, 2009 Market value	June 30, 2009 Carrying amount	Dec. 31, 2010 Market value	Dec. 31, 2010 Carrying amount
Non-current assets						
Non-current financial assets	43.6	43.6	48.0	48.0	42.8	42.8
Current assets						
Trade receivables	363.2	363.2	327.5	327.5	335.0	335.0
Other current financial assets	30.4	30.4	9.3	9.3	5.2	5.2
Cash and cash equivalents	126.3	126.3	87.7	87.7	127.8	127.8
Non-current liabilities						
Non-current borrowings	146.4	146.4	26.5	26.5	149.6	149.6
Current liabilities						
Current borrowings	233.0	233.0	312.8	312.8	240.2	240.2
Other current financial liabilities	37.9	37.9	36.9	36.9	9.0	9.0
Trade payables	517.6	517.6	430.6	430.6	386.9	386.9

Note 16 Exposure to foreign exchange risk

The outstanding notional amounts of instruments used by the CFAO Group to manage its foreign exchange risk are as follows:

(in € millions)	June 30, 2010	June 30, 2009	Dec. 31, 2009
Currency forwards and currency swaps	151.1	109.8	83.7
Total	**151.1**	**109.8**	**83.7**

The Group primarily uses forward currency contracts to hedge commercial import/export risks and to hedge the financial risks stemming in particular from inter-company refinancing transactions in foreign currencies.

Since 2008, the Group's local subsidiaries (mainly in Morocco and Kenya) have entered into and recorded forward purchase contracts in their accounts. As of June 30, 2010, outstanding notional amounts under these agreements totaled €39.4 million.

These derivative financial instruments were analyzed with respect to IAS 39 hedge accounting eligibility criteria. As of June 30, 2010, documented derivative instruments used as hedges were as follows:

(in € millions)	June 30, 2010	Japanese yen	US dollar	Euro	Other	June 30, 2009	Dec. 31, 2009
Fair value hedges							
Forward purchases and forward purchase swaps	**402.1**	160.8	206.7	31.3	3.3	**300.8**	239.2
Forward sales and forward sale swaps	**(251.0)**	(3.7)	(246.3)		(0.9)	**(191.0)**	(155.5)
Total	**151.1**	157.1	(39.7)	31.3	2.3	**109.8**	83.7

The ''Other'' column mainly reflects transactions carried out in South African rands and pounds sterling.

Foreign exchange derivatives are recognized in the statement of financial position at their market value as of the end of the reporting period.

As of June 30, 2010, the exposure to foreign exchange risk on the statement of financial position was as follows:

(in € millions)	June 30, 2010	Euro	US dollar	Japanese yen	Other	Dec. 31, 2009
CENTRAL PURCHASING DIVISIONS Central purchasing receivables	127.9		126.6	1.4	(0.1)	83.3
Central purchasing payables	189.6		105.8	82.7	1.1	108.7
Gross exposure in the statement of financial position – central purchasing	**(61.7)**	**0.0**	**20.8**	**(81.3)**	**(1.2)**	**(25.4)**
Customer orders	115.4		112.2	2.2	1.1	72.2
Supplier orders	172.6		91.4	80.2	1.1	96.1
Gross forecast exposure – central purchasing	**(57.2)**	**0.0**	**20.8**	**(78.0)**	**0.0**	**(23.9)**
Gross exposure before hedging – central purchasing	**(118.9)**	**0.0**	**41.6**	**(159.3)**	**(1.2)**	**(49.3)**
Hedging instruments – central purchasing	111.7		(46.8)	157.1	1.3	49.4
Gross exposure after hedging – central purchasing	**(7.3)**	**0.0**	**(5.2)**	**(2.1)**	**0.1**	**0.1**

CFAO's central purchasing divisions hedge the foreign exchange risk arising on the statement of financial position (trade receivables/payables) and on forecast transactions (confirmed supplier and customer orders) with respect to their reporting currency (euro).

(in € millions)	June 30, 2010	Euro	US dollar	Japanese yen	Other	Dec. 31, 2009
SUBSIDIARIES (EXCLUDING CENTRAL PURCHASING) ***Subsidiaries holding hedging instruments*** Receivables due to subsidiaries hedging foreign exchange risk Liabilities due by subsidiaries hedging foreign exchange risk[(1)]	**39.4**	31.3	7.1		1.0	**33.9**
Gross exposure in the statement of financial position	**(39.4)**	**(31.3)**	**(7.1)**	**0.0**	**(1.0)**	**(33.9)**
Gross forecast exposure of subsidiaries hedging foreign exchange risk	**0.0**					**0.0**
Gross exposure before hedging	**(39.4)**	**(31.3)**	**(7.1)**	**0.0**	**(1.0)**	**(33.9)**
Subsidiaries' hedging instruments	39.4	31.3	7.1	0.0	1.0	34.3
Net exposure after hedging of subsidiaries hedging foreign exchange risk	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.3**

(1) *including €13.6 million in borrowings from the parent company*

Certain subsidiaries may use financial instruments to hedge the foreign exchange risk between their debt in US dollars or euros and their reporting currency (Moroccan dirhams, Kenyan shillings and Mauritian rupees).

(in € millions)	June 30, 2010	Euro	US dollar	Japanese yen	Other	Dec. 31, 2009
SUBSIDIARIES (EXCLUDING CENTRAL PURCHASING)						
Subsidiaries not holding hedging instruments						
Receivables due to subsidiaries	**11.6**	1.1	9.5	1.0	0.0	**7.1**
Liabilities due by subsidiaries	**147.9**	54.3	93.3	1.2	(0.9)	**140.6**
Cash	**14.8**	0.5	14.3	0.0	0.0	**10.6**
Borrowings	**4.9**	2.8	2.2	0.0	0.0	**(7.0)**
Gross exposure in the statement of financial position	**(136.4)**	**(53.2)**	**(83.8)**	**(0.2)**	**0.9**	**(133.6)**
10% fall in local currency	(13.6)	(5.3)	(8.4)	0.0	0.1	(13.4)

Subsidiaries excluding central purchasing divisions that do not use foreign exchange hedging instruments owing to regulatory constraints are exposed to the risk of changes in the value of their reporting currency against operating receivables and payables denominated in euros or US dollars.

The above table does not include the exposure of euro-denominated assets and liabilities of subsidiaries in the CFA zone, since the exchange rate of this currency is fixed against the euro. These items amounted to €69.1 million as of June 30, 2010.

Analysis of sensitivity to foreign exchange risk

Based on year-end market data, the impact of a sudden 10% increase or decrease in the exchange rate of unhedged purchasing currencies against local currencies (excluding the CFA franc) would be €13.6 million as of June 30, 2010.

This analysis excludes the impacts of translating the financial statements of each Group entity into the Group's presentation currency (euro).

The sensitivity analysis assumes that all other market variables remain unchanged.

Note 17 Derivative instruments at market value

The Group uses derivative financial instruments to manage its exposure to foreign exchange risk. It has no cash flow or net investment hedges.

As of June 30, 2010, June 30, 2009, and December 31, 2009, and in accordance with IAS 39, the market value of derivative financial instruments is recognized in assets under the heading ''Other current financial assets'' and in liabilities under the heading ''Other current financial liabilities''.

The fair value of foreign exchange derivatives is recognized in other current financial assets or liabilities.

(in € millions)	June 30, 2010	Interest rate risk	Foreign exchange risk	Other market risks	June 30, 2009	Dec. 31, 2009
Derivative assets	**28.8**		**28.8**		8.3	**4.2**
Non-current						
Current	**28.8**		28.8		8.3	4.2
Fair value hedges	**28.8**		28.8		8.3	4.2
Derivative liabilities	**18.8**		**18.8**		15.5	**4.3**
Non-current						
Current	**18.8**		18.8		15.5	4.3
Fair value hedges	**18.8**		18.8		15.5	4.3
Total	**10.0**		**10.0**		**(7.2)**	**(0.1)**

Note 18 Statement of cash flows

As of June 30, 2010, cash and cash equivalents net of bank overdrafts and cash accounts with a credit balance (including accrued interest) stood at a negative €92.6 million, representing total cash and cash equivalents as shown in the statement of cash flows.

(in € millions)	June 30, 2010	June 30, 2009	Dec. 31, 2009
Cash and cash equivalents as reported in the statement of financial position	**126.3**	**87.7**	**127.8**
Bank overdrafts	(218.9)	(227.4)	(209.1)
Cash current accounts with a credit balance	(0.2)	(77.3)	(0.1)
Cash and cash equivalents as reported in the statement of cash flows	**(92.6)**	**(217.1)**	**(81.5)**

18.1 Purchases of property, plant and equipment and intangible assets

Purchases of property, plant and equipment and intangible assets amounted to €33.2 million in first-half 2010 (€30.9 million in first-half 2009).

18.2 Acquisitions and disposals of subsidiaries

(in € millions)	June 30, 2010	June 30, 2009	Dec. 31, 2009
Acquisitions of subsidiaries, net of cash acquired	(21.0)	(1.3)	(3.6)
Proceeds from disposal of subsidiaries, net of cash transferred	1.1	10.7	19.4
Total	**(19.8)**	**9.4**	**15.8**

In the first half of 2010, acquisitions of subsidiaries mainly concern SIAB, an importer and distributor of vehicles on the Moroccan market.

Note 19 Contingent liabilities, unrecognized contractual commitments and other contingencies

19.1. Commitments given following asset disposals

During the first half of 2010, the Group did not enter into any vendor warranty agreements.

19.2. Other developments

To the best of the Group's knowledge, there were no other material developments regarding other commitments given or received by CFAO or contingent liabilities.

Note 20 Related parties

Up until December 4, 2009, CFAO was controlled by Discodis, which in turn is wholly-owned by PPR. Discodis owned 99.93% of CFAO's capital and 99.93% of its voting rights up to that date.

On December 4, 2009, Discodis sold a 57.94% interest in CFAO in connection with CFAO's initial public offering.

In first-half 2010, there was no material change in the type of transactions carried out with related parties compared with 2009 (see Note 32 to the 2009 consolidated financial statements).

The main transactions carried out between CFAO's consolidated companies and Discodis in 2009 were as follows:

- payment of the dividend in respect of 2008 in the amount of €77 million;
- recognition of fees totaling €5.7 million (€3.3 million in first-half 2009) for (i) consulting, technical assistance and complex transaction support services, and (ii) the supply of development opportunities, new business and cost reduction solutions. The fees are governed by an agreement reviewed by the Audit Committee and approved by the Board of Directors.

In first-half 2010, a dividend of €20.2 million was paid to Discodis in respect of 2009. CFAO no longer pays any fees to this company. The only expense was €0.1 million in fees paid to PPR Finance, a subsidiary of PPR, for a service contract with PPR's hedging office.

Within the framework of the stock option plan set up on January 4, 2010, 469,500 stock subscription options were granted to members of the Executive Committee, with vesting subject to presence within the Group and performance conditions (see Note 5).

Note 21 Subsequent events

No subsequent events have had a material impact on the condensed interim consolidated financial statements for the six months ended June 30, 2010.

3. STATEMENT BY THE PERSON RESPONSIBLE FOR THE INTERIM FINANCIAL REPORT

Sèvres, August 30, 2010

''I hereby declare that to the best of my knowledge, the consolidated financial statements for the six months ended June 30, 2010 have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and results of the Company and all of the companies of the consolidated Group. The interim management report gives a fair description of the material events that occurred in the first six months of the fiscal year, their impact on the interim financial statements, the principal transactions with related parties, as well as a description of the principal risks and uncertainties for the remaining six months of the year.''

Richard Bielle
Chairman of the Management Board

4. STATUTORY AUDITORS' REVIEW REPORT ON THE HALF YEARLY FINANCIAL INFORMATION

Six months ended June 30, 2010

This is a free translation into English of the Statutory Auditors' review report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

In compliance with the assignment entrusted to us by your Shareholders' Meetings 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 CFAO for the six months ended June 30, 2010;
- the verification of the information contained in the half yearly management report.

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

I. Conclusion on the consolidated financial statements

We conducted our review in accordance with professional standards applicable in France. A review of half yearly 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 French professional standards and consequently does not enable us to obtain assurance that the financial statements, taken as a whole, are free from material misstatements, as we would not 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 have not been prepared, in all material respects, in accordance with IAS 34 – Interim Financial Reporting, as adopted by the European Union.

II. Specific verification

We have also verified the information given 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 its consistency with the condensed half yearly consolidated financial statements.

Paris La Défense and Neuilly sur Seine, August 30, 2010

The Statutory Auditors

KPMG Audit
Division of KPMG S.A.

Hervé Chopin

Deloitte & Associés

Alain Penanguer