Annual Report 2009-2010

PARIS ORLÉANS

2009-2010

Annual Report

PARIS ORLÉANS

This is a free translation into English of a report issued in the French language and filed with the "Autorité des marchés financiers" on 30 July 2010. This translation is provided solely for the convenience of English speaking readers and shareholders. This report should be read in conjunction with, and construed in accordance with, French law and regulatory standards applicable in France.

Contents

Message from the Chairman of the Executive Board

Sylvain Héfès,
Chairman of the Executive Board

To the shareholders,

The 2009/2010 financial year ended against the backdrop of a global economic slowdown, like the previous year. However, the operating results we achieved in this tough climate highlight the resilience of our core businesses.

Net banking income for the year ended 31 March 2010 amounted to €871.7 million compared with €752.8 million for the previous year. This improvement was mainly due to the full consolidation of our investment banking operations in continental Europe excluding France.

Consolidated net income was up by €14.8 million to €90.9 million, despite the lack of significant capital gains in Paris Orléans' private equity portfolio. After taking account of minority interests, wich increased sharply following the reclassification to equity of a perpetual debt and the full consolidation of our investment banking operations in continental Europe, consolidated net income attributable to equity holders of the parent amounted to €25.7 million, compared with €46.8 million the previous year.

Overall revenues from investment banking were up slightly, reflecting strong business growth in emerging countries and in the United States. Sharp expansion in the financing and restructuring advisory business largely offsets the slowdown in European M&A activity.

Private banking and asset management generated stable revenues in line with those of the 2008/2009 financial year, owing to efforts to increase net new assets under management and a market recovery during the financial year.

The corporate banking business continued to actively downsize its portfolio, as in the previous year, which depressed profit margins but led to significantly reduced impairment charges on the banking portfolio.

The Group continues to look to the future without waiting for an economic recovery to occur. Accordingly, we have pressed ahead with our many initiatives to strengthen our presence outside Europe, which has long been considered our core territory. In particular, the Group has recently reinforced its management team in North America.

"The Group continues to look to the future without waiting for an economic recovery to occur."

Given the uncertain and volatile financial climate, Paris Orléans' private equity business did not complete any significant new investments or disposals during the period. We remain confident about the quality of our portfolio, which has held up well throughout the crisis and offers potential gains that should start materialising this year and gather momentum next year, if market conditions improve.

In addition to its banking and private equity activities, the Group has invested in its first third-party fund Five Arrows Principal Investments (FAPI), which raised a total of €583 million in commitments – an impressive achievement in the current climate. This fast-expanding activity complements our core businesses and opens up a new source of revenues for the Group.

Lastly, the 2009/2010 financial year featured changes to the Group's governance structure in Paris and London. We appointed two new Chief Executive Officers: Olivier Pécoux, who now heads Paris Orléans, and Nigel Higgins, who oversees Rothschilds Continuation Holdings. These appointments reflect our strategy to improve cooperation and integration between our banking operations in London and Paris. We are also delighted to welcome Jacques Richier and François Henrot as Supervisory Board members of Paris Orléans. Jacques Richier is Chairman and Chief Executive Officer of Allianz France and François Henrot is a longstanding Managing Partner of Rothschild & Cie Banque.

In agreement with the Supervisory Board, we propose a dividend of €0.35 per share this year, equivalent to the previous year's dividend. You will have the option of receiving this dividend in cash or in shares.

Sylvain Héfès,
Chairman of the Executive Board

Paris Orléans, flagship holding company of the Rothschild Group

In the tradition of the Rothschild family culture, Paris Orléans focuses on two core businesses: banking and private equity activities.

- Banking activities comprise investment banking and third-party asset management. These businesses are owned by the holding company Rothschilds Continuation Holdings AG and are supported by a network of offices spanning five continents. They are mainly carried out through two operating entities: Rothschild & Cie Banque in France and NM Rothschild & Sons in the United Kingdom.

- Private equity activities focus on stable investments in companies. Our investments are diversified in terms of both business sector and type of investment (equity holdings, mezzanine debt, etc.).

History

2007-2008
Acquired control of the banking activities at global level

2004
Paris Orléans simplifies the structure of the French branch by absorbing Francarep

2003
Move to unify and optimise the worldwide banking group structures. Creation of a new lead entity, Concordia BV, held 50/50 by Paris Orléans and the English branch of the Rothschild family

2000-2001
Paris Orléans begins to take its present shape. Increased shareholding in the banking group in the United Kingdom and the rest of the world

1987-1994
Paris Orléans' subsidiary Francarep gradually shifts from oil exploration activities to private equity

1982
Paris Orléans serves as a launching pad for the Rothschild family's French activities following the nationalisation of Banque Rothschild

1938-1981
Reduced activity as a holding company for diversified shareholdings

1937
Paris Orléans discontinues its railway business

1838
Creation of Paris Orléans, a French rail company

Profile

Businesses

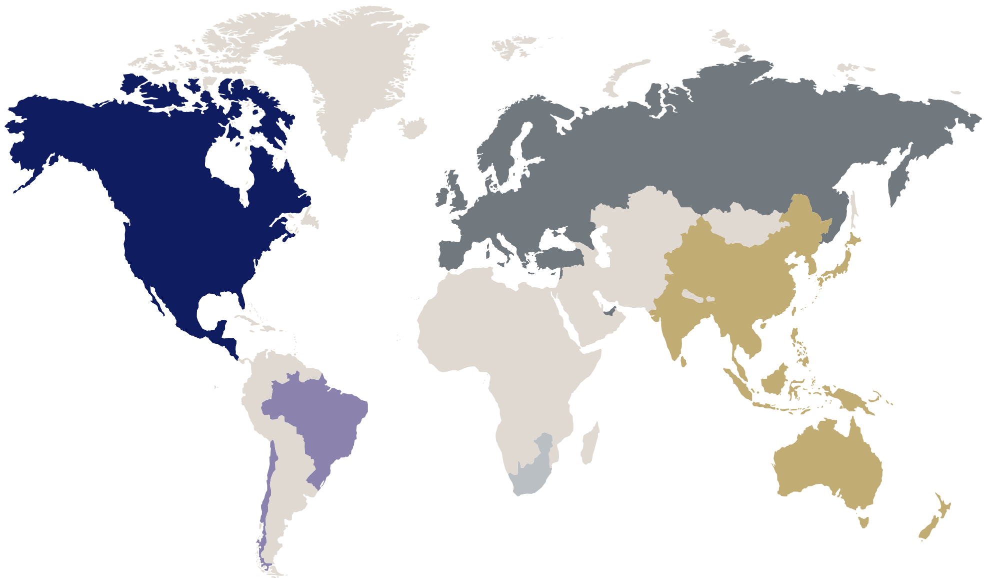
Banking activities

The Rothschild Group has been active at the heart of the world's financial markets for more than two centuries. It focuses on three types of services for businesses, governments and individuals: Investment Banking, Wealth Management and Institutional Asset Management, and Merchant Banking.

Rothschild carries out all of these businesses in the world's leading financial centres: London, Paris, New York, Frankfurt, Milan and Hong Kong. The Group employs a total of 2,860 people in 57 offices worldwide.

3 areas of activity

- Corporate and Investment Banking
- Private Banking and Asset Management
- Merchant Banking (third-party private equity business launched in 2007)



North America

Mexico City
Montréal
New York
Toronto
Washington
British Virgin Islands

South America

Santiago
São Paulo

Africa

Harare
Johannesburg

Europe and the Middle East

Abu Dhabi
Amsterdam
Athens
Barcelona
Birmingham
Brussels
Bucarest
Budapest
Doha
Dubai
Frankfurt
Geneva
Guernsey
Istanbul
Kiev
Leeds
Lisbon
London
Luxembourg
Madrid
Manchester
Milan
Moscow
Paris
Prague
Rome
Sofia
Stockholm
Tel Aviv
Warsaw
Zurich

Asia Pacific

Auckland
Hanoï
Hong Kong
Jakarta
Kuala Lumpur
Manila
Melbourne
Mumbai
New Delhi
Beijing
Seoul
Shanghai
Singapore
Sydney
Tokyo
Wellington

— Joint Venture — Representation office

€1,140 million
COMBINED NET BANKING INCOME [(1)]

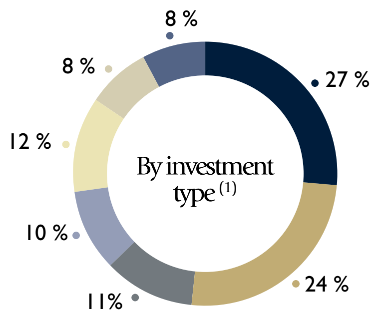
2,860
EMPLOYEES AROUND THE WORLD

(1) Combined net banking income is shown here to provide a clearer illustration of the Group's size. It differs from reported consolidated net banking income as it comprises 100% of the RCH sub-group at 31 March 2010 and 100% of the RCB sub-group at 31 December 2009.

Private Equity

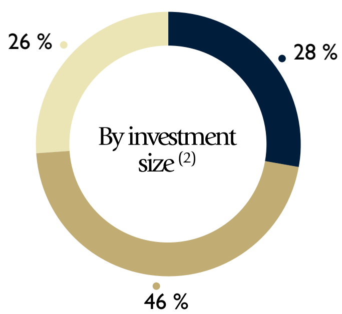
In recent years, Paris Orléans has gained a position as a leading player in France in mid-size leveraged buyout (LBO) financing, and now works with a significant number of specialised funds. The activity is exercised by Paris Orléans for its own account and through the new third-party Merchant Banking structure, which forms part of the Group's banking activities.

Breakdown of shareholdings



(1) Based on the value at 31 March 2010.

- LBO/Equity
- LBO/Mezzanine debt
- Growth capital
- Property
- Listed companies
- Historic investment
- Others



(2) According to invested amount.

- < €5 million
- €5million < X < €15 million
- > €15 million

Investment strategy

Investment policy
- Opportunist investment in all sectors
- Investment in minority shareholdings
- Flexibility in the structure of the deal
- Fewer constraints than with conventional private equity funds

Type of investment
- Equity
- Mezzanine financing
- Listed and non-listed

Investment size
- Each investment between €5 million and €15 million
- Investments focused essentially on small and medium sized businesses

Investment horizon
- Between 4 and 10 years depending on the type of investment

€471 million
INVESTED

80
INVESTMENTS IN PORTFOLIO

Key figures

€872 million

IN CONSOLIDATED NET BANKING INCOME

€7,718 million

OF BALANCE SHEET TOTAL

€26 million

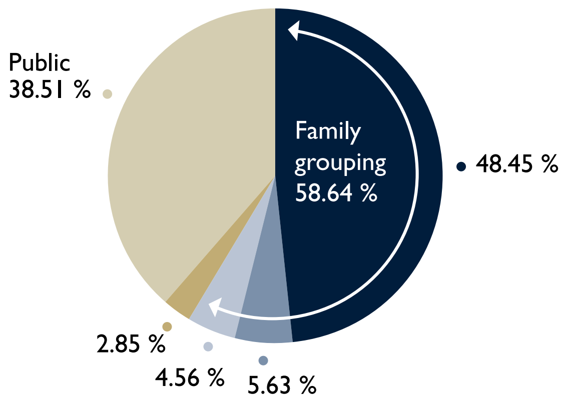
IN NET INCOME (GROUP SHARE)

€538 million

OF SHAREHOLDERS' EQUITY (GROUP SHARE)

Shareholder information

Share ownership as at 31 March 2010



Family grouping:
- ● Rothschild Concordia SAS — 48.45% (52.07% vr)
- ● NM Rothschild & Sons Ltd — 5.63% (0% vr - treasury shares)
- ● Other members of the Rothschild family — 4.56% (6.04% vr)

● Paris Orléans — 2.85% (0% vr - treasury shares)

● Public:
- Asset Value Investors — 6.02% (6.47% vr)
- Allianz — 5.05% (5.42% vr)
- Free float — 27.44% (29.99% vr)

vr: voting rights.

Share information

Listing information

ISIN Code	FR0000031684
Identification code	PAOR
Market	Eurolist Compartiment B (France)
Listing place	Euronext Paris

Share price

In euros	31/03/2010	31/03/2009	31/03/2008	31/03/2007 (1)	31/03/2006 (1)
Highest	23.5	27.8	41.0	33.8	29.0
Lowest	16.0	15.1	20.0	25.1	20.1
Closing price at end of period	18.8	16.3	23.9	32.5	26.6
Net dividend	**0.35**	**0.35**	**0.55**	**0.50**	**0.38**

(1) For illustrative purpose, data has been adjusted for the stock split that took place on 28 January 2008.

Paris Orléans share price performance over 3 years

Liquidity

Paris Orléans has awarded a subsidiary, Rothschild & Cie Banque, a liquidity contract since January 2008.

At 31 March 2010, 241,450 shares and €5,431,224.59 were booked to the liquidity contract.

The company releases half-yearly reports on the liquidity contract. All reports are posted on the corporate website in the section "Regulated information".

Dividends

The payment of a dividend of €0.35 per share, i.e. a total dividend of €11,180,593.55, will be proposed to the General Meeting.

Shareholders will be able to choose between payment of this dividend in cash or in new shares of the company between 4 October and 21 October 2010 inclusive. The dividend will be paid from 2 November 2010.

Financial communication and shareholder information

Financial notices and press releases

Paris Orléans provides its shareholders with information throughout the year, through press releases and articles; such announcements are generally made on publication of the annual and half-yearly results, quarterly revenues or any other major event concerning the Group.

Website: www.paris-orleans.com

Paris Orléans's website has been designed so that visitors can find information quickly and easily.

Press releases are posted online from the time of release, together with all legal and financial documents.

Visitors can consult the website to view news on Paris Orléans, share prices, adjusted net assets, financial and regulatory information. The Paris Orléans annual report can be downloaded.

Visitors can also join Paris Orléans' mailing list to receive the latest news about the company. At any time, visitors can also request information from the investor relations department by sending an email to investors@paris-orleans.com.

All information regarding banking activities is available on the global website: www.rothschild.com.

Financial calendar

- **Annual results:**
  1 July 2010
- **2010/2011 Q1 Net Banking Income:**
  13 August 2010
- **Combined General Meeting:**
  27 September 2010
- **Option for the payment of the dividend in shares:**
  from 4 October to 21 October 2010 inclusive
- **Dividend payment:**
  from 2 November 2010
- **Half-year results as at 30 September 2010:**
  30 November 2010
- **2010/2011 Q3 Net Banking Income:**
  15 February 2011
- **Annual results as at 31 march 2011:**
  July 2011

Contacts

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Executive Board and Supervisory Board

Members of the Executive Board and Supervisory Board at 31 March 2010

Since 2004, Paris Orléans has been governed by an Executive Board and a Supervisory Board, thereby ensuring a clear separation between management powers and supervisory powers.

Executive Board

The Paris Orléans Executive Board is composed of four members and is chaired by Sylvain Héfès. During the 2009/2010 financial year, two changes were made to the Executive Board: on 30 June 2009, Georges Babinet's appointment as Chief Executive Officer and Executive Board member was terminated, and on 30 March 2010, Olivier Pécoux was appointed as Chief Executive Officer.

Olivier Pécoux's appointment reflects the growing contribution made by the banking activities to Paris Orléans' overall assets. It strengthens the role of Paris Orléans as the holding company for the Rothschild banking group and establishes a more firmly-rooted Franco-British identity for the Paris Orléans Group. This appointment formed an integral part of the governance changes made within Rothschilds Continuation Holdings and coincided with the appointment of another Chief Executive Officer, Nigel Higgins, who has played a key role in the Group's London-based investment bank for many years.

Sylvain Héfès

Sylvain Héfès has been Chairman of the Executive Board since 2005. He joined the Group when it was undergoing in-depth reorganisation, culminating in the takeover of the English branch of the banking group in 2008. Mr Héfès is based in London, where he is responsible for several other functions within the Group, in particular supervision of Paris Orléans' private equity activities. As well as being a director of Rothschild Concordia SAS, Rothschilds Continuation Holdings AG and Rothschild Bank AG, he is also a member of the Group Risk Committee and the Chairman of the Group Nominations and Remuneration Committee.

He began his career in 1974 as Financial Attaché to the French Embassy in Canada. From 1976 to 1980, he served as Vice-Chairman of Rothschild Bank in Paris, before joining NM Rothschild & Sons in London for two years. He then returned to the Paris-based bank where he was Deputy Chief Executive Officer from 1982 to 1989. In 1990, he joined Goldman Sachs where he was a General Partner from 1992 to 2004 and held the positions of Head of French Operations, Chief Executive Officer for European private banking operations, Chairman of the International Advisory Board of Goldman Sachs International and Chairman of the Board of Directors of Goldman Sachs Bank AG.

David de Rothschild

As a founding manager of Rothschild & Cie Banque in Paris, David de Rothschild was responsible for the rebirth of the bank following its nationalisation in 1981. In 2003, together with his cousin Eric de Rothschild, he was instrumental in uniting the English and French branches of the Rothschild family in a first step towards building the Group as it stands today. During this merger period in 2003, he took over as Chairman of Rothschilds Continuation Holdings AG and Chairman of NM Rothschild & Sons, the London-based investment bank. He is also Chairman of the Group Management Committee and of the Group Risk Committee.

David de Rothschild has been an Executive Board member since 2008, having previously served on this board from 2004 to 2005. He was a Director of Paris Orléans from 1972 to 2004, then Vice-Chairman of the Supervisory Board from 2005 until 2008.

He is Chairman of Rothschild Concordia SAS, the family holding company and main shareholder of Paris Orléans, which holds the combined interests of the English and French branches of the Rothschild family.

Olivier Pécoux

Olivier Pécoux has been Chief Executive Officer since 30 March 2010. He joined Rothschild & Cie Banque in Paris in 1991 and was subsequently appointed Managing Partner in 1996. He became Co-Head of the Group Investment Banking in 2008 and is also Chairman of the French bank's Executive Committee.

He began his career in 1980 at Peat Marwick and then served as a financial advisor at Schlumberger in Paris and New York. In 1985, he joined Lazard Frères et Compagnie in Paris and was named Vice-Chairman of Lazard Frères & Co investment bank in New York in 1988.

Michele Mezzarobba

Michele Mezzarobba has served on the Executive Board since 1 April 2006, having joined Paris Orléans as Chief Financial Officer in 2004. In his capacity as an Executive Board member, he mainly oversees Paris Orléans' private equity activities, reporting to Sylvain Héfès, and chairs the meetings held by the Investment Committee in accordance with the stategy defined by the Executive Board.

He began his career at Oddo & Cie in 1991. In 1995, he joined Paribas, where he served as a business manager within the advisory division until 1997. After gaining an MBA from Wharton School in Philadelphia (USA), he joined Rothschild & Cie Banque in Paris in 1999 as a manager at the mergers and acquisitions department.

Supervisory Board

The Paris Orléans Supervisory Board comprises ten members, including three independent members and a non-voting member. As the appointments of these Supervisory Board members are coming to an end, shareholders attending the Annual General Meeting on 27 September 2010 will be asked to reappoint these members for a further three-year period. During the 2009/2010 financial year, one of the non-voting board members, Jean-Philippe Thierry, tendered his resignation as he had been appointed Vice-Chairman of the French Prudential Control Authority (*Autorité de Contrôle Prudentiel*).

Shareholders attending the Annual General Meeting on 27 September 2010 will also be asked to appoint two new Supervisory Board members: François Henrot and Jacques Richier.

Supervisory Board members

Eric de Rothschild

Eric de Rothschild has been Chairman of the Supervisory Board since 2004, having joined Paris Orléans in 1974 as Chairman of the Board of Directors. Along with David de Rothschild, he was the main driving force in bringing together the English and French branches of the Rothschild family.

He holds several other duties and positions within the Group and the family's wine-making companies. He is also a member of the Board of Directors and Chief Executive Officer of Rothschild Concordia SAS.

André Lévy-Lang

André Lévy-Lang has been Vice-Chairman of the Supervisory Board since 2008, having been an independent member of this Board and an Audit Committee member since 2004.

He began his career in 1960 at the Atomic Energy Commission. After holding various management positions within Schlumberger Group from 1965 to 1974 both in France and abroad, he entered the banking industry in 1990. He was Chairman of the Paribas Executive Board from 1991 to 1999.

Robert de Rothschild

Robert de Rothschild has been a member of the Supervisory Board since 2004, having joined Paris Orléans in 1984 as a member of the Board of Directors.

He is also a member of the Board of Directors of Rothschild Concordia SAS.

Martin Bouygues

Martin Bouygues has been an independent member of the Paris Orléans Supervisory Board since 2007. He has served as Chairman and Chief Executive Officer of Bouygues since 1989 and Director of TF1 since 1987.

He was the founder and Chairman of Maison Bouygues from 1978 to 1986, and the Chairman and Chief Executive Officer of Saur from 1986 to 1997.

Philippe de Nicolay

Philippe de Nicolay has been a member of the Paris Orléans Supervisory Board since 2007. He joined Rothschild & Cie Banque in Paris in 1990 and was appointed Managing Partner in 2002. More specifically, he was in charge of the Group's third-party asset management activities both in France and abroad.

He began his career in 1980 as an analyst with Société d'Analyse Financière et Economique (SAFE) before joining Rothschild International Management in London in 1983.

Claude Chouraqui

Claude Chouraqui joined the Supervisory Board in 2004 subsequent to the first LBO deal led by Paris Orléans for Siaci. He was also Vice-Chairman of Francarep's Board in 1994. He is Chairman of the Supervisory Board of Siaci Saint-Honoré, having served as Chairman and Chief Executive Officer of Siaci until 2001.

As the founder and Managing Director of Comptoir Parisien d'Assurances in 1956, he went on to hold various management and senior executive positions in the insurance brokerage industry, mainly at Siaci, and was a Director of Jardine Lloyd Thompson in London.

Russell Edey

Russell Edey has been a member of the Supervisory Board since 2004. He joined NM Rothschild & Sons in London in 1977 and became Head of Investment Banking from 1990 to 1996. He continues to hold various positions at the Rothschilds Continuation Holdings sub-group.

He began his career with Anglo American Corporation in South Africa.

Christian de Labriffe

Christian de Labriffe has served as a Supervisory Board member and Chairman of the Audit Committee since 2004. He joined Paris Orléans as a member of the Board of Directors from 1996 to 2004. He is also responsible for various internal control functions within the Group and, in particular, is a member of the Group Risk Committee.

He has been a Managing Partner of Rothschild & Cie Banque in Paris since 1994 and began his career at Lazard Frères & Compagnie in 1976, where he was Managing Partner from 1987 to 1994.

Marc-Olivier Laurent

Marc-Olivier Laurent has been a permanent representative of Rothschild & Cie Banque on the Paris Orléans Supervisory Board since 7 December 2007 and has been a Managing Partner of Rothschild & Cie Banque in Paris since 1993. Since 2007, he has notably been responsible for developing the Group's new merchant banking business (third-party private equity activities), which was launched successfully through the Five Arrows Principal Investments (FAPI) fund.

He began his career in 1979 at the Institut de Développement Industriel (Idi). Most notably, he was Director and Chief Executive Officer of Compagnie Financière Nobel from 1988 to 1993.

Philippe Sereys

Philippe Sereys has been an independent member of the Supervisory Board and an Audit Committee member since 2004. He joined Paris Orléans in 1999 as a member of the Board of Directors and held this office until 2004.

He began his career in 1987 at Lazard Frères & Co, working in the mergers and acquisitions department in New York. He then joined Compagnie Générale des Eaux in 1991 as General Management Representative and went on to become Chief Financial Officer of Dalkia Italy in 1995. In 1998, he joined SLP Infoware as Chief Financial Officer and subsequently became Chief Executive Officer in 1999. He was employed by Natixis Private Equity from 2004 to 2009.

Non-voting member

Michel Cicurel

Michel Cicurel has been a non-voting member since 2005. He holds various management positions within the Benjamin de Rothschild group and is a minority shareholder of the Group through Paris Orléans and Rothschilds Continuation Holdings. Since January 1999, he has served as Chairman of the Executive Boards of La Compagnie Financière Edmond de Rothschild Banque and La Compagnie Financière Saint-Honoré.

After working at the French government's Treasury Department from 1979 to 1982, he held various senior management positions at a number of banks from 1983 to 1999.

Appointments submitted for approval to the General Meeting of 27 September 2010

François Henrot

François Henrot has been a Managing Partner of Rothschild & Cie Banque in Paris since 1997 and is Chairman of the Group Investment Banking and a member of the Board of Directors of Rothschilds Continuation Holdings.

He began his career in 1975 at the French Council of State before becoming Director at the *Direction Générale des Télécommunications* from 1978 to 1985. He served as Chairman of the Executive Board of La Compagnie Bancaire from 1993 to 1995, as Chairman of the Supervisory Board of Crédit du Nord from 1995 to 1997, and as Member of the Executive Board of the Compagnie Financière de Paribas during the same period.

Jacques Richier

Jacques Richier is Chairman and Chief Executive Officer of Allianz IARD and Allianz Vie, and also Director and Chief Executive Officer of Allianz France. His appointment is proposed subsequent to Jean-Philippe Thierry's resignation from the Allianz Group and from Paris Orléans. The Supervisory Board deems that Jacques Richier's appointment will increase the number of independent Supervisory Board members to four, thereby meeting the criteria laid down by the AFEP-MEDEF code of corporate governance.

Jacques Richier began his career as a researcher in the United States before entering the insurance industry in the early 1980s. He joined the Azur Assurances group in 1985, where he served as Chairman and Chief Executive Officer from 1998 to 2000. In 2000, he was recruited by the SwissLife Assurances group as Chief Executive Officer and subsequently became its Chairman from 2003 to 2008.

In accordance with legal requirements, a list of offices held and functions carried out during the 2009/2010 financial year by each member of the Executive Board and Supervisory Board is provided on page 62 onwards of the Report of the Executive Board.

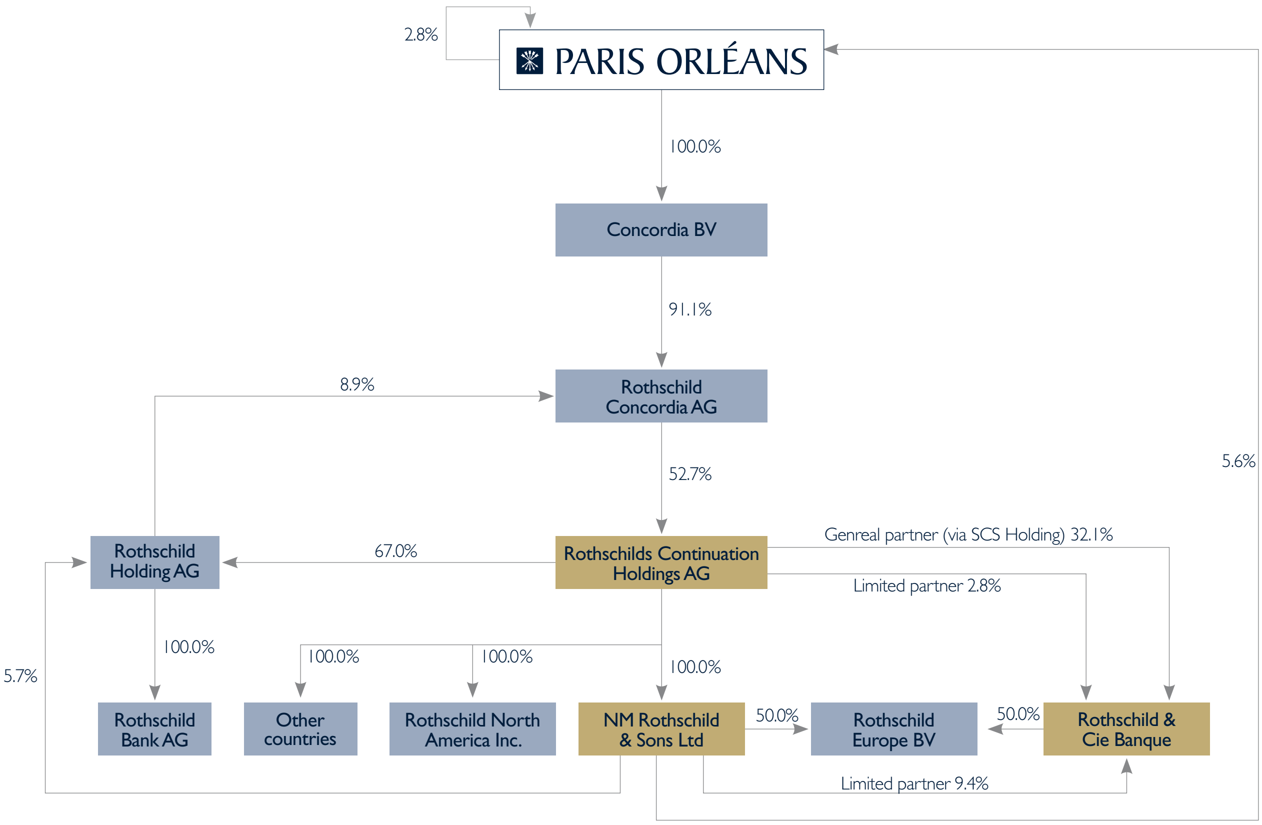
Banking activities

The Rothschild banking group is present in more than 45 countries and employs more than 2,860 [(1)] people around the world. Through its network of subsidiaries and affiliates, the Group provides corporate and investment banking, treasury, merchant banking, fund management, private banking and trust management services to governments, corporations and individuals worldwide.

The Rothschild group's banking activities are divided into four businesses:

- Investment banking, which comprises advisory services for mergers and acquisitions, advisory services for finance and restructuring, advice concerning equity capital markets and the private placement of loans and shares;
- Corporate banking, which focuses on direct lending and the structuring of financing packages;
- Private banking, including trust services, third-party asset management, wealth planning and an institutional asset management activity based in Paris;
- Merchant banking: this recently launched private equity business for third parties launched its first fund at the beginning of the year 2010 (€583 million).

Banking group organisation chart as 31 March 2010



Other main shareholders of Rothschilds Continuation Holdings AG are:

- Jardine Matheson 20.1%
- Banque Privée Edmond de Rothschild 11.2%
- Rabobank 7.5%

(1) Includes 640 people from Rothschild & Cie Banque in France.

Financial and operating review

The results of banking activities' for the Paris Orléans group include:

- the earnings of Rothschilds Continuation Holdings AG (RCH), which is fully consolidated;
- the contribution of Rothschild & Cie Banque (RCB), which is equity accounted by RCH;
- the earnings of European offices, held jointly by RCB and RCH, and which are fully consolidated in RCH.

To provide a more detailed analysis of earnings of the banking activities, consolidated results of Rothschilds Continuation Holdings AG (RCH) and Rothschild & Cie Banque (RCB) are presented separately hereafter.

Rothschilds Continuation Holdings AG (RCH)

RCH, the operational holding company for the Group's banking activities, has subsidiaries in many foreign countries. As an international business, the results and balance sheet of RCH are impacted by fluctuations in currency exchange rates.

A significant proportion of the Group's results are earned in Sterling (wich appreciated by 4% against the Euro during the year), and to a lesser extent in Swiss francs (6% gain on the Euro) and the US Dollar (2% fall on the Euro).

(in millions of euros) **at 31 March**	**2009/2010 Financial year**	**2008/2009 Financial year**	**2007/2008 Financial year**
Income statement figures			
Net banking income	**891.0**	906.4	1,144.4
Operating expenses	**664.8**	650.4	893.2
Operating income	**142.7**	106.6	140.1
Profit before tax	**140.5**	**108.2**	**164.9**
of which attributable to equity holders of the parent	**98.3**	53.5	85.7
Balance sheet figures			
Balance sheet total	**7,195.4**	**7,459.2**	**9,636.8**
Cash and balances at central banks - Loans and advances to banks	**2,689.4**	2,509.5	2,844.5
Available-for-sale financial assets	**1,506.3**	1,659.7	3,019.0
Loans and advances to customers	**1,787.8**	2,245.3	2,633.1
Shareholder equity	**1,208.9**	**985.8**	**984.4**
of which attributable to equity holders of the parent	**759.0**	620.3	789.0

The Group's profit before tax for the year ended 31 March 2010 was €140.5 million, compared with €108.2 million last year. This result has been achieved in testing financial market conditions following the progression of the "credit crunch" into a general economic recession.

Considering that M&A revenue has continued to be weak, the Group's Investment Banking business has seen a decrease of its income in the principal Continental European countries. Nevertheless, this trend was partly compensated for by the increase in activity from the debt advisory and restructuring businesses, and the growing income from developing countries.

The Group's Investment Banking business has seen an increase in the Financing Advisory franchise (which includes debt advisory and restructuring, and equity advisory teams) although M&A revenue has continued to be weak (decreasing by 18%), against a backdrop of significantly lower global market activity. During 2009, Rothschild ranked No. 7 for global M&A advisory by number of transactions, having advised on 219 completed deals worldwide totalling US$201 billion in value.

The Corporate Banking business actively reduced the size of its book. As a result, profitability has suffered. More than offsetting this is a reduced level of impairment losses which are markedly lower than the previous year as the economy turns.

The Private Banking & Trust business saw an increase in profitability, as assets under management rose through both successful additions of assets under management and a recovery of the markets during the year.

Net banking income for the year was €891 million, €15 million (2%) lower than the €906 million achieved last year. This variation can be explained by:

- net fee and commission income for the year to March 2010 was €692 million (2009: €681 million), a 2% increase. The major proportion of fee income is derived from Investment Banking, which saw a strong performance from financial advisory services, in particular restructuring, largely offset by reduction in M&A revenues as global corporate activity declined. The Private Banking & Trust business also saw a small increase in fee income from the prior year due to the growth in assets under management;
- a combination of a reduction in loans and advances to customers and debt securities, and reduced income on free funds as general interest rates have reduced this, contributed to a 55% decrease in net interest income to €44 million (2009: €97 million).
- other operating income, which includes a profit of €83 million for RCH over the year, with an impact of €69 million on Paris Orléans consolidated accounts (against respectively €91 million in 2009 for RCH and €54 million for Paris Orléans), arising from the recategorisation of perpetual securities issued by the Group from liabilities to equity interest.

This year's operating income, €143 million against €107 million for the previous year, has increased due to:

- positive fair value movements of €25 million (2009: loss of €28 million) in respect of synthetic collateralised debt obligations (CDOs). These CDOs take on credit exposure in the form of credit derivatives and under international accounting rules, changes in their fair value are recognised in the consolidated profit and loss account. The reduction in fair value last year was a reflection of the poor liquidity in the market for these assets and is reversing as economic conditions improve;
- €71 million of impairment losses (2009: €135 million), including an additional €13 million of unallocated collective impairment provisions. This additional provision, along with the former €47 million collective impairment provisions, demonstrates the cautious approach of the Group under the uncertain financial climate of the year. The run rate of new provisions has declined over the course of the year.

General administrative expenses have increased by €15 million to €665 million. However, the costs for last year were reduced by a credit of €23 million relating to changes in the two UK defined benefit schemes. Staff costs account for €541 million (81%) of the total general administrative expenses (2009: €513 million or 79%) and include profit share payments which reflect the performance of the Group's businesses and provide a significant degree of flexibility in the costs base.

Total assets stood at €7,195 million, a reduction of €264 million from the prior year. The reduction is largely a result of asset disposals across the Corporate Banking portfolio, where the proceeds have been used to reduce borrowings which funded the book.

RCH has maintained high levels of liquidity since the onset of the credit crisis in 2007. It has been successful in reducing balance sheet footings, and has increased the duration and diversity of the funding base. The highlight in the last year has been the success of the Rothschild Reserve, raising two and three year money in two issues, totalling some €775 million. Cash at central banks and other banks accounts for 38% (2009: 34%) of the balance sheet assets.

Shareholders' equity has increased from €620 million to €759 million at 31 March 2010, due primarily to the result for the year and upward revaluations of securities through reserves, offset by actuarial losses on defined benefit pension schemes.

Following the Group reorganisation in 2008, the Group's lead regulator is the *Autorité de Contrôle Prudentiel* (formerly known as the *Commission Bancaire*) at the Rothschild Concordia SAS level.

RCH has an overall solvency or risk asset ratio of 15.1% (2009: 15.0%) which is well above the minimum required by regulatory authorities.

Of continuing significance in the economic climate is RCH's overall leverage ratio. The ratio of total assets (excluding cash) to total equity interests is an indication of overall leverage risk and stands at 3.7x (which is extremely low compared to many other banking institutions).

Rothschild & Cie Banque (RCB)

For the same economic reasons, described previously for RCH group, RCB's net banking income was at the level of 2004, which reflected the market decline in merger and acquisition advisory services.

In recent years, RCB has significantly increased its involvement in the Group's international investment banking activities. RCB holds 50% of the Group's investments in European companies, and is working with the Group's business in London to develop new business in Turkey and in the United Arab Emirates.

The asset management branch was awarded numerous prizes for the quality of its financial management, while assets under management increased by 10% in one year. However, average assets remained lower than in the preceding financial year, and the return on liquid assets collapsed as a result of the fall in short-term interest rates: net banking income is therefore down 13% on last year's figure and, despite lower overheads, pre-tax profit is down 32%; our three client segments, namely Private Clients, Institutional Investors and the "Selection R" distribution network, showed unequal resilience over the year.

In 2009, RCB generated (net of privileged allocation "*préciput*") pre-tax current income of €27.5 million, against €36.4 million in 2008.

Net banking income comes to €249 million, compared with €299 million the previous year, thus decreasing by 17%.

Investment banking contributed 76% of RCB's consolidated pre-tax income (66% in 2008), and asset management 24% (34% in 2008).

RCB's total consolidated assets were €819 million, versus €865 million the previous year.

As of 31 December 2009, shareholders' equity (group share), excluding net income for the period, increased from €140 million to €145 million.

Review of operations

1. Investment Banking

Investment Banking globally provides a wide range of advisory services to its clients, including advice on mergers and acquisitions (M&A), privatisations, valuations, strategic advice and financing advice, including advice relating to debt, equity and restructuring solutions. Advice is provided in both domestic and cross border situations.

The Group approach is characterised by combining in-depth global sector knowledge with a detailed understanding of local markets. A strong emphasis is placed on developing trusted long term relationships with clients and a significant proportion of the Group revenue is from repeat business, evidencing the strength of our relationship driven approach, free from potential conflicts.

Ranking of the Group by country/region depending on completed deals

Region	Ranked by number	Ranked by value
World	7	11
Europe	1	9
Nordic countries	3	1
Central Europe	1	3
Latin America	7	2
Asia	7	12
Australia	6	6
Middle East	2	2

Source: Thomson Reuters/Dealogic.

Country	Ranked by number	Ranked by value
United-Kingdom	2	12
France	1	5
Germany	4	6
Italy	4	6
Spain	7	14
Russia	8	3
United States	11	11
South Africa	4	7

The Investment Banking business has grown significantly in recent years and now represents a truly global scale franchise. The Group employs nearly 950 bankers worldwide, with over 300 outside of Europe, with in-depth sectorial knowledge.

Compared to record historic results for the year 2007/2008, the Group's Investment Banking business has seen a decline in M&A revenue, against a backdrop of significantly lower global market activity. The impact of the downturn on total revenue was, however, mitigated by an increase in activity from the Financing Advisory activity (which includes our debt advisory and restructuring, and equity advisory teams) that is by nature counter cyclical.

During 2009, the Group has been very active in several significant M&A deals, and was ranked No. 7 for global M&A advisory by number of transactions, having advised on 219 completed deals worldwide totalling US$201 billion in value.

Despite the challenging market environment, the Group has continued to grow the business with the establishment of a new office in Doha, and a new exclusive partnership in South America. A number of key senior hires, including Senior Advisers with specific skills and experience, ensure the continued solidity of the Group.

M&A

Europe

During each of the last eight years Rothschild teams have worked on more M&A transactions than any other investment bank.

In 2009, Rothschild was the No. 1 ranked investment bank by number of deals for European M&A advice in the food, drink & agriculture, financial institutions, healthcare, industrials, aerospace & defence, automotive, chemicals, telecoms and transport sectors. The Group also held top 5 positions by number of deals in the business services, consumer products, retail, building materials, engineering & electronics, steel, infrastructure, oil & gas, property, media & technology, and utilities sectors.

Rothschild received the following European awards during the year:
- The Banker – European M&A Deal of the Year (Volkswagen/Porsche) and Europe Equities Deal of the Year (Cable & Wireless);
- FT & mergermarket – Mid market Financial Adviser of the Year (3rd consecutive year);
- Euromoney – Best Sovereign Adviser;
- Private Equity International – Best M&A Adviser in Europe (2nd consecutive year); and
- Euroweek – Best LBO Advisory Bank of the Year.

In the UK, Rothschild advised on completed M&A transactions totalling €20.1 billion in value and was ranked No. 2 by number of deals. Transactions included advising:
- Vattenfall on the €10.3 billion acquisition of Nuon PLB;
- Cable and Wireless on the £4 billion demerger into two operating companies;
- Lion Capital & Blackstone Group on the £2.6 billion disposal of 100% of Orangina Schweppes to Suntory Holdings;
- Canadian Pension Plan Investment Board on the A$1.37 billion offer for Macquarie Communications Infrastructure Group;
- Bridgepoint on the £955 million sale of Pets at Home to KKR;
- Eircom Share Ownership trust in relation to STT Communications' €4.1 billion recommended offer for the entire issued share capital of Eircom Holdings by way of a Scheme of Arrangement.

In France, Rothschild advised on completed M&A transactions totalling €40.8 billion in value and was ranked No. 1 by number of deals and No. 5 by value. We received Global Finance Magazine's award for France Investment Bank of the Year. Notable projects during 2009 included advising:
- on the merger between Banques Populaires and Caisse Nationale des Caisses d'Epargne;
- Electricité de France on the US$4.5 billion acquisition of 49.99% of the nuclear activities of Constellation Energy;
- Alstom on their €4.1 billion joint acquisition with Schneider of Areva;
- Cofidis (3 Suisses International) on the sale of Cofidis and Monabanque to Crédit Mutuel
- Credit Agricole on their exchange of North African assets with Attijariwafa Bank.

In Germany, Rothschild M&A team has had a highly successful year and received the Acquisitions Monthly M&A Adviser of the Year 2010 award (for the second consecutive time). Notable transactions included advising:
- Volkswagen on the creation of an integrated automotive group with Porsche (transaction awarded twice);
- Integra KGaA (a consortium of several utilities) on the €2.9 billion acquisition of Thuega from E.ON Ruhrgas/E.ON;
- The family office of the Mittal family on the acquisition of Escada Group;
- Authentos Group on the disposal of Bundesdruckerei/Authentos to the Federal Republic of Germany; and
- Marcol International and Advent International on the acquisition of Median Kliniken.

In Italy, Rothschild was among the leading advisers on both large and mid-size transactions, further increasing its presence in oil & gas, consumer and industrial sectors while continuing its leadership in financial institutions. Rothschild also received awards for the Best Banking M&A Deal (for GE's acquisition of Interbanca) and Best International Investment Bank in Italy from Milano Finanza magazine in 2009. The Italy team advised on the following notable M&A deals:
- Eni on the disposal of Italgas and Stoccaggi Gas Italia to Snam Rete Gas for €7.2 billion;
- Intesa Sanpaolo on the disposal of the securities services business to State Street Corp for €1.8 billion;

- ERG on the creation of a joint-venture with Total in the Italian marketing and refining downstream business for €1.4 billion; and
- Finmeccanica on the €1.2 billion strategic partnership with Sukhoi.

In Spain, Rothschild advised on announced transactions totalling €8.2 billion in value including:
- Metrovacesa, Spain's No. 1 real estate company by assets value, on the disposal of the car park subsidiary Metropark Aparcamientos to The Interparking Group, one of Europe's leading off-street car park operators;
- Banco de Santander and Gas Natural on the disposal of the combined 37.5% stake in CEPSA, Spain's second largest integrated oil & gas company for a total consideration of €3.2 billion; and
- Suez Environment on the acquisition of full control of Sociedad General de Aguas de Barcelona for a total consideration of €946 million and simultaneous disposal of Adeslas for €687 million.

2009 was a breakthrough year for Rothschild in **the Nordic region**: advising on many of the major transactions propelled it to being ranked number one M&A adviser in the Nordic region by value. The year saw Rothschild launch its permanent office in Stockholm and advise three out of the four major Nordic governments on the financial crisis. Notable M&A advisory mandates included:
- The Danish Ministry of Transport in relation to the merger between Post Danmark and Posten AB;
- The Government of Sweden on the 19.9% stake in Nordea and participation in the €2.5 billion rights issue; and
- Rolls-Royce on the acquisition of a 33% stake in ODIM from Aker Solutions and subsequent recommended voluntary offer for ODIM.

In Central and Eastern Europe, levels of activity rose with the challenges of the global economic environment and many of Rothschild competitors re-trenching. The complexities of the geography were emphasised with certain national economies either performing well, such as Poland and Turkey, or facing major sovereign restructurings, such as Estonia, Hungary and Ukraine. In 2009, Rothschild was awarded Balkan Adviser of the Year by Acquisitions Monthly, and Central and Eastern Europe M&A Deal of the Year by Emeafinance for the sale of Zentiva.

Notable transactions included:
- In Lithuania, advising the Board of TEO on the offer by TeliaSonera for the outstanding shares;
- In Poland, Associated British Foods on the disposal of British Sugar Overseas Polska;
- In Belarus, advising on the disposal of BPS to Sberbank, one of the early large privatisations in the country;
- In Romania, advising the shareholders of Ozone Laboratories Group on the sale to Advent's local pharma business, Labor Med.

This increasing activity emphasises the growing importance of "new Europe" within Rothschild's portfolio of businesses in Russia and other countries of the Commonwealth of Independent States.

In Russia Rothschild business continues to go from strength to strength, including being engaged by UC Rusal, the world leading aluminium producer, on its US$17 billion restructuring and subsequently as independent equity adviser on its Hong Kong initial public offering (the first ever Russian company listing in Asia). The Group also advised Telenor, opposite Altimo, on their US$29.5 billion merger of OJSC VimpelCom and Kyivstarm, which was awarded emeafinance magazine's M&A deal of the year in EMEA.

Rest of world

In the rest of the world, Rothschild has been expanding the global reach of its investment banking activities, as the Group continues to develop opportunities in the Americas, India, China, South East Asia, Australia, the Middle East and Africa.

In North America, during 2009, Rothschild was able to further enhance the visibility of the franchise and improve the Group competitive position. Several key hires have served to strengthen the Group geographic coverage and sector expertise and, as a result, Rothschild was able to expand the number and scope of the advisory mandates and increase the business activity despite a challenging US M&A environment.

The Group continued to be active in the power and mining sectors, but also completed several high profile transactions in the transportation, industrial and consumer products sectors, which included advisory assignments for:
- AMR Corporation in connection with strengthening its partnership with Japan Airlines Corporation and applying for approval of antitrust immunity;

- Antofagasta in connection with the US$1.1 billion financing of their Minera Esperanza joint venture with Marubeni Corporation, as well as the formation of a partnership with Duluth Metals in respect of Duluth's Nokomis copper-nickel-platinum group metal deposit;
- CF Industries Holdings in connection with the successful US$4.7 billion acquisition of Terra Industries, a leading producer of fertilizer products.

In Latin America Rothschild focused strategy has once again yielded solid results to our global franchise. Rothschild has advised local and global clients on a series of landmark transactions including:

- Sadia's US$10 billion merger with Perdigão to create the largest food group in Brazil;
- Fomento Economico Mexicano SAB on the sale of its beer subsidiary, FEMSA Cerveza, to Heineken for a current enterprise value of US$7.7 billion, the largest M&A deal of the year in Mexico;
- JBS on the US$2.8 billion acquisition of Pilgrim's Pride Corporation in the context of a US Chapter 11 bankruptcy process.

In China and Hong Kong, thanks to the Group's reputation for completely independant advice, the past year has been characterised by a number of landmark cross-border transactions, as well as high profile local transactions including advising:

- Zhejiang Geely (alongside our Nordic and London offices) on their US$1.8 billion acquisition of Volvo Cars, one of the most significant Chinese cross-border deals of recent times;
- Alibaba.com on the majority acquisition of China Civilink;
- Brilliance China on the disposal of the Zhonghua Sedan manufacturing business;
- US listed Computer Sciences Corporation on the disposal of its Hong Kong listed subsidiary; and
- Generali on the acquisition of a 30% stake in Guotai Asset Management in China.

In South East Asia, the Group has continued to concentrate on improving the quality of geographic and sector coverage throughout the five countries that make up the focus of Rothschild in the region (Singapore, Indonesia, Malaysia, Vietnam, and The Philippines). This year in South East Asia, Rothschild won several M&A awards, including Best M&A House in the Philippines and Best Privatisation in Asia from The Asset. Significant transactions over the last 12 months included advising:

- Maxis Malaysia, one of Asia's largest telco companies, on the sale of the Indian tower business to GTL Infrastructure for US$1.85 billion; and
- RHB Bank, the fourth largest Malaysian Bank, on the acquisition of Indonesian Bank Mestika for US$344 million for an initial 80% stake.

In Australia, Rothschild continues to focus on specific industry sectors where the Group can combine global knowledge with expertise of the local market, primarily natural resources, utilities, infrastructure, industrials and consumer products. Notable deals concluded in the year included advising:

- The Queensland Government on their assets sale programme which includes Forestry, Ports, Rail and Toll roads;
- Royal Dutch Shell on the US$3.4 billion joint offer with PetroChina Company for Arrow Energy.

In the Middle East, Rothschild fourth full year of operations saw continued successful growth in terms of both mandates and effective geographic coverage across the Gulf Cooperation Council, with a full service M&A and Financing Advisory team operating between Abu Dhabi, Dubai and our new office in Doha, Qatar.

In South Africa Rothschild continues to improve its market positioning, having secured a number of high profile and repeat mandates with clients such as Anglo American, Xstrata and Old Mutual.

In Israel Rothschild continued to build the business in its first full year of operations. Leveraging the Group's relationships both in Israel and internationally during the year the Israel office advised on a number of prestigious mandates.

Debt advisory and restructuring

Debt Advisory consists of determining the right debt objectives and strategy, selecting the right products and providers and transacting on the best terms, on behalf of clients. This countercyclical activity increases in importance whenever there is a decline in the number of mergers and acquisitions.

In current markets, debt advisory and restructuring teams are actively supporting many financial directors and companies' treasurers in new and roll-over facility negotiations and covenant resets.

In Restructuring, Rothschild has unparalleled visibility on the restructuring deals being done today, based on the team's global scale, market leading position and integration with the most active M&A team in Europe. The team advises on restructuring solutions including debt for equity swaps, new money injections, debt to hybrid, convertible bond restructurings, deleveraging disposals and mergers and rescue rights issues.

The Group has debt advisory and restructuring professionals worldwide, operating out of our offices in Europe, in New York, in the Middle East and in Asia. In 2009 the restructuring team received numerous awards in recognition of its market leading franchise including the following:

- Thomsons Reuters Acquisitions Monthly Restructuring Adviser of the Year, for the second year;
- Euroweek Restructuring House of the Year;
- The FT's Banker IB Awards for Most Innovative in Corporate Restructuring;
- IFR Asia Pacific Restructuring house of the Year
- IFR EMEA Restructuring Deal of the Year;
- Alpha award for Best Debt Restructuring Deal of the Year; South East Asia: PT Garuda.

During the year, Thomson Reuters released their inaugural restructuring league tables for 2009, in which the Group's standings are as follows:

Ranking of the Group by country/region depending on completed deals

Countries/Regions	Ranked by number	Ranked by value
World	2	6
United States	3	8
Europe, Middle East and Africa	1	2
Asia-Pacific and Japan	5	2

Source: Thomson Reuters.

In Europe, significant debt advisory mandates completed during the year included advising:

- concerning renegotiations of covenants:
  - in the UK, Yell Group on syndicated bank facilities (£3.9 billion involving 330 lenders); First Group on a technical covenant amendment (£2 billion of debt facilities); and Persimmon (£800 million committed banking facility and $950 million of debt private placements),
  - in France, Via Location (€350 million of LBO debt),
  - in Germany, KION Group (€3 billion covenant reset) and PAI Partners/FTE Automotive (€275 million covenant amendment);

- concerning restructuring negotiations:
  - in the UK, Taylor Wimpey (£2.5 billion of debt facilities); Gala Coral (€2.7 billion); for Northgate (£880 million); Investcorp ($575 million combined refinancing and forward start facility); Songbird Estates on the capital restructuring of Canary Wharf (£880 million); McCarthy & Stone Group on a full balance sheet restructuring (£980 million); and the UK Government on financial restructuring negotiations with Jaguar Land Rover,
  - in France, Rexel (€3.7 billion); Printemps (€765 million); Materis (€2.1 billion) and Kaufman & Broad (€1.2 billion),
  - in Germany, Oystar Holding (€250 million); and SAF Holland Group (€316 million),
  - in Italy, Seat Pagine Gialle (€1.5 billion); Ferretti (€1.2 billion); Comifar Group (€900 million); Tiscali (€790 million); and Koelliker Group (€670 million),
  - in Spain, Permira and Dinosol (€400 million); and Fipar/Holdco, subsidiaries of the Moroccan Caisse des Dépôts et de Gestion in the reorganisation of the share capital of MédiTelecom;

- and the issue of new credit facilities for important European industrial groups.

In the United States, significant advisory mandates of the Group included advising:
- The US Government on the restructuring of General Motors and Chrysler (US$76.5 billion);
- Delphi Corporation (US$ 19.5 billion);
- Teck Cominco (US$8 billion bridge and term facilities amendment / extension);
- Strategic Hotels (US$ 1.8 billion).

In the Middle East, notable restructuring transactions include advising Dubai World (US$26 billion financial restructuring) and Omani Investment Fund on the restructuring of one of its real estate assets.

In Latin America, Rothschild advised Comercial Mexicana, the leading retailer, and Vitro, the glass products manufacturer, on their ongoing debt restructuring processes involving respectively US$3.0 billion and US$1.9 billion in claims.

In Asia, significant transactions included advising Garuda Airlines Indonesia on the restructuring of its US$880 million of debt and Semen Gresik, Indonesia's largest cement producer, on its IDR3.55 trillion (US$350 million) syndicated debt financing for the construction of a new cement and power plant.

Equity advisory

Benefiting from a direct dialogue with institutional investors and other market participants, the Equity Advisory bankers possess extensive experience in initial public offerings, capital raisings, dual track exits, block trades, convertible and exchangeable bonds.

In Europe, this Equity Advisory team advised on a number of significant transactions, including advising:
- The Government of Denmark on its DKK100 billion scheme to recapitalise banks and mortgage institutions;
- Wolseley on a £1 billion capital raising via a £270 million placing and £780 million rights issue;
- PPR on the IPO of subsidiary CFAO;
- Spohn Cement on the €4.4 billion combined rights issue and secondary share placing of Heidelberg Cement. The transaction received the IFR 2009 EMEA Equity Issue of the Year award.

Outside of Europe, we advised on the following notable projects:
- United Company Rusal on the US$2.2 billion IPO on the Hong Kong Stock Exchange. This was the first Russian company IPO in Hong Kong;
- Sponsor to the Hong Kong IPO of Trinity Limited, one of the largest luxury menswear retailers in China. This transaction won the Best Mid-Cap IPO Award at the Asset Trip A Asian Awards.

2. Commercial banking

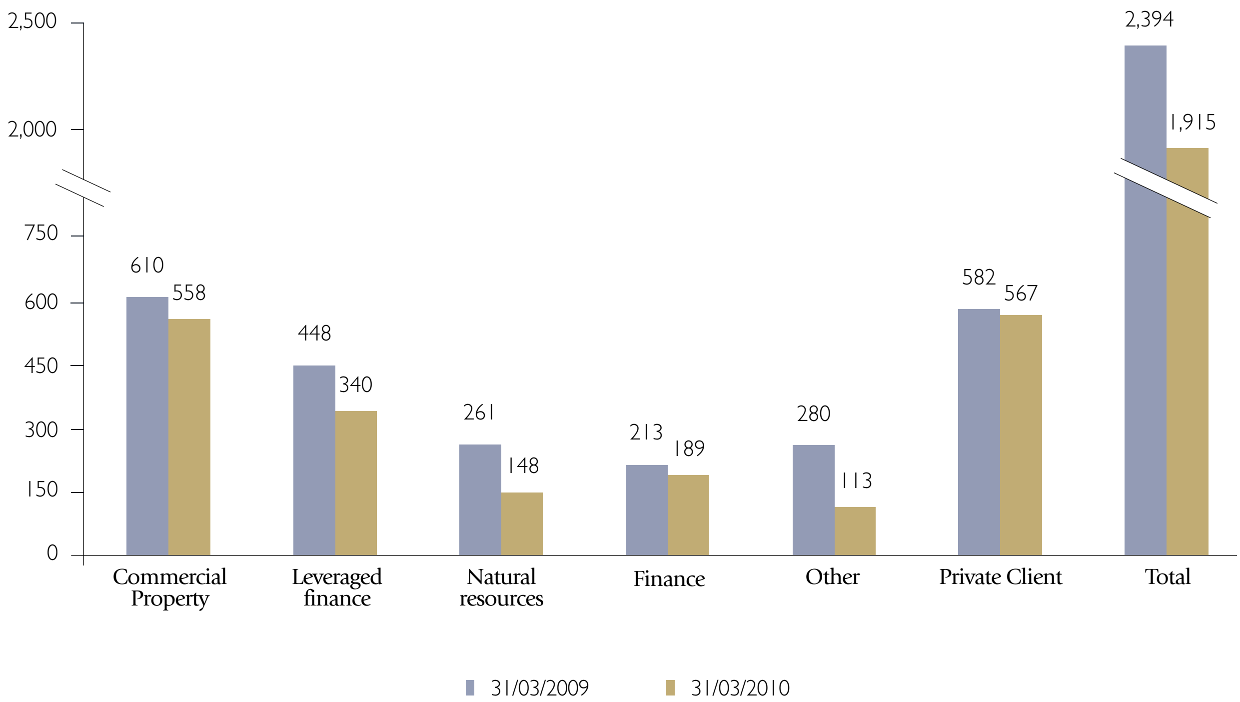
Rothschild's commercial banking activities include the arrangement and provision of senior and mezzanine debt. Those activities are led by dedicated teams based in the UK. The portfolio, worth €1.9 billion as of 31 March 2010 against €2.4 billion last year, is focused on mid market UK property companies; the larger european leveraged buyouts and mid-size global mining companies.

The Group has been reducing the size of the commercial banking loan book and marketable assets portfolio, and focusing more on private client lending, debt fund management and deposit-taking. In the light of the current economic outlook there has been a rebalancing of the banking business into fund management activities and the Group has adopted a very selective approach to the writing of new banking business.

The reduction is largely a result of loan repayments and, to a lesser extent, to asset disposals, especially for leveraged loans for which there is an active secondary market.

In common with all commercial banking businesses in the UK, 2009 has proved to be a challenging year. The portfolio of assets, which is largely secured, has performed comparatively well in difficult market conditions. Impairment levels have reduced throughout the year.

Banking assets by category over the past two years (in millions of euros)



The Commercial Property business provides medium term funding secured on commercial property throughout the UK; the underlying lending decision is made based upon the certainty over future rental flows.

The Leveraged Finance team is a participant in senior and mezzanine debt within leveraged buyouts across Europe.

The Natural Resources team provides corporate and project financing to international mining and metals companies and also provides structured commodity financing to natural resource companies in emerging markets.

In 2009 Rothschild launched Rothschild Reserve, a deposit-taking business, which complements the existing private client activities of the Private Banking business. There have been two Rothschild Reserve deposit offers to date and further products are planned.

Rothschild Commercial Banking also includes loans for private clients. This activity is based in Guernsey with Rothschild Bank International (RBI), and in Zurich with Rothschild Bank AG (RBZ).

3. Private banking and trust

The Private banking business has more than 4,000 clients in 90 countries, predominantly entrepreneurs, senior business leaders and wealthy families. Typically, targeted clients possess a minimum €3 million in investable assets. Private banking has more than 300 private bankers and 160 staff dedicated to trust services. The principal offices are in Paris, London, Zurich, Frankfurt, and Guernsey. The total of assets under management finished the year at €33.7 billion, split between France for €19.6 billion and Switzerland, UK, Germany and USA for €14.1 billion.

The Private Banking business manages wealth for private clients all over the world. Its four core services are:

- Wealth Structuring: teams offer expert guidance on efficient international tax and succession planning.
- Investment Management: experienced investment professionals provide our clients with an active investment management service.
- Banking: banking service includes lending and custody.
- Trust: teams protect clients' assets through cross-border structuring, proactive monitoring and administration.

Over the course of the year, the Private Banking business has gathered new assets and achieved sound investment performance in what has been an extremely challenging year. Thanks to a strategy of sustainable and profitable growth and to an efficient monitoring of risks, the activity has stood up to the financial crisis. Private Banking has won many successes in 2009 and clients have remained loyal in an environment where there has been little wealth creation, reflecting the trust and long-term relationships that Rothschild has built up with them. With high quality private bankers, a historically stable shareholding and a tradition of objective advice, Rothschild keeps attracting new clients. In this difficult context, Private Banking's cautious strategy of asset management has paid.

Private Banking's generally cautious asset allocation and high conviction approach to investment management has been proven to be the right strategy over the last year. The investment management over the cycle, protecting client portfolios during the downturn and achieving solid performance during the upturn, has exceeded clients' expectations. The Private Banking sterling and dollar indices made up of actual client portfolios are all top quartile over the last five years, according to independent consultants ARC.

Net new assets for offices excluding France amounted to €0.8 billion. RCH Private Banking assets under management amounted to €14.1 billion the year finished, after taking into account the markets volatility and exchange rate adjustments, against €10.2 billion for the previous year. Those performances are all the more satisfying since the context was so challenging.

The regulatory environment for Swiss Private Banks in particular has been a challenging one. The Private Banking has carried out in-depth analysis with legal professionals in order to ensure that our front office staff are properly equipped to provide legally compliant cross-border wealth management services, especially in light of the heightened focus on regulation affecting many of our clients' jurisdictions.

Based on several countries, the onshore model developed by Private Banking teams has provided the business with a sound basis on which to grow, with all of these operations now operating profitably. Despite the challenge to gather quality assets in this mature and extremely competitive market, Rothschild Private Banking was named as one of the fastest growing wealth managers in the UK by the Private Asset Managers Directory 2009.

The RBZ Swiss Franc Bonds Fund, which reflects Rothschild tactical asset allocation for bond investments, was named "Best Fund Over Past 3 Years" in its category at the Lipper Fund Awards 2010. The Group was named "Private Bank of the Year 2009/2010" at the prestigious STEP Private Client Awards, "Private Bank of the Year" at the Citywealth Awards in London, as well as best performing private bank in Switzerland by Bilan magazine. Andrew Penney, of Rothschild Trust, also won "Trustee of the Year" at the Citywealth Awards.

Links with the Private Banking business in Paris remain strong as the activity benefits from an active exchange of expertise. The Paris business offers an extensive range of products to private and institutional clients and manages 115 unit trusts, including seven alternative funds, three others by delegation, and eight OEICs (Open-Ended Investment Companies) -one of them under Belgian law. Through its Selection R network, it markets a range of listed OEICs and mutual funds. This year saw a change of leadership at Rothschild & Cie Gestion as Jean-Louis Laurens took over as CEO. Funds under management finished 2009 at €19.6 billion (against €18.1billion for the previous year) across the Private Banking, Institutional Investor and the "Selection R" network.

The Paris business was named the second-ranked French asset manager 2009 by *Mieux Vivre Votre Argent* magazine and won seven awards from the Grand Prix de la Gestion d'Actifs 2009, AGEFI magazine, including Best European Bond Fund, Best European Equity Fund and Best Eurozone Equity Fund.

4. Merchant banking

Based upon its skills in M&A advisory and its direct-investing experience, the Group has since 2007 developed a private equity and fund activity dedicated to third party investors.

This activity looks to target mid-size companies, dealing with partners such as entrepreneurs, financial sponsors in private equity, families or Groups. The investment strategy is concentrated on two areas:
- investments in LBO;
- growth capital generally designed to finance growth that the company is not in a position to finance itself, or to optimize the financial structure of a company.

European Investment Portfolio

Between March 2007 and September 2008, investment teams have invested €120 million on behalf of Paris Orléans and its subsidiary RCH in several investments in Europe. These portfolio companies allowed investment teams to demonstrate their capabilities to source high quality deals through its network and led to the launch of the first European Fund of the Group, Five Arrows Principal Investments "FAPI" (see details below).

Paris Orléans and RCH have thus invested €46 million each, the remaining investments being financed by debt.

This portfolio includes stakes in companies such as Ileos, Etanco, Paprec and Buffalo Grill.

Ileos

In December 2007, €20.2 million was invested in the mezzanine debt of Ileos Group which was being taken over by the fund 21 Centrale Partners. Ileos is a French company that manufactures and distributes customised packaging in the luxury, beauty and healthcare markets. In 2009, in a context of important reduction of stocks, Ileos continued to generate significant cash flows and to deleverage significantly, despite lesser revenues compared to the year 2008.

Etanco

In March 2008, the Group invested €14.7 million in mezzanine debt and equity along with the fund Industri Kapital in Etanco Group, the French leading company that designs, manufactures and supplies fastening systems. In 2009, Etanco continued to outperform its market to a large extent, and beat its budgeted EBITDA target, which led to a further reduction in net debt.

Paprec

In July 2008, the Group invested €16.4 million in the equity of Paprec, a French recycling and waste management company, along with the Arnault Group, Jean-Luc Petithuguenin, founder and President of the company, as well as other shareholders. Paprec is a leading player in the French waste sorting and recycling market. In spite of a collapse in commodities' prices and a general decrease in recycling tonnage in France, the company performed resiliently compared to its competitors during 2009 with like-for-like volumes only 1% lower than in 2008. Thanks to effective cost control measures, the impact on EBITDA of adverse market conditions was limited.

Buffalo Grill

In September 2008, the Group invested €13.2 million in the mezzanine debt of Buffalo Grill, the leading French grill restaurant chain, being taken over by the fund Abenex. In 2009 Buffalo Grill continued to trade strongly, and outperformed the market. With the help of new restaurant openings, it increased sales and EBITDA in comparison with 2008 and continued to deleverage.

Five Arrows Principal Investments - FAPI

Based upon its direct-investing experience the Group has launched In 2009, a new private equity fund open to third party investors.

Named Five Arrows Principal Investments, this fund held its final closing in March 2010 at €583 million, in excess of its original target of €500 million. Of this amount €379 million came from third party investors, €100 million came from Paris Orléans and its subsidiary RCH, and €104m from bankers from throughout the Group.

FAPI is focused on opportunities in Western Europe in the mid-cap segment (i.e. companies with an enterprise value between €100 million and €500 million). It is managed by a dedicated investment team of professionals currently comprised of ten members located in Paris and London.

The investment policy of the fund is similar to what it has been in the past: to target equity investment, and also investments across the capital structure for investments cases that deliver equity-like returns, along with entrepreneurs, other funds or operating companies. The Group does not lead control deals and targets minority holdings.

The FAPI fund has made its first investment by participating in the deal led by Axa Private Equity on Go Voyages, the French leader in online travel sales. This investment amounts to €40 million, split into mezzanine and equity

JRE Partners

A joint venture was initially formed in 2008 between the Rothschild Group and Jardine Matheson. It invests in Asia with a focus on China and India. Advisory offices have been set up and a number of senior staffing appointments have been made, with the creation of a new team in India.

In March 2010, Exor, the holding company of the Group Fiat and investor in several non quoted companies, agreed to join the venture and to invest US$100 million alongside the Group and Jardine. As a result, commitments now stand at US$250 million to be spread over the next 5 years to come.

Private equity

Asset valuation at 31 March 2010

The financial crisis triggered by the US subprime crisis in mid-2007 put a brake on bank financing in the private equity and property sectors, and took a turn for the worse in September 2008 following the collapse of Lehman Brothers. This event exposed the severe economic recession experienced by the main developed countries since mid-2008. As a result, companies had to contend with substantially reduced credit availability in 2009, exacerbated by a sharp decline in their business volumes, requiring major restructuring in some cases.

Various signs of a recovery seemed to emerge in the first half of 2010. The major efforts made by most companies to lower their breakeven point are expected to pay off as from this year, despite persistently weak business levels in certain sectors.

As an investor in minority shareholdings and mezzanine bonds, Paris Orléans responded to this difficult environment by ensuring that management teams and majority shareholders had identified and implemented the appropriate measures needed to safeguard the interests of the companies in which the Group has invested. Accordingly, our investment team focused on the following priorities:

- to strengthen the monitoring of our existing investments and to press for improved standards of reporting and management;
- to ensure that management teams have taken all the necessary steps to deal with the sharp slump in business activity, such as reducing their company's operating costs and optimising cash management;
- to take an active and very early part in negotiations regarding the financial restructuring of holdings experiencing major difficulties.

Companies that responded quickly by resizing to reflect their new business environment now look better placed than their direct competitors to take advantage of any economic rebound, however modest.

Nonetheless, despite the proactively cautious approach adopted by our investment team, some of the companies in our portfolio still faced serious difficulties during the 2009/2010 financial year as a result of:

- operational restructuring in response to a severe sales downturn, notably leading to reduced investments, disposals of non-core businesses and headcount adjustments, with a view to lowering their breakeven point and maximising their cash flow;
- financial restructuring by certain companies whose debt levels were excessive in relation to their earnings capacity, which had weakened since the Group's initial investment. These restructuring measures were carried out through concerted efforts between management teams, shareholders and creditors. In some cases, these restructuring efforts were instigated by judicial representatives and ultimately shared out equally between the various parties.

Paris Orléans' investment portfolio has held up well, in spite of these unprecedented economic conditions. This resilient performance in a tough environment over the past two years owes much to:

- the high degree of diversification maintained by our investment team. The average amount invested per transaction is around €5 million, based on approximately 80 holdings, with investments outside France now accounting for more than 20% of our overall investments. In addition, the portfolio has been built up gradually over time, reducing any risks related to a specific investment year;

- a relatively well-balanced portfolio in terms of segmentation. LBO investments account for half of the portfolio and are split evenly between equity and mezzanine debt. The other categories – investments in listed companies, investments in private equity funds, property and growth capital – each account for around 10% of the portfolio. It is also worth noting here that mezzanine debt, which represents 25% of the overall portfolio, is a more secure and less risky investment as it takes priority over equity in case of bankruptcy event;

- a focus on small- and mid-cap deals as opposed to large-cap investments. Debt levels in this small- and mid-cap segment have remained reasonable, making it easier to negotiate financial restructuring deals for SMEs experiencing difficulties, thus avoiding the need for untimely drastic solutions in a challenging economic climate.

As a result of these factors, the valuation of Paris Orléans' private equity assets has held steady at around €500 million (see chart on next page), owing to:

- a resilient portfolio performance, as mentioned above. Impairment provisions recognised during the financial year for certain ailing investments remained modest and were divided equally between LBOs (equity and mezzanine debt) and investment funds;

- a strong stock market rally between April 2009 and March 2010, together with an outperformance by certain LBO deals, which increased the overall asset valuation by €22 million;

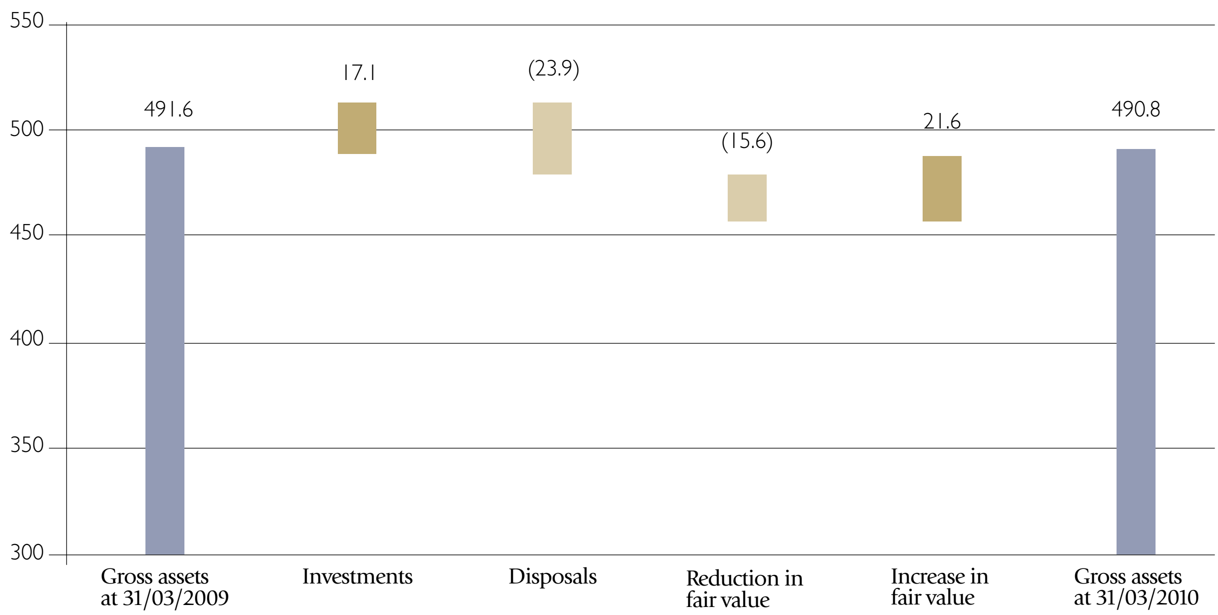
- the prudent wait-and-see stance maintained by Paris Orléans' team. The main transactions carried out during the year, which totalled €17 million, were the direct result of straightforward rights issues launched by our existing holdings to shore up their balance sheets. Only one new investment was made, in a fast-expanding security company in China;

- lastly, despite current market conditions, our investment team managed to sell off €24 million of assets generating a modest capital gain.

Private equity portfolio valuation
(Excluding banking activities), as at 31 March 2010

In millions of euros	31/03/2010	31/03/2009	Change
LBO/equity	**101.5**	92.1	9.4
LBO/mezzanine debt	**95.9**	107.1	(11.2)
Property	**37.6**	42.0	(4.4)
Growth capital	**41.6**	37.1	4.5
Historic investment	**29.6**	30.8	(1.2)
Listed companies	**44.5**	36.0	8.5
Private equity funds	**111.4**	113.7	(2.3)
Treasury stock	**16.4**	15.4	1.0
Other	**12.3**	17.5	(5.2)
Total gross assets	**490.8**	**491.6**	**(0.8)**

Changes in the investment portfolio (in millions of euros)



LBO/Equity

Paris Orléans participates in leveraged buyouts (LBO).

A company takeover is known as a leveraged buyout when the deal is partly financed by bank borrowings or bond debt. Recourse to debt increases the profitability of the capital invested through a leverage effect.

In view of the constraints attached to arranging a debt that the acquirer will repay over an average term of six to eight years, the target company must be attractive in terms of cash flow generation. Very cyclical or immature sectors are therefore less suitable for this type of deal.

A leveraged buyout is also an efficient way of uniting management teams around a shared business project as it is often proposed to the management, and sometimes to other employees, to become shareholders in the company and thus benefit from the value created by the deal.

The average effective holding period for this type of deal is around four years, after which the company may be sold, merged with another company or floated on the stock market, depending on the opportunities that arise.

Some examples of equity investments:

SIACI SAINT HONORE	COFFEE NATION	CONVERTEAM
Primary, secondary and tertiary LBOs for the insurance broker SIACI	Co-investment alongside Milestone in the UK leader in up-market coffee dispensing machines	Co-investment alongside LBO France in a world leader in power-conversion engineering
2000, 2003 & 2007	2008	2008

Paris Orléans' policy is based on minority co-investments in medium-sized LBO deals alongside specialist funds, in particular LBO France (Converteam, Consolis, Terréal and Tourexcel) and Acto (Belambra/VVF and Ubiqus), and smaller funds such as Milestone (Cadum and Coffee Nation).

At 31 March 2010, the portfolio comprised around twenty holdings representing a total net investment of €91 million and a valuation of €101 million.

The largest investment is in the insurance broker Siaci Saint-Honoré, in which Paris Orléans is a longstanding and significant shareholder alongside Compagnie Financière Edmond de Rothschild, JLT (a UK broker) and the management team. Aside from Siaci Saint-Honoré, in which Paris Orléans has invested €27 million, the Group's other investments range between €1 million and €8 million, with an average initial investment of around €5 million.

Throughout the year, Paris Orléans' investment team responded to the challenging economic environment by ensuring that the management teams and majority shareholders of these LBO companies identified and applied the measures needed to adapt their businesses to the decline in sales volumes and margins.

The value of Paris Orléans' LBO co-investment portfolio rose by 9% during the financial year, driven by the following factors:

- primarily, increased valuations for Siaci Saint-Honoré and Belambra, which continue to deliver outstanding operating performances in this unsettled economic climate;
- and to a lesser extent, three right issues in which Paris Orléans participated in proportion to its existing stake, alongside the majority shareholders, at a total investment of €2.6 million.

Only three of the portfolio's LBO investments have been fully provisioned. They represent a combined investment of €11 million, equating to 12% of total investments. As a result of the restructuring measures introduced by these three companies more than a year ago, we can expect a return to more normal margins over the next two to three years, as well as a reversal of some or all of the impairment provisions currently recorded for these investments.

LBO/Mezzanine debt

Mezzanine financing is an important component of LBO deals (see previous page). It is generally composed of bonds issued by the holding company in the framework of financing its takeover of a company.

Mezzanine debt is not repaid until after repayment of the senior debt. The risk taken justifies a high level of remuneration, generally consisting of interest paid periodically and of capitalised interest, accompanied by share subscription warrants which increase the return on the mezzanine financing at term. The proportions of the various components vary for each deal.

The average holding period is the same as for an equity investment except in the case of early repayment when the company performs better than initially forecast.

Some examples of mezzanine investments:

Mezzanine financing for the LBO led by 21 Centrale Partners on the Paris network of fitness clubs.

2008

Mezzanine financing for the acquisition by Chemineau of Laboratoires de la Mer.

2008

Mezzanine financing for the delisting led by Abénex for the leading commercial space designer.

2008

Since 2004, Paris Orléans has gradually built up a portfolio of mezzanine debt mainly concentrated on small- to mid-cap deals. Paris Orléans has arranged mezzanine financing alongside LBO funds, such as Abenex (Réponse and Findis), TCR (Marine and Thermocoax), LBO France (Eryma, EVS and WFS), 21 CP (Atos and Club Med Gym) and ERCP (CTN and Médiasciences). Paris Orléans also acted as the main investor in the sponsorless deals for Bouyher and Décotec, investing alongside their management teams.

At 31 March 2010, the mezzanine portfolio comprised more than 20 holdings representing a total investment of €96 million and an average initial investment of around €4 million, with only two deals approaching €10 million.

Our investments in mezzanine debt over the past few years have weathered the crisis relatively well. In addition to the intrinsic quality of these companies, we should point out that, in the event of financial difficulties, these mezzanine debts take priority over equity invested by shareholders (such as LBO funds and management teams). As a result, these investments have been less hard hit by the recent downturn in valuations. For Paris Orléans, this is reflected by a relatively low provision rate for its mezzanine investments.

The main developments during the financial year were as follows:

- the repayment of two mezzanine loans (Tonnellerie Saury and Diam), generating an IRR of 18% and 20% respectively;
- the recognition of impairment provisions amounting to 50% of the face value of two mezzanine loans (property and services sectors).

Only one of the 22 mezzanine investments in the portfolio has been fully provisioned, in the previous financial year, and two have been provisioned at 50% of their value for a total of just under €10 million. There is every likelihood that we will recover at least the face value of these mezzanine investments, once the companies concerned have returned to their normal sales levels and margins over the next few years.

Property

Property investments consist mainly of shareholdings in property development projects.

Paris Orléans invests in commercial property development projects in Europe (in partnership with Foncière Euris and property developers, Apsys and Sonae), and to a lesser extent, in residential property development projects in France (in partnership with Les Nouveaux Constructeurs).

These projects generally have a longer investment horizon than LBO investments.

An investment of between five and ten years may be necessary before the project is delivered, particularly in the case of major projects.

Some examples of property investments:

le nouveau BEAUGRENELLE

Total reconstruction of the Beaugrenelle shopping centre in Paris alongside Foncière Euris and Apsys

2003

LOOP 5

Development of a shopping centre in Weiterstadt alongside Foncière Euris and Sonae

2006

At 31 March 2010, the property portfolio comprised seven holdings representing a total net investment of €42 million.

The portfolio's main investment is in the reconstruction of the Beaugrenelle shopping centre in the fifteenth *arrondissement* of Paris. Paris Orléans has invested €20 million in this project since 2003 and owns a 15% interest alongside Gecina, Euris and Apsys. With retail floorspace of 45,000 m2, Beaugrenelle is one of the three largest shopping centres in Central Paris and is due to be opened to the public in 2013.

In Germany, Paris Orléans has also invested in the development of a 56,500 m² shopping centre in Weiterstadt, in a retail area located south of Frankfurt. Between 2006 and the centre's opening date in October 2009, Paris Orléans invested €10 million and owns a 10% interest alongside Euris and Sonae.

The overall value of the property portfolio was down by 12% compared with 31 March 2009, mainly due to the sale of Paris Orléans' 5% minority interest in the Alexa shopping centre in Berlin for €3.9 million. However, Paris Orléans has retained its interest in an adjacent site, where an office block is due to be built, and remains eligible for any potential earn-out payments.

At 31 March 2010, the two investments for which impairment provisions were recognised were Alexa and Julianow (a residential project near Warsaw comprising more than 400 homes). The capital gains expected from the Group's other investments should more than offset the €3.6 million in provisions booked against the property portfolio.

Growth capital

Growth capital concerns equity or quasi equity investments in which Paris Orléans takes a minority position.

These deals are generally designed to finance growth that the company is not in a position to finance itself.

If the company's financial situation so allows, a conventional bank loan can be combined with this investment thereby limiting dilution for the existing shareholders as the equity investment is smaller.

The aim is to hold the investment for between four and six years. Depending on the company's maturity and its management/shareholders' strategy, the investment can then be realised through the sale of all or part of the shares held in the company (initial public offering, LBO, trade sale).

Some examples of growth capital investments:

Co-investment alongside Crescent in a high-tech surveillance and security company	Subscription to the company's capital increase to finance its development	Subscription to the capital increase by LDR, the specialist in spinal devices
2009	2006	2006

In the growth capital business, Paris Orléans usually takes a minority interest alongside specialist funds and invests less than €5 million on average, providing funds in one or more instalments, depending on the company's needs. So far, this has proved to be a sound strategy judging by the quality of the current portfolio and the growth potential of these companies, which tend to operate in one of the following environments:

- high-growth geographic regions, such as Asia. Examples include Beijing Jade, Masterskill (professional training), Atlas (copper mine in the Philippines) and Fanwo (surveillance and security systems);
- niche markets that are still expanding despite the crisis. Examples include LPCR (private crèches) and LDR Holding (manufacturer of orthopaedic lumbar discs).

At 31 March 2010, the portfolio comprised 12 holdings representing a total investment of €26 million, i.e. an average initial investment of around €2.2 million.

Half of the investments made to date are now valued higher than their original cost and no impairment provisions have been recognised for any of the investments in this portfolio.

Unsurprisingly, the only genuine new investment made by Paris Orléans during the 2009/2010 financial year was in China through Fanwo, a company that designs, installs and maintains integrated surveillance and monitoring systems, mainly aimed at local authorities and industry.

Historic investment

Les Domaines Barons de Rothschild (Lafite)

As the owner of Château Lafite Rothschild for five generations, the Rothschild family has had deep-rooted ties with Bordeaux vineyards since 1868. This prestigious vineyard is managed and marketed by Les Domaines Barons de Rothschild (Lafite), which is majority-owned by the Rothschild family and 23.5%-owned by Paris Orléans.

At 31 March 2010, this longstanding holding was valued at €29.6 million.

In 1962, Les Domaines Barons de Rothschild (Lafite) invested in Château Duhart-Milon (*Quatrième cru classé*, Pauillac), followed by Château Rieussec (*Premier cru classé*, Sauternes) and Château l'Évangile (Pomerol). Les Domaines Barons de Rothschild (Lafite) has also extended its skills to various exceptional vineyards in France and abroad. It invested in Los Vascos in Chile in 1988, followed by Caro in Argentina. In 1999, the company added a Corbières vineyard, Château d'Aussières, to its portfolio.

Sales performance

Although 2009 ushered in a whole host of concerns, it generally proved to be a good year for this business, which achieved steady sales. Buoyant demand from Asia, particularly China, compensated for a weak US market.

The 2008 Primeur campaign suffered mostly from a shortage of volumes available for sale due to a poor yield for this vintage. Although prices were down, they were still very satisfactory in an economic climate that offered no visibility in May and June 2009. The market for bottled wines regained momentum, while the Group's wines enjoyed an upturn in selling prices.

After a lull in 2008, sales of Chilean wines picked up, driven by Asia and, to a lesser extent, Europe, while the North American market has so far failed to bounce back. Sales of collectible wines through DBR Distribution were strong, rising by more than 20% despite a declining market for Bordeaux wines.

Operating performance

Years ending in "9" have always proved excellent for wine growers and the 2009 vintage was no exception.

Bordeaux enjoyed a virtually ideal climate featuring dry periods and just the right amount of rainfall, with a combination of hot days and cool nights bringing the grapes to perfect maturity. Quality is outstanding but quantities are low. In Languedoc, the 2009 vintage was good and the company hopes to keep up the steady improvement in its wine quality. In South America, although conditions were more challenging, the 2009 vintage has produced wines that will prove very appealing.

In Chile, the vineyard was affected by the earthquake that hit the country on 27 February 2010 and was very fortunate not to suffer any victims. Operations are now back to normal and the harvest was completed successfully. The physical damage has not had any financial impact as it is covered by insurance.

Financial performance

Consolidated sales came to €79 million in 2009, showing a slight decrease from 2008. Net income attributable to equity holders of the parent amounted to €7.9 million, compared with €9 million excluding the capital gain on the sale of Quinta Do Carmo, which occurred in 2008.

Listed companies

Paris Orléans has holdings in listed companies mainly for reasons linked to growth capital investments in companies that have subsequently been floated.

It is worth noting the case of Euris group (Finatis and Rallye) in which Paris Orléans invested at the end of the 1980s alongside Jean-Charles Naouri to assist him to develop his group.

These holdings are sold according to their stock market and financial performances.

Paris Orléans' portfolio of investments in listed companies enjoyed a recovery during the year and its overall value rose from €36 million to €44 million, bolstered by a sharp rebound in the equity markets.

The largest holding in this portfolio is still Euris group, which is valued at €31 million. Paris Orléans is a shareholder in Euris group through Finatis, the group's holding company, in which it owns a 5% stake, and through Rallye, in which it owns approximately a 1% stake.

The Euris group operates in two main business sectors:

- **retail** through Casino and Go Sport, which are held by its Rallye subsidiary. Casino generates two-thirds of its sales in France through 9,664 stores, including 122 hypermarkets, and one-third of its sales abroad through 1,620 stores. 2009 sales in France amounted to €26.8 billion, down 1.2% from 2008.
  Go Sport is mainly active in France through 127 Go Sport outlets, out of a total of 178, and 183 Courir stores, out of a total of 208. 2009 sales amounted to €0.7 billion, down 4.4% from 2008.
  Despite adverse economic conditions, the Rallye group managed to maintain a steady operating income of €1.9 billion, in line with the previous year, and continued to reduce its debt through strong free cash flow generation and disposals, including the sale of Super de Boer in the Netherlands.

- **property** through Foncière Euris:
  Foncière Euris mainly invests in shopping centres, including Beaugrenelle (Paris), Lodz (Poland) and Alexanderplatz (Berlin). Paris Orléans has co-invested in these three shopping centres.

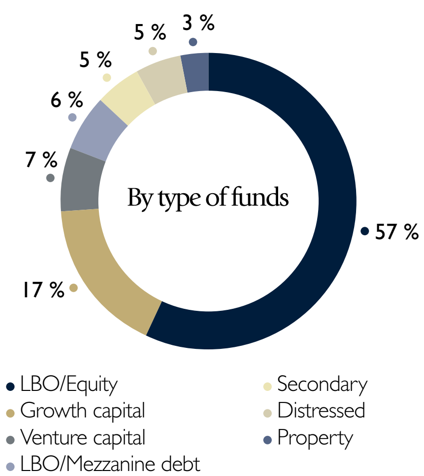
Paris Orléans' other main holdings are Inéa (€5.6 million) and Idi (€1.3 million).

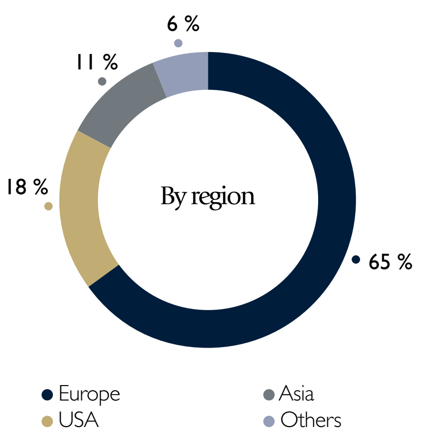
Paris Orléans took advantage of favourable periods in the equity markets to sell off its last remaining shares in Publicis. This investment, which was initially made in 1998, generated an overall annual performance of more than 15% over the investment period.

Private equity funds

The purpose of private equity funds is to seize opportunities in a number of areas of activity. Each of the investment teams in which we invest are specialised either by sector, by region, or focused on a specific development stage (early stage, growth, distressed...).

Investing in private equity funds allows Paris Orléans to diversify risk and to invest where it has no direct access (e.g. regional funds)





Private equity through funds

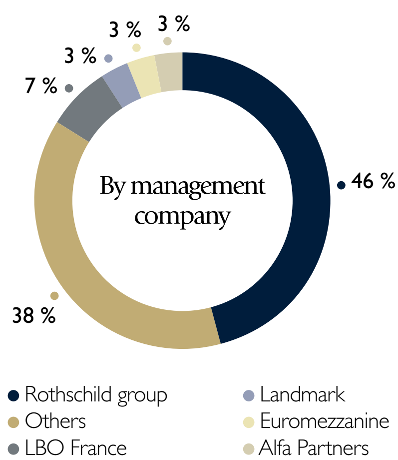
€292.0 million	total commitment
€187.9 million	capital called
€122.6 million	distributions
€103.9 million	uncalled commitment
€111.4 million	valuation

The valuation of these funds is updated every three months based on information provided by the fund managers, and impairment provisions are recognised for any unrealised capital losses.

The Group has confirmed that it aims to strengthen its private equity business by launching a third-party management activity through its first European fund, Five Arrows Principal Investments (FAPI).

In early 2010, the FAPI fund raised a total of €583 million in commitments, including €379 million from third parties, €100 million from Paris Orléans and its subsidiary Rothschilds Continuation Holdings, and €104 million through a co-investment scheme open to some of the Group's executives.

During the financial year, Paris Orléans:
- committed €51.6 million to two new funds, including €50 million to the FAPI fund;
- invested €6.0 million in response to capital calls;
- received €3.5 million in distributions;
- sold two funds for €4.8 million.



Report of the Executive Board

- financial and legal information

Consolidated results

(in millions of euros) at 31 March	FY 2009/2010	FY 2008/2009
Income statement figures		
Net banking income	**871.7**	752.8
Gross operating income	**180.4**	158.4
Operating income	**76.0**	18.4
CONSOLIDATED NET PROFIT	**90.9**	**76.0**
Of which attributable to equity holders of the parent	*25.7*	*46.8*
Of which minority interests	*65.2*	*29.2*
Balance sheet figures		
Total assets	**7,718.4**	7,926.7
Available-for-sale financial assets	**2,117.0**	2,261.4
Loans and advances to banks	**1,574.7**	1,708.5
Loans and advances to customers	**1,786.7**	2,246.0
SHAREHOLDERS' EQUITY	**1,404.1**	**1,209.3**
Of which attributable to equity holders of the parent	*538.5*	*501.1*
Of which minority interests	*865.6*	*708.2*

Despite the financial crisis and global recession, the Group's operating results reflected the strength of its main business lines – investment banking, asset management and private banking.

Overall revenues from investment banking were up slightly, reflecting strong business growth in emerging countries and in the United States. Sharp expansion in the financing and restructuring advisory business largely offset the slowdown in European M&A activity.

Private banking and asset management generated stable revenues in line with those of the 2008/2009 financial year, owing to efforts to increase net new assets and a market recovery during the financial year.

Net banking income for the year ended 31 March 2010 amounted to €871.7 million compared with €752.8 million for the previous year, an increase of €118.9 million. This improved performance included a €129 million contribution from the Group's investment banking operations in continental Europe (excluding France), which were fully consolidated for the first time. It also included income of €68.7 million arising from the reclassification to equity of a subordinated debt, compared with €54 million in the 2008/2009 financial year.

Excluding changes in the consolidation scope and reclassified debt, net banking income held steady in a tough environment.

General operating expenses rose by €84.6 million due to the full consolidation of the European investment banking operations, but they remained in line with those of the previous year on a comparable basis.

Impairment of debt and provisions for counterparty risk decreased relative to the previous year, despite €12.8 million of additional non-specific provisions. This reflects the Group's highly cautious policy in a persistently challenging economic climate. Regulatory ratios for the Group's banking operations exceeded the required standards and liquidity improved considerably during the 2009/2010 financial year.

Consolidated net income for the 2009/2010 financial year was up by €14.8 million to €90.9 million, despite the lack of significant capital gains in the private equity business, after major gains of €50.3 million in the 2008/2009 financial year. Consolidated net income attributable to equity holders of the parent amounted to €25.7 million, compared with €46.8 million the previous year, as minority interests increased sharply after the reclassification to equity of a perpetual debt and full consolidation of the Group's investment banking operations in continental Europe.

Parent company results

(in millions of euros) at 31 March	FY 2009/2010	FY 2008/2009
Income statement figures		
Income before tax	**1.0**	2.3
Revenue from capital transactions	**(2.1)**	(12.6)
NET INCOME	**2.3**	**(1.5)**
Balance sheet figures		
Total assets	**1,097.5**	1,111.4
Non-current assets	**936.3**	941.8
Current assets	**159.3**	167.0
Borrowing and financial liabilities	**149.7**	164.1
SHAREHOLDERS' EQUITY	**921.2**	**923.7**

Since two years, Paris Orléans has essentially operated as a pure holding company whose role is to own or to control indirectly the Group's banking entities, its dedicated private equity vehicles and support global costs (wages, rent and operating expenses).

To support its private equity activities, the Company makes shareholder's current account advances to its dedicated subsidiaries to provide them with the financing they need to complete their respective investments. As a result, Paris Orléans' income statement mainly comprises dividends received from the underlying entities.

2009/2010 net income amounted to €2.3 million compared with a loss of €1.5 million the previous year. Current income before tax was bolstered by €9.4 million in dividends from subsidiaries and other investments, together with a 0.5% reduction in operating expenses. In addition, lower interest rates led to a €5.2 million reduction in financial expenses.

Income from capital transactions showed a sharp improvement of €10.5 million compared with the previous year, which had been hit by €14.3 million in losses on disposals, mainly from the portfolio of investments in listed companies.

Lastly, the Company benefitted from a €3.4 million net income tax credit during the 2009/2010 financial year, following the €7.5 million tax credit recognised the previous year.

At the Paris Orléans company level, the main balance sheet headings showed little change at 31 March 2010 compared with the previous year.

The change in long-term investments mainly stems from a reclassification of the 5% equity stake held in the subsidiary K Développement SAS, which was previously wholly-owned by Paris Orléans.

The dividend paid by Paris Orléans in respect of the 2008/2009 financial year and distributed in the form of new shares increased shareholders' equity by €5.9 million.

Bank borrowings were reduced by €8.3 million, equating to a 5.7% decrease year-on-year.

Activities of the main subsidiaries

The activities carried out by the subsidiaries of Paris Orléans and the companies that it controls are presented from page 21 onwards in this report, in the sections entitled "Banking activities" and "Private equity".

Controlled companies

Controlled companies as of 31 March 2010, within the meaning of Article L. 233-3 of the French Commercial Code, are presented in note 38, "Consolidation scope", of the notes to the consolidated financial statements on page 138 of this report. In addition to the subsidiaries listed in this note, Paris Orléans also controls several companies that are not included within the consolidation scope due to their immateriality: Central Call International (SARL), Clarifilter SAS, Franinvest SAS and Treilhard Investissements SA.

Acquisitions of controlling interests during full year 2009/2010

On 1 April 2009, Paris Orléans acquired control of two partnerships, PO Gestion and PO Gestion 2, through its direct subsidiary K Développement SAS. These acquisitions are not material and result from the reorganisation of the Group's legal structure to enable members of the investment team to share in any capital gains realised through Paris Orléans' private equity activities.

Proposed allocation of income and dividend

The Executive Board will propose to the General Meeting that the net income of €2,320,371.51 for the financial year ended 31 March 2010 should be allocated as follows:

• Net income for the year	€2,320,371.51
• Plus retained earnings of	€198,721,111.53
• **Corresponding to total distributable income of**	**€201,041,483.04**
• To the legal reserve	€62,494.60
• To the payment of a dividend of €0.35 per share [1]	€11,180,593.55
• To retained earnings	€189,798,394.89

[1] On 31,944,553 shares and investment certificates.

In accordance with statutory provisions, the entire dividend distributed in respect of the 2009/2010 financial year is eligible for the 40% tax rebate provided for in Article 158-3-2° of the French Tax Code, bearing in mind that only individuals who are French tax residents qualify for this rebate.

The dividend will be payable from 2 November 2010.

The Third Resolution to be submitted to the General Meeting of 27 September 2010 will propose that shareholders have the option of receiving the dividend in Paris Orléans shares, for all or part of the dividend due.

Dividends paid in respect of the last three financial years

In accordance with statutory requirements, we remind you that the dividends distributed by the Company in respect of the last three financial years were as follows (before and after the 10-for-1 share split):

Financial year	2008/2009	2007/2008	2006/2007 [1]
Number of shares and investment certificates	**31,632,080**	31,632,080	2,516,900
Net dividend per share (in €)	**0.35** [2]	0.55 [2]	5.00 [2]
Total paid	**€11,071,228**	€17,397,644	€12,584,500

[1] Before the capital increase and the 10-for-1 split of the share's par value.
[2] Eligible for the reduction of 40% provided for in Article 158-3-2° of the General Tax Code for individuals domiciled in France.

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Agreements and undertakings governed by Article L. 225-86 et seq. of the French Commercial Code

In accordance with the provisions of Article L. 225-88 of the French Commercial Code, the Statutory Auditors have been informed of all the agreements and undertakings to which Article L. 225-86 of said Code applies. At the General Meeting, shareholders will be asked to vote on the special report of the Statutory Auditors and to approve the agreements and undertakings concluded during the financial year mentioned in this report.

Results of the company during the last five financial years

(In euro)	2005/2006	2006/2007	2007/2008	2008/2009	2009/2010
1. Capital at the end of the financial year					
a) Share capital	19,178,778	19,178,778	63,264,160	63,264,160	**63,889,106**
b) Number of shares or investment certificates issued	2,516,900	2,516,900	31,632,080	31,632,080	**31,944,553**
c) Number of shares and investment certificates (excluding treasury shares and investment certificates)	2,450,222	2,450,222	30,814,642	30,773,060	**31,036,383**
d) Number of shares and investment certificates with dividend rights as of the date of the General Meeting	2,516,900	2,516,900	31,632,080	31,632,080	**31,944,553**
e) Maximum number of future shares to be created					
through conversion of bonds	-	-	-	-	**-**
through the exercise of subscription rights	-	-	-	-	**-**
2. Overall result of effective operations					
a) Revenues exclusive of tax (financial and operating income)	27,561,723	35,725,252	31,698,622	28,384,137	**20,128,414**
b) Income before tax, amortisation and provisions	35,700,117	51,029,036	159,707,524	(5,414,728)	**(8,021,864)**
c) Corporate income tax [1]	6,239,254	6,204,154	4,567,594	(8,792,342)	**(3,431,230)**
d) Income after tax, amortisation and provisions	34,982,939	53,387,151	152,455,798	(1,520,224)	**2,320,372**
e) Distributed income, excluding treasury shares	9,564,220	12,251,110	16,948,053	11,071,228	**11,180,594**
3. Operating results per share					
a) Income after tax, but before amortisation and provisions	11.71	17.81	4.90	(0.11)	**(0.14)**
b) Income after tax, amortisation and provisions	13.90	21.21	4.82	(0.05)	**0.07**
c) Dividend allocated to each share	3.80	5.00	0.55	0.35	**0.35**
4. Personnel					
a) Average employee headcount	15	15	19	25	**25**
b) Total of the payroll	2,049,208	2,476,250	3,580,150	4,007,256	**4,442,566**
c) Total employee benefits (social security, welfare, etc.)	1,366,619	1,636,325	2,356,922	3,110,028	**3,910,732**

[1] Negative amounts correspond to tax benefits.

Paris Orléans and its shareholders

Share ownership structure

Based on the information received by Paris Orléans and in accordance with statutory requirements, the table below lists the shareholders of Paris Orléans that hold a percentage of the share capital or of the voting rights that exceeds the statutory limit for disclosure:

	31/03/2010				31/03/2009		
	Number of shares and investment certificates	% of share capital	Number of voting rights certificates	% of voting rights	Number of shares and investment certificates	% of share capital	% of voting rights
Rothschild Concordia SAS	15,476,900	48.45%		52.07%	15,252,480	48.22%	51.78%
NM Rothschild & Sons Ltd (treasury shares with no voting rights)	1,800,000	5.63%		-	1,800,000	5.69%	-
Other members of the Rothschild family	1,456,900	4.56%	340,190	6.04%	1,456,890	4.61%	6.10%
Total family grouping (1)	18,733,800	58.64%	340,190	58.12%	18,509,370	58.52%	57.88%
Asset Value Investors	1,922,163	6.02%		6.47%	1,859,933	5.88%	6.31%
Allianz Vie	1,611,747	5.05%		5.42%	1,582,640	5.00%	5.37%
Paris Orléans (2)	908,170	2.85%		-	859,020	2.72%	-
Free float	8,768,673	27.44%	145,040	29.99%	8,821,117	27.88%	30.43%
TOTAL	31,944,553 (3)	100.00%	485,230	100.00% (4)	31,632,080 (3)	100.00%	100.00%

(1) Agreement between the shareholders of Rothschild Concordia SAS (David de Rothschild branch, Eric de Rothschild branch and English branch of the Rothschild family) and other members of the Rothschild family (Edouard de Rothschild branch, Philippe de Nicolay, NMR – assumed grouping – and the Eranda foundation) disclosed by the French financial markets regulator, the AMF, on 25 January 2008 (Decision and Information Notice No. 208C0180).
(2) 422,940 treasury shares held by Paris Orléans, including 241,450 shares allocated to a liquidity contract, and 485,230 investment certificates.
(3) Including 485,230 investment certificates at 31 March 2010 and 31 March 2009.
(4) Total voting rights: 29,721,613, after excluding the voting rights attached to shares held by Paris Orléans and NMR.

Paris Orléans' majority shareholder is Rothschild Concordia SAS, a company registered on the list of financial companies supervised by the *Autorité de Contrôle Prudentiel* (Prudential Control Authority). At 31 March 2010, ownership of the share capital and voting rights of Rothschild Concordia SAS was divided between David de Rothschild (25.73% held directly and indirectly), Eric de Rothschild (38.54% held directly and indirectly) and Integritas BV and Rothschild Trust (Switzerland) AG, the English branch of the Rothschild family (35.74%).

The clauses of the Rothschild Concordia SAS shareholders' agreement were communicated to the AMF and published by it on 25 January 2008 (Decision and Information Notice No. 208C0180).

During the 2009/2010 financial year, Paris Orléans was not informed of any breaches of share ownership thresholds within the meaning of Article L. 233-7 of the French Commercial Code or Article 8 of the Company's Articles of Association.

Information about the share capital

In addition to ordinary shares in Paris Orléans, the Company issues investment certificates (with no voting rights) and voting right certificates. A whole share can be formed by combining an investment certificate with a voting right certificate.

For the dividend in respect of the 2008/2009 financial year, shareholders were given the option to receive their dividend payment in shares. The issue price of the new shares distributed in payment of the dividend was €19.03, which equates to 90% of the average closing price of Paris Orléans shares over the twenty stock market trading days immediately preceding the date of the General Meeting, after deducting the net amount of the dividend and rounding up to the next whole euro cent.

On expiry of the period for taking up this option, 56% of dividend rights had been exercised in favour of receiving payment in shares, resulting in the issue of 312,473 new shares, which were admitted for trading on Euronext Paris on 3 November 2009, on the same line as the existing shares.

These new shares qualify for dividends as from 1 April 2009 and share identical rights with all other Paris Orléans shares.

Subsequent to these transactions, Paris Orléans' share capital increased from €63,264,160 to €63,889,106, consisting of 31,459,323 shares with a par value of €2 and 485,230 investment certificates with a par value of €2.

Buyback of own shares

Utilisation of the authorisation granted to the Executive Board by the General Meeting

The Combined Ordinary and Extraordinary General Meetings of 21 January 2008 and 29 September 2009 authorised the Executive Board to purchase or arrange the purchase of Paris Orléans shares up to a maximum limit of 10% of the Company's share capital on the purchase date of these shares, in accordance with Articles L. 225-209 et seq. of the French Commercial Code.

Each authorisation was granted for a maximum effective period of 18 months.

The authorisation granted by the Combined Ordinary and Extraordinary General Meeting of 21 January 2008 expired during the 2009/2010 financial year and the authorisation granted by the Combined Ordinary and Extraordinary General Meeting of 29 September 2009 was still in effect at the date of this report.

As required under Article L. 225-211 of the French Commercial Code, the table below summarises the transactions in its own shares carried out by the Company under these authorisations during the 2009/2010 financial year.

Number of shares purchased	76,285
Number of shares sold	28,635
Number of shares cancelled	-
Average trading price	Purchases €19.94 / Sales €22.92
Number of shares held under the liquidity contract at 31/03/2010	241,450
Number of shares held by Paris Orléans at 31/03/2010	422,940 shares (including 241,450 held under the liquidity contract) with a par value of €2, i.e. 1.32% of the share capital
Value (based on purchase price) of the shares held by Paris Orléans at 31/03/2010	**€5,431,224.59**

In accordance with Article L. 225-211 of the French Commercial Code as amended by Article 1 of Order No. 2009-105 of 30 January 2009, Paris Orléans transmits a monthly report to the AMF on the shares acquired, sold, cancelled or transferred by the Company in application of Article L. 225-209 of said Commercial Code. These reports may be consulted on the AMF website (www.amf-france.org).

Description of the share buyback programme submitted for approval to the General Meeting of 27 September 2010

Shareholders will be requested to authorise the Executive Board to trade in the Company's shares on the following terms and conditions:

- Maximum percentage of the share capital that may be repurchased by the Company: 10% of the total number of shares comprising the share capital on the purchase date. If shares are repurchased with a view to improving the liquidity of the Company's shares, the 10% threshold will be calculated based on the number of shares purchased, after deducting the number of shares sold during the effective period of the share buyback programme.
- Maximum purchase price of €30 per share, subject to adjustments relating to any transactions involving the Company's share capital. Maximum amount of funds allocated to this programme: €95,833,659.

This programme will be executed in compliance with the law and the market practices accepted by the AMF, with a view to:

- ensuring the liquidity of and stimulating the market for Paris Orléans shares under the liquidity contract concluded on 28 January 2008 with Rothschild & Cie Banque, which complies with the AFEI code of conduct;
- cancelling shares purchased under the buyback programme, subject to authorisation to do so being granted to the Executive Board by the Extraordinary General Meeting;
- the possible allocation of bonus shares to employees and corporate officers of the Company and/or associated companies.

Treasury shares

At 31 March 2010, NM Rothschild & Sons, which is indirectly controlled by Paris Orléans through Concordia BV and Rothschilds Continuation Holdings AG, held 1,800,000 Paris Orléans shares, corresponding to 5.63% of the share capital. Paris Orléans held 422,940 shares (including 241,450 allocated to a liquidity contract) and 485,230 investment certificates, representing a total of 2.85% of the share capital.

Unexpired authorisations (as at the date of this report) granted to the Executive Board by the General Meeting

The Combined Ordinary and Extraordinary General Meeting of 25 September 2007 granted the following powers:

Purpose	Resolution No.	Amount	Period	Use during the financial year
To increase the share capital by issuing new shares reserved for employees (Article L. 225-129-6, 2nd paragraph, of the French Commercial Code)	23	€381,000	36 months	None

The Combined Ordinary and Extraordinary General Meeting of 29 September 2008 granted the following powers:

Purpose	Resolution No.	Amount	Period	Use during the financial year
To issue transferrable securities with preferential subscription rights maintained (Article L. 225-129 et seq. of the French Commercial Code)	10	Limited to a nominal amount of €50 million	26 months	None
To issue transferrable securities with waiver of preferential subscription rights (Article L. 225-129 et seq. of the French Commercial Code)	11	Limited to a nominal amount of €50 million or to the available balance within the limit set for the issue of securities with preferential rights maintained	26 months	None
To issue transferrable securities with waiver of preferential subscription rights and free fixing of issue price (Article L. 225-136 of the French Commercial Code)	12	Limited to 10% of the share capital per year	26 months	None

Shareholders will be invited to grant further powers to the Executive Board, for an additional period of 26 months, to issue transferrable securities, with or without preferential subscription rights, and to cancel the aforementioned authorisations. In addition, shareholders will be invited to grant the Executive Board the option to carry out a share issue reserved for employees of the Company and of the companies that it controls. The main terms and conditions of these new authorisations are detailed in the Executive Board's report on the extraordinary resolutions, which is presented from page 173 onwards in this report.

The Combined Ordinary and Extraordinary General Meeting of 29 September 2009 granted the following powers:

Purpose	Resolution No.	Amount	Period	Use during the financial year
To grant bonus shares to employees and corporate officers of the Company and/or associated companies (Article L. 225-197-1, L. 225-197-2 et seq. of the French Commercial Code)	11	Limited to 5% of the share capital	38 months	None
To grant options to subscribe for or purchase the Company's shares to employees and corporate officers of the Company and/or associated companies (Article L. 225-177 et seq. of the French Commercial Code)	12	Limited to 5% of the share capital	38 months	None

Employee share ownership

As required under Article L. 225-102 of the French Commercial Code, we inform you that, at 31 March 2010, employees held 44,992 shares in the Company, equating to 0.14% of the share capital, through a Company Savings Plan.

In accordance with paragraph 2 of Article L. 225-129-6 of the French Commercial Code, the Combined Ordinary and Extraordinary General Meeting of 25 September 2007, having noted that the Paris Orléans shares owned by employees of Paris Orléans and associated companies represented less than 3% of the share capital, approved a resolution authorising the Executive Board to issue new shares reserved for employees.

The Executive Board did not make use of this authorisation during the 2009/2010 financial year. Subsequent to the resolution authorising the Executive Board to issue transferrable securities, to be submitted to the Combined Ordinary and Extraordinary General Meeting of 27 September 2010, shareholders will be invited once again to approve a resolution proposing the issue of new shares reserved for employees.

Summary statement of transactions involving the Company's securities (Article L. 621-18-2 of the French Monetary and Financial Code)

Pursuant to Article 223-26 of the AMF's General Regulations, we inform you that the Company did not carry out any of the transactions referred to in Article L. 621-18-2 of the French Monetary and Financial Code and requiring disclosure to shareholders.

Information that may prove significant in the event of a takeover bid

Pursuant to Article L. 225-100-3 of the French Commercial Code, this section provides information that may prove significant in the event of a takeover bid for the Company's shares.

Restrictions on voting rights under the Company's Articles of Association

Article 8 - "Form of shares and other securities – Identification of shareholders – Threshold disclosure" of the Paris Orléans Articles of Association establishes restrictions on the exercise of voting rights at General Meetings. Under the terms of Article 8:

"The shares and other securities issued by the Company must be in registered form until paid up in full. Once paid up in full, shares may be in registered or bearer form, at the discretion of their holder.

Under the statutory and regulatory conditions in force, the Company is entitled to request, at any time, with payment of the related costs, from the central custodian who keeps the issue account for the Company's securities, the name and year of birth – or, for legal entities, the name and year of incorporation – the nationality and address of the holders of securities which, immediately or in the future, grant the right to vote at general meetings of shareholders, and any other financial instruments it issues, as well as the quantity of securities held by each of them and, where applicable, the restrictions applicable to the securities.

Failure by holders of securities or by intermediaries to comply with their obligation to disclose the information referred to above can, under the conditions provided for by law, lead to the suspension or even withdrawal of voting rights and of the right to the payment of the dividends attached to the shares.

Without prejudice to the provisions of the law, any individual or legal entity, acting alone or with others, that holds bearer capital securities registered in an account with an accredited intermediary and that comes into possession of a number of shares or voting rights equal to or greater than 2% of the total number of Company shares or voting rights, and each time it crosses a multiple of this threshold in terms of share capital or voting rights, must inform the Company within the timeframe provided for in Article L. 233-7 of the French Commercial Code, by recorded delivery mail or facsimile with recorded delivery, stating whether the number of shares or voting rights are or are not held on behalf of, under the control of or in concert with other individuals or legal entities.

This disclosure obligation shall apply under the same conditions when the portion of the share capital or voting rights held drops below the threshold mentioned in the previous paragraph, or a multiple of this threshold in terms of share capital or voting rights.

The person or entity required to make the disclosure shall specify whether the number of securities held grants entitlement to the Company's shares in the future, as well as the voting rights attached thereto. Companies that manage mutual funds are required to disclose this information for all the voting rights attached to the Company shares held by the funds they manage.

For the calculation of their stake in the share capital and voting rights, the shareholders shall apply the same rules as those for the threshold disclosures provided for by the law, as construed by the French financial markets regulator, the *Autorité des Marches Financiers*.

Without prejudice to the penalties provided for by law, in the event of non-compliance with the disclosure obligation provided for above, pursuant to a request recorded in the minutes of the General Meeting, by one or more shareholders holding at least five per cent (5%) of the Company's share capital, the shares that exceed the fraction that should have been declared shall be deprived of voting rights at all General Meetings held for a period of two years following the date on which a threshold declaration is sent to the Company's registered office by recorded delivery mail."

Shareholders' agreements that could result in restrictions on the transfer of shares and the exercise of voting rights

In application of Article L. 233-11 of the French Commercial Code, the AMF was informed by letter dated 23 January 2008 of the existence of two shareholders' agreements.

These two shareholders' agreements form part of the major reorganisation of the Group in January 2008 following the takeover of 100% of Concordia BV and the concomitant reorganisation of the family share ownership structure in the Paris Orléans group.

The first agreement concerns relations between the family members acting in concert, composed of shareholders in Rothschild Concordia SAS, Paris Orléans' parent company. In particular, this shareholders' agreement includes a lock-up clause governing the Company's shares for a period of 10 years from the date of signing, subject to certain exceptions.

The second agreement concerns relations between Paris Orléans and the Eranda foundation, covering in particular the terms and conditions governing the sale by Eranda of its securities in Paris Orléans.

As required under Article L. 233-11 of the French Commercial Code, the two agreements were published by the AMF on 25 January 2008 (Decision and Information Notice No. 208C0180).

Pursuant to the provisions of the first agreement and in accordance with the provisions of Article 787 B of the French Tax Code, on 28 October 2009, Rothschild Concordia SAS, David de Rothschild, Eric de Rothschild and Alexandre de Rothschild entered into a lock-up agreement governing their securities in the Company.

This lock-up agreement applies to all securities in the Company owned by these shareholders on the date of signing the agreement and is effective for a minimum period of two years from its date of registration with the French tax authorities. Although this agreement is not subject to the provisions of Article L. 233-11 of the French Commercial Code, it has been disclosed to the AMF.

Rules relating to the appointment and replacement of members of the Supervisory Board and Executive Board

The rules relating to the appointment and replacement of members of the Supervisory Board and Executive Board are detailed on page 71 onwards of this report and in the Chairman of the Supervisory Board's Report on Corporate Governance and Internal Control.

Other information

Issuer risk

For a detailed description of the risks to which Paris Orléans and the companies within the Group are exposed, please refer to page 100 onwards of this report, in the notes to the 2009/2010 consolidated financial statements.

Human resources information

Company headcount at 31 March 2010

At 31 March 2010, Paris Orléans employed 27 people (23 executive-grade and 4 non-executive staff), 41% of whom were female. Six new employees were hired and five people left the Company during the financial year.

Six people are responsible for private equity investments, 18 people are engaged in various support functions (finance, accounting, legal, insurance, internal control, cash management, middle office and regulatory reporting), two people are involved in general administration and one employee is an apprentice.

During the 2009/2010 financial year, the Group strengthened its regulatory reporting and consolidation teams. Paris Orléans now produces reports to meet Rothschild Concordia SAS's obligations as a financial company.

Since 1 April 2002, when the Company agreement on the organisation and reduction of working hours was signed, Paris Orléans' staff work 37 hours a week and are entitled to 12 additional days' leave each year.

Consolidated Group headcount at 31 March 2010

The headcount at the fully consolidated Group level was 2,191 at 31 March 2010 compared with 2,234 at 31 March 2009.

For your information, Rothschild & Cie Banque in Paris employed 642 people at 31 March 2010.

By country	31/03/2010	31/03/2009 (1)
UK	902	903
Switzerland	453	453
Europe	282	280
North America	241	245
Rest of world	269	320
France	44	33
TOTAL	2,191	2,234

(1) Pro forma data including European offices.

By business line	31/03/2010	31/03/2009 (1)
Corporate and investment banking	1,314	1,357
Private banking	486	486
Private equity	44	33
Other	347	358
TOTAL	2,191	2,234

(1) Pro forma data including European offices.

Company payroll [1]

(In thousands of euros)	31/03/2010	31/03/2009
Salaries	4,442.6	4,007.3
Employee-related charges	3,910.7	3,110.0
TOTAL	8,353.3	7,117.3

[1] Paris Orléans.

An employee incentive agreement came into effect on 30 June 2009. It aims to give all Paris Orléans employees with at least three months' seniority a vested interest in the Company's performance. It is an extension of the agreement entered into on 17 September 2007, which was cancelled and replaced to take account of developments within Paris Orléans.

The overall incentive payment consists of two components respectively based on two of Paris Orléans' performance indicators: growth in the portfolio's value and control of operating expenses. The incentive calculation excludes the Group's banking activities.

The incentive payment is pro rated to the gross salary of each beneficiary during the year under review. It does not replace any other forms of compensation that are currently paid by the Company or that could become compulsory as a result of legal or contractual stipulations.

The total incentive payment has been capped at 7.5% of the combined gross salary paid to all beneficiaries during the year for which this payment is calculated. The gross salaries used for the calculation are gross taxable amounts as stated on the *Déclarations Annuelles de Données Sociales* (DADS) – employers' annual declarations of payroll data in France.

The incentive bonus is paid in a single instalment no later than the last day of the seventh month following the financial year-end.

There is no profit-sharing agreement in effect within Paris Orléans.

Health and safety

Due to its activities as a holding company and proprietary investment company, the likelihood of a serious accident on Paris Orléans' premises is very low and the accident rate is virtually zero.

For these reasons, Paris Orléans has not introduced a formal health and safety policy, but is nonetheless dedicated to providing all its employees with the best possible working conditions.

The risk of work-related illnesses cannot, however, be ruled out and must be taken into consideration.

Professional training and skills development

Paris Orléans aims to provide all its employees with regular access to a full range of training courses that meet their individual requirements and learning needs, while fully addressing the Company's business requirements.

During the 2009/2010 financial year, 48% of Paris Orléans employees received training, representing 156.5 hours.

Environmental information

As a holding company and proprietary investment company, Paris Orléans is not involved in any industrial activities that have an impact on the environment.

When examining potential investment opportunities, however, Paris Orléans' investment team also considers the social and environmental implications, in addition to any economic and financial analysis. The Group as a whole remains committed to preventing all types of risk, including reputation risk. Accordingly, by taking account of environmental issues, Paris Orléans helps reduce this type of risk.

Research and development activity within the Company

As a holding company, Paris Orléans has no specific research and development activity.

Significant events since the close of the financial year

No significant event that could have a material impact on the Company's activities occurred between 31 March 2010 and the date of this report.

Foreseeable developments and future prospects

In the current economic environment, which albeit more encouraging than last year remains difficult, Paris Orléans can continue to rely on the Group's ability to react quickly and on the diversification of its activities in terms of both business lines and geographic positioning.

The Group's banking activities should therefore continue to develop internationally, benefiting from the still-favourable environment for financing advisory services including, in particular, advice on debt restructuring, and to profit from the gradual resumption of merger and acquisition activity. In addition, FAPI, the Group's first third-party fund, has received commitments totalling €583 million and in June 2010 made its first equity and mezzanine debt investment in Go Voyages, alongside AXA Private Equity.

Since the beginning of the current financial year, Paris Orléans has been reviewing a larger number of investment opportunities compared with 2009, which is a sign of a recovery, although the Group still adheres strictly to a rigorous selection process.

Accordingly, only around €10 million has been invested to date, in two new transactions and to strengthen the financial position of certain portfolio companies. In the same period, Paris Orléans has received more than €12 million in early repayments of mezzanine debt and from the full or partial disposal of certain investments. Other investment opportunities and disposals of existing holdings are expected in the coming months.

Accounts payable policy

The Company's settlement periods for its accounts payable comply with Article 21 of the French Economic Modernisation Act No. 2008-776 of 4 August 2008, amending Article L. 441 of the French Commercial Code. Accounts payable are settled within 30 days of receiving the invoice, unless otherwise arranged as part of a sales agreement or pursuant to a dispute.

(In thousands of euros)	Gross	Amounts due	Amounts not yet due		
			Due within 30 days	Due in 31 to 60 days	Due in more than 60 days
Accounts payable	581.6	195.6	386.0		
Accounts payable – invoices not yet received	777.0				
Total accounts payable	1,358.6	195.6	386.0		

Information published or disclosed by the Company during the past twelve months

In accordance with Article L. 451-1-1 of the French Monetary and Financial Code and with Article 222-7 of the AMF General Regulations, a document listing all the information published or made public in the European Economic Area or a third country during the previous twelve months can be consulted free of charge at the Company's registered offices or on its website at www.paris-orleans.com.

Corporate governance

Organisation and operation of the Supervisory and Executive Boards

For further information on the conditions for the preparation and organisation of the Supervisory Board's work, please see pages 68 and following of this report and pages 71 and following in the Chairman of the Supervisory Board's report on corporate governance and internal control.

List of directorships and positions

In compliance with the provisions of Article L. 225-102-1, Paragraph 4, a list of all directorships and positions held in other companies by each of the directors and officers of the company is presented below:

Members of the Supervisory Board

Eric de Rothschild

Chairman of the Supervisory Board
Last appointed: 25 September 2007
Expiry date: 2010 [1]
Date of birth: 3 October 1940
Number of Paris Orléans shares held: 10

Other positions and main directorships held

- **Chairman of:**
  - Rothschild Holding AG (Switzerland)
  - Rothschild Bank AG (Switzerland)
  - Rothschild Asset Management Holding AG (Switzerland)
- **Managing Director of:**
  - Continuation Investments NV (Netherlands)
- **General Manager and Director of:**
  - Rothschild Concordia SAS
- **Managing Partner of:**
  - Béro SCA
- **Permanent representative of Béro SCA, Managing Director of:**
  - Château Lafite Rothschild SC
  - Château Duhart-Milon SC
  - La Viticole de Participation SCA
- **Permanent representative of Béro SCA, Chairman of:**
  - Société du Château Rieussec SAS
- **Director of:**
  - Baronne et Barons Associés SAS
  - Christie's France SA
  - DBR USA (United States)
  - NM Rothschild & Sons Ltd (United Kingdom)
  - Rothschild North America Inc. (United States)
  - Rothschilds Continuation Holdings AG (Switzerland)
  - Rothschild Concordia AG (Switzerland)
  - Los Vascos (Chile)
- **Supervisory Board member of:**
  - Newstone Courtage SA
  - Siaci Saint-Honoré SA
- **Deputy Chairman of:**
  - Group Management Committee of Rothschilds Continuation Holdings AG
- **Member of:**
  - Remuneration and Nomination Committee of Rothschilds Continuation Holdings AG

Positions held over the last 5 years

- **Chairman of the Board of Directors of:**
  - Courcelles Participations SAS
- **Managing Partner of:**
  - Financière-Rabelais SCA
- **Managing Director of:**
  - Rothschild Conservation SC
- **Supervisory Board member of:**
  - Assurances & Conseils Saint-Honoré SA
  - Siaci SA
- **Director of:**
  - Fédération Continentale SA
  - Sociedade Agricola Quinta do Carmo (Portugal)

André Lévy-Lang

Vice-Chairman of the Supervisory Board and member of the Audit Committee
Last appointed: 25 September 2007
Expiry date: 2010 [1]
Date of birth: 26 November 1937
Number of Paris Orléans shares held: 4,000

Other positions and main directorships held

- **Chairman of the Supervisory Board of:**
  - Les Échos SAS
- **Chairman of:**
  - La Fondation du Risque (Association)
- **Vice-Chairman of:**
  - Institut Europlace de Finance (Association)

[1] Renewal of mandate to be proposed at the General Meeting on 27 September 2010.

- Director of:
  - Scor SA
  - Hôpital Américain de Paris (Association)
  - Institut des Hautes Études Scientifiques (Association)
  - Institut Français des Relations Internationales (Association)

Positions held over the last 5 years

- Director of:
  - AGF SA
  - Dexia SA (Belgium)
  - Institut Louis Bachelier (Association)
  - Schlumberger Ltd (Curaçao)

Martin Bouygues

Supervisory Board member
Last appointed: 7 December 2007
Expiry date: 2010 (1)
Date of birth: 3 May 1952
Number of Paris Orléans shares held: 5,000

Other positions and main directorships held

- Chairman and Chief Executive Officer of:
  - Bouygues SA
- Chairman of:
  - SCDM SAS
- Director of:
  - TF1 SA
- Permanent representative of SCDM SAS, Chairman of:
  - SCDM INVEST 3 SAS
  - SCDM Participations SAS

Positions held over the last 5 years

- Director of:
  - HSBC France SA
  - CIE SA (Ivory Coast)
  - SODECI (Ivory Coast)
- Permanent representative of SCDM SAS, Chairman of:
  - Investaq Énergie
  - SCDM INVEST-1

Claude Chouraqui

Supervisory Board member
Last appointed: 25 September 2007
Expiry date: 2010 (1)
Date of birth: 12 February 1937
Number of Paris Orléans shares held: 100

Other positions and main directorships held

- Chairman of the Supervisory Board of:
  - Siaci Saint-Honoré SA
  - Newstone Courtage SA
- Director of:
  - ART (Assurances et Réassurances Techniques) SAS

Positions held over the last 5 years

- Chairman of the Supervisory Board of:
  - Siaci SA
  - Assurances & Conseils Saint-Honoré SA
- Chairman of:
  - French American Risk Advisors - FARA Inc. (United States)
- Director of:
  - Courcelles Participations SAS
  - Jardine Lloyd Thompson Group plc (United Kingdom)

Russell Edey

Supervisory Board member
Last appointed: 25 September 2007
Expiry date: 2010 (1)
Date of birth: 2 August 1942
Number of Paris Orléans shares held: 100

Other positions and main directorships held

- Chairman of: :
  - Anglogold Ashanti Ltd (South Africa)
- Deputy Chairman of:
  - NM Rothschild Corporate Finance Ltd (United Kingdom)
- Director of:
  - NM Rothschild & Sons South Africa Pty Ltd (South Africa)
  - NM Rothschild China Holding AG (Switzerland)
  - Rothschild Australia Ltd (Australia)
  - Rothschilds Continuation Ltd (United Kingdom)
  - Shield MBCA Ltd (United Kingdom)
  - Shield Trust Ltd (United Kingdom)
  - Southern Arrows (Pty) Ltd (South Africa)
- Non-executive Director of:
  - Old Mutual plc (United Kingdom)

Positions held over the last 5 years

- Chairman of:
  - NM Rothschild & Sons (Hong Kong) Pty Ltd (China)
- Deputy Chairman of:
  - NM Rothschild Australia Holdings Pty Ltd (Australia)
- Director of:
  - NM Rothschild & Sons (Singapore) Ltd (Singapore)
  - NM Rothschild & Sons (Australia) Ltd
  - NM Rothschild & Sons (Washington) LLC (United States)
  - RNR Holdings Inc. (United States)

Christian de Labriffe

Supervisory Board member and Chairman of the Audit Committee
Last appointed: 25 September 2007
Expiry date: 2010 (1)
Date of birth: 13 March 1947
Number of Paris Orléans shares held: 300

Other positions and main directorships held

- General Partner of:
  - Rothschild & Cie Banque SCS
  - Rothschild & Cie SCS

(1) Renewal of mandate to be proposed at the General Meeting on 27 September 2010.

- **Chairman of:**
  - Transaction R SAS
  - Financière-Rabelais SAS
- **Chairman of the Board of Directors of:**
  - Montaigne-Rabelais SAS
- **Director of:**
  - Christian Dior SA
  - Christian Dior Couture SA
- **Supervisory Board member of:**
  - Groupe Beneteau SA
- **Member of:**
  - Group Risk Committee
  - Compliance & Risk Committee and Internal Audit Committee of Rothschild & Cie Banque SCS

Positions held over the last 5 years

- **Director of:**
  - Nexity France SA
  - Rothschild Conseil International SA
- **Supervisory Board member of:**
  - Financière-Rabelais SCA

Philippe de Nicolay

Supervisory Board member
Last appointed: 7 December 2007
Expiry date: 2010 [1]
Date of birth: 1 August 1955
Number of Paris Orléans shares held: 100

Other positions and main directorships held

- **Chairman of the Supervisory Board of:**
  - Rothschild & Cie Gestion SCS
- **Chairman of:**
  - Rothschild Japan KK (Japan) until 1 April 2010
  - Wichford plc (Isle of Man)
- **Managing Partner of:**
  - Rothschild & Cie Banque SCS until 25 March 2010
  - Rothschild Gestion Partenaires SNC until 23 March 2010
- **Director of:**
  - Elan R SICAV
  - Blackpoint Management (Guernsey)
  - Rothschild Bank AG (Switzerland)
  - Rothschild Holding AG (Switzerland)
  - Rothschild Japan KK (Japan)
- **Supervisory Board member of:**
  - Les Domaines Barons de Rothschild (Lafite) SCA
- **Managing Director of:**
  - Hunico SC
  - Polo & Co SARL

Positions held over the last 5 years

- **Director of:**
  - Wichford plc (Isle of Man)
  - Financière de Reux SAS
- **Supervisory Board member of:**
  - Financière-Rabelais SCA

- **Managing Director of:**
  - Golf Talent Agency SARL

Robert de Rothschild

Supervisory Board member
Last appointed: 25 September 2007
Expiry date: 2010 [1]
Date of birth: 14 April 1947
Number of Paris Orléans shares held: 100

Other positions and main directorships held

- **Director of:**
  - Rothschild Concordia SAS

Philippe Sereys

Supervisory Board member and member of the Audit Committee
Last appointed: 25 September 2007
Expiry date: 2010 [1]
Date of birth: 28 May 1963
Number of Paris Orléans shares held: 100

Other positions and main directorships held

- **Supervisory Board member and Vice-Chairman of:**
  - Baron Philippe de Rothschild SA
- **Supervisory Board member of:**
  - GT Finances SA
- **Managing Director of:**
  - Baronne Philippine de Rothschild GFA

Positions held over the last 5 years

- **Executive Board member of:**
  - NEM Partners SA
- **Supervisory Board member of:**
  - PC30 SA
- **Permanent representative of NEM Partners on behalf of NACS to the Board of:**
  - Micropole Univers SA

Rothschild & Cie Banque SCS

Registered office: 29, avenue de Messine 75008 Paris
Supervisory Board member
Last appointed: 25 September 2007
Expiry date: 2010 [1]
Number of Paris Orléans shares held: 100

Other positions and main directorships held

- **Chairman of:**
  - Bastia-Rabelais SAS
- **Chairman and member of the Board of Directors of:**
  - Montaigne-Rabelais SAS

Positions held over the last 5 years

None

(1) Renewal of mandate to be proposed at the General Meeting on 27 September 2010.

Name of the permanent representative of Rothschild & Cie Banque

Marc-Olivier Laurent

Last appointed: 7 December 2007
Date of birth: 4 March 1952

Other positions and main directorships held

- **Chairman of:**
  - Five Arrows Managers SAS
- **Managing Partner of:**
  - Rothschild & Cie Banque SCS
- **Director of:**
  - Caravelle
  - NM Rothschild & Sons (Singapore) Ltd (Singapore)
  - NM Rothschild & Sons (Hong Kong) Ltd (Hong Kong)
  - Rothschild Asia Holdings Ltd (Hong Kong)
- **Supervisory Board member of:**
  - Manutan SA
  - Paprec SAS
  - Foncière Inea SA (formerly Inea SA)
- **Member and Chairman of the Supervisory Board of:**
  - R Capital Management SAS
- **Member of the Audit Committee of:**
  - Manutan SA

Positions held over the last 5 years

- **Member of the Remuneration Committee of:**
  - Nord Est

Michel Cicurel

Non-voting member
Last appointed: 29 September 2009
Expiry date: 2011
Date of birth: 5 September 1947

Other positions and main directorships held

- **Chairman of the Executive Board of:**
  - La Compagnie Financière Edmond de Rothschild SA
  - La Compagnie Financière Saint-Honoré SA
- **Chairman of the Board of Directors of:**
  - ERS SA
  - Edmond de Rothschild SGR SpA (Italy)
  - Edmond de Rothschild SIM SpA (Italy)
- **Chairman of the Supervisory Board of:**
  - Edmond de Rothschild Multi Management SAS until 3 July 2009
  - Edmond de Rothschild Corporate Finance SAS since 10 November 2009
- **Vice-Chairman of the Supervisory Board of:**
  - Edmond de Rothschild Private Equity Partners SAS
- **Director of:**
  - Banque Privée Edmond de Rothschild SA (Switzerland)
  - Edmond de Rothschild Ltd (United Kingdom)
  - LCF Holding Benjamin et Edmond de Rothschild (Switzerland) until 26 November 2009
  - Bouygues Telecom SA
  - La Société Générale SA
- **Supervisory Board member of:**
  - Publicis SA
  - Siaci Saint-Honoré SA
  - Newstone Courtage SA
- **Permanent representative of La Compagnie Financière Edmond de Rothschild Banque, Chairman of the Supervisory Board of:**
  - Edmond de Rothschild Asset Management SAS since 25 May 2009
- **Permanent representative of La Compagnie Financière Edmond de Rothschild Banque of:**
  - Edmond de Rothschild Financial Services SA (now EDRIM Solutions) until 27 April 2009
  - Equity Vision SA until 27 April 2009
- **Permanent representative of La Compagnie Financière Saint-Honoré of:**
  - Cogifrance SA

Jean-Philippe Thierry

Non-voting member until 18 March 2010
Last appointed: 25 September 2007
Date of birth: 16 October 1948

Other positions and main directorships held

- **Executive Board member of:**
  - Allianz SE (Germany) until 31 December 2009
- **Chairman of the Board of Directors, General Manager of:**
  - AGF SA until 2009
  - Tocqueville Finance SA until 2009
- **Director of:**
  - Atos Origin
  - Rothschild Concordia SAS until 19 March 2010
- **Chairman of the Supervisory Board of:**
  - Euler Hermès SA until 2009
  - Mondial Assistance AG (Switzerland) until 2009
- **Director of:**
  - Allianz Holding France SAS until 2009
  - Tocqueville Finance Holding SAS until 2009
  - Société Financière Foncière et de Participations (FFP) until 2009
  - PPR
  - AGF International until 2009

(1) Renewal of mandate to be proposed at the General Meeting on 27 September 2010.

Executive Board members

Sylvain Héfès

Chairman of the Executive Board
Last appointed: 29 March 2008
Expiry date: 2010 (2)
Date of birth: 28 March 1952

Other positions and main directorships held

- **Senior advisor of:**
  - NM Rothschild & Sons Ltd (United Kingdom)
- **Chairman of:**
  - Remuneration and Nomination Committee of Rothschilds Continuation Holdings AG
  - Francarep Inc. (United States)
- **Director of:**
  - Five Arrows Capital Ltd (British Virgin Islands)
  - NYSE Euronext Inc. (United States)
  - Rothschild Concordia SAS
  - Rothschilds Continuation Holdings AG (Switzerland)
  - Rothschild Europe BV (Netherlands)
  - Rothschild Bank AG (Switzerland)
- **Member of the Advisory Committee of:**
  - Five Arrows Managers SAS
  - General Atlantic LLC (United States)
- **Member of:**
  - Group Risk Committee
  - Investment Committee of Five Arrows Principal Investments

David de Rothschild

Executive Board member
Last appointed: 29 September 2008
Expiry date: 2010 (2)
Date of birth: 15 December 1942

Other positions and main directorships held

- **Chairman and Director of:**
  - Rothschild Concordia SAS
- **Statutory Managing Partner of:**
  - Rothschild & Cie Banque SCS
  - Rothschild & Cie SCS
- **Managing Partner of:**
  - Rothschild Gestion Partenaires SNC
- **Chairman of:**
  - NM Rothschild & Sons Ltd (United Kingdom)
  - Rothschilds Continuation Holdings AG (Switzerland) - non executive since 1 March 2010
  - Rothschild North America (United States)
  - Financière de Reux SAS
  - Financière de Tournon SAS
  - SCS Holding SAS
- **Vice-Chairman of:**
  - Rothschild Bank AG (Switzerland)
- **Managing Director of:**
  - Rothschild Europe BV (Netherlands)
- **Director of:**
  - Casino, Guichard-Perrachon SA
  - La Compagnie Financière Martin-Maurel SA
  - Continuation Investments NV (Netherlands)
  - De Beers SA (Luxembourg)
  - Rothschild Asia Holdings Ltd (Hong-Kong)
  - Rothschild Concordia AG (Switzerland)
  - Rothschild Holding AG (Switzerland)
- **Supervisory Board member of:**
  - Compagnie Financière Saint-Honoré SA
  - Euris SAS
- **Chairman of:**
  - Group Risk Committee
  - Group Management Committee of Rothschilds Continuation Holdings
- **Member of:**
  - Internal Audit Committee of Rothschild & Cie Banque SCS
  - Remuneration and Nomination Committee of Rothschilds Continuation Holdings AG

Georges Babinet

Executive Board member and General Manager until 30 June 2009
Last appointed: 29 September 2008
Date of birth: 11 March 1947

Other positions and main directorships held

- **Supervisory Board member of:**
  - Les Domaines Barons de Rothschild (Lafite) SCA
  - Newstone Courtage SA
  - Siaci Saint-Honoré SA
- **Director of:**
  - Five Arrows Capital AG (Switzerland) until 25 September 2009
- **Chairman of:**
  - K Développement SAS until 30 September 2009
- **Legal representative of K Développement SAS, Chairman of the Board of Directors of:**
  - Chaptal Investissements SAS until 30 September 2009
- **Legal representative of K Développement SAS until 30 September 2009, Chairman of:**
  - Alexanderplatz Investissement SAS
  - Clarifilter SAS
  - Franinvest SAS
  - HI Trois SAS
  - Manufaktura SAS
  - Narcisse Investissements SAS
  - PO Capinvest 1 SAS
  - PO Capinvest 2 SAS
  - PO Capinvest 3 SAS
  - PO Fonds SAS
  - PO Mezzanine SAS
  - SPCA Deux SAS
  - Verseau SAS

(2) Renewal of mandate to be proposed to the Supervisory Board following the General Meeting on 27 September 2010.

- **Chairman of:**
  - Francarep Inc. (United States) until 1 October 2009
- **Permanent representative of Paris Orléans SA on the Board of:**
  - Total E & P Cameroun (Cameroon)

Michele Mezzarobba

Executive Board member
Last appointed: 29 September 2008
Expiry date: 2010 (2)
Date of birth: 25 September 1967

Other positions and main directorships held

- **Chairman of:**
  - Concordia BV (Netherlands)
  - K Développement SAS since 1 October 2009
  - Messine Managers Investissements SAS
  - Paris Orléans Holding Bancaire SAS
  - Ponthieu Ventures SAS
- **Chairman and Director of:**
  - Francarep Inc. (United States) since 1 October 2009
- **Director of:**
  - Chaptal Investissements SAS
  - Concordia BV (Netherlands)
  - Five Arrows Capital AG (Switzerland) since 1 October 2009
  - FIN PO SA (Luxembourg)
  - PO Invest 1 SA (Luxembourg)
  - PO Invest 2 SA (Luxembourg)
  - PO Investimmo (Luxembourg)
  - PO Participations SARL (Luxembourg)
  - PO Titrisation SARL (Luxembourg)
  - Rothschild Europe BV (Netherlands)
- **Managing Director of:**
  - Centrum Orchidée SARL (Luxembourg)
  - Centrum Jonquille SARL (Luxembourg)
  - Centrum Narcisse SARL (Luxembourg)
  - Centrum Iris SARL (Luxembourg)
- **Supervisory Board member of:**
  - EuropaCorp.SA
  - Ubiqus SAS
- **Permanent representative of Paris Orléans SA on the Supervisory Board of:**
  - Santoline SAS
- **Legal representative of K Développement SAS since 1 October 2009, Chairman of:**
  - Alexanderplatz Investissement SAS
  - Clarifilter SAS
  - Franinvest SAS
  - HI Trois SAS
  - Manufaktura SAS
  - Narcisse Investissements SAS
  - PO Capinvest 1 SAS
  - PO Capinvest 2 SAS
  - PO Capinvest 3 SAS
  - PO Fonds SAS
  - PO Mezzanine SAS
  - SPCA Deux SAS
  - Verseau SAS
- **Legal representative of Ponthieu Ventures SAS, Chairman of:**
  - Rivoli Participation SAS
- **Permanent representative of Rivoli Participation SAS on the Board of:**
  - Affiches Parisiennes SA
  - Claude et Goy SA
- **Permanent representative of PO Participation SARL on the Board of:**
  - Five Arrows Managers SARL (Luxembourg)
- **General Manager until 1 October 2009 of:**
  - Alexanderplatz Investissement SAS
  - K Développement SAS
  - Narcisse Investissements SAS
  - PO Capinvest 1 SAS
  - PO Capinvest 2 SAS
  - PO Capinvest 3 SAS
  - PO Fonds SAS
  - PO Mezzanine SAS
- **Managing Director of:**
  - Central Call International SARL

Olivier Pécoux

Executive Board member and General Manager since 30 March 2010
Last appointed: 30 March 2010
Expiry date: 2010 (2)
Date of birth: 9 September 1958

Other positions and main directorships held

- **Managing Partner of:**
  - Rothschild & Cie Banque SCS
  - Rothschild & Cie SCS
- **Director of:**
  - Essilor SA
  - Rothschild Espana (Spain)
  - Rothschild Italia (Italy)
- **Supervisory Board member of:**
  - Rothschild Gmbh (Germany)
- **Co-Head of:**
  - Global Investment Banking Committee of the Rothschild Group
- **Chairman of:**
  - Investment Banking Executive Committee of Rothschild & Cie since 1 March 2010
- **Member of the Strategic Committee of:**
  - Financière Rabelais SAS

(2) Renewal of mandate to be proposed to the Supervisory Board following the General Meeting on 27 September 2010.

Method for appointing members of the Supervisory Board and Executive Board

Members of the Supervisory Board and Executive Board are appointed in accordance with legal requirements and the Company's Articles of Association.

Note that the Chairman of Rothschild Concordia SAS, Paris Orléans' parent company, must obtain the consensus of Rothschild Concordia SAS's Board of Directors before Paris Orléans' Supervisory Board can appoint members of the Executive Board. In addition, Rothschild Concordia SAS must obtain prior authorisation from its Board of Directors before exercising its voting rights at the Ordinary General Meetings of Paris Orléans, which covers the resolutions relating to the appointment of Supervisory Board members.

Compensation of corporate officers

In compliance with the provisions of Article L. 225-102-1 of the French Commercial Code, the total compensation and benefits in kind paid during the last financial year to each corporate officer in office during that year by Paris Orléans, by the companies it controls within the meaning of Article L. 233-16 of the French Commercial Code and by the companies that control the company in which the office is held, are listed below.

In its meeting of 1 December 2008, the Supervisory Board of Paris Orléans discussed its views on the AFEP-MEDEF recommendations of 6 October 2008 regarding the compensation of corporate and executive officers and noted that these recommendations were in line with Paris Orléans corporate governance policy.

Table 1. Compensation paid to each Executive Board member

The Chairman of the Executive Board holds a directorship within NM Rothschild & Sons Limited, where he carries out a range of duties. As a result, his compensation is borne entirely by that company. Similarly, David de Rothschild does not receive any compensation from Paris Orléans. He receives compensation as a corporate officer from NM Rothschild & Sons Limited and Rothschild Holding AG. Their respective compensation packages have been converted at the EUR/GBP and EUR/CHF exchange rates in effect on 31 March 2010 and 31 March 2009.

The compensation paid by Paris Orléans to other Executive Board members includes a variable portion that is determined by the Chairman of the Executive Board based on the Group's performance and that of each of the Board members.

To date, no bonus shares or share subscription options have been granted to corporate and executive officers of Paris Orléans, nor do they receive performance shares. Accordingly, for the sake of simplicity, information regarding their compensation is not presented using the table layout described in the relevant AMF recommendation dated 22 December 2008.

The tables below summarise the compensation paid to each Executive Board member during the financial year under review and the previous year.

Sylvain Héfès – Chairman of the Executive Board

(In thousands of euros)	FY 2009/2010 Amounts paid	FY 2008/2009 Amounts paid
Fixed compensation	168.4	161.8
Variable compensation (1)	420.9	426.6
Extraordinary compensation	-	-
Attendance fees	-	-
Benefits in kind (2)	1.9	1.6
TOTAL	591.2	590.0

(1) The variable compensation due in respect of a given year is paid in the same year.
(2) Health insurance.

David de Rothschild – Executive Board Member

(In thousands of euros)	FY 2009/2010 Amounts paid	FY 2008/2009 Amounts paid
Fixed compensation (1)	371.8	356.8
Variable compensation	-	-
Extraordinary compensation	-	-
Attendance fees	6.2	7.5
Benefits in kind	-	-
TOTAL	378.0	364.3

(1) Compensation for duties as corporate officer of NM Rothschild & Sons Limited and Rothschild Holding AG.

Michele Mezzarobba – Chief Financial Officer – Executive Board member

(In thousands of euros)	FY 2009/2010 Amounts paid	FY 2008/2009 Amounts paid
Fixed compensation	250.0	250.0
Variable compensation [1]	325,0	267,0
Extraordinary compensation	-	-
Attendance fees	37.5	-
Benefits in kind [2]	6.0	4.2
TOTAL	618.5	521.2

[1] The variable compensation due in respect of a given year is paid in the same year.
[2] Company car.

Olivier Pécoux – Chief Executive Officer appointed 30 March 2010

Due to the date of his appointment, information regarding the compensation, attendance fees or benefits in kind received by Olivier Pécoux during the 2009/2010 financial year is not disclosed.

Georges Babinet – Chief Executive Officer and Executive Board member up to 30 June 2009

(In thousands of euros)	FY 2009/2010 Amounts paid	FY 2008/2009 Amounts paid
Fixed compensation [1]	176.2	300.0
Variable compensation [2]	-	400.0
Extraordinary compensation	-	-
Attendance fees	-	-
Benefits in kind [3]	3.2	4.2
TOTAL	179.4	704.2

[1] €69,461.65 in fixed compensation was paid to Georges Babinet following the termination of his directorship, in accordance with his employment contract and for the period from 1 July 2009 to 30 September 2009 (the termination date of his employment contract).
[2] The variable compensation due in respect of a given year is paid in the same year. No variable portion was paid to Georges Babinet during the 2009/2010 financial year due to the termination during the year of his employment contract and of his office as Executive Board member and Chief Executive Officer.
[3] Company car.

Table 2. Attendance fees and other compensation paid to Supervisory Board members

Supervisory Board members	FY 2009/2010 Amounts paid in thousands of euros		FY 2008/2009 Amounts paid in thousands of euros	
	Attendance fees [1]	Other compensation	Attendance fees [1]	Other compensation
Eric de Rothschild	8.9	Benefits in kind: 6.4	7.5	Benefits in kind: 6.4
André Lévy-Lang [5]	12.0	-	10.8	-
Claude Chouraqui	8.9	-	6.1	-
Russell Edey [2], [3] and [4]	6.2	Fixed: - Variable: - Benefits in kind: 0.2	7.5	Fixed: 95.0 Variable: 706.7 Benefits in kind: 1.1
Christian de Labriffe [5]	12.0	-	12.0	-
Robert de Rothschild [3] and [4]	2.2	Fixed: 22.2	4.8	Fixed: 22.6
Philippe Sereys [5]	12.0	-	12.0	-
Martin Bouygues	7.5	-	3.8	-
Philippe de Nicolay	8.9	-	5.1	-
Marc-Olivier Laurent for Rothschild & Cie Banque [3]	6.2	700,0	3.8	-
Jean-Philippe Thierry (Non-voting member) [6]	3.5	-	3.4	-
Michel Cicurel (Non-voting member)	7.5	-	3.4	-

[1] Attendance fees received as a member of the Paris Orléans Supervisory Board.
[2] Russell Edey also received €112.2 thousands attendance fees from associated companies at 31 March 2010.
[3] Other compensation received from associated companies.
[4] Compensation converted at the EUR/GBP, EUR/USD or EUR/CHF exchange rates in effect on 31 March 2010 and 31 March 2009.
[5] Attendance fees received as a member of the Paris Orléans Supervisory Board and member of the Audit Committee.
[6] Termination of office on 18 March 2010.

Table 3. Other information required in accordance with AFEP-MEDEF recommendations

Executive Board members	Employment contract	Supplementary pension scheme	Compensation or benefits due or that could become due in the event of termination of office or change of function	Compensation in respect of non-competition clause
Syvain Héfès				
• Chairman of the Executive Board • Date of appointment: 2008 • Term of appointment ends: 2010	No	No	No	No
David de Rothschild				
• Executive Board member • Date of appointment: 2008 • Term of appointment ends: 2010	No	No	NA	NA
Michele Mezzarobba				
• Chief Financial Officer • Executive Board member in charge of private equity activities • Date of appointment: 2008 • Term of appointment ends: 2010	Yes	Yes (art. 83)	No	No
Olivier Pécoux				
• Chief Executive Officer • Date of appointment: 30 March 2010 • Term of appointment ends: 2010	No	No	No	No
Georges Babinet [(1)]				
• Chief Executive Officer • Date of appointment: 2008 • Term of appointment ended: 30 June 2009	Yes	Yes (art. 39)	No	No

[(1)] Georges Babinet's appointment as Executive Board member and Chief Executive Officer was terminated before the close of the 2009/2010 financial year. Georges Babinet's employment contract dated back to 1980, when he was employed by Francarep, a company absorbed by Paris Orléans in 2004. His employment contract terminated on 30 September 2009 , giving rise to contractual compensation of €1.02 million, which was determined in accordance with the provisions of the collective labour agreement for financial companies which is applicable to him.

No commitment falling within the scope of Article L. 225-90-1 of the French Commercial Code and corresponding to an item of compensation, indemnification or benefits due or likely to become due as the result of termination or change in the functions of an Executive Board member, or subsequent to such events, was entered into in the 2009/2010 financial year.

One member of the Paris Orléans Executive Board, whose office was terminated during the year, was covered, in the same way as other management staff, by a defined benefit retirement scheme (art. 39) designed to provide an annual supplementary pension equal to 20% of the average gross salary received over the past three full years of activity within the Company.

There were no off-balance sheet commitments relating to this scheme at 31 March 2010.

For Executive Board members with a company car, the amount given under benefits in kind in Table 1 above relates solely to the use of the company car.

In addition, Paris Orléans' Executive Board members benefit from managers' civil liability insurance designed to cover the financial consequences of any civil liability they could incur during their office within Paris Orléans. This insurance also covers the differences in cover limits and policy conditions of similar insurance policies subscribed within the Rothschilds Continuation Holdings sub-group.

Chairman of the supervisory board's report
on the composition, the conditions under which the board's work is prepared and organised and on internal control and risk management procedures

In accordance with the provisions of Article L. 225-68 of the French Commercial Code (*Code de Commerce*), this report presents the composition of the Board and the conditions under which its work is prepared and organised and describes the internal control and risk management procedures implemented by the Group.

This report has been prepared based on interviews and meetings with members of Paris Orléans' Executive Board, managers of the various operating and functional departments and with the different parties involved in internal control.

The report relating to the 2009/2010 financial year differs from the previous year's report in that it takes into account the Group internal control and risk measurement and management system implemented at the level of the entire banking group. This system is organised at the level of Rothschild Concordia SAS, Paris Orléans' parent company, a financial company supervised by the French bank supervisory authority (*Autorité de Contrôle Prudentiel*). This system, in force since 2009, involves the main internal control functions at Rothschilds Continuation Holdings AG ("RCH"), Rothschild & Cie Banque ("RCB") and Paris Orléans.

In this report:
- the "Company" refers to Paris Orléans;
- the "Paris Orléans group" refers to Paris Orléans and its direct and indirect private equity subsidiaries;
- the "Group" refers to Rothschild Concordia SAS and its fully consolidated direct and indirect subsidiaries, including Paris Orléans, Concordia BV and RCH, as well as RCB, which is accounted for by the equity method at accounting level but is fully consolidated in the Group's statutory financial statements.

Section 1 – Composition of the Supervisory Board and conditions under which its work is prepared and organised, corporate governance, terms and conditions of attendance at General Meetings and information required pursuant to Article L. 225-100-3 of the French Commercial Code

1.1. Composition of the Supervisory Board and conditions under which its work is prepared and organised

Since 2004, Paris Orléans has opted for a new administration and management structure governed by an Executive Board and a Supervisory Board, as provided for in Articles L. 225-57 to L. 225-93 of the French Commercial Code.

1. Presentation of the Supervisory Board

Composition

Paris Orléans' Supervisory Board is composed of ten members: Messrs Éric de Rothschild (Chairman), André Lévy-Lang (Vice-Chairman), Martin Bouygues, Claude Chouraqui, Russell Edey, Christian de Labriffe, Philippe de Nicolay, Robert de Rothschild, Philippe Sereys and Rothschild & Cie Banque represented by Marc-Olivier Laurent.

Under the Company's Articles of Association, the term of office of Supervisory Board members is three years. Each Board member must own at least ten shares in the Company.

In addition, the General Meeting of Shareholders may appoint one or more non-voting members (*censeurs*) from among the shareholders or externally. The Supervisory Board may also appoint non-voting members subject to ratification by the next General Meeting of Shareholders. Non-voting members are appointed for a term of three years. They are responsible for ensuring strict application of the Company's Articles of Association and attend Board meetings and participate in deliberations in a consultative capacity.

The Board comprised two non-voting members in 2009/2010: Messrs Michel Cicurel and Jean-Philippe Thierry. Jean-Philippe Thierry resigned his office with effect from 18 March 2010 after taking up a position with the French bank supervisory authority, *Autorité de Contrôle Prudentiel.*

Powers of the Supervisory Board

The Supervisory Board exercises permanent control over the Company's management through the Executive Board. It is responsible for authorising the Executive Board to carry out transactions that it may not, in accordance with the law and the Company's Articles of Association, carry out without the Supervisory Board's authorisation.

The Supervisory Board carries out all the checks and controls it deems appropriate and may request any documents it considers necessary for completing its duties. It may give specific assignments to one or more of its members in one or more specific areas.

The Executive Board reports to the Supervisory Board's Chairman on a monthly basis on the Company's equity interests, cash, transactions carried out and its level of debt, if any.

As required by the Articles of Association and by law, at least once a quarter the Executive Board reports to the Supervisory Board on the Company's activities.

Once the Company and consolidated financial statements have been approved by the Executive Board, the Supervisory Board carries out the checks and controls it considers necessary, reviews the management Report of the Executive Board and draws up the observations it will present to the Annual General Meeting of Shareholders.

Organisation and operation

The Supervisory Board's organisation and operating procedures are established by law and the Company's Articles of Association. The Supervisory Board's internal rules were adopted in 2006 and describe its organisation and operating principles. The latest amendment (30 June 2009) takes into account the new requirements pursuant to Order No 2008-1278 of 8 December 2008 relating to the statutory audit of financial statements and the legal framework for audit committees.

The Supervisory Board may create committees within its organisation and determine their composition and duties.

2. Review of the Supervisory Board's activity in 2009/2010

The Supervisory Board met four times in 2009/2010 with an average attendance rate of 95%. Prior to each Board meeting, all the members systematically receive a file containing a detailed description of the items on the agenda.

The meetings held in 2009/2010 dealt mainly with the following:
- forecast management accounts;
- the Executive Board's quarterly reports on the Company's activity (private equity business) and those of the banking group's subsidiaries;
- draft financial releases;
- the consolidated and Company financial statements for the periods ended 31 March 2009 and 30 September 2009 and the Statutory Auditors' reports;
- the Executive Board's Management Report (including the report on the Group's activity) and the resolutions proposed by the Executive Board to the General Meeting of 29 September 2009;
- the Chairman of the Supervisory Board's report, prepared in accordance with Article L. 225-68 of the French Commercial Code, for the 2008/2009 financial year;
- annotated budget proposals;
- regulated agreements within the meaning of Articles L. 225-86 and L. 225-87 of the French Commercial Code;
- outcome of the option to choose between payment of the 2008/2009 dividend in cash or in shares;
- prior authorisation of the usual asset and liability guarantees requested in the normal course of business by the purchaser of a holding in the portfolio with a view to its sale;
- approval of attendance fees in respect of 2009/2010;
- governance (appointment of a new Executive Board member and Managing Director);
- annual self-assessment as recommended by the AFEP-MEDEF Code of Corporate Governance.

The Board also took note of the main information contained in the internal control reports submitted to the *Autorité de Contrôle Prudentiel* by Rothschild Concordia SAS in respect of 2009, in application of Articles 42 (internal control) and 43 (risk measurement and monitoring) of Regulation 97-02 of 21 February 1997 relating to internal control in credit institutions and investment undertakings.

3. Assessment of the Board's organisation and working methods

On 29 June 2010, the Supervisory Board performed the annual self-assessment recommended by the AFEP-MEDEF Code of Corporate Governance, which is designed to:
- review the Board's operating methods;
- check that important issues are properly prepared and discussed; and
- measure each member's and non-voting member's contribution to the Board's work in the light of his or her competencies and involvement.

The Supervisory Board members did not identify any specific problems and considered that:
- the information provided to them before each meeting was complete and accurate;
- the frequency of meeting was appropriate to the pace of activity; and
- the high attendance rate at each meeting demonstrated the members' interest and involvement in the proper functioning of the Company.

4. Specialised Committees – Audit Committee

The Supervisory Board is supported by an Audit Committee created in 2004 when it decided to adopt the 23 October 2003 AFEP-MEDEF recommendations.

Composition

The Supervisory Board determines the composition of the Audit Committee, which may only be composed of Supervisory Board members and cannot include any member with management functions.

At 31 March 2010, the Audit Committee was composed of three members:
- Christian de Labriffe (Chairman);
- André Lévy-Lang (independent member); and
- Philippe Sereys (independent member).

All three members have the necessary financial and accounting skills as testified to by their respective experience in various industrial and financial companies.

Audit Committee – Responsibilities, resources and scope

In accordance with the AFEP-MEDEF recommendations of 23 October 2003 and with the provisions of Order No. 2008-1278 of 8 December 2008 transposing 8th directive 2006/43/EC of 17 May 2006 relating to the statutory audits of accounts and establishing the legal framework for audit committees, the Audit Committee is responsible for monitoring all issues relating to the preparation and control of financial and accounting data.

In particular, it is responsible for monitoring:
- the preparation of financial information;
- the effectiveness of the internal control and risk management systems;
- the statutory audit of the Company and consolidated accounts by the Statutory Auditors and
- the independence and the objectiveness of the Statutory Auditors.

The Audit Committee examines the annual and half-yearly company and consolidated financial statements before these are presented to the Supervisory Board. Any event that could give rise to a significant risk for the Company is referred to the Audit Committee by the Executive Board and the Statutory Auditors.

In accordance with the Supervisory Board's internal rules, the Audit Committee can draw on the help of Company employees as necessary. It is empowered to obtain any information it considers necessary to fulfil its task from Executive Board members, their staff and the Company's, or its subsidiaries' Statutory Auditors.

Activity

At the Paris Orléans level, the Audit Committee met twice in 2009/2010: on 26 November 2009 to review the half-yearly financial statements and on 25 June 2010 to examine the Company and consolidated financial statements for the financial year ended 31 March 2010.

In addition, in the context of the internal control and risk management system at consolidated level implemented within the Group, all the Audit Committee members attended joint meetings with the Rothschilds Continuation Holdings sub-group's audit committee held on 20 November 2009 and 1 June 2010.

The Audit Committee reported to the Supervisory Board on its work and proposals.

1.2. Corporate governance

Companies can now refer to the AFEP-MEDEF Corporate Governance Code for Listed Corporations published in December 2008, which was updated in April 2010.

Paris Orléans adheres to this corporate governance code and most of the recommendations contained in the said code are implemented.

Nonetheless there were no specialised committees other than the Audit Committee, given that the Supervisory Board members perform their duties on a collegiate basis. The Supervisory Board is also kept informed by the Executive Board of the activity of the Group Internal Control Committees which are presented in the second part of this report.

The Supervisory Board continues to apply the AFEP-MEDEF recommendations relating to the remuneration of corporate and executive officers, which are in line with the Company's corporate governance approach. The Board also noted that the Company has not issued stock options or bonus shares to its corporate officers, has not consented to golden parachutes nor given any commitment that falls within the application scope of Article L. 225-90-1 of the French Commercial Code and which corresponds to an element of remuneration, indemnification or benefits due or likely to become due on termination of office or change in function of any Executive Board member or subsequently to such event.

The information relating to the appointment mode and the remuneration of corporate and executive officers is provided in the Executive Board's management report in the section relating to this subject (pages 68 onwards).

1.3. Terms and conditions of shareholders' attendance of General Meetings

Under Articles 23 and 24 of the Company's Articles of Association, all shareholders are entitled to attend General Meetings and vote at all General or Special Meetings of Shareholders, either in person or by proxy, regardless of the number of shares they hold, on condition they provide proof of identity and fulfil the formalities required by law.

Shareholders may, as provided for by the regulations, send a proxy or a mail voting form in paper format or, if so decided by the Executive Board and indicated in the notice convening the General Meeting, in electronic format.

All proxies or mail voting forms must be received at the Company's registered offices, or any other place indicated in the notice convening the meeting, at least two days before the date of the General Meeting.

Electronically transmitted instructions granting proxy or power of attorney may be accepted by the Company on the conditions and within the deadlines established in the applicable regulations.

If a proxy form is returned to the Company without indicating the name of the proxy, the Chairman of the General Meeting will vote in the shareholder's name in favour of draft resolutions proposed or approved by the Executive Board and against any other proposed resolutions.

Subject to the reserves and conditions established by the regulations and under the terms and conditions predefined by the Executive Board, the shareholders may attend and vote at all General or Special Meetings of Shareholders by videoconference or any other telecommunication means that enables their identification to be verified. Such shareholders are deemed to be present at the meeting for the purposes of quorum and majority.

1.4. Information provided for in Article L. 225-100-3 of the French Commercial Code

The information required pursuant to Article L. 225-103-3 of the French Commercial Code is provided on pages 57 and 58 of the Report of the Executive Board and forms an integral part of this report.

Section 2 – Internal control and risk management procedures

2.1. Definition and objectives of internal control

The internal control system means the Paris Orléans group's internal control system. This system is implemented by the Executive Board under the Supervisory Board and the Audit Committee's responsibility and applied by all the group's employees.

The internal control system is based mainly on the AMF internal control guidelines and is designed to ensure:
• the effectiveness and efficiency of the Company's operations;
• the prevention and detection of fraud;
• compliance with laws and regulations, internal standards and rules;
• the reliability of accounting and financial information; and
• protection of the group's assets.

The definition and the objectives of internal control peculiar to financial companies such as Rothschild Concordia SAS are also taken into account in this report. This specific system is based on Regulation 97-02.
However, internal control cannot guarantee that the objectives set by Paris Orléans or by the Group will be achieved or that the risks will be totally eliminated.

2.2. Scope of internal control and Chairman's work

1. Scope of internal control

The internal control system described in this report covers all the operations carried out within the Paris Orléans group and the activity of the Group Committees set up at Rothschild Concordia SAS level.

However, given the specific characteristics of the Rothschild Group and its organisation, internal control at local level continues to be the responsibility of the management of the entities under the supervision of their respective regulatory authorities (mainly the Financial Services Authority, Swiss Financial Market Supervisory Authority, *Autorité de Contrôle Prudentiel* and AMF).

2. Work providing the basis for this report

This report was prepared based on work carried out throughout the 2009/2010 financial year by the Executive Board, the Invesment Committee, the Audit Committee, and on the Articles 42 and 43 reports in respect of Regulation 97-02 issued by Rothschild Concordia SAS for the year 2009.

The preparation of this report required regular contact with all the various parties involved in internal control and risk management so as to obtain a comprehensive view of the system. The report has been submitted to the Audit Committee accordingly to matters of its concern on 25 June 2010 and approved by the Supervisory Board meeting of 29 June 2010.

2.3. Principles of organisation of the internal control system

1. At the Paris Orléans group level

The principles governing the internal control and risk management system at the consolidated level have been defined by the Supervisory Board in its internal rules, which also include the Audit Committee's Charter.

The Supervisory Board exercises permanent control of the Executive Board's management of the Group. It supervises the management of the main risks incurred by the Group and ensures the quality of internal control, in particular in relation to the reliability of the disclosed accounting and financial information.

The Audit Committee, whose constitution, activities and responsibilities are described in the first part of this report, assists the Supervisory Board. The Audit Committee also assesses the quality of the internal control based if necessary on significant observations relating to internal control formulated by the Statutory Auditors.

In the case of the private equity activities specific to Paris Orléans, the internal control system is centralised at the parent company level and is based on:
- the Executive Board, which carries out the permanent monitoring and oversight of the risks relating to Paris Orléans' activities and whose approval must be sought before any investment is concluded;
- the Audit Committee, which might be led to consider the potential impact of a risk, whether it is identified beforehand or communicated to the Committee, on the accounting and financial information; and
- the *Comité d'investissement et de suivi* to which investment proposals are submitted and which monitors all the assets held in the portfolio.

In particular, the Investment Committee meets once a fortnight. Members of the Executive Board, members of the investment team, the Middle Office manager and the Deputy Finance Director attend the meetings. The Committee analyses the new deals examined by the investment team, monitors existing shareholdings, and proposes the disposal of part or all of the investments in the portfolio.

For each sale or acquisition project, the Executive Board sets up a specific team according to the skills required.

Monitoring of the existing portfolio is based on:
- a monthly operating report; and
- contacts and meetings with the managers of portfolio companies whenever necessary.

A summary of investments and divestments is presented by the Executive Committee to the Supervisory Board at each meeting.

The central finance department responsible for preparing the Company and consolidated financial statements is responsible for accounting supervision of the private equity business.

2. At the level of the banking activities

a) At consolidated level

Given the Group's geographical structure and the different regulations locally applied by the regulatory bodies of subsidiaries, the internal control system is based mainly on the systems of RCH and RCB. Since 2009, this system has been supervised on a consolidated basis by Rothschild Concordia SAS.

Group committees have specific responsibility for permanent and periodic controls in the meaning of the banking regulations.

Permanent control

Permanent control is organised around two committees: the Group Compliance Committee and the Group Risk Committee. Each committee is composed of the senior internal control officers at the banking group's operating entities.

The Group Compliance Committee and the Group Risk Committee meet on a quarterly basis (or more frequently when necessary) and are respectively chaired by RCH's Group Head of Legal and Compliance and the Chairman of Rothschild Concordia SAS, who is also a member of Paris Orléans' Executive Board.

Given Paris Orléans' position within the Group, and in particular its responsibility to the market as a listed company, these two committees prepare written annual and half-yearly reports to Paris Orléans' Executive Board.

Periodic control

As stated above, given the nature of the Group, periodic control is overseen by the Audit Committees of RCH and RCB and by their Internal Audit Departments. At the consolidated level, since 2009, the Paris Orléans and RCH Audit Committees have held joint meetings to review internal and external auditors' reports, the information provided by their respective management relating to the financial statements, and if necessary, the reports prepared by the Group Risk Committee and the Group Compliance Committee. The participation of the Company's Audit Committee members in those meetings grants them the opportunity to consider, if applicable, the potential impact of a risk relating to the banking activities, whether it is identified beforehand or communicated to the Committee, on the consolidated accounting and financial information of Paris Orléans.

b) At entities level

RCH and RCB each retains the responsibility for all operating, business and risk management decisions within their respective scope and for audits of the financial statements and consolidation package transmitted to Paris Orléans. At each entity, the internal control function is organised around specific internal audit units and risk management and compliance departments that are independent from operating activities.

At RCH, internal control is organised around three bodies:
- RCH's Board of Directors, which is responsible for implementing and overseeing the RCH group's corporate governance and risk management within the Group Risk Framework and in accordance with the legal and regulatory requirements that apply to the Group's activities;
- the Audit Committee;
- the Group Management Committee, which in its capacity as RCH's main management body oversees the proper operation of governance structures at RCH and its subsidiaries and the implementation of policies and procedures.

The internal control system for RCB is organised around two main bodies based on separation of the different types of control within distinct structures:
- The Audit Committee validates the recommendations arising from periodic controls;

- The Compliance and Risk Committee coordinates the supervision and measurement of risk. Four special committees have been created to enhance communication and information exchange with operating managers: the Internal Control Committee, the Corrective Actions Committee, the Operationnal Risks Committee and the Internal Approval Committee for Capital Requirement;
- The Partners Committee is the body that validates and approves the allocation of capital, the financial statements, the budget for the year, the business situation and the reports on internal control and risk measurement and supervision submitted yearly to the French bank supervisory authority (*Autorité de Contrôle Prudentiel*) pursuant to Articles 42 and 43 of Regulation 97-02.

2.4. Summary description of the internal control systems

1. Organisation of the risk management function

Since 2009 the Group Risk Committee is the collegiate body supervising all risks at group level. Its main purpose is to formulate and establish policies and procedures to identify, measure, monitor and manage risk in keeping with the Group's risk appetite.

The policy implemented by the Group Risk Committee is based upon the Group Risk Framework, a document which sets out the overall framework and group policies for the management of risk within Rothschild Concordia SAS Group and its subsidiary undertakings. Approved and updated when necessary by the Group Risk Committee, this document is available on the Rothschild Group's intranet.

The Group Risk Committee's duties include:

- Assessing the suitability and effectiveness of risk identification, control and measurement procedures, with particular reference to risks relating to:
  - the reputation of Rothschild,
  - capital adequacy,
  - liquidity management,
  - group regulatory compliance,
  - articulation of risk appetite;
- Reviewing the findings of periodic reports of the various committees and sub-committees;
- Seeking periodic assurance that risks are being managed in accordance with Group policies and procedures;
- Recommending for approval Group risk policies including the Group Risk Framework; and
- Providing half-yearly or annual written reports as required to the Board of Directors of Rothschild Concordia SAS, the Executive Board of Paris Orléans SA, the Group Management Committee of RCH and the Managing Partners Committee of RCB.

The Group has adopted a risk governance model that is applied across the Group and requires that all of the Group's businesses and functions establish processes for identifying, evaluating and managing the key risks faced by the Group. The Group risk management system is based on a decentralised organisation of risk functions at each entity according to their business scope. It thus supplements the risk measurement, management and monitoring systems that are adapted to each entity's business and are organised around the Group's principal business lines:

- the Private Equity division's Risk Department (except concerning Merchant Banking), under the supervision of the Paris Orléans Executive Board, is responsible for global risk monitoring and management. It helps draft and implement the investment and risk management policies, in particular through the Investment Committee (*Comité d'investissement et de suivi*);
- the Banking division's Risk function, which is performed by each local Risk Department.

The risk monitoring is based on a system of Committees and mechanisms specialised by type of risk. This organisation is enhanced by risk measurement systems implemented locally that provide regular information on the level of risks.

In accordance with the organisation principles described above, managing risks involves a system of risk limits in most Group entities, comprising:

- global limits, mainly in the form of risk policies, risk spreading rules and commitment limits per risk factor;
- operational limits, established as part of strict procedures, in particular decision procedures based on documented analysis, delegation levels, including the conditions governing the role of specialised committees.

2. Risk measurement and monitoring

At consolidated level, Paris Orléans' activities expose it to three major categories of risk:

- Credit risk – which is the risk of loss due to a counterparty's inability to meet its financial obligations – arises mainly on the banking activities in the world outside France. Credit policies are based on a set of rules and procedures for identifying, monitoring and managing risk.
  Exposure to credit risk is managed by a system of credit approval procedures, internal ratings and limits (for major risks and concentrations by sector and geographical location). The information systems allow the production of management charts for detecting and monitoring individual and global portfolio risks;
- Financial risks – which include global liquidity, payment, interest and exchange rate risks – arise mainly in the banking activities, equity interests and cash management transactions carried out within the Group. In addition to the financial risk policies defined at the level of each local entity, financial risk is measured using a number of indicators:
  - the ratios required by banking regulators, such as the solvency and liquidity ratios required for entities governed by French banking regulations,
  - the monitoring of portfolio positions and outstandings, and
  - the system of limits, designed to control risk exposure.
- Operational risk (which also includes non-compliance and legal risk) is the risk of loss resulting from inadequate or failed processes, people and systems, or from external events.

As part of the Basel 2 regulations, the Group's banking subsidiaries implemented operational risk management systems. Operational risk is measured and supervised based on a series of guidelines and methodologies for calculating capital requirements in respect of these risks. All the employees contributed to the implementation of local risk policies.

3. Preparation of Paris Orléans' accounting and financial information

The Finance Department of Paris Orléans has the necessary human resources to produce the financial, accounting and regulatory information of Paris Orléans. Under the authority of the Chief Financial Officer, also a member of the Executive Board, the Finance Department consists of three divisions: Company accounting, consolidated accounting and regulatory reporting for Rothschild Concordia SAS.

In order to ensure the reliability and quality of the consolidated accounting documents of Rothschild Concordia SAS, the consolidation division was reorganised in 2009. This department consists now of six people and works in close liaison with the unit in charge of monitoring the regulatory reports of Rothschild Concordia SAS, which consists of 3 persons.

a) Procedure for the preparation of the consolidated financial statements

The consolidation division of Paris Orléans manages the schedule of accounts and the associated databases, centralises Group consolidation tasks, controls the consistency and sufficiency of data and draws up the consolidated accounts and related notes.

In this framework, the consolidation division carries out a procedure for closing the accounts on a quarterly basis.

Thanks to the worldwide deployment of a new consolidation tool in 2009, all subsidiaries currently report their individual accounting information using a schedule of accounts and a format that are common to the whole Group.

Once the application has been fed, "blocking" controls defined by the Group are applied in order to validate the consistency of the accounting data, the correctness of the flows and the completeness of breakdowns. As a complement to these controls, the procedure for drawing up the consolidated accounts includes an initial examination of the validity of the consolidated accounting data at each sub-level, based on six main areas:

- the correct conversion of the Company accounts and consolidated accounts to IFRS;
- checks on reconciliation of inter-company transactions and the distribution of shareholdings in the Group's companies;
- checks on the application of consolidation restatements and justification of deferred taxation;
- review at consolidated level of risk assessment and provisioning policy;
- analysis and justification of shareholders' equity by entity and transition from company to consolidated level;
- checks on consistency by analysing changes in consolidated balances between two financial years.

b) Accounting control

The accounting control process is based on the juxtaposition of control systems implemented at each level of the Group's organisation.

Accounting control framework for the private equity business line

To the extent that these activities are carried out directly by Paris Orléans, the Finance Department is responsible for validating the accounts. These mechanisms comprise the following levels of control:

- a first level – of the self-control type – which is carried out in the framework of the accounting process. These controls are operated daily by the accounting department of Paris Orléans for all subsidiaries based in France and by external accounting firms for the foreign subsidiaries based in Luxembourg and in the United States;
- a second level, which is operated by the accounting department, involving controls on stock accounting to validate securities positions and consistency controls designed to ensure the reliability and completeness of the accounting and financial information;
- a third level, which involves the Statutory Auditors in the framework of the certification of the accounts, carried out on an annual and half-yearly basis;
- a final level of control takes place in the context of the work of the Audit Committee, which is responsible for examining the sub-consolidated accounts and the consolidated accounts of Paris Orléans.

Accounting control framework for the banking business line

For the banking activities sub-consolidated at Concordia BV level, the Finance Department relies on a decentralised system in which the control functions are assigned to the persons responsible locally for producing the financial statements.

The accounts are sub-consolidated at Concordia BV level using the consolidation software application. Reporting of local entities' accounting information is automatic. Once the application has been fed, "blocking" system controls are applied.

For the consolidation requirements at Paris Orléans level, every year the main banking subsidiaries of the RCH sub-group produce a standardised end-of-year representation letter. This document, which sets out the qualitative conditions for producing the accounts, enables the Chairman of the Executive Board of Paris Orléans and the Chief Financial Officer to sign the representation letter to the statutory auditors of Paris Orléans.

Accounting control at consolidation level

In addition to the control procedures described above, the consolidation process is accompanied by complementary checks on the integrity of the consolidated accounting information. These checks are carried out by:

- the accounting and consolidation unit, under the supervision of the Finance Department. In addition to the controls on the integrity of the accounting information, this unit checks the consistency of valuations used for assets and prepares documentation supporting the related balances for the Statutory Auditors performing third level controls and the Audit Committee;
- the Audit Committee of Paris Orléans, which participates since 2009 in joint meetings with the Audit Committee of RCH concerning banking activities;
- the Statutory Auditors, in the context of the certification of the accounts. Their work is carried out in accordance with usual standards.

Financial communications

The Executive Board is responsible for preparing financial communications. It applies the general principles and good financial communications practices set out in the "Financial Communication: Framework and Practices" guide published by the *Observatoire de la Communication Financière*, updated in June 2009, under the guidance of the French financial markets authority (AMF), and the annual recommendations prescribed by the AMF relating to financial communications.

The Executive Board defines the financial communication strategy. All press releases are approved by the Executive Board prior to release. In addition, releases relating to the interim and annual results are submitted to the Supervisory Board. The Supervisory Board may also be consulted on specific subjects before information is published.

4. Other internal control mechanisms implemented by the Group

Information systems security and Business Continuity Plans (BCP)

Information systems security rules are applied locally by each Group entity including Paris Orléans, such as data management (backup and archiving) and employee authorisations, the physical security of hardware and software, IT operating systems and the development and management of applications.

At the same time, business continuity procedures – including definition of the BCP – have been implemented by each subsidiary to deal with the crisis scenarios applicable at local level.

These procedures are reinforced by the IT audit work performed by a team of IT experts from RCH's Internal Audit Department. The audit scope covers all the subsidiaries' information systems.

Prevention and control of non-compliance risks

The system for the prevention and control of non-compliance risks was strengthened in 2009 with the creation of the aforementioned Group Compliance Committee. Its main purpose is to review the efficiency of the Group's compliance policies and monitoring procedures and issue recommendations for approval by the Group Risk Committee. It has specific responsibility for:

- reviewing Group Compliance policies on Client Acceptance and Conflicts of Interest;
- reviewing other Group Compliance policies, as appropriate;
- providing the Group Risk Committee with input and comments on the Section 42 and Section 43 reports of Regulation 97-02;
- monitoring legal and regulatory developments which might affect the Group's policies and procedures;
- providing half-yearly or annual written reports as required to the board of Rothschild Concordia SAS, the Executive Board of Paris Orléans, the Group Management Committee of RCH and the Partners Committee of RCB.

At the level of the local banking activities, each entity is responsible for controlling and preventing non-compliance risk with the support of:

- the Group Head of Legal and Compliance of RCH who is responsible for overseeing, supervising and coordinating Group compliance in collaboration with local compliance officers, who constitute the first level of control at each operational entity; and
- local compliance officers, who monitor and regularly review – with complete independence – security and compliance of operations by business line, within their scope of action and responsibility.

2.5. Actions plans and perspective for 2010/2011

2010/2011 will feature the strengthening of internal control at portfolio companies and at the level of the Risk function, and increased risk mapping at the level of Paris Orléans and its banking subsidiaries.

Statutory Auditors' report, prepared in accordance with article L. 225-235 of the French Commercial Code (*Code de commerce*), on the report prepared by the President of the Supervisory Board of the company Paris Orléans

Year ended 31 March 2010

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

To the Shareholders,

In our capacity as Statutory Auditors of Paris Orléans and in accordance with Article L. 225-235 of the French Commercial Code (*Code de commerce*), we hereby report on the report prepared by the President of the Supervisory Board of your Company in accordance with Article L. 225-68 of the French Commercial Code for the year ended 31 March 2010.

It is the President of the Supervisory Board's responsibility to prepare, and submit to the Supervisory Board for approval, a report on the internal control and risk management procedures implemented by the company and containing the other disclosures required by Article L. 225-68 particularly in terms of the corporate governance measures.

It is our responsibility:
- to report to you on the information contained in the President's report in respect of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information; and
- to attest that this report contains the other disclosures required by Article L. 225-68 of the French Commercial Code (*Code de commerce*), it being specified that we are not responsible for verifying the fairness of these disclosures.

We conducted our work in accordance with professional standards applicable in France.

Information on the internal control procedures and risk management relating to the preparation and processing of accounting and financial information

These standards require that we perform the necessary procedures to assess the fairness of the information provided in the President's report in respect of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information.
These procedures consisted mainly in:
- obtaining an understanding of the internal control procedures and risk management procedures relating to the preparation and processing of the accounting and financial information on which the information presented in the President's report is based and existing documentation;
- obtaining an understanding of the work involved in the preparation of this information and existing documentation;
- determining if any significant weaknesses in the internal control procedures relating to the preparation and processing of the accounting and financial information that we would have noted in the course of our engagement are properly disclosed in the President's report.

On the basis of our work, we have nothing to report on the information in respect of the company's internal control and risk management procedures relating to the preparation and processing of accounting and financial information contained in the report prepared by the President of the Supervisory Board in accordance with Article L. 225-68 of the French Commercial Code (*Code de Commerce*).

Other disclosures

We hereby attest that the President's report includes the other disclosures required by Article L. 225-68 of the French Commercial Code (*Code de commerce*).

The Statutory Auditors

Paris, 30 July 2010	Paris La Défense, 30 July 2010
KPMG Audit	**Cailliau Dedouit et Associés**
A division of KPMG SA	
Fabrice Odent	Stéphane Lipski
Partner	Partner

Financial statements

Consolidated results

Consolidated balance sheet as at 31 March 2010

Assets

In thousands of euros	Notes	31/03/2010	31/03/2009
Cash and amounts due from central banks		**1,147,577**	744,734
Financial assets at fair value through profit or loss	1	**53,519**	44,804
Hedging derivatives	2	**14,922**	6,024
Available-for-sale financial assets	3	**2,116,971**	2,261,428
Loans and receivables to banks	4	**1,574,676**	1,708,526
Loans and receivables to customers	5	**1,786,732**	2,245,976
Current tax assets		**20,006**	21,848
Deferred tax assets	18	**127,622**	110,993
Other assets	6	**245,222**	226,400
Non-current assets held for sale	19	**55,076**	42,520
Investments accounted for by equity method	7	**128,768**	130,607
Investment property		**44**	47
Tangible fixed assets	8	**210,425**	142,355
Intangible fixed assets	9	**170,388**	174,044
Goodwill	10	**66,413**	66,399
TOTAL ASSETS		**7,718,362**	**7,926,705**

Liabilities and shareholders' equity

In thousands of euros	Notes	31/03/2010	31/03/2009
Due to central banks		**437**	-
Financial liabilities at fair value through profit or loss	1	**70,348**	118,458
Hedging derivatives	2	**36,312**	56,348
Due to banks	11	**736,892**	1,570,681
Due to customers	12	**3,960,074**	3,015,936
Debt securities in issue	13	**529,465**	1,070,471
Current tax liabilities		**16,895**	9,884
Deferred tax liabilities	18	**54,369**	49,796
Other liabilities, accruals and deferred income	14	**671,292**	541,742
Liabilities related to non-current assets held for sale	19	**40,113**	31,065
Provisions	15	**168,462**	93,137
Subordinated debt	16	**29,645**	159,845
Shareholders' equity		**1,404,058**	**1,209,341**
Shareholders' equity - Group share		**538,445**	**501,114**
Share capital		**63,890**	63,264
Share premium		**496,822**	491,499
Unrealised or deferred gains and losses		**(84,249)**	(156,093)
Available-for-sale financial assets' revaluation reserves		*(7,339)*	*(70,332)*
Cash flow hedge reserves		*(9,542)*	*(8,414)*
Translation reserves		*(67,369)*	*(77,347)*
Consolidated reserves		**36,327**	55,686
Net income - Group share		**25,655**	46,759
Minority interests		**865,613**	**708,227**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**7,718,362**	**7,926,705**

Consolidated income statement as at 31 March 2010

In thousands of euros		Notes	2009/2010	2008/2009
+	Interest income	20	164,030	441,268
-	Interest expense	20	(101,335)	(329,944)
+	Fee income	21	700,478	576,167
-	Fee expense	21	(10,706)	(10,832)
+/-	Net gains/(losses) on financial instruments at fair value through profit or loss	22	35,531	4,088
+/-	Net gains/(losses) on available-for-sale financial assets	23	6,571	9,955
+	Other operating income	24	82,687	68,754
-	Other operating expenses	24	(5,577)	(6,618)
Net banking income			**871,679**	**752,838**
-	Operating expenses	25	(675,109)	(576,596)
-	Amortisation, depreciation and impairment of tangible and intangible fixed assets	26	(16,217)	(17,872)
Gross operating income			**180,353**	**158,370**
-	Cost of risk	27	(104,315)	(139,965)
Operating income			**76,038**	**18,405**
+/-	Net income from companies accounted for by the equity method	7	15,636	25,667
+/-	Net income/expense from other assets	28	(1,926)	54,771
-	Impact of goodwill		-	-
Profit before tax			**89,748**	**98,843**
-	Income tax expense	29	1,171	(22,792)
+/-	Net income for discontinued activities and assets held for sale		-	-
Consolidated net income			**90,919**	**76,051**
MINORITY INTERESTS			**65,264**	**29,292**
NET INCOME - GROUP SHARE			**25,655**	**46,759**

In euros	Notes	2009/2010	2008/2009
Basic earnings per share - Group share (in euros)	31	0.88	1.61
Diluted earnings per share - Group share (in euros)	31	0.88	1.61
Basic earnings per share - continuing operations (in euros)		0.88	1.61
Diluted earnings per share - continuing operations (in euros)		0.88	1.61

Consolidated statement of comprehensive income

In thousands of euros	31/03/2010	31/03/2009
Consolidated net income	90,919	76,051
Translation differences	40,139	(49,826)
Revaluation of available-for-sale financial assets	135,710	(190,009)
Of which (gains)/losses transferred to income	*6,877*	*22,506*
Cash flow hedge derivatives revaluation	(1,294)	(17,430)
Actuarial gains/losses on defined benefit pension funds	(92,810)	(73,890)
Gains and losses recognised directly in equity for companies accounted for by the equity method	640	-
Tax	(10,921)	54,438
Other	(165)	-
Total gains and losses recognised directly in equity	71,299	(276,717)
TOTAL COMPREHENSIVE INCOME	162,218	(200,666)
Attributable to equity shareholders	*59,914*	*(97,329)*
Attributable to minority interests	*102,304*	*(103,337)*

Reconciliation of movements in consolidated shareholders' equity

In thousands of euros	Capital and associated reserves			Consolidated reserves	Unrealized or deferred capital gains or losses (net of tax)				Net income, Group share	Shareholders' equity, Group share	Shareholders' equity, minority interests	Total shareholders' equity
	Common stock	Capital associated reserves	Treasury shares		Related to translation differences	Linked to re-evaluation	Changes in value of financial instruments: Available for sale Reserve	Changes in value of financial instruments: Hedging Reserve				
Shareholders' equity at at 31 March 2008	**63,264**	**491,499**	**(10,273)**	**5,334**	**(38,566)**	**-**	**11,998**	**267**	**109,132**	**632,655**	**823,859**	**1,456,514**
Allocation of profit		-	-	109,132	-	-	-	-	(109,132)	-	-	**-**
Shareholders' equity at at 1 April 2008	**63,264**	**491,499**	**(10,273)**	**114,466**	**(38,566)**	**-**	**11,998**	**267**	**-**	**632,655**	**823,859**	**1,456,514**
Increase in common stock	-	-	-	-	-	-	-	-	-	-	-	**-**
Elimination of treasury shares	-	-	(1,006)	-	-	-	-	-	-	(1,006)	-	**(1,006)**
Share-based payment transactions	-	-	-	-	-	-	-	-	-	-	-	**-**
2009 Dividends paid	-	-	-	(16,021)	-	-	-	-	-	(16,021)	(19,354)	**(35,375)**
Sub-total of changes linked to relations with shareholders	**-**	**-**	**(1,006)**	**(16,021)**	**-**	**-**	**-**	**-**	**-**	**(17,027)**	**(19,354)**	**(36,381)**
Changes in value of financial instruments and fixed assets having an impact on equity	-	-	-	-	3,956	-	(103,483)	(8,757)	-	(108,284)	(85,224)	**(193,508)**
Changes in value of financial instruments and fixed assets recognized in income	-	-	-	-	-	-	11,995	-	-	11,995	11,247	**23,242**
Actuarial gains/(losses) on defined benefit funds	-	-	-	(29,391)	-	-	-	-	-	(29,391)	(25,208)	**(54,599)**
Interest on undated subordinated debt	-	-	-	-	-	-	-	-	-	-	(12,130)	**(12,130)**
Net income for the period	-	-	-	-	-	-	-	-	46,759	46,759	29,292	**76,051**
Change in accounting methods	-	-	-	-	-	-	-	-	-	-	-	**-**
Effect of acquisitions and disposals on minority interests	-	-	-	5,403	(14,428)	-	(4,321)	(1,260)	-	(14,605)	19,953	**5,348**
Change in consolidation scope	-	-	-	(467)	2,308	-	363	207	-	2,411	(1,071)	**1,340**
Translation differences and other changes	-	-	-	(7,026)	(30,616)	-	13,116	1,129	-	(23,397)	(33,138)	**(56,535)**
Shareholders' equity at at 31 March 2009	**63,264**	**491,499**	**(11,279)**	**66,965**	**(77,347)**	**-**	**(70,332)**	**(8,414)**	**46,759**	**501,114**	**708,227**	**1,209,342**
Allocation of profit	-	-	-	46,759	-	-	-	-	(46,759)	-	-	**-**
Shareholders' equity at at 1 April 2009	**63,264**	**491,499**	**(11,279)**	**113,724**	**(77,347)**	**-**	**(70,332)**	**(8,414)**	**-**	**501,114**	**708,227**	**1,209,342**
Increase in common stock	626	5,323	-	-	-	-	-	-	-	5,949	-	**5,949**
Elimination of treasury shares	-	-	(892)	-	-	-	-	-	-	(892)	-	**(892)**
Share-based payment transactions	-	-	-	-	-	-	-	-	-	-	-	**-**
2010 Dividends paid	-	-	-	(10,761)	-	-	-	-	-	(10,761)	(18,784)	**(29,545)**
Sub-total of changes linked to relations with shareholders	**626**	**5,323**	**(892)**	**(10,761)**	**-**	**-**	**-**	**-**	**-**	**(5,704)**	**(18,784)**	**(24,488)**
Changes in value of financial instruments and fixed assets having an impact on equity	-	-	-	-	-	-	64,535	(1,133)	-	63,402	35,602	**99,004**
Changes in value of financial instruments and fixed assets recognized in income	-	-	-	-	-	-	2,204	-	-	2,204	(1,052)	**1,152**
Actuarial gains/(losses) on defined benefit funds	-	-	-	(39,981)	-	-	-	-	-	(39,981)	(29,455)	**(69,436)**
Interest on undated subordinated debt	-	-	-	-	-	-	-	-	-	-	(14,603)	**(14,603)**
Net income for the period	-	-	-	-	-	-	-	-	25,655	25,655	65,264	**90,919**
Change in accounting methods	-	-	-	-	-	-	-	-	-	-	-	**-**
Effect of acquisitions and disposals on minority interests	-	-	-	(326)	-	-	-	-	-	(326)	59,938	**59,612**
Change in consolidation scope	-	-	-	(4,387)	555	-	713	196	-	(2,923)	22,359	**19,436**
Translation differences and other changes	-	-	-	(9,771)	9,423	-	(4,459)	(191)	-	(4,998)	38,117	**33,119**
SHAREHOLDERS' EQUITY AT 31 MARCH 2010	**63,890**	**496,822**	**(12,171)**	**48,498**	**(67,369)**	**-**	**(7,339)**	**(9,542)**	**25,655**	**538,445**	**865,613**	**1,404,058**

Cash flow statement

In thousands of euros	2010	2009
Consolidated net income	90,919	76,051
+/- Depreciation and amortisation expense on tangible fixed assets and intangible assets	18,052	19,828
- Amortisation of consolidated goodwill and other fixed assets	-	-
+/- Depreciation and net allocation to provisions	33,562	6,436
+/- Net income/loss from companies accounted for by the equity method	(15,637)	(25,667)
+/- Net loss/(gain) from investing activities	57,437	103,498
+/- Net loss/(gain) from financing activities	3,953	9,816
- Gain on reclassification to equity of subordinated debt	(68,698)	(53,527)
+/- Other movements	(79)	2,570
Deferred tax (expense)/benefit	(13,534)	(29,197)
Total Non-monetary items included in consolidated net income and other adjustments	105,975	109,808
+/- Interbank transactions	(615,918)	81,998
+/- Customers transactions	1,348,140	384,708
+/- Transactions related to other financial assets and liabilities	(18,736)	43,246
+/- Transactions related to other non-financial assets and liabilities	76,370	(105,036)
- Tax paid	8,376	(8,557)
Net decrease/(increase) in cash related to operating assets and liabilities	798,232	396,359
Net cash inflow (outflow) related to operating activities (A)	904,207	506,167
+/- Inflow (outflow) related to financial assets and long-term investments	(295,145)	244,504
+/- Inflow (outflow) related to investment property	-	-
+/- Inflow (outflow) related to tangible and intangible fixed assets	(71,880)	(45,536)
Net cash inflow (outflow) related to investment activities (B)	(367,025)	198,968
+/- Cash flows from/(to) shareholders	(29,587)	(35,070)
+/- Other net cash flows from financing activities	(21,075)	15,234
Net cash inflow (outflow) related to financing activites (C)	(50,662)	(19,836)
Impact of exchange rates changes on the cash and cash equivalents (D)	-	116
NET INFLOW (OUTFLOW) IN CASH AND CASH EQUIVALENTS (A) + (B) + (C) + (D)	486,520	685,415

Change of scope	-	71
Net cash and cash equivalents at the beginning of the period	1,147,138	461,652
Cash and amounts due/from central banks	744,730	35,904
Accounts (assets and liabilities), demand deposit and loans with banks	402,408	425,748
Net cash and cash equivalents at the end of the period	1,633,658	1,147,138
Cash and amounts due/from central banks	1,147,573	744,730
Accounts (assets and liabilities), demand deposits and loans with banks	486,085	402,408
NET INFLOW (OUTFLOW) IN CASH	486,520	685,415

Annexe

Part I : Highlights of the financial year

In a context of financial crisis and global recession, the operating profit level reflected the robustness of the core businesses, investment and commercial banking on the one hand and asset management and private banking on the other hand.

Investment and commercial banking revenues as a whole increased slightly, reflecting a sharp increase in business in emerging countries and the United States. Consulting showed very strong growth in financing and restructuring, largely offsetting the slowdown in M&A business noted in Europe.

Private banking and asset management revenues were stable relative to the 2008/2009 financial year. These performances were due to fund collection efforts and the market recovery during the year.

Net banking income was €871.7 million as at 31 March 2010, an increase of €118.9 million from the €752.8 million figure for the previous financial year. This growth included €129 million in investment banking in continental Europe (excluding France), fully consolidated for the first time. It also included €68.7 million in revenues due to conversion to equity of a subordinated debt, versus €54 million in 2008/2009. Excluding the consolidation base and conversion effects, net banking income remained practically stable in a difficult environment.

General operating expenses were increased by the consolidation of the European businesses (impact of €84.6 million). They nevertheless remained in line with expenses for the previous year on a like-for-like basis.

The cost of risk declined, despite an additional €12.8 million in unallocated collective provisions over the year. In a still difficult economic environment, this reflected very cautious Group policy. The statutory ratios for banking operations all stood higher than the imposed standards, and liquidity increased significantly over the financial year.

Consolidated net profit for 2009/2010 was €90.9 million, up €14.8 million, despite the lack of significant capital gains on private equity operations (as a reminder, a major capital gain of €50.3 million was generated in 2008/2009). After allowing for minority interests, up sharply due to the conversion to equity of an irredeemable debt and consolidation of the corporate banking business in continental Europe, attributable net profit amounted to €25.7 million, versus €46.8 million in the previous financial year.

In an uncertain, volatile financial environment, specific Paris Orléans private equity operations made no disposals or significant new investments over the period.

Part II : Preparation of the financial statements

A. Information concerning the company

The consolidated financial statements of Paris Orléans Group for financial year 2009/2010 are presented in accordance with the IFRS standards in force at the reporting date, as adopted in the European Union by EC Regulation No. 1606/2002. The format used for the summary financial statements is consistent with Recommendation No. 2009-R-04 of 2 July 2009 of the French National Accounting Council (*Conseil National de la Comptabilité*).

The statements cover the period from 1 April 2009 to 31 March 2010 and, unless otherwise indicated, are established in thousands of euros (€k). The continental European operations of Rothschild Europe BV that were previously accounted for under the equity method are now fully consolidated in the accounts of Paris Orléans. To allow comparison with the previous financial year, the main contributions of the Rothschild Europe BV sub-group to the profit and loss account for financial year 2009/2010 are presented in the notes.

The consolidated accounts were established by the Management Board on 22 June 2010.

The Group's parent company is Paris Orléans, a public limited company with a Management Board and Supervisory Board whose head office was located at 31 March 2010 at the following address: 23 bis, avenue de Messine 75008 Paris (Paris Corporate and Trade Register (RCS) No. 302 519 228). The company is listed on the Eurolist market of Euronext Paris (B compartment).

B. General principles

The Group applies all the IAS (International Accounting Standards)/ IFRS (International Financial and Reporting Standards) and their interpretations adopted at the date of closing the consolidated accounts.

With the exception of certain categories of assets and liabilities in accordance with the rules established by the IFRS, the historical cost convention is the valuation basis used in the consolidated accounts.

The present notes were drawn up taking into account the intelligibility, relevance, reliability, comparability and materiality of the information provided.

C. New standards applied by the Group

The IFRS 8 standard was enacted by EC Regulation No. 1358/2007 of 21 November 2007 and was applicable to Paris Orléans for the first time on 30 September 2009. It entailed no change in the sector information presented by the Group.

As a result of the revision of IAS Standard No. 1 on the basis of the Regulation of 17 December 2008 (EC No. 1274/2008) relating to the presentation of financial statements, the Group adopted a new presentation of the statement of revenues and expenses. Pursuant to this amendment, a statement of "Net income and gains and losses recognised directly in equity" is now presented in the financial statements.

D. Standards not adopted early

The IFRS 3 Standard, adopted by the European Union on 10 January 2008 and applicable for the financial years beginning from 1 July 2009 onward, was not applied early for this financial year.

Part III : Accounting principles and valuation methods

When applying the accounting principles for the purpose of preparing the consolidated financial statements of the Group, Management makes assumptions and estimates that may have an impact on figures booked in the income statement, and on the valuation of assets and liabilities in the balance sheet.

By nature, valuations based on estimates include, especially in the context of the financial crisis, risks and uncertainties relating to their occurrence in the future. Management considers the financial situation, outlook and multicriteria valuation of the counterparty, in order to have observable parameters with which it determines the existence of objective signs of impairment.

The impact of estimates and assumptions are material to goodwill, available-for-sale financial assets, loan and receivables and cost of risk.

At each closing , the Paris Orléans group draws its conclusion from past experiences and all factors relevant to its business.

A. Consolidation methods

1. Financial year end of the consolidated companies and sub-groups

Paris Orléans and the subsidiaries in which it holds a controlling interest of over 50% are consolidated on the basis of a financial year end at 31 March 2010, while Francarep Inc., Les Domaines Barons de Rothschild (DBR), Continuation Investments NV (CINV), Rivoli Participation, the Rothschild et Cie Banque subgroup, SCS Holdings, NM Rothschild & Sons (Mexico) SA de CV, Rothschild Mexico Guernsey Ltd are included in the consolidation on the basis of a 31 December 2009 year end.

If a subsequent event occurs between the closing date of the subsidiary and 31 March 2010 that would have a material impact on the consolidated financial statements, this event is accounted for in the consolidated financial statements of the Paris Orléans group as at 31 March 2010.

2. Consolidation principles

The financial statements of the Group are made up to 31 March 2010 and consolidate the audited financial statements of the Company and its subsidiary undertakings.

Subsidiaries undertakings

Subsidiaries are all the entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally as a result of a shareholding of more than one half of the voting rights so as to obtain benefits from the activities of the entity.

In assessing control, potential voting rights that are currently exercisable or convertible are taken into account. Subsidiaries are fully consolidated from the date on which the Group acquires control, and cease to be consolidated from the date that control ceases.

The Group uses the purchase method of accounting for the acquisition of subsidiary undertakings. The cost of an acquisition is measured as the fair value of the assets given as consideration, shares issued or liabilities undertaken at the date of acquisition, plus any costs directly attributable to the acquisition. The excess of the cost of acquisition over the fair value of the net identifiable assets and fair value of contingent liabilities of the subsidiary undertaking acquired is recorded as goodwill. All inter-company transactions, balances and unrealised surpluses and deficits on transactions between group companies are eliminated on consolidation. The accounting policies used by subsidiary undertakings in their consolidation returns are consistent with the policies adopted by the Group.

The financial statements of the Group's subsidiary undertakings are made up either to the balance sheet date of the Company, or to a date not earlier than three months before the balance sheet date. They are adjusted, where necessary, to conform with the accounting policies of the Group and for any material transactions or events that occur between the two dates.

Associates

Associates are companies over whose financial and operational decisions the Group exercises significant influence but not control (this is generally demonstrated when the percentage of voting rights is equal to or greater than 20% but less than 50%).

The Group's investments in associated undertakings are initially recorded at cost. Subsequently they are increased or decreased by the Group's share of the post-acquisition profit or loss, or by other movements reflected directly in the equity of the associated undertaking. When the Group's share of losses in an associated undertaking equals or exceeds its interest in the associated undertakings, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associated undertaking. Goodwill arising on the acquisition of an associated undertaking is included in the cost of the investment (net of any accumulated impairment loss).

The Group's share of the post-tax results of associated undertakings is based on financial statements made up to a date not earlier than three months before the balance sheet date.

Joint ventures

Joint ventures, in which the Group has a contractual arrangement with one or more parties to undertake activities jointly, may take the form of a jointly controlled entity or a jointly controlled operation.

A jointly controlled entity is a joint venture that involves the establishment of an entity in which each venturer has an interest. Jointly controlled entities are consolidated using the equity method.

Jointly controlled operations are those joint ventures involving the use of the assets and other resources of the venturers themselves, rather than the establishment of an entity. They are consolidated using the equity method.

3. Business combinations and goodwill

Business combinations are accounted for using the purchase method stipulated by IFRS 3 "Business Combinations". Thus, upon initial consolidation of a newly acquired company, the identifiable assets, assumed liabilities and any contingent liabilities of the acquired entity are measured at fair value in accordance with the provisions of IFRS. Fair value changes arising on this occasion are assigned to the relevant assets and liabilities, including the share attributable to minority interests. Any residual amount remaining between the purchase price and the acquirer's interest in the fair value of net identifiable assets is allocated to goodwill.

Any negative goodwill is recognised immediately in the income statement.

Goodwill generated during the acquisition of a company is disclosed in the balance sheet on a separate line. Goodwill is not amortised and is tested for impairment at least once per year in accordance with the provisions of IAS 36, as described in the paragraph on impairment of assets below.

In the event of an increase in the Group stakes in an entity over which it already exercises exclusive control: the difference between the price paid for the additional stake and the share acquired in the net assets of the entity at that date is recorded in consolidated reserves. Similarly, any reduction in the Group's stake in an entity over which it keeps sole control is treated as an equity transaction in the accounts.

Income from companies acquired or sold during the financial year is included in the consolidated income statement respectively from their acquisition date to their disposal date.

4. Commitment to buy out the minority shareholders of fully consolidated companies

The Group has given the minority shareholders of a subsidiary undertaking an option to buy out their minority interests. For the Group this corresponds to an option commitment (sale of put options).

These commitments are recognised as follows:

In application of IAS 32, the Group has recorded a financial liability in respect of the put option sold to the minority shareholders. This liability has been recognised under 'other liabilities' at the put options' estimated strike price and the minority interests are deemed to be purchased the Group.

The obligation to record a liability even though the put options have not been exercised requires, for the sake of consistency, the same accounting treatment as that applied to minority interests. Accordingly, the counter entry to this liability is recorded as a deduction from the minority interests underlying the put options with the balance deducted from consolidated reserves.

It the option is exercised, the liability is settled by the disbursement of cash linked to the purchase of the minority interests in the subsidiary in question. If, however, the option is not exercised on expiry of the commitment, the liability is eliminated and the minority interests are recognised.

Until these options are exercised, the results relating to the minority interests to which the put has been granted are recorded in the consolidated income statement under group share at net income.

5. Segment reporting

For the application of IFRS 8 "Operating segments", the Group has opted for the following reporting segments :

Primary segmentation: distinguishing between three activities carried out within the Group: Corporate and Investment Banking, Private Banking and Trust, and Private Equity.

Secondary segmentation: geographic breakdown. In terms of geographic breakdown the segmentation is as follows: France, United Kingdom and Channel Islands, Switzerland, North America, Asia and Australia and other European countries.

The segments are presented taking into account the impact of intra-group transactions. The breakdown by geographic segment is based on the geographic location of the entity that records the income or which holds the asset.

B. Accounting principles and valuation methods

1. Exchange rate transactions

The consolidated financial statements are presented in Euros, which is the Company's functional currency and the Group's reporting currency. Items included in the financial statements of each of the Group's entities are measured using their functional currency. The functional currency is the currency of the primary economic environment in which the entity operates.

Income statements and cash flows of foreign entities are translated into the Group's reporting currency at average exchange rates for the year where this rate approximates to the foreign exchange rates ruling at the dates of the transactions. Their balance sheets are translated at the exchange rate at the end of the period. Exchange differences arising from the translation of the net investment in foreign subsidiaries, associates and joint ventures are taken to shareholders' equity. On disposal of a foreign entity, these translation differences are recognised in the income statement as part of the gain or loss on sale.

Foreign currency transactions are accounted for at the exchange rates prevailing at the date of the transaction. Gains and losses resulting from the settlement of such transactions, and from the translation at period end exchange rates of monetary items that are denominated in foreign currencies, are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated at foreign exchange rates ruling at the dates when the fair value was determined.

Translation differences on equities classified as at fair value through profit or loss are reported as part of the fair value gain or loss in the income statement. Translation differences on equities classified as available for sale are included in the available-for-sale reserve in equity.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and are translated at the closing rate.

2. Derivative instruments and hedge accounting

Derivatives

Derivatives may be transacted for trading or hedging purposes.

Derivatives used for hedging are recognised as hedging instruments when classified as such under IAS 39.

Derivatives are initialled recognised at fair value and are subsequently measured at fair value with changes in fair value recognised in the income statement. If there is a designated hedging relationship between a hedging instrument and a hedged item, the recognition of the profit or loss on the hedging instrument and the hedged instrument must comply with the conditions of IAS 39, depending on the hedging relationship.

Embedded derivatives

Some hybrid contracts contain both a derivative and a non-derivative component.

In such cases, the derivative component is termed an embedded derivative. Where the economic characteristics and risks of embedded derivatives are not closely related to those of the host contract, and where the hybrid contract itself is not carried at fair value through profit and loss, the embedded derivative is separated and reported at fair value with gains and losses being recognised in the income statement.

The Group's investments in collateralised debt obligations ("CDOs") which take credit exposure in the form of credit derivatives are treated as containing embedded derivatives that are not closely related to the host CDO contract. The change in fair value of these "synthetic" CDO contracts attributable to the credit derivatives is recognised in the income statement under Net gains or losses on financial instruments at fair value through profit or loss.

Hedge accounting

The Group may apply either fair value or cash flow hedge accounting when transactions meet the criteria for hedge accounting treatment set out in IAS 39. At the inception of the hedge, the Group assesses whether the hedging derivatives meet the effectiveness criteria of IAS 39 in offsetting changes in the fair value or cash flows of the hedged items. The Group then documents the relationship between the hedging instrument and the hedged item. It also records its risk management objectives, its strategy for undertaking the hedge transaction and the methods used to assess the effectiveness of the hedging relationship.

After inception, effectiveness is tested on an on-going basis. Hedge accounting is discontinued when it is determined that a derivative has ceased to be highly effective, or when the derivative or the hedged item is derecognised, or when the forecast transaction is no longer expected to occur.

Fair value hedge accounting

Changes in value of fair value hedge derivatives are recorded in the income statement, together with fair value changes to the underlying hedged item in respect of the risk being hedged.

If the hedge no longer meets the criteria for hedge accounting, the difference between the carrying value of the hedged item on termination of the hedging relationship and the value at which it would have been carried had the hedge never existed is amortised to the income statement over the residual period to maturity based on a recalculated effective interest rate. Where the hedged item is an available-for-sale equity security, the adjustment remains in equity until the disposal of the equity security.

Cash flow hedge accounting

Changes in the fair value of the effective portion of derivatives designated as cash flow hedges are recognised in equity. The gain or loss relating to the ineffective portion is recognised in the income statement.

Amounts accumulated in equity are recycled to the income statement when the item being hedged impacts profit or loss.

When hedge accounting is discontinued, any cumulative gain or loss in equity remains in equity and is only recognised in the income statement when the forecast transaction is recognised in the income statement. When the forecast transaction is no longer expected to occur, the cumulative balance in equity is immediately transferred to the income statement.

Net investment hedge in foreign operations

Hedges of net investments in foreign operations are accounted for in a way similar to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in equity; the gain or loss relating to the ineffective portion is recognised immediately in the income statement. Gains and losses accumulated in equity are transferred to the income statement when the foreign operation is disposed of.

3. Net gains or losses on financial instruments at fair value through profit or loss

The net gains or losses on financial instruments at fair value through profit or loss result from changes in the fair value of the financial assets held for trading and financial assets designated as being at fair value through profit or loss.

4. Income from fees and commissions

The Group earns fee and commission income from services provided to clients. Fee income from advisory and other services can be divided into two broad categories; fees earned from services that are provided over a period of time, which are recognised over the period in which the service is provided; and fees that are earned on completion of a significant act or on the occurrence of an event, such as the completion of a transaction, which are recognised when the act is completed or the event occurs.

Fees and commissions that are an integral part of a loan, and loan commitment fees for loans that are likely to be drawn down, are deferred (together with related direct costs) and recognised over the life of the loan as an adjustment to the effective interest rate.

Portfolio and other management fees are recognised based on the applicable service contracts. Asset management fees related to investment funds are recognised over the period the service is provided. The same principle is applied to the recognition of income from wealth management, financial planning and custody services that are continuously provided over an extended period of time.

5. Interest income and expenses

Interest receivable and payable represent all interest arising out of banking activities, including lending and deposit-taking business, interest on related hedging transactions and interest on debt securities. Interest receivable and payable represents all interest arising out of banking activities, including lending and deposit-taking business, interest on related hedging transactions and interest on debt securities. Interest on all financial instruments, excluding those classified as held for trading or designated at fair value through profit or loss, is recognised in the income statement using the effective interest rate method.

The effective interest rate is the rate that exactly discounts the estimated future cash flows of a financial instrument to its net carrying amount. It is used to calculate the amortised cost of a financial asset or a financial liability and to allocate the interest over the relevant period (usually the expected life of the instrument). When calculating the effective interest rate, the Group considers all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes any premiums or discounts, as well as all fees and transaction costs that are an integral part of the loan.

6. Financial assets and liabilities

Financial assets and liabilities are recognised on trade date and derecognised on either trade date, if applicable, or on maturity or repayment.

On initial recognition, IAS 39 requires that financial assets be classified into the following categories; at fair value through profit or loss, loans and receivables, held-to-maturity investments or available for sale. The Group does not hold any assets that are classified as held-to-maturity investments.

Financial assets at fair value through profit or loss

This category comprises financial assets held for trading, (i.e. primarily acquired for the purpose of selling in the short term), derivatives that are not designated as cash flow or net investment hedges, and any financial assets that are designated as fair value through profit or loss on inception.

These financial assets are recognised at fair value, with transaction costs recorded immediately in the income statement; they are subsequently measured at fair value. Gains and losses arising from changes in fair value, or on derecognition, are recognised in the income statement as net gains or losses on financial assets at fair value through profit or loss. Interest and dividend income from financial assets at fair value through profit or loss is recognised in net gains or losses on financial assets at fair value through profit or loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans which are intended to be sold in the short term are classified as held for trading and are recorded at fair value through profit or loss.

Loans and receivables are initially recorded at fair value, including any transaction costs, and are subsequently measured at amortised cost using the effective interest rate method. Gains and losses on loans and receivables that are derecognised are booked as Income from other activities.

Available-for-sale financial assets

Available-for-sale investments comprise non-derivative financial assets that are either designated as available for sale on initial recognition or are not classified into the categories described above. Available-for-sale investments include loans and debt securities that do not meet the criteria for classification as loans and receivables as they are quoted in an active market. They are initially recognised at fair value, including direct and incremental transaction costs, and are subsequently measured at fair value. The available-for-sale financial assets include loans and debt securities that do not meet the classification criteria for loans and receivables, as they are listed on an active market.

Gains and losses arising from changes in the fair value of available-for-sale financial assets are recognised in equity until the financial asset is sold or impaired, at which time the cumulative gain or loss is transferred to the income statement. Interest (determined using the effective interest rate method), impairment losses and translation differences on monetary items are recognised in the income statement as they arise. Dividends on available-for-sale equity instruments are recognised in the income statement when the Group's right to receive payment is established.

7. Reclassification of financial assets

When a financial asset with fixed or determinable revenues initially recorded under available-for-sale assets can no longer be traded on an active market and the Group has the intention or the capacity to hold the assets for the foreseeable future or until maturity, the asset can then be reclassified under loans and advances subject to compliance with the criteria for classification as such. The financial assets concerned are transferred to their new category at their fair value on the reclassification date and subsequently valued using the valuation methods applicable to their new category.

If there is objective evidence of impairment resulting from an event that took place after reclassification of the financial assets concerned, and this event has a negative impact on the initially-expected future cash flows, an impairment charge is recorded in the income statement under impairment charges and loan provisions.

8. Determination of fair value

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. For financial instruments carried at fair value, market prices or rates are used to determine that fair value where an active market exists (such as a recognised exchange), as it is the best evidence of the fair value of a financial instrument.

Market prices are not, however, available for certain financial assets and liabilities held or issued by the Group. Where no active market price or rate is available, fair values are estimated using present value or other valuation techniques, using inputs based on market conditions existing at the balance sheet date. The valuation may be derived from quotations received from various sources. Where the market is illiquid, the quotations may not be supported by prices from actual market transactions.

The fair value of quoted investments in active markets is based on current bid prices. For other financial assets, the Group establishes fair value by using appropriate valuation techniques. These include the use of recent arm's length transactions, discounted cash flow analysis, option pricing models and other valuation methods commonly used by market participants. For non-listed private equity securities, a multi-criteria approach, which takes into account the experience of the investment managers in evaluating non-listed businesses, is used.

Valuation techniques are generally applied to over the counter derivative transactions and unlisted debt and equity securities. The most frequently applied pricing models and valuation techniques include discounted cashflow techniques and option valuation models. The values derived from applying these techniques are significantly affected by the choice of valuation model used and the assumptions made concerning factors such as the amounts and timing of future cash flows, discount rates, volatility, and credit quality.

9. Financial liabilities

Except for derivatives, which are classified as at fair value through profit or loss on initial recognition, all financial liabilities are carried at amortised cost, using the effective interest rate method.

10. Financial guarantee contracts

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Financial guarantee liabilities are initially recognised at fair value, and the initial fair value is amortised over the life of the guarantee. The guarantee liabilities are subsequently carried at the higher of the amortised amount and the expected present value of any expected payment (when a payment under the guarantee has become probable).

11. Derecognition

The Group derecognises a financial asset when:
- the contractual rights to cash flows arising from the financial assets have expired; or
- it transfers the financial asset including substantially all of the risks and rewards of the ownership of the asset; or
- it transfers the financial asset, neither retaining nor transferring substantially all the risks and rewards of the asset, but no longer retains control of the asset.

When a sale is followed by an immediate buy-back, the Group considers that it has substantially retained the risks and rewards of ownership and, therefore,would not derecognise the asset.

12. Securitisation operations

The Group has issued debt securities or has entered into funding arrangements with lenders in order to finance specific financial assets.

In general, both the assets and the related liabilities from these transactions are held on the Group's balance sheet. However, to the extent that the risks and returns associated with the financial instruments have been transferred to a third party, the assets and liabilities are derecognised in whole or in part.

Interests in securitised financial assets may be retained or taken in the form of senior or subordinated tranches of debt securities, or other residual interests. Such retained interests are primarily recorded as available-for-sale assets.

13. Impairment of financial assets

Assets carried at amortised cost are assessed at each balance sheet date to determine whether there is objective evidence that a financial asset or group of financial assets is impaired.

Impairment losses are incurred if two conditions are met.

Firstly, there must be objective evidence of impairment as a result of one or more events occurring after initial recognition of the asset (a 'loss event').

Secondly, that loss event must have an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. Objective evidence that a financial asset or group of assets is impaired includes observable data about the following loss events:
- significant financial difficulty of the issuer;
- a breach of contract, such as a default or delinquency in interest or principal repayment;
- granting to the borrower, for economic or legal reasons relating to the borrower's financial difficulty, a concession that the lender would not otherwise consider;
- it becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

Impairment of loans and receivables

The Group first assesses whether objective evidence of impairment exists: individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. Impairment losses are calculated on a collective basis for any losses on loans that are subject to individual assessment for impairment, where those losses have been incurred but not yet identified. Collective assessment is also used for homogeneous groups of loans that are not considered individually significant. If no objective evidence of impairment exists for an individually assessed financial asset, it is included in a collective assessment for impairment with other assets with similar risk characteristics.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of expected future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced using an allowance account. The amount of the loss is recognised in the income statement.

The calculation of the present value of the estimated future cash flows of a financial asset reflects the cash flows that may result from scheduled interest payments, principal repayments or other payments due, including liquidation of collateral where available. In estimating these cash flows, management makes judgements about a counterparty's financial situation and the value of any underlying collateral or guarantees in the Group's favour. Each impaired asset is assessed on its merits, and the relevant Credit Committee reviews the workout strategy and estimate of cash flows considered recoverable on a regular basis. The methodology and assumptions used for estimating both the amount and the timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

Collectively assessed credit risk allowances cover credit losses inherent in portfolios of financial assets with similar economic characteristics where there is objective evidence to suggest that they contain impaired assets but the individual impaired items cannot yet be identified. For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics. Future cash flows are estimated on the basis of historical loss experience.

These estimates are subject to regular review and adjusted to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently.

The accuracy of the allowances made depends on how accurately the Group estimates future cash flows for specific counterparty allowances and provisions and the model assumptions and parameters used in determining collective allowances.

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the original effective interest rate which was used to discount the future cash flows for the purpose of measuring the impairment loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related to an objective event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed by adjusting the allowance for loan impairment. The amount of the reversal is recognised in the income statement.

When a loan is uncollectable, it is written off against the related allowance for loan impairment. Recoveries received in respect of loans previously written off are recorded as a decrease in the impairment losses on loans and advances recorded in the income statement in the year in which the recovery was made.

Loans that are to be tested for impairment, for which the repayment terms have been renegotiated and that have been classified as unpaid or impaired (if they were not renegotiated) are reviewed in order to determine if they should be classified as impaired or unpaid.

Impairment of available-for-sale financial assets

Available-for-sale assets are assessed at each balance sheet date to determine whether there is objective evidence that a financial asset or group of financial assets is impaired.

For equity instruments, a significant or prolonged fall in their price below their acquisition cost is an objective indication of value impairment. Paris Orléans Group considers that this is the case, in particular, for equity instruments which at the reporting date show unrealized losses exceeding 40% of their acquisition cost and for those in a situation of an unrealized loss during a continuous five-year period. Even if the criteria mentioned above were not met, the management may decide to examine the results for other criteria (financial position of the issuer, outlook for the issuer, multiple-criterion valuations, etc.) in order to determine whether the fall in value is of a permanent nature. Where there is an objective indication of value impairment, the cumulative loss is removed from equity and recognized in the profit and loss account. Subsequent improvements in fair value are recognized in equity.

Impairment of available-for-sale debt securities is based on the same criteria as for all other financial assets. If in a subsequent period the fair value of a debt instrument classified as available for sale increases, and the increase can be objectively related to an event occurring after the impairment loss was recognised in the income statement, the impairment loss is reversed through the income statement.

The loss recognised in the income statement is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in the income statement.

14. Classification of debts and shareholders' equity

Under IFRS, the legal form of the transaction takes precedence over its economic substance in determining how it should be classified. The critical feature in differentiating a debt instrument from an equity instrument is the existence of a contractual obligation of the Group to deliver cash (or another financial asset) to another entity. Where there is no such contractual obligation, the Group will classify the financial instrument as equity; otherwise it will be classified as a liability and carried at amortised cost.

Perpetual subordinated debt securities

Given their characteristics, perpetual subordinated debt securities issued by the Group and bearing clauses requiring the payment of interest quality as debt instruments and classified as subordinated debt. The related interest expense is recognised in the income statement.

By contrast, perpetual subordinated securities issued by the Group and bearing discretionary clauses relating to the payment of interest are classified as equity instruments and the related interest is recognised in the income statement under minority interests.

When an event occurs that removes the Group's obligation to pay interest on a subordinated debt, the debt is reclassified to equity at its fair value. At the time of the reclassification, the Group recognises any difference between the instrument's carrying amount and its fair value in the income statement.

15. Consolidated goodwill and intangible assets

Goodwill in an associate, partnership interest or subsidiary represents the excess, at the date of acquisition, of an acquisition's cost over the fair value of the Group's share of net identifiable assets acquired. Identifiable intangible assets are those which can be sold separately or which arise from legal rights, regardless of whether those rights are separate.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is tested annually for impairment, or more frequently when circumstances indicate that its carrying amount is too high. Goodwill is allocated to cash-generating units for the purposes of impairment testing. If the net present value of each of the cash-generating unit's forecast cash flows is insufficient to support its carrying value, then the goodwill is impaired. Impairment losses on goodwill are recognised in the income statement and are not reversed.

Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Intangible assets comprise acquired intellectual property rights, which are carried at cost less accumulated amortisation and impairment losses. The costs are amortised on the basis of an estimated useful life of ten years. Intellectual property rights are reviewed at each reporting date to determine whether there is any objective evidence of impairment. If such evidence exists, an impairment test is performed.

16. Investment property

Investment property corresponds to real estate assets that are leased out. It is recognised at its fair value, which corresponds to the re-assessed value under the move to IAS/IFRS for the other real estate assets; this value constitutes the deemed cost for these assets.

17. Tangible assets

Tangible assets are stated at cost or deemed cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. The deemed cost refers to the situation in which, on transition to IFRS, the Group elected, as IFRS1 First-time adoption of IFRS permits, to consider the fair value of a tangible asset at that time to be its deemed cost.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to write down the cost of assets to their residual values over their estimated useful lives, as follows:

• Computer equipment	3-5 years
• Software development	3-5 years
• Cars	3-5 years
• Fixtures and fittings	3-10 years
• Leasehold improvements	5-15 years
• Buildings	50 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These gains and losses are recognised in the income statement.

18. Impairment of tangible assets

At each balance sheet date, or more frequently where events or changes in circumstances dictate, property, plant and equipment is assessed for indications of impairment. If such indications are present, these assets are subject to an impairment review. If impaired, the carrying values of assets are written down by the amount of any impairment and the loss is recognised in the income statement in the period in which it occurs. A previously recognised impairment loss relating to a fixed asset may be reversed when a change in circumstances leads to a change in the estimates used to determine the fixed asset's recoverable amount. The carrying amount of the fixed asset is only increased up to the amount that it would have been had the original impairment not been recognised.

19. Finance leases and operating leases

Where the Group is the lessor

Finance leases

When assets are held subject to a finance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised in interest receivable over the term of the lease using the net investment method (before tax), which reflects a constant periodic rate of return.

Operating leases

Assets acquired for use by customers under operating lease agreements, including initial direct costs incurred by the lessor in negotiating an operating lease, are capitalised in the relevant category of fixed assets. Depreciation is charged on a straight-line basis to write down the value of the asset to the expected residual value over a period consistent with other assets of a similar type.

Operating lease income and the initial direct costs are then recognised in other operating income on a straight-line basis over the period of the lease.

Where the Group is the lessee

The Group has entered into operating leases. The total payments made under those operating leases are charged to the income statement as operating expenses.

20. Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise balances with original maturities of less than three months, including cash and non-restricted balances with central banks, certificates of deposit and loans and advances to banks.

Also included are short-term cash investments (recommended investment period of less than 3 months), the characteristics of which are a high level of liquidity (liquidation possible at least weekly) and low risk of a change in value (regularity of performance and volatility index of below 0.5). As these are mainly open-ended investment funds and monetary mutual funds classified as euro monetary UCITS defined by the regulatory authorities, they meet the conditions listed above.

At closing, these cash equivalents are assessed at fair value with a counterparty as profit or loss.

21. Pensions

The Group operates a number of pension and other post retirement benefit schemes, both funded and unfunded, and of the defined benefit and defined contribution types. For defined contribution schemes, the contribution payable in respect of the accounting period is recognised in the income statement.

The defined benefit schemes are accounted for using the option permitted by the amendment made to IAS 19 Employee Benefits, which the Group has adopted early, whereby actuarial gains and losses are recognised outside the income statement and are presented in the statement of recognised income and expense.
The amount recognised in the balance sheet in respect of defined benefit schemes is the difference between the present value of the defined benefit obligation at the balance sheet date, and the fair value of the plan's assets, if any. Independent actuaries calculate the defined benefit obligation annually using the projected unit credit method. The obligations' present value is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currencies in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability.

22. Share-based transaction payments

The Group has entered into cash-settled share-based payment transactions. Where share-based payments are used to pay for employees' services, the fair value of the services received is initially measured by reference to the fair value of the instruments granted to them at the date they are granted. The cost of the services is recognised within staff costs in the income statement and is re-measured at each reporting date and at the date of settlement. Any vesting rights are taken into account when determining the rights to payment.

Interest-free staff loans to employees are accounted for under IAS 39 by recognising the loan at fair value (i.e. at a discount). The cost of the employee benefit is spread over the period in which the benefit is expected to accrue. In practice, the effect of this is offset in the income statement by the accretion of the discount on the loan back up to par value over the same period.

23. Taxation

Tax payable on profits and deferred tax are recognised in the income statement, except to the extent that they relate to items that are recognised in equity.

Deferred tax is provided in full, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. Deferred tax is determined using tax rates and laws that are expected to apply when a deferred tax asset is realised, or the deferred tax liability is settled.

The principal temporary differences arise from depreciation of property, plant and equipment, deferred profit share arrangements, revaluation of certain financial instruments including derivative contracts, provisions for post-retirement benefits and tax losses carried forward.

Deferred tax assets, including the tax effects of income tax losses available for carry forward, are only recognised where it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax is not provided on temporary differences arising from investments in subsidiaries and associates, unless the timing of the reversal of the temporary difference is controlled by a third party or it is probable that the difference will reverse in the foreseeable future.

24. Dividends

Dividends are recognised in equity in the period in which they are declared by the Company's shareholders at the Annual General Meeting or, in the case of interim dividends, when they are paid.

25. Fiduciary activities

The Group acts as custodian and in other fiduciary capacities that result in the holding or placing of assets on behalf of customers. These assets and the income arising therefrom are excluded from these financial statements, as they are not assets or income of the Group.

26. Provisions and contingent liabilities

Provisions are recognised only when the Group has a present obligation (legal or constructive) as a result of past events. In addition, it must be probable that a transfer of economic benefits will be required to settle the obligation, and it must also be possible to make a reliable estimate of the amount of the obligation.

The Group recognises provisions in respect of onerous contracts when the expected benefits to be derived from a contract are less than the unavoidable costs of meeting the obligations under the contract.

Contingent liabilities are possible obligations arising from past events whose existence will be confirmed by one or more uncertain future events not wholly within the Group's control, or present obligations that are not recognised either because it is not probable that an outflow of resources will be required to settle the obligation or the amount of the obligation cannot be reliably estimated. Contingent liabilities are disclosed unless the possibility of a transfer of economic benefits is remote.

27. Commodities

Where stocks of gold and silver bullion are principally acquired with the purpose of selling in the near future and generating a profit from fluctuations in price or broker-traders' margin, they are measured at fair value less costs to sell. Any movements in fair value of these stocks are recognised in the income statement. Where commodities in the Group are not actively traded, they are measured at the lower of cost and net realisable value.

28. Non-current assets destined for sale

Non-current assets or disposal groups are classified as held for sale if the carrying amount will be recovered principally through sale rather than continuing use. This condition is regarded as met only when the sale is highly probable, the assets or disposal group are available for immediate sale in their present condition and management is committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of the classification, and the disposal group is actively marketed for sale at a price that is reasonable in relation to its fair value.

Immediately prior to being classified as held for sale, the carrying amount of assets and liabilities are measured in accordance with the applicable standard. On classification as held for sale, the asset or disposal group is measured at the lower of the carrying amount and fair value less costs to sell. An impairment loss is recognised in profit or loss for any initial and subsequent write-down of the asset or disposal group to fair value less costs to sell. Any gain for a subsequent increase in fair value less costs to sell is recognised in profit or loss to the extent that it is not in excess of the cumulative impairment loss previously recognised.

Part IV: Financial risk management

In accordance with IFRS 7 "Financial instruments: Disclosures", the risk relating to financial instruments and the way in which these are managed by the Group are described below:

A. Governance

To facilitate risk management within the Paris Orléans Group and its principal subsidiaries, the Executive Committee and the Supervisory Board have delegated certain functions and responsibilities to several committees of which some are at a Group level, and others are at the level of the principal subsidiary, RCH, the legal holding company of the Group banking activities.

Group Committees:
- Group Audit Committee
- Group Risk Committee
- Group Compliance Committee

RCH Committees:
- Group Management Committee
- Banking Management Committee
- Global Investment Banking Committee
- Private Banking and Trust Executive Board
- Global Assets and Liabilities Committee
- Group Remuneration and Nominations Committee

The terms of reference and membership of these committees are regularly reviewed.

As a financial holding company, Paris Orléans, with the support of the group risk director of the RCH Group, ensures that the systems implemented in group companies are consistent with each other so that exposure to risk can be measured, monitored and controlled on a consolidated basis.

The compliance director of Paris Orléans, with the compliance director of the RCH subgroup, monitors compliance with laws and regulations of activities on a consolidated basis.

Responsibility for monitoring risks rests with individual businesses supported by separately constituted committees, which approve policies, set limits, monitor exceptions and make recommendations on operational, liquidity, credit and market risk decisions. Liquidity in group banking entities is also monitored at RCH level within prudent limits set at individual company level.

The risks faced by the Group's principal operating subsidiaries can be categorised as follows:

Credit Risk arises from the potential failure of counterparties and customers to meet their obligations. This risk is managed and mitigated through loan documentation, credit policies, including credit approval, and monitoring and review processes which are independent of the relationship managers.

Market Risk arises from changes in the market value of assets and liabilities. Financial instruments, including derivatives, are used to provide clients with solutions to meet their commercial objectives. Financial instruments are also used to manage the Group's exposure to market risk arising from movements in exchangerates, interest rates and volatility levels. Market risk from trading activities is subject to appropriate limits and is measured and monitored independently of traders.

Liquidity Risk arises from the funding of our lending and trading activities. Liquidity is measured by classifying assets, liabilities and other cashflows into future time bands using a series of prudent assumptions and calculating the resultant surplus or deficit in each period.

Operational Risk, which is inherent in all business activities, is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Key to the management of operational risk is the maintenance of a strong framework of internal controls.

Independent external audits of operating subsidiaries are carried out annually in regards to the subsidiaries timeline and those audits are supported by testing of the internal control framework by the internal auditors of RCH who report their findings to the audit committees of the companies concerned and to RCH audit committee.

The use of financial instruments is fundamental to the Group's banking and treasury activities. The Group provides a range of lending products to its clients and funds these activities by means of deposit taking, medium term note issuance and other borrowings.

The Group invests in debt securities in order to profit from the interest margin over its cost of funds and to provide a portfolio of liquid assets to assist in the management of liquidity risk and to hedge forecast cash flows. The Group uses derivative financial instruments to meet clients' requirements, for proprietary trading and to manage its exposure to interest rate and currency risk. Further information on derivative contracts and the Group's hedging strategies is set out in notes 1 and 2.

The key risks arising from the Group's activities involving financial instruments are as follows:
- Credit risk;
- Market risk;
- Liquidity risk.

B. Credit risk

Credit risk arises from all exposures to clients and counterparties relating to the Group's lending, trading and investment activities.

Limits on credit risk are set in Paris Orléans for private equity activities by the Executive board and in NMR, which is the Group's largest subsidiary, by the Group Management Committee and by the Credit Committee of NMR. The Credit Committee reviews concentrations and makes recommendations on certain credit decisions to the Executive Committee of NMR. Credit risk limits are set, where appropriate, in respect of exposures to individual clients or counterparties, to industry sectors and to countries.

Exposure to credit risk is managed by detailed analysis of client and counterparty creditworthiness prior to entering into an exposure, and by continued monitoring thereafter. A significant proportion of the Group's lending exposures is secured on property or other assets; the Group monitors the value of any collateral obtained. The Group also uses netting agreements to restrict credit exposure to counterparties. For internal monitoring purposes, credit exposure on loans and debt securities is measured as the principal amount outstanding plus accrued interest. Credit exposure on derivatives is measured as the current replacement value plus an allowance for the potential change in replacement value.

The Paris Orléans' executive board and NMR Credit Committee review credit exposures on loans and debt securities on a quarterly basis and for this purpose they are classified as follows:

Category 1	Exposures where the payment of interest or principal is not in doubt and which are not part of catogeries 2 to 5. They are in compliance with the terms of their loan agreements.
Category 2	Exposures where the payment of interest or principal is not in doubt, but which require closer observation than usual due to some deterioration in the position of the client, for example: poor trading results; difficult conditions in the client's market sector; competitive or regulatory threats; or the potential impact from currency or other factors.
Category 3	Exposures where there has been further deterioration in the position of the client. Although the exposure is not considered to be impaired, the relationship requires close monitoring by the front office team.
of which past due but not impaired financial assets	A financial asset is considered to be past due when the counterparty has failed to make a payment when contractually due. Financial assets that are past due but not impaired are exposures in respect of which it is not considered necessary to provide against despite non-payment of the contractual obligations.
Category 4	Exposures that are considered to be impaired and which carry a provision against of the loan. Some recovery is expected to be made.
Category 5	Exposures that are considered to be impaired and which carry a full provision. No significant recovery of value is expected.

Other group companies map their own credit monitoring to these categories for the purposes of group reporting.

Available for sale financial assets – debt securities include valuations of synthetic CDOs, which are accounted in Financial liabilities at fair value through profit and loss.

At 31 March 2010, these amounted to €24.1 million.

The tables below disclose the maximum exposure to credit risk at 31 March 2010 and at 31 March 2009 for financial assets with significant exposure to credit risk, without taking account of collateral held or other credit risk mitigation.

Commitments and guarantees *In thousands of euros*	Category 1	Category 2	Category 3 (1)	Category 4	Category 5	Impairment allowance	31/03/2010
Financial assets at fair value through profit and loss (excluding equity)	44,188	-	129	-	-	-	**44,317**
Hedging derivatives	14,922	-	-	-	-	-	**14,922**
Loans and receivables to banks	1,574,677	-	-	-	-	-	**1,574,677**
Loans and receivables to customers	1,383,317	164,319	217,582	119,672	36,392	(134,550)	**1,786,732**
Available for sale financial assets - debt securities	1,564,719	34,129	22,491	129,344	14,123	(99,497)	**1,665,309**
Other financial assets	154,627	1,147	19,795	4,035	5,320	(7,516)	**177,408**
Sub-total Assets	**4,736,450**	**199,595**	**259,997**	**253,051**	**55,835**	**(241,563)**	**5,263,365**
Commitments and guarantees	266,991	4,332	11,682	1,680	-	-	**284,685**
TOTAL	**5,003,441**	**203,927**	**271,679**	**254,731**	**55,835**	**(241,563)**	**5,548,050**

(1) Past due but not impaired assets amount to €75,851 thousand as of 31 March 2010. A detailed report considering their maturity date follows.

In thousands of euros	Category 1	Category 2	Category 3 [1]	Category 4	Category 5	Impairment allowance	31/03/2009
Financial assets at fair value through profit and loss (excluding equity)	41,661	-	-	-	-	-	41,661
Hedging derivatives	6,024	-	-	-	-	-	6,024
Loans and receivables to banks	1,708,526	-	-	-	-	-	1,708,526
Loans and receivables to customers	1,830,855	264,053	134,465	105,971	13,477	(102,845)	2,245,976
Available for sale financial assets - debt securities	1,614,820	65,300	51,582	90,060	16,809	(64,276)	1,774,295
Other financial assets	148,666	685	4,658	1,941	6,485	(6,102)	156,333
Sub-total Assets	**5,350,552**	**330,038**	**190,705**	**197,972**	**36,771**	**(173,223)**	**5,932,815**
Commitments and guarantees	220,811	14,447	19,108	2,409	-	-	256,775
TOTAL	**5,571,363**	**344,485**	**209,813**	**200,381**	**36,771**	**(173,223)**	**6,189,590**

[1] Past due but not impaired assets amount to €18,978 thousand as of 31 March 2009.

1. Past due but not impaired assets

The table below analyses amounts past due but not impaired by how far they are past their due date:

In thousands of euros	31/03/2010					31/03/2009				
	Past due but not impaired					Past due but not impaired				
	< 90 days	> 90 days <180 days	> 180 days < 1 year	> 1 year	TOTAL	< 90 days	> 90 days <180 days	> 180 days < 1 year	> 1 year	TOTAL
Loans and receivables to banks	-	-	-	-	-	-	-	-	-	-
Loans and receivables to customers	15,956	1,566	38,534	-	56,056	8,836	2,100	3,384	-	14,320
Other financial assets	52	10,290	4,455	4,998	19,795	-	2,566	1,647	445	4,658
TOTAL	**16,008**	**11,856**	**42,989**	**4,998**	**75,851**	**8,836**	**4,666**	**5,031**	**445**	**18,978**

The table below presents the carrying value of financial assets which would have been classed as past due or impaired assets if the terms of the loans would not have been renegociated during the year:

In thousands of euros	31/03/2010	31/03/2009
Loans and advances to customers	121,842	30,037
Debt securities	-	-
TOTAL	**121,842**	**30,037**

2. Collateral

The Group holds collateral against loans to customers and debt securities. Estimates of the fair value of collateral are made when a loan is approved, and are updated when a loan is individually assessed for impairment.

Collateral takes various forms.

Property exposures are typically secured by fixed charges on the underlying property, with 80% of the committed property loan book benefiting from first ranking charges (85% at 31 March 2009). They may also be supported by other security or guarantees. All property is subject to a professional valuation at inception and may be revalued periodically through the life of the loan.

Leveraged finance exposures are typically secured by fixed and floating charges over material assets of the borrower. The value of this security will vary over time and is dependent on the types of asset secured, the jurisdiction of the borrowers and the ability to dispose of the company as a going concern.

Exposures in the natural resources sector are almost all secured. Security may take the form of corporate debentures, fixed charges on assets or charges on the cash flows arising out of commodity finance and export proceeds.

Asset finance exposures are secured on assets including invoices, plant and equipment, stock and property.

The table below gives an estimate of the fair value of collateral held by the Group as security against its loans to customers that are individually impaired and past due but not impaired.

In thousands of euros	31/03/2010		31/03/2009	
	Past due but not impaired	Individually impaired	Past due but not impaired	Individually impaired
Tangible assets Collateral	13,280	34,809	12,942	43,966
Financial assets Collateral	43,591	7,508	-	6,568
TOTAL	56,871	42,317	12,942	50,534
Net value of loans	56,056	70,076	14,320	52,338

3. Credit risk analysis

The Group monitors concentrations of credit risk by geographic location and industry sector. The tables below show an analysis of credit risk by location and by sector as of 31 March 2010 and 2009.

a) Credit risk by location

Location for loans and advances is measured by reference to the location of the borrower. Debt securities are recorded based on the location of the issuer of the security.

In thousands of euros	France	UK and Channel Islands	Switzer-land	Rest of Europe	Americas	Australia and Asia	Other	31/03/2010
Financial assets at fair value through profit and loss (excluding equity)	1,580	6,780	33,665	2,265	27	-	-	44,317
Hedging derivatives	1,831	6,829	-	6,262	-	-	-	14,922
Loans and receivables to banks	122,549	388,984	139,782	644,741	234,602	28,918	15,101	1,574,677
Loans and receivables to customers	93,632	938,507	250,994	336,471	145,597	14,765	6,766	1,786,732
Available for sale financial assets - debt securities	181,784	385,561	421,618	469,403	171,261	35,682	-	1,665,309
Other financial assets	18,860	42,431	18,184	43,329	27,773	20,929	5,902	177,408
Sub-total Assets	420,236	1,769,092	864,243	1,502,471	579,260	100,294	27,769	5,263,365
Commitments and guarantees	95,094	39,634	49,655	79,556	15,246	4,085	1,415	284,685
TOTAL	515,330	1,808,726	913,898	1,582,027	594,506	104,379	29,184	5,548,050

In thousands of euros	France	UK and Channel Islands	Switzer-land	Rest of Europe	Americas	Australia and Asia	Other	31/03/2009
Financial assets at fair value through profit and loss (excluding equity)	1,309	18,233	16,790	5,253	68	8	-	41,661
Hedging derivatives	-	6,024	-	-	-	-	-	6,024
Loans and receivables to banks	77,810	959,215	88,099	405,314	148,656	26,027	3,405	1,708,526
Loans and receivables to customers	112,043	1,183,326	300,347	402,631	160,227	36,213	51,189	2,245,976
Available for sale financial assets - debt securities	200,636	330,218	458,146	505,364	214,640	65,291	-	1,774,295
Other financial assets	22,448	43,893	8,862	21,131	30,343	23,623	6,033	156,333
Sub-total Assets	414,245	2,540,909	872,245	1,339,693	553,934	151,162	60,627	5,932,815
Commitments and guarantees	25,895	80,286	32,897	52,707	54,087	3,481	7,422	256,775
TOTAL	440,140	2,621,195	905,142	1,392,400	608,021	154,643	68,049	6,189,590

b) Credit risk by sector

The sector is based on Global Industry Classification Standards; the exposition includes derivative instruments, loans and advances to banks, loans and advances to customers, debt securities, commitments and guarantees and credit default swaps.

In thousands of euros	31/03/2010	31/03/2009
Financial	2,579,781	3,320,880
Government	691,064	169,622
Real estate	633,991	719,563
Private persons	511,752	529,776
Industrials	255,482	338,744
Consumer discretionary	209,838	232,488
Materials	184,337	280,905
IT and telecoms	122,193	119,871
Consumer staples	86,734	98,064
Utilities	77,417	67,658
Energy	52,578	145,398
Healthcare	21,204	28,042
Other	121,679	138,578
TOTAL	5,548,050	6,189,590

The "government exposure" above predominantly consists of UK and Swiss government securities.

Financial and real estate sector exposures may be analysed as follows:

In thousands of euros	31/03/2010	31/03/2009
Financial sector		
Short term interbank exposures	1,656,601	1,726,790
Treasury marketable securities - investment grade	624,839	1,201,179
Cash/ investment backed lending	44,371	179,554
Finance companies	25,611	39,772
Other marketable securities	1,918	2,339
Other	226,441	171,246
TOTAL FINANCIAL SECTOR	2,579,781	3,320,880

Short term interbank lending and marketable securities are held for liquidity management purposes.

In thousands of euros	31/03/2010	31/03/2009
Real estate sector		
Senior loans	499,307	585,097
Mezzanine	110,893	97,581
Other	23,791	36,885
TOTAL REAL ESTATE SECTOR	633,991	719,563

Real estate exposures are supported by income generated by a large number of tenants from a wide variety of industry sectors. Exposures are, broadly, evenly split between the major property types and are located predominantly within the UK. There is minimal exposure to speculative development, and development facilities are provided in respect of pre-sold or pre-let properties or with access to additional security and/or guarantees. In March 2009, exposures with an element of development financing represented 5.4 % of senior loans (€30.6 million) of which €6.2 million related to speculative developments. In March 2010, exposures with an element of development financing represented 5.9% of senior loans (€29.7 million). All speculative developments have been completed by 31 March 2010.

C. Market risk

Market risk arises as a result of the Group's activities in interest rate, currency and equity and debt markets and comprises interest rate, foreign exchange and equity and debt position risk.

During the year, exposure to market risk has continued to be small in relation to capital, as trading activities have been focused on servicing client requirements rather than on proprietary risk-taking.

Limits on market risk exposure in NMR, which is the Group's largest subsidiary, are set by its Executive Committee. Monitoring of market risk limits and determination of trading profits are undertaken daily, independently of the dealing area. Risk limits are complemented by other measures and controls, including stress testing to estimate the losses that could occur when markets behave in unusually volatile ways and with little liquidity.

Market risk associated with treasury, leveraged finance loan trading and equity positions is described below with a description of risk management and the levels of risk.

1. Value at risk

Value at risk measures the potential losses that could be incurred on positions at risk from changes in interest rates and market prices over a given period of time and with a given confidence interval.

Market risk in treasury activities arises from interest rate and foreign exchange positions. Foreign exchange and interest rate contracts are used for trading and for hedging purposes. Risk is monitored daily using a sensitivity-based value at risk approach, which determines the effect of changes in market price factors, including currency prices, interest rates and volatilities, on positions. Shifts in market price factors and correlations are calculated weekly, or more frequently in turbulent markets, using the industry standard of 99% probability over a ten day holding period for all risks except currency position risk, which is measured using a 99% probability over a one day holding period.

The market risk figures below are derived from weekly figures and arise from NMR and RBI, which are the only Group entities to use a Value at Risk calculation in their internal management reporting.

NMR

In thousands of euros	12 months to 31/03/2010			12 months to 31/03/2009		
	Average	Low	High	Average	Low	High
Interest rate risk	1,008	402	1,878	1,429	990	2,486
Foreign exchange risk	21	2	73	33	3	165
TOTAL VALUE AT RISK	1,029	404	1,951	1,462	993	2,651

RBI

In thousands of euros	12 months to 31/03/2010			12 months to 31/03/2009		
	Average	Low	High	Average	Low	High
Interest rate risk	303	97	732	298	123	719
Foreign exchange risk	-	-	-	-	-	-
TOTAL VALUE AT RISK	303	97	732	298	123	719

The main assumption used in the calculation is that price factors are normally distributed. This is a common assumption in value at risk calculations but is known to be tenuous, particularly for interest rates and volatilities, and is one of the reasons for the use of a high probability over a long holding period.

2. Price risk related to equity investments

The Group has exposure to equity price risk through holdings of equity investments and warrants on equity investments. Each of these positions is individually approved by senior management and is monitored on an individual basis.

If the price of these equities on which derivative instruments are dependent were to fall by 5%, then there would be a post-tax charge to the income statement of €0.9 million (€1 million as at 31 March 2009) and a charge to equity of €27.8 million (€29.6 million as at 31 March 2009).

The Group, moreover, is exposed through its investments to the risks affecting the companies in which it invests.

The table below shows the Group's equity price risk in relation to these instruments by location:

In thousands of euros	France	UK and Channel Islands	Switzer-land	Rest of Europe	Americas	Australia and Asia	Other	31/03/2010
Equity investments and securities	121,787	10,775	140,074	74,807	29,859	25,065	33,306	**435,673**
Warrants and other equity derivatives	(240)	-	-	-	-	-	-	**(240)**

In thousands of euros	France	UK and Channel Islands	Switzer-land	Rest of Europe	Americas	Australia and Asia	Other	31/03/2009
Equity investments and securities	149,175	7,960	135,941	60,786	21,136	24,481	19,829	419,308
Warrants and other equity derivatives	(975)	-	-	-	-	-	-	(975)

3. Currency risk

The Group takes on exposure to the effects of fluctuations in foreign currency exchange rates on its financial position and cash flows. The table below summarises exposure to foreign currency exchange rate risk as of 31 March 2010. The net positions in the table are measured by reference to the net carrying amounts of monetary assets and liabilities other than those in a subsidiary's functional currency, and are shown after taking account of positions in derivatives.

In thousands of euros	31/03/2010	31/03/2009
USD	**36,021**	21,510
Euro	**5,808**	(21,487)
GBP	**21,140**	3,547
CHF	**(3,098)**	(10,706)
AUD	**749**	1,231
Other	**11,050**	8,432

	31/03/2010	31/03/2009
€/USD	**1.3513**	1.3267
€/GBP	**0.8909**	0.9268
€/CHF	**1.4231**	1.5096
€/AUD	**1.4748**	1.9124

If the Euro strengthened against these currencies by 5%, then the effect on the Group would be a charge to the income statement of €0.04 million (€1.3 million in 2009).

4. Interest rate risk

The table below summarises the Group's exposure to interest rate risk. It shows the impact on the fair value of interest-bearing assets and liabilities, and of interest-bearing derivatives, if base interest rates in each currency shown moved up or down by 100 basis points. The table includes all interest rate risk arising from financial instruments including that within the treasury and banking businesses. The Group also holds £125 million, $200 million and €150 million of subordinated guaranteed notes for which there is no contractual obligation to repay principal or to pay interest. These notes, which are treated as equity in the Group's accounts, are not considered to be financial instruments and are not included in this note.

In thousands of euros	31/03/2010		31/03/2009	
	+100 bps	-100 bps	+100 bps	-100 bps
USD	**(257)**	**264**	(87)	73
Euro	**(404)**	**434**	(49)	32
GBP	**(1,491)**	**1,498**	1,304	(1,324)
CHF	**(1,734)**	**1,810**	(2,528)	2,654
Other	**(22)**	**(29)**	(17)	17
TOTAL	**(3,908)**	**3,977**	**(1,377)**	**1,452**

At 31 March 2010, of all on-demand and term loans contracted by the Paris Orléans group in the course of its private equity business, a total of €160.2 million was at variable interest rates and €48.5 million at floating rates.

At 31 March 2010, of the fixed income securities held by the Paris Orléans group in the context of its private equity business, a total of €62.3 million was at fixed rates and €157 million at floating rates.

D. Liquidity risk

Management of liquidity risk is of fundamental importance to the operating entities of the Group, to ensure that they can meet their liabilities as they fall due. The Group's strategy for the management of liquidity focuses on the maintenance of a diversified funding base of appropriate duration to the Group's assets.

The liquidity of the Group's three main banking groups is managed independently of each other. This is briefly summarised below.

1. N M Rothschild and Sons Limited ("NMR")

NMR's liquidity is measured by classifying cash flows into future time bands using a series of prudent assumptions and calculating the resultant gap, either surplus or deficit, in each period. The net liquidity gap represents the difference between cash inflows and outflows arising in a particular time period on the assumption that all liabilities mature on their adjusted maturity dates and are not replaced, and that assets are repaid only at their contractual maturity dates. In practice, liabilities are extended and new liabilities are taken on as part of the Group's day to day funding activities. The Group manages the maturity profile of assets and liabilities in accordance with its liquidity policy and with regulatory and internal limits.

NMR's liquidity is monitored daily independently of the front office Treasury staff responsible for day-to-day liquidity management, and is subject to oversight by the Group Assets and Liabilities Committee (ALCO) which sets cash flow mismatch limits for various periods. NMR is also subject to liquidity guidelines set by the Financial Services Authority.

The mismatch limits are generally calculated using the contractual maturity of financial assets and liabilities except for the following:

- marketable debt securities are included in the demand time band (at an appropriate discount), reflecting the fact the fact that these assets are traded in liquid markets and can readily be converted to cash;
- certain classes of customer deposits are included in a time band longer than their contractual maturity, as historical data for these types of deposit show that the deposits are not typically repaid on their contractual maturity dates. This "behavioural adjustment" has been agreed with the FSA for liquidity monitoring and reporting and is subject to regular review; and
- 15% of undrawn loan commitments are included as a cash outflow in the "demand" time band in accordance with the FSA's mismatch liquidity guidelines.

For regulatory purposes, NMR has measured its liquidity ratio as 41.5% as of 31 March 2010 (31 March 2009: 19%). This figure is the cumulative liquidity gap at the 1-month horizon (after certain allowable behavioural adjustments) as a percentage of total deposits. The limit set by the UK's Financial Services Authority's ("FSA") is -5.0%. The ratio is calculated in accordance with FSA guidelines for Liquidity Mismatch reporting.

2. Rothschild Bank International Limited ("RBI")

RBI uses a similar liquidity gap analysis approach as NMR in measuring its liquidity position. Liquidity is monitored daily independently of the front office, and is subject to oversight by the Treasury Committee, which recommends policies and procedures for the management of liquidity risk and has set deficit limits for each period.

The cumulative liquidity gap in the 8 day to 1 month period, as measured for regulatory purposes, was as of 31 March 2010 231% greater than the limit required by the local regulator (31 March 2009: 138% greater).

3. Rothschild Bank Zurich ("RBZ")

RBZ maintains liquidity facilities in the form of overdraft lines at correspondent banks and secured finance facilities with clearing institutions for the exceptional event that counterparties or clients do not meet their payment obligations punctually. punctually. Compliance with the liquidity rules as set out in the Banking Ordinance is constantly monitored.

RBZ is well capitalised and not dependent on long term funding from external banks. Excess cash is mainly placed short term (up to 30 days). Therefore, external bank borrowings are only used to cover short term peaks.

As of 31 March 2010, liquid assets were 319% of liquid liabilities, as measured for regulatory purposes (31 March 2009: 306%). The regulatory limit is 100%.

Contractual Maturity

The following table shows the Group's financial assets and liabilities, analysed by remaining contractual maturity at the balance sheet date.

In thousands of euros	Demand - 1m	1m - 3m	3m - 1y	1y - 2y	2y - 5y	>5 yr	No contractual maturity	31/03/2010
Cash and balances at central banks	1,147,577	-	-	-	-	-	-	**1,147,577**
Financial assets at FVTPL	1,644	3,578	35,883	-	2,769	1,472	8,173	**53,519**
Hedging derivatives	-	-	-	14,922	-	-	-	**14,922**
AFS securities	185,323	348,244	429,949	247,365	118,791	395,556	391,393	**2,116,621**
Loans and advances to banks	1,493,581	58,382	22,605	-	55	53	-	**1,574,676**
Loans and advances to customers	333,236	109,011	230,459	313,998	520,327	279,701	-	**1,786,732**
Other financial assets	104,743	29,546	22,517	7,403	-	94	13,101	**177,404**
TOTAL ASSETS	**3,266,104**	**548,761**	**741,413**	**583,688**	**641,942**	**676,876**	**412,667**	**6,871,451**
Financial liabilities at FVTPL	438	3,259	38,050	7,040	16,005	4,581	975	**70,348**
Hedging derivatives	147	2,762	3,637	10,560	8,626	10,580	-	**36,312**
Deposits by banks and central bank	78,360	146,867	234,738	-	176,352	100,575	-	**736,892**
Due to customers	2,590,684	165,154	201,717	689,798	281,727	30,994	-	**3,960,074**
Debt securities in issue	-	75,793	103,670	350,002	-	-	-	**529,465**
Subordinated loan capital	-	-	-	-	29,645	-	-	**29,645**
Other financial liabilities	30,335	749	3,999	7,443	-	-	7	**42,533**
TOTAL LIABILITIES INCLUDING COMMITMENTS	**2,699,964**	**394,584**	**585,811**	**1,064,843**	**512,355**	**146,730**	**982**	**5,405,269**

Liquidity risk - undiscounted cashflows of liabilities

The following table shows contractual undiscounted cash flows payable by the Group (i.e. including future interest payments) on its financial liabilities and commitments, analysed by remaining contractual maturity at the balance sheet date. Loan commitments are analysed at the earliest date they can be drawn down. This table does not reflect the liquidity position of the Group. Interest cashflows from undated subordinated debt are shown up to five years only, with the principal balance shown in the "No contractual maturity" column.

In thousands of euros	Demand - 1m	1m - 3m	3m - 1y	1y - 2y	2y - 5y	>5 yr	No contractual maturity	31/03/2010
Hedging derivatives	147	2,762	3,637	10,560	8,626	10,248	-	**35,980**
Deposits by banks and central bank	78,351	147,305	236,589	723,058	188,744	106,754	-	**1,480,801**
Due to customers	2,592,543	167,209	228,980	352,242	312,322	37,372	-	**3,690,668**
Debt securities in issue	-	76,711	107,354	514	-	-	-	**184,579**
Subordinated liabilities	-	-	346	7,443	33,009	6	-	**40,804**
Ohter financial liabilities	30,315	749	3,999	-	-	-	7	**35,070**
Gross loan commitments	61,515	-	-	1,096,227	66,511	-	-	**1,224,253**
TOTAL	**2,762,871**	**394,736**	**580,905**	**2,190,044**	**609,212**	**154,380**	**7**	**6,692,155**

E. Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. For financial instruments carried at fair value, market prices or rates are used to determine fair value where an active market exists (such as a recognised exchange), as it is the best evidence of the fair value of a financial instrument. Market prices are not, however, available for certain financial assets and liabilities held or issued by the Group. Where no active market price or rate is available, fair values are estimated using present value or other valuation techniques, using inputs based on market conditions existing at the balance sheet date. The valuation may be derived from quotations received from various sources. Where the market is illiquid, the quotations may not be supported by prices from actual market transactions.

Valuation techniques are generally applied to over the counter derivative transactions and unlisted debt and equity securities, trading portfolio assets and liabilities. The most frequently applied pricing models and valuation techniques include discounted cash flow techniques and option valuation models. The values derived from applying these techniques are significantly affected by the choice of valuation model used and the assumptions made concerning factors such as the amounts and timing of future cash flows, discount rates, volatility, and credit quality.

The methods adopted to determine the fair value of each type of financial asset or liability are summarised below:

- Cash and balances at central banks, loans and advances to banks and deposits by banks. Fair value of these instruments is materially the same as their carrying value due to the short term nature of the financial asset or liability.
- Derivative financial instruments and available-for-sale financial assets are carried in the balance sheet at fair value, usually determined using market prices or valuations provided by third parties. Debt securities or unlisted equity securities for which no price is available are valued by discounting expected future cash flows at market interest rates adjusted for appropriate credit spreads.
- Within debt securities, a portfolio of a small number of asset backed securities has been difficult to price due to a lack of liquidity in the market. The fair value of these securities is based on external estimates together with values ascribed to them in repo transactions. As a result of the global credit crunch, there are few underlying transactions against which to calibrate these valuations and quoted prices are significantly below par value although the assets are not considered to be impaired. Nonetheless, where there is a quoted market price, it has been used to determine fair value at the balance sheet date.
- Loans and advances to customers have been reviewed and their terms and pricing compared to recent similar transactions. Where a material difference in terms and/or pricing has been observed, or where there is any other indication that the fair value of the asset differs materially from its carrying value, the disclosed fair value has been adjusted accordingly.
- Repurchase agreements and amounts due to customers. The fair value of these instruments is determined by discounting the future cash flows at market interest rates adjusted for the appropriate credit spread.
- Debt securities in issue and subordinated liabilities. Fair value is determined using quoted market prices where available, or by discounting the future cash flows at market interest rates adjusted for the appropriate credit spread.
- Other financial assets and liabilities. Fair value is considered to be the same as carrying value for these assets.

The fair value of each class of financial asset and liability is shown below.

Carried at amortised cost:

In thousands of euros	31/03/2010		31/03/2009	
	Carrying value	**Fair value**	**Carrying value**	**Fair value**
Financial assets				
Loans and receivables to banks	**1,574,677**	**1,574,677**	1,708,526	1,708,526
Loans and receivables to customers	**1,786,732**	**1,601,455**	2,245,976	1,823,768
TOTAL	**3,361,409**	**3,176,132**	**3,954,502**	**3,532,294**
Financial liabilities				
Due to banks	**737,330**	**737,220**	1,570,681	1,563,850
Due to customers	**3,960,074**	**3,966,016**	3,015,936	3,015,936
Debt securities in issue	**529,465**	**518,821**	1,070,471	1,044,894
Subordinated debt	**29,645**	**23,716**	159,845	65,939
TOTAL	**5,256,514**	**5,245,773**	**5,816,933**	**5,690,619**

Carried at fair value (CBV only):

In thousands of euros	31/03/2010				31/03/2009			
	Carrying value equal to fair value	Measured using			Carrying value equal to fair value	Measured using		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
Financial assets								
Financial assets - trading	**46,739**	36,312	10,427		37,407	29,600	7,807	
Financial assets at fair value through profit or loss	**6,948**	5,344	1,604	-	7,397	2,753	4,644	-
Available-for-sale financial assets	**2,116,621**	1,564,055	544,921	7,645	2,261,427	1,618,123	623,819	19,485
TOTAL	**2,170,308**	1,605,711	556,952	7,645	**2,306,231**	1,650,476	636,270	19,485
Financial liabilities								
Financial liabilities at fair value through profit and loss	**70,348**	-	70,348	-	118,458	-	118,458	-
TOTAL	**70,348**	-	70,348	-	**118,458**	-	118,458	-

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from market data to a significant extent). An example would be an instrument valued using a price: earnings multiple of a comparable quoted company.
Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs). An example would be a discounted cash flow on an instrument with uncertain cash flows.

Assets measured at fair value based on Level 3 as of 31 March 2010

There were no significant transfers between assets valued at level 1 and at level 2 in the year.
The following table presents the movement in assets valued using level 3 valuation methods in the year:

In thousands of euros	Available-for-sale financial assets
Opening balance	19,485
Total gains and (losses) in profit and loss	(3,104)
Total gains and (losses) through reservess	(2,126)
Purchases	1,210
Settlements	(43)
Transfers into/(out of) level 3	(6,829)
Exchange	(948)
Closing balance	7,645

F. Fiduciary activities

The Group provides custody and other fiduciary services to customers. Those assets that are held in a fiduciary capacity are not included in these financial statements. At the balance sheet date, these amounted to approximately €1.175 billion (2009: €2.089 billion).

Part V : Notes to the Balance Sheet

Note 1 - Financial assets and liabilities at fair value through profit or loss

In thousands of euros	31/03/2010	31/03/2009
Trading instruments	**2,912**	1,970
Financial assets designated at fair value through profit or loss	**6,948**	1,173
Derivative financial instruments	**43,659**	41,661
AT THE END OF THE PERIOD	**53,519**	**44,804**
of which Financial assets at fair value through profit or loss - Listed	*7,472*	*2,795*
of which Financial assets at fair value through profit or loss - Unlisted	*46,047*	*42,009*

Trading portfolio

	31/03/2010	31/03/2009
Public bills and similar securities	-	-
Bonds	-	-
Equities	2,912	1,970
Other financial instruments	-	-
AT THE END OF THE PERIOD	2,912	1,970

Financial assets designated at fair value through profit and loss

	31/03/2010	31/03/2009
Public bills and similar securities	-	-
Bonds	83	-
Equities	5,555	1,173
Other financial instruments	1,310	-
AT THE END OF THE PERIOD	6,948	1,173

A derivative is a financial instrument, the value of which is derived from another financial instrument, an index or some other variable (the "underlying"). Typically the underlying is an interest rate, a currency exchange rate or the price of a debt or equity security. Derivatives require little or no net investment or a lower investment than a non-derivative financial instrument to obtain the same sensitivity to changes in the underlying.

Derivative instruments are carried at fair value, shown in the balance sheet as separate totals of positive replacement values (assets) and negative replacement values (liabilities). Positive replacement values represent the cost to the Group of replacing all transactions with a fair value in the Group's favour if the counterparties default. Negative replacement values represent the cost to the Group's counterparties of replacing all their transactions with the Group with a fair value in the counterparties' favour if the Group were to default. Positive and negative replacement values on different transactions are only netted if there is legal right of set-off, the transactions are with the same counterparty and the cash flows will be settled on a net basis. Changes in replacement values of derivative instruments are recognised in trading income unless they qualify as cash flow hedges for accounting purposes.

Derivatives may be transacted for trading or hedging purposes. Trading involves taking positions with the intention of profiting from changes in market variables such as interest rates. The Group also enters into derivative transactions for the purpose of hedging exposures in the non-trading book.

The accounting treatment of hedge transactions depends on the nature of the hedging relationship and whether the hedge qualifies as such for accounting purposes. Derivative transactions that qualify as hedges for accounting purposes are either fair value or cash flow hedges. Further information relating to hedging derivatives is provided in note 2.

Trading derivative financial instruments

In thousands of euros	31/03/2010			31/03/2009		
	Notional principal	Positive fair value	Negative fair value	Notional principal	Positive fair value	Negative fair value
Interest rate contracts						
- Firm	198,104	3,227	(7,402)	283,334	4,948	(9,447)
- Conditional	14,000	84	-	114,001	84	-
Foreign exchange contracts						
- Firm	1,605,857	36,628	(34,961)	1,486,715	31,273	(36,384)
- Conditional	380,289	2,905	(2,899)	202,348	712	(724)
Equity instruments						
- Firm	-	206	-	-	521	-
- Conditional	983	529	(983)	975	4,123	(975)
Commodity instruments						
- Firm	-	-	-	-	-	-
- Conditional	-	-	-	-	-	-
Credit derivatives						
- Firm	51,717	-	(24,103)	107,147	-	(70,928)
- Conditional	-	-	-	-	-	-
Other instruments	-	80	-	-	-	-
AT THE END OF THE PERIOD	2,250,950	43,659	(70,348)	2,194,520	41,661	(118,458)

Note 2 - Hedging derivatives

In thousands of euros	31/03/2010			31/03/2009		
	Notional principal	Positive fair value	Negative fair value	Notional principal	Positive fair value	Negative fair value
Interest rate contracts						
- Firm	1,584,355	14,922	(34,196)	919,959	3,007	(53,195)
- Conditional	-	-	-	-	-	-
Foreign exchange contracts						
- Firm	96,676	-	(2,116)	597,727	3,017	(3,153)
- Conditional	-	-	-	-	-	-
Equity instruments						
- Firm	-	-	-	-	-	-
- Conditional	-	-	-	-	-	-
Commodity instruments						
- Firm	-	-	-	-	-	-
- Conditional	-	-	-	-	-	-
Other instruments	-	-	-	-	-	-
AT THE END OF THE PERIOD	1,681,031	14,922	(36,312)	1,517,686	6,024	(56,348)

The schedule of cash flows hedged is as follows

In thousands of euros	< 1 year	> 1 year < 3 years	> 3 years < 5 years	> 5 years < 10 years	> 10 years
Cash inflows (assets)	-	-	-	-	-
Cash outflows (liabilities)	(5,750)	(11,398)	(15,177)	(10,644)	-
Cost at 31/03/2010	**(5,750)**	**(11,398)**	**(15,177)**	**(10,644)**	**-**

Fair Value Hedges

The Group's fair value hedges consist of interest rate swaps that are used to protect against changes in the fair value of fixed rate lending, fixed rate debt securities and of fixed rate borrowing.

For the year ended 31 March 2010, the Group recognised a net loss of €284 thousand (net gain of €73 thousand for 31 March 2009) representing the change in fair value of the ineffective portions of fair value hedges.

The fair value of derivatives designated as fair value hedges was €(3,467) thousand at 31 March 2010 and €(23,566) thousand at 31 March 2009.

Cash flow Hedges

The Group is exposed to variability in future interest cash flows on non-trading assets and issued debt securities that receive or pay interest at variable rates. Gains and losses on the effective portion of interest rate swaps designated as cash flow hedges are recorded in shareholders' equity. Gains or losses on any ineffective portion of these swaps are recognised immediately in the income statement.

For the year ended 31 March 2010, a gain of €147 thousand was recognised in the income statement in respect of the ineffective portion of cash flow hedges (gain of €570 thousand at 31 March 2009). The fair value of derivatives designated as cash flow hedges at 31 March 2010 was €(15,811) thousand and €26,758 thousand at 31 March 2009.

Note 3 - Available-for-sale financial assets

In thousands of euros	31/03/2010	31/03/2009
AFS debt securities		
Public bills and similar securities	**622,113**	132,455
Bonds and similar securities	**437,671**	370,788
Notes and other securities	**691,930**	1,380,198
Sub total	**1,751,714**	**1,883,441**
Of which listed securities	*1,510,016*	*1,644,708*
Of which unlisted securities	*241,698*	*238,733*
Accrued interest	**37,196**	25,788
Sub total	**1,788,910**	**1,909,229**
Impairment	**(99,498)**	(64,007)
TOTAL OF AFS DEBT SECURITIES	**1,689,412**	**1,845,222**
AFS equity securities		
Affiliates and long term securities	**239,798**	248,165
Other equities	**245,091**	222,288
Equities and other variable income securities	**484,888**	**470,453**
Of which listed securities	*127,854*	*148,699*
Of which unlisted securities	*357,034*	*321,754*
Impairment	**(57,329)**	(54,247)
TOTAL OF AFS EQUITY SECURITIES	**427,559**	**416,206**
AT THE END OF THE PERIOD	**2,116,971**	**2,261,428**

Movement in available-for-sale financial assets

In thousands of euros	31/03/2010	31/03/2009
AT THE BEGINNING OF THE PERIOD	2,261,428	3,665,980
Additions	3,879,894	526,255
Change of scope	-	-
Disposals (sale and redemption)	(4,111,228)	(1,228,616)
Reclassifications and changes in consolidation scope	(22,806)	(454,139)
Gains/(losses) from changes in fair value	120,423	(208,836)
Impairment	(50,332)	(56,079)
Exchange differences	39,592	16,863
AT THE END OF THE PERIOD	2,116,971	2,261,428

In application of the amendments to IAS 39 and IFRS 7 adopted by the European Commission on 15 October 2008, on 1 July 2008 the Paris Orléans Group transferred from available-for-sale financial assets to loans and receivables those financial assets to which the definition of loans and receivables would apply on the reclassification date.

This reclassification has had no effect on the income statement in the period.

On the reclassification date and on 31 March 2010, Paris Orléans had the financial capacity to keep the loans concerned to their maturity date or for the foreseeable future.

The reclassified financial assets are shown in the following table (in thousands of euros):

Fair value at 31/03/2008 of the available-for-sale financial assets to be reclassified as loans and receivables	417,147
Changes in fair value of these assets between 01/04/ 2008 and 01/07/2008	15,250
Translation differences and other movements	5,179
Fair value at 01/07/2008 of financial assets reclassified as loans and receivables	437,576
Impairment after reclassification	(16,838)
Disposals (sale and redemption)	(167,558)
Translation differences and other movements	48,452
Amortised cost at 31/03/2009 of reclassified loans and receivables	301,632

Fair value at 01/04/2009 of financial assets reclassified as loans and receivables	282,625
Disposals (sale and redemption)	(84,772)
Changes in fair value of reclassified financial assets between 01/04/2009 and 31/03/2010	74,337
Other movements	8,082
Fair value at 31/03/2010 of financial assets reclassified as loans and receivables	280,272,

After the transfer to loans and receivables, those financial assets was recognised as follow in the income statement:

In thousands of euros	2009/2010	2008/2009
Income interests	5,194	6,305
Impairment	(6,835)	(10,003)
Other gains and losses	(2,954)	-
TOTAL	(4,595)	(3,698)

Note 4 - Loans and receivables to banks

In thousands of euros	31/03/2010	31/03/2009
Interbank demand deposits and overnight loans	619,255	579,201
Interbank term deposits and loans	947,719	1,125,906
Reverse repos and loans secured by bills	-	-
Subordinated loans - banks	-	-
Total	1,566,974	1,705,107
Accrued interest	7,702	3,419
Loans and receivables to banks - Gross amount	1,574,676	1,708,526
Allowance for credit losses on loans and receivables to banks	-	-
AT THE END OF THE PERIOD	1,574,676	1,708,526

Note 5 - Loans and receivables to customers

In thousands of euros	31/03/2010	31/03/2009
Overdrafts on current accounts - customers	3,417	12,298
Loans to customers - retail	446,415	491,394
Loans to customers - corporate	1,467,081	1,830,896
Reverse repos and loans secured for bills	-	-
Subordinated loans - customers	-	-
Total	1,916,913	2,334,588
Accrued interest	4,370	13,570
Loans and receivables to customers - Gross amount	1,921,283	2,348,158
Allowance for credit losses on loans and receivables to customers	(134,551)	(102,182)
AT THE END OF THE PERIOD	1,786,732	2,245,976

Allowance for credit losses on loans and receivables

In thousands of euros	31/03/2010			31/03/2009		
	Specific provision	Collective provision	TOTAL	Specific provision	Collective provision	TOTAL
Allowance for credit losses on loans and receivables to customers	(85,989)	(48,562)	(134,551)	(67,110)	(35,072)	(102,182)

The incurred losses in the portfolio of loans and receivables consist of those impaired on a individual basis augmented by a collective provision of €13.5 million made during the current period.

Loans and advances to customers include finance lease receivables :

In thousands of euros	Total future receipts	Less unrecognised interest income	Present value of net finance lease assets
Up to 1 year	41,834	(6,841)	34,993
Between 1 and 5 years	65,777	(11,424)	54,353
Over 5 years	1,238	(257)	981
TOTAL AT 31/03/2010	108,849	(18,522)	90,327

Note 6 - Other assets and estimated accounts

In thousands of euros	31/03/2010	31/03/2009
Guarantee deposits paid	914	553
Settlement accounts on securities transactions	-	-
Other receivable	50,465	167,708
Other assets	**51,379**	**168,261**
Dividends to allocate	-	
Prepaid expenses	9,836	10,202
Accrued income	184,007	47,937
Estimated accounts	**193,843**	**58,139**
AT THE END OF THE PERIOD	**245,222**	**226,400**

Note 7 - Investments in associates

In thousands of euros	Les Domaines Barons de Rothschild (Lafite)	Continuation Investment NV	Centrum Luxembourg	Rivoli Participation	Comepar	JRAC Proprietary Investments	Joint-ventures entre CBV et Rothschild & Cie Banque	Rothschild & Cie Banque	Rothschild Europe BV	Other	TOTAL
At 31/03/2008	**10,381**	**2,456**	**152**	**1,648**	**-**	**-**	**5,936**	**71,070**	**34,841**	**14,190**	**140,674**
Of which goodwill	*1,267*	-	-	-	*915*	-	-	-	-	-	*2,182*
Of which allowance for impairment	-	-	-	-	*(915)*	-	-	-	-	-	*(915)*
Profit for the period 2008/2009	2,484	1,071	-	279	-	-	1,058	11,404	10,677	(1,306)	**25,667**
Change in percentage ownership	-		(152)	-	-	-	-	-	-	-	**(152)**
Exchange differences on translation	(563)	192	-	-	-	-	(163)	1,478	(637)	(1,504)	***(1,197)***
Shareholders dividends	(529)	(979)	-	(2,144)	-	-	(9,776)	(11,880)	(19,934)	(158)	***(45,400)***
Gains (losses) from changes in fair value	-	(980)	-	-	-	-	-	-	-	(143)	**(1,123)**
Effect of acquisitions and disposals on minority interests	-	-	-	(58)	-	-	5,496	-	-	5,893	**11,331**
Other	91	320		275	-	-	(3)	(14)	102	36	**807**
Provisions	-	-	-	-	-	-	-	-	-	-	**-**
At 31/03/2009	**11,864**	**2,080**	**-**	**-**	**-**	**-**	**2,548**	**72,058**	**25,049**	**17,008**	**130,607**
Of which goodwill	*1,267*	-	-	-	*915*	-	-	-	-	-	*2,182*
Of which allowance for impairment	-	-	-	-	*(915)*	-	-	-	-	-	*(915)*
Profit for the period 2009/2010	2,087	322	-	-	-	(1,128)	5,714	7,784	-	857	**15,636**
Change in percentage ownership	-	-	-	-	-	16,958	-	-	(25,049)	399	**(7,692)**
Exchange differences on translation	-	135	-	-	-	(342)	52	200	-	(142)	**(97)**
Shareholders' dividends	(32)	-	-	-	-	(76)	(713)	(8,067)	-	(563)	**(9,451)**
Gains (losses) from changes in fair value	-	40	-	-	-	-	-	-	-	190	**230**
Effect of acquisitions and disposals on minority interests	(896)	-	-	-	-	-	-	-	-	-	**(896)**
Other	(9)	19		-	-	-	2	8	-	411	**431**
Provisions	-	-	-	-	-	-	-	-	-	-	**-**
At 31/03/2010	**13,014**	**2,596**	**-**	**-**	**-**	**15,412**	**7,603**	**71,983**	**-**	**18,160**	**128,768**
Of which goodwill	*1,267*	-	-	-	*915*	-	-	-	-	-	*2,182*
Of which allowance for impairment	-	-	-	-	*(915)*	-	-	-	-	-	*(915)*

Information related to associates

In thousands of euros	Gross assets	Net banking income or net operating income	Net Income
Les Domaines Barons de Rothschild (consolidated sub-group)	163,104	78,661	7,907
Continuation Investment NV	6,834	(406)	847
Rivoli Participation (consolidated sub-group)	12,428	10,982	1,252
Comepar (consolidated subgroup)	25,079	8,287	(658)
Joint-ventures between NMR and Rothschild & Cie Banque (consolidated sub-group)	30,000	32,106	11,429
Rothschild & Cie Banque (consolidated sub-group)	819,222	248,946	70,120
JRAC Proprietary Investments LP	42,702	275	(3,127)

Note 8 - Tangible fixed assets

In thousands of euros	01/04/2009	Additions	Disposals	Write offs	Changes in consolidation method	Changes in consolidation scope of the period	Depreciation charge	Exchange rate movement	Other move-ments	31/03/2010
Operating lands and buildings	150,622	873	1	(75)	2,216	-	-	6,323	(4)	159,956
Assets used to generate lease income	9,185	3,500	(1,666)	-	-	-	-	369	-	11,389
Other tangible fixed assets	105,399	67,777	(1,418)	(2,161)	5,332	37	-	5,395	(7)	180,353
Total tangible fixed assets - Gross amount	**265,206**	**72,150**	**(3,083)**	**(2,236)**	**7,548**	**37**	**-**	**12,087**	**(11)**	**351,698**
Amortisation and allowances - operating lands and buildings	(64,392)	-	-	-	(888)	-	(4,832)	(2,348)	(3)	(72,463)
Amortisation and allowances - assets used to generate lease income	(4,656)	-	1,464	-	-	-	(1,835)	(188)	-	(5,214)
Amortisation and allowances - other tangible fixed assets	(53,803)	-	1,276	2,174	(3,012)	-	(7,518)	(2,669)	(44)	(63,595)
Total amortisation and allowances	**(122,851)**	**-**	**2,740**	**2,174**	**(3,900)**	**-**	**(14,185)**	**(5,205)**	**(47)**	**(141,272)**
TOTAL TANGIBLE FIXED ASSETS - NET AMOUNT	**142,355**	**72,150**	**(342)**	**(62)**	**3,648**	**37**	**(14,185)**	**6,882**	**(58)**	**210,425**

Note 9 - Intangible fixed assets

In thousands of euros	01/04/2009	Additions	Disposals	Write offs	Changes in consolidation method	Changes in consolidation scope of the period	Depreciation charge	Exchange rate movement	Other move-ments	31/03/2010
Intangible fixed assets - Gross amount	188,075	67	(1)	(295)	(82)	-	-	377	-	188,140
Amortisation and allowances - Intangible fixed assets	(14,031)	-	1	295	70	-	(3,866)	(215)	(7)	(17,752)
TOTAL INTANGIBLE FIXED ASSETS - NET AMOUNT	**174,044**	**67**	**-**	**-**	**(12)**	**-**	**(3,866)**	**162**	**(7)**	**170,388**

Note 10 - Goodwill

As at 31 March 2010, the Group carried out an annual impairment test of the cash generating units to which the goodwill arising on the acquisition of a controlling interest in Concordia BV on 21 November 2007 was allocated. This goodwill was allocated to two cash generating units: Rothschilds Continuation Holding AG and Rothschild and Cie Banque.

The recoverable value of the cash generating units was calculated based on multiple criteria: for RCH AG these included stock market multiples, transaction multiples and discounted forecast cash flows, and for Rothschild and Cie Banque, an independent appraisal based on multiple criteria.

The cash flows used for calculating discounted cash flows correspond to consolidated net income after tax and were estimated based on a business plan drawn up using budget projections for the coming six years.

At 31 March 2010, the recoverable value of the cash generating units was higher than their carrying amount. Accordingly, the Group did not recognise goodwill impairment on Concordia BV.

Note 11 - Due to banks

In thousands of euros	31/03/2010	31/03/2009
Interbank demand deposits and overnight	132,748	178,102
Interbank term deposits and borrowings	361,807	485,863
Borrowings secured by repurchase agreement	233,893	898,559
Due to banks - Sub total	**728,448**	**1,562,524**
Accrued interest	8,444	8,157
AT THE END OF THE PERIOD	**736,892**	**1,570,681**

Note 12 - Due to customers

In thousands of euros	31/03/2010	31/03/2009
Customer demand	1,762,298	1,275,012
Term deposits - customers	2,185,037	1,736,205
Borrowings secured by bills (customers)	-	-
Customer deposits - Sub total	**3,947,335**	**3,011,217**
Accrued interest	12,739	4,719
AT THE END OF THE PERIOD	**3,960,074**	**3,015,936**

Note 13 - Debt securities in issue

In thousands of euros	31/03/2010	31/03/2009
Securities with a short term maturity	100,000	292,791
Securities with a medium term maturity	424,708	772,579
Securities with a long term maturity and bonds	-	-
Debt securities in issue - Sub total	**524,708**	**1,065,370**
Accrued interest	4,757	5,101
AT THE END OF THE PERIOD	**529,465**	**1,070,471**

Medium term debt securities have been issued under a Euro Medium Term Note Programme in the United Kingdom. These securities were issued with variable interest rates and had residual maturities ranging from 1 to 18 months at 31 March 2010.

Short-term debt securities correspond to certificates of deposit issued with fixed interest rates and which had a maturity of more than 4 months at 31 March 2010.

Note 14 - Estimated accounts and other liabilities

In thousands of euros	31/03/2010	31/03/2009
Settlement accounts on securities transactions	3,518	-
Accounts payable	39,008	21,243
Sundry creditors	123,441	105,847
Other liabilities	**165,967**	**127,090**
Due to employees	439,157	358,793
Other accrued expenses and deferred income	66,168	55,859
Estimated accounts	**505,325**	**414,652**
AT THE END OF THE PERIOD	**671,292**	**541,742**

Note 15 - Provisions

In thousands of euros	Balance at 01/04/2009	Charge	Reversal	Change of method	Discounting	Exchange rate movement	Other move-ments	Balance at 31/03/2010
Allowance for counterparty risk	156	-	(56)	-	-	(18)	-	83
Provision for claims or litigation	436	-	-	-	-	22	-	458
Reinstatement provisions	7,994	459	-	-	-	320	-	8,773
Vacant property provisions	10,170	-	-	-	585	407	-	11,162
Retirement benefit provisions	74,381	-	(2,214)	-	-	-	75,748	147,915
Other provision	-	-	-	35	-	-	36	71
TOTAL OF PROVISIONS	**93,137**	**459**	**(2,270)**	**35**	**585**	**730**	**75,784**	**168,462**

The provision for vacant property relates to costs incurred on some buildings rented by the Group and which remain empty during part of the lease. These leases expire in 2018.

Reinstatement provisions correspond to the present value of renovating some buildings leased by the Group. These leases expire in 2011 and 2018.

Note 16 - Subordinated debts

In thousands of euros	31/03/2010	31/03/2009
£100,000 Cumulative redeemable preference shares	-	110
Perpetual Floating Rate Subordinated Notes - 2015 (US$45 million)	29,602	30,150
Perpetual Floating Rate Subordinated Notes (€150 million)	-	128,557
Subordinated debt	**29,602**	**158,817**
Accrued interest	43	1,028
AT THE END OF THE PERIOD	**29,645**	**159,845**

Perpetual subordinated debt

IAS 32 requires the recognition of financial instruments as equity instruments when there is no contractual obligation to reimburse the capital or pay interest. In the case of perpetual subordinated debt instruments, there is no contractual obligation to repay the capital. Moreover, the terms of these instruments authorise the non-payment of interest unless the issuer has paid a dividend in the preceding six months. The payment of dividends on ordinary shares is not enough to justify their classification under debt as long as the Group controls the payment of dividends on ordinary shares. By contrast, perpetual subordinated debt securities issued by the Group and containing discretionary clauses relating to payment of interest qualify as equity instruments and the related interest is recognised in the income statement under minority interests.

After the reclassification in May 2009 of the €150 million perpetual subordinated debt to shareholders' equity, there is only a perpetual subordinated debt of $45 million, to expire in 2015.

The perpetual subordinated debt of €150 million was attached to a "linker" (in this case in the form of a legal clause providing for mandatory remuneration attached to preference shares), as was the subordinated debt of $200 million which had been reclassified last year. The cancellation of the "linker" and the conversion of preference shares to ordinary shares removed the Group's legal obligation to pay interest on this subordinated debt and this resulted in the reclassification of this subordinated debt to minority interests. On reclassification, the difference between the carrying amount of the subordinated debt extinguished (€128.6 million) and the fair value (€56.3 million) was recognised through the income statement under "Other operating income".

Note 17 - Impairments

Changes in the impairment of assets can be analysed as follows:

In thousands of euros	At 01/04/2009	Charge	Reversals available	Reversals used	Exchange rate movement and other movements	At 31/03/2010
Loans and receivables to customers	(102,182)	(63,322)	3,591	36,588	(9,226)	**(134,551)**
Available-for-sale financial assets	(118,254)	(54,510)	5,160	-	10,777	**(156,827)**
Other assets	(7,919)	(4,507)	2,511	1,296	(2,101)	**(10,720)**
TOTAL	**(228,355)**	**(122,339)**	**11,262**	**37,884**	**(550)**	**(302,098)**

Note 18 - Deferred income taxes

Deferred taxes are calculated on all temporary differences under the liability method.

The movement on the deferred tax account is as follows:

In thousands of euros	31/03/2010	31/03/2009
Deferred tax assets at the beginning of the period	110,993	80,344
Deferred tax liabilities at the beginning of the period	49,796	57,109
Net amount (at the beginning of the period)	61,197	23,235
Recognised in income statement		
Income statement credit	(5,303)	2,598
Recognised in equity		
Defined benefit pension arrangements	23,336	19,351
Available for sale financial assets	(14,409)	27,173
Cash flow hedges	(923)	1,059
Impact of scope changes	2,834	-
Payments/(refunds)	(161)	-
Exchange differences	3,579	(14,035)
Other	3,103	1,816
NET AMOUNT (AT THE END OF THE PERIOD)	73,253	61,197
DEFERRED TAX ASSETS AT THE END OF THE PERIOD	127,622	110,993
DEFERRED TAX LIABILITIES AT THE END OF THE PERIOD	54,369	49,796

Deferred tax net assets and liabilities are attributable to the following items:

In thousands of euros	31/03/2010	31/03/2009
Accelerated tax depreciation	12,136	11,294
Deferred profit share arrangements	52,325	46,289
Defined benefit pension liabilities	31,497	10,227
Available-for-sale financial assets	20,857	29,072
Cash flow hedges	593	1,063
Losses carried forward	5,723	-
Provisions	2,503	6,949
Other temporary differences	1,988	6,099
DEFERRED TAX NET ASSETS AT THE END OF THE PERIOD	127,622	110,993

As at 31 March 2010, the Group's main banking subsidiary NMR recognised deferred tax assets corresponding to tax losses.

At the end of the financial year, the Paris Orléans assessed the recovery of these deficits as probable. Estimated profit projections were established for this subsidiary in April 2010, based on the most recent revenue projections; these showed that NMR's operations should generate sufficient taxable profits to absorb its carried forward over a period of six years.

In thousands of euros	31/03/2010	31/03/2009
Defined benefit pension liabilities	(23)	(807)
Available-for-sale financial assets	21,159	24,967
Other temporary differences	33,233	25,636
DEFERRED TAX NET LIABILITIES AT THE END OF THE PERIOD	54,369	49,796

Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to set off and the balance relates to income tax levied by the same tax authority on the same taxable entity. There must also be the intention and the will to settle on a net basis or to realise the assets and liabilities simultaneously.

The deferred tax charge/(credit) in the income statement comprises the following temporary differences:

In thousands of euros	31/03/2010	31/03/2009
Accelerated tax depreciation	(244)	(2,516)
Defined benefit pension liabilities	(6,005)	14,142
Allowances for loan losses	4,386	(5,070)
Tax losses carried forward	2,216	-
Staff costs	6,558	(10,363)
Deferred profit share arrangements	(13,767)	-
Available-for-sale financial assets	(596)	1,297
Other temporary differences	12,755	(88)
INCOME TAX EXPENSES OF THE PERIOD	5,303	(2,598)

Note 19 - Non current assets held for sale and liabilities related to non current assets held for sale

At 31 March 2010, there remain a number of residual assets and liabilities relating to Australian operations that do not form part of the Group's strategic businesses, which correspond to the definition given by IFRS 5 of assets and liabilities relating to non-current assets held for sale. These assets in course of disposal and the related liabilities are at present still being negotiated, and their fluctuations over the financial year are due to exchange rate fluctuations.

In thousands of euros	31/03/2010	31/03/2009
Loans and receivables to banks	4,121	3,960
Deferred tax assets	612	620
Estimated accounts and other assets	50,343	37,940
NON CURRENT ASSETS HELD FOR SALE AT THE END OF THE PERIOD	55,076	42,520
Due to banks	39,950	30,915
Estimated accounts and other liabilities	163	150
LIABILITIES RELATED TO NON CURRENT ASSETS HELD FOR SALE AT THE END OF THE PERIOD	40,113	31,065

Part VI : Notes to the Income statement

Note 20 - Net interest income

Interest income

In thousands of euros	2009/2010	2008/2009
Interest income - loans to banks	**13,203**	84,862
Interest income - loans to customers	**85,559**	171,116
Interest income - instruments available for sale	**44,252**	120,040
Interest income - derivatives	**18,388**	61,447
Interest income - other financials assets	**2,628**	3,803
TOTAL	164,030	441,268

As at 31 March 2010, interest income inclued €7,964 thousand in respect of interest income accrued on impaired financial assets at 31 March 2010 (€2,658 thousand at 31 March 2009).

Interest expense

In thousands of euros	2009/2010	2008/2009
Interest expense - loans to banks	**(18,601)**	(112,885)
Interest expense - loans to customers	**(29,418)**	(83,833)
Interest expense - debt securities in issue	**(22,135)**	(67,639)
Interest expense - subordinated borrowings	**(422)**	(10,150)
Interest expense - derivatives	**(22,757)**	(51,560)
Interest expense - other financials assets	**(8,002)**	(3,877)
TOTAL	(101,335)	(329,944)

Note 21 - Net fee and commission income

Fee and commission income

In thousands of euros	2009/2010	2008/2009
Fees for advisory work and other services	**545,106**	430,743
Portfolio and other management fees	**108,090**	99,809
Banking and credit-related fees and commissions	**5,137**	7,280
Other fees	**42,145**	38,335
TOTAL	700,478	576,167

Included €129.2 million of fees from the subgroup Rothschild Europe BV at 31 March 2010.

Fee

Chiffres en k€	2009/2010	2008/2009
Fees for advisory work and other services	**(267)**	(145)
Portfolio and other management fees	**(1,392)**	(2,857)
Banking and credit-related fees and commissions	**(1,857)**	(1,530)
Other fees	**(7,190)**	(6,300)
TOTAL	(10,706)	(10,832)

Note 22 - Net gain/(loss) on financial instruments at fair value through profit and loss

In thousands of euros	2009/2010	2008/2009
Net income - debt securities and related derivatives - Trading	2,371	(1,338)
Net income - equities securities and related derivatives - Trading	(1,723)	2,078
Net income - forex operations	11,241	32,053
Net income - other trading operations	25,619	(28,158)
Net income - financial instruments designated at fair value through profit and loss	(1,693)	(620)
Net income - hedging derivatives	(284)	73
TOTAL	35,531	4,088

During the year ended 31 March 2010, the other trading operations comprises a loss of €24,701 thousand (€28,723 thousand at 31 March 2009) relating to changes in the fair value of credit derivatives embedded into synthetic CDOs (Collateralised Debt Obligations) held in the portfolio of available-for-sale assets. Synthetic CDOs are hybrid fixed-income instruments composed of a host contract, the debt portion of the instrument, and an embedded derivative in the form of a credit derivative, changes in the fair value of which are recognised in the income statement.

As well as the gains and losses on embedded derivatives, gains and losses on financial instruments at fair value through profit and loss include the changes in fair value (excluding accrued interest) of financial instruments held in the trading portfolio and classified as financial instruments designated at fair value through profit and loss by option. These also include gain and losses on hedging transactions, foreign exchange gains and losses and gains or losses arising from the ineffectiveness of hedging instruments.

During the year ended 31 March 2010, the fair value of the hedging instruments increased by €10,381 thousand (€12,995 thousand at 31 March 2009) whereas the fair value of the hedged instruments dropped by €10,655 thousand (€12,768 thousand at 31 March 2009).

In thousands of euros	2009/2010	2008/2009
Increase of fair value of the hedging instruments	10,381	12,995
Decrease of the fair value of the hedged instruments	10,655	12,768

Note 23 - Net gain/(loss) on available-for-sale financial assets

In thousands of euros	2009/2010	2008/2009
Gains or losses on sales of long term securities	1,844	2,500
Impairment losses on long term securities	(5,571)	(195)
Gains or losses on sales of other available-for-sale financial assets	3,291	10,716
Impairment losses on other available-for-sale financial assets	(6,620)	(24,787)
Available-for-sale dividend income	13,626	21,721
TOTAL	6,570	9,955

Note 24 - Income from other activities

Income from other activities

In thousands of euros	2009/2010	2008/2009
Gain on extingnishment of subordinated debt	68,698	54,225
Income from leasing	11,794	13,548
Other income	2,195	981
TOTAL	82,687	68,754

On the reclassification as minority interests of €150 million of subordinated debt, the difference between the carrying amount of the extinguished debt €(128.6) million and the fair value of the equity thus created €(56.3) million was recognised in the income statement at €68.7 million after taking into account exchange rate movements over the period.

Expense on other activities

In thousands of euros	2009/2010	2008/2009
Investment property	(3)	(2)
Expenses from assets used to generate lease income	(1,834)	(1,957)
Other expenses	(3,740)	(4,659)
TOTAL	(5,577)	(6,618)

Note 25 - Operating expenses

In thousands of euros	2009/2010	2008/2009
Staff costs	(547,249)	(449,942)
Administratives expenses	(127,860)	(126,654)
TOTAL	(675,109)	(576,596)

Staff costs include €68.8 million and administratives expenses and €15.8 million from the subgroup Rothschild Europe BV, fully consolidated for the first time at 31 March 2010.
At 31 March 2010, the Group employed 2,191 people compared with 1,954 at March 2009.

Note 26 - Depreciation, amortisation and impairment of tangible and intangible assets

In thousands of euros	2009/2010	2008/2009
Depreciation and amortisation		
Amortisation of intangible assets	(3,866)	(5,530)
Depreciation of tangible assets	(12,351)	(12,342)
Impairment allowance expenses		
Impairment allowance on intangible assets	-	-
Impairment allowance on tangible assets	-	-
TOTAL	(16,217)	(17,872)

Note 27 - Cost of risk

In thousands of euros	Impairment	Impairment written back	Irrecoverable loans	Recovered loans	2009/2010	2008/2009
Loans and receivables	(63,322)	40,179	(36,588)	220	(59,511)	(78,242)
Debt securities	(41,037)	5,273	(5,132)	-	(40,896)	(58,825)
Other	(4,509)	3,807	(3,206)	-	(3,908)	(2,898)
TOTAL	(108,868)	49,259	(44,926)	220	(104,315)	(139,965)

Note 28 - Net income/expense from other assets

In thousands of euros	2009/2010	2008/2009
Gains or losses on sales of tangible or intangible assets	57	(709)
Gain or loss on sale of subsidiaries	(1,983)	55,480
TOTAL	(1,926)	54,771

Note 29 - Taxation

The net tax charge can be broken down into current tax charges and deferred tax charges:

Current tax

In thousands of euros	2009/2010	2008/2009
Tax charges for the current period	(6,943)	17,649
Prior year adjustments	(272)	7,779
Overseas tax	-	-
Relief for double taxation	-	-
Prior year losses utilised	-	-
Unrecoverable dividend withholding tax	1,047	746
Other	(305)	(784)
TOTAL	(6,473)	25,390

Deferred tax

In thousands of euros	2009/2010	2008/2009
Temporary differences	2,157	5,826
Prior year losses utilised	-	(85)
Changes in tax rates	-	23
Prior year adjustment	3,340	(8,362)
Other	(195)	-
TOTAL	5,302	(2,598)

Rationalisation of the tax charge

In thousands of euros	Base	Tax at 33 1/3%
Net income	**90,919**	
Reconciling items		
Income (loss) of companies accounted for by the equity method	(15,636)	
Corporate income tax	(1,171)	
Income of consolidated companies before tax		**24,702**
Consolidation adjustments (deferred tax, fair value adjustments, provisions and reversals of provisions for impairment, other)		666
Losses to be carried forward		(10,691)
Taxation differences (French social contribution, long-term capital gains tax, venture capital companies, US tax)		(4,588)
Permanent differences		(17,815)
Temporary differences and other		6,555
Tax on consolidated companies		**(1,171)**
Effective tax rate		
Net income - Group share	25,655	
Minority interests	65,264	
Corporate income tax	(1,171)	
GROSS INCOME	**89,748**	
Effective tax rate	**(1.30%)**	

In 2008/2009, the effective tax rate was 23.06%.

Note 30 - Commitments given and received

Commitments given

In thousands of euros	31/03/2010	31/03/2009
Loan commitments	**128,026**	**147,303**
Given to banks	**-**	-
Given to customers	**128,026**	147,303
Guarantee commitments	**806,700**	**1,471,064**
Given to banks	**771,260**	1,411,973
Given to customers	**35,440**	59,091
Other commitments	**120,060**	**77,574**
Underwriting commitments	**36,483**	39,341
Other commitments given	**83,577**	38,233

Commitments received

In thousands of euros	31/03/2010	31/03/2009
Loan commitments	**81,545**	**47,450**
Received from banks	81,545	47,450
Received from customers	-	-
Guarantee commitments	**186,643**	**154,834**
Received from banks	-	2,291
Received from customers	186,643	152,543
Other commitments	**10,456**	**10,484**
Other commitments received	10,456	10,484

A system of deferred remuneration has been set in place at several entities throughout the Group.

Other commitments given comprise €46,8 million in respect of commitments to employees in connection with this deferred remuneration. This will be paid to them on condition that they are still effectively employed by the Group on each anniversary date (€28.7 million at 31 March 2009).

From time to time the Group is involved in judicial proceedings or receives claims arising from the conduct of its business. Based upon available information and, where appropriate, legal advice, the directors do not believe that there are any potential or actual proceedings or other claims that will have a material adverse impact on the Group's financial position.

Operating lease commitments

The Group is obligated under a number of non-cancellable operating leases for premises and equipment used primarily for banking purposes. The significant premises leases usually include renewal options and escalation clauses in line with general office rental market conditions. Minimum commitments for non-cancellable leases of premises and equipment are follows:

In thousands of euros	31/03/2010		31/03/2009	
	Land and Buildings	Autres	Land and Buildings	Autres
Up to 1 year	20,990	598	17,059	71
Between 1 and 5 years	57,877	420	54,142	157
Over 5 years	28,190	-	32,392	-
TOTAL	107,057	1,018	103,593	228

Note 31. Earnings per share

At 31 March 2010, Paris Orléans' share capital comprised 31,459,323 shares and 485,230 investment certificates with a par value of €2 each.

At the end of the year, the shares held by Group companies in other Group companies or in Paris Orléans resulted in the consolidating entity holding 97.55% of its own capital.

These shareholdings were as follows:
- 3.47% of RCH (Rothschilds Continuation Holdings AG) held by ESOP (ESOP Services AG);
- 8.95% of RCAG (Rothschild Concordia AG) held by RHAG (Rothschild Holding AG);
- 5.63% of Paris Orléans held by NMR (NM Rothschild & Sons Limited);
- lastly, treasury shares held by Paris Orléans corresponding to 2.85% of the capital in the form of 241,450 shares assigned to a liquidity contract in order to improve the share's liquidity, regulate the share price and avoid unjustified differences between market price and fair value.

After adjustment for treasury shares, the weighted average number of shares in issue during the year was 29,078,940 shares.

Earnings per share are calculated by dividing Group share of net income by the weighted average number of ordinary shares in issue during the year. There are no instruments that could in the future dilute the capital (share warrants, etc.). Therefore, diluted earnings per share are the same as basic earnings per share.

Earnings per share (Group share) for the year ended 31 March 2010 came to €0.88 compared with €1.61 in respect of the previous year. As there were no gains or losses on activities discontinued or held for sale, the earnings per share on continuing activities is the same as earnings per share.

Note 32 - Related parties

In thousands of euros	2010 Companies accounted for by the equity method	2010 Other related parties	2009 Companies accounted for by the equity method
Assets			
Loans and advances to banks	15	-	8,395
Loans and advances to customers	-	-	669
Other assets	1,790	19,891	31,933
TOTAL	1,805	19,891	40,997
Liabilities			
Due to banks	-	-	1,195
Due to customers	16,549	-	-
Debt securities in issue	-	-	-
Other liabilities	2,710	102	5,774
TOTAL	19,259	102	6,969
Loan and guarantee commitments			
Loan commitments given	-	-	-
Guarantee commitments given	-	-	-
Loan commitments received	-	-	-
Guarantee commitments received	-	-	-
Realised operating income from transactions with related parties			
Interest received	-	-	584
Interest paid	-	-	(299)
Commissions received	-	-	1,008
Commissions paid	-	-	(104)
Other income	31	7	2,990
TOTAL	31	7	4,179
Other expenses	(1,055)	(430)	(7,437)
TOTAL	(1,055)	(430)	(7,437)

Note 33 - Fees to statutory auditors

	Cailliau Dedouit & Associés				KPMG Audit			
	2009/2010		2008/2009		2009/2010		2008/2009	
	In thousand of euros	%	In thousand of euros	%	In thousand of euros	%	In thousand of euros	%
Audit								
• Fees related to statutory audit, certification, examination of :								
- Paris Orléans (parent company)	339,120	78%	651,575	91%	339,850	9%	633,593	20%
- Subsidiaries fully consolidated	58,230	14%	51,175	7%	2,494,116	70%	2,030,673	65%
• Fees related to audit services and related assignments								
- Subsidiaries fully consolidated	34,996	8%	11,959	2%	8,129	-	42,611	2%
- Paris Orléans (parent company)	-	-	-	-	-	-	-	-
Sub-total	432,346	100%	714,709	100%	2,842,095	79%	2,706,877	87%
Other benefits from the network of consolidated subsidiaries								
• Law, tax, social	-	-	-	-	557,000	16%	265,189	8%
• Other	-	-	-	-	182,000	5%	143,652	5%
Sub-total	-	-	-	-	739,000	21%	408,841	13%
TOTAL	432,346	100%	714,709	100%	3,581,095	100%	3,115,718	100%

Note 34 - Transactions with Directors of the Company

For the Group as a whole, (Paris Orléans, companies controlled by Paris Orléans or which control it), members of the Management and Supervisory Boards received the following remuneration in 2009/2010 :

• Fixed remuneration	€591.6 thousand
• Variable remuneration	€1,117.8 thousand
• Directors' fees	€43.7 thousand
• Payments in kind	€11.1 thousand
Total short-term benefits	€1,764.2 thousand

In addition, in respect of retirement and similar commitments (Note 35), Paris Orléans has not been set the capital to be set aside in favour of some corporate officers in connection with the supplementary retirement.

No more long-term benefits were allowed to Directors.

Corporate officers did not benefit from payments in shares in respect of 2009/2010 and no severance benefits were provided for termination of work contracts.

Note 35 - Share based payments

The Group operated three share-based payment schemes.

Employee share option plan (ESOP)

The Group operates a group Employee Share Option Plan administered by a subsidiary undertaking, RCH. On first time adoption of IFRS, the Group took the exemption in IFRS 1, whereby the requirements of IFRS 2 were not applied to share options granted prior to 7 November 2002.

Certain directors of the Group have options over 8,410 shares in RCH, which were granted between 1995 and 2002. The options vested after being held for 3 years. An independent professional valuation of the underlying shares is performed annually and vested options may be exercised during the three month period following the valuation. The options have a contractual life up to 13 years.

Movements in the number of share options

	2010		2009	
	Number	Weighted Average Exercise Price in CHF	Number	Weighted Average Exercise Price in CHF
AT THE BEGINNING OF THE PERIOD	8,410	1,350	8,410	1,350
Forfeited	-	-	-	-
Expired	-	-	-	-
Cancelled	-	-	-	-
Exercised	-	-	-	-
AT THE END OF THE PERIOD	8,410	1,350	8,410	1,350
Exercisable at 31 March	8,410	1,350	8,410	1,350

Share options outstanding at 31 March were as follows:

	2010		2009	
Exercise price in CHF	Number of options outstanding	Weighted average contractual life (years)	Number of options outstanding	Weighted average contractual life (years)
501 - 750	-	-	-	-
751 - 1,000	-	-	-	-
1,001 - 1,250	3,160	3.1	3,160	4.1
1,251 - 1,500	5,250	2.6	5,250	3.6
TOTAL/AVERAGE	8,410	2.8	8,410	3.8

Partner share plan (PSP)

In the year ended March 2007, the Group initiated a Partner Share Plan ("PSP"), administered by RCH. Under the PSP, certain senior employees of the Group purchased shares in RCH. Any difference between the price and the market value has been expensed in the income statement.

Shares purchased by employees were funded in part by an interest-free limited recourse loan provided by RCH with the balance funded by the employees. Employees must use the proceeds from selling their shares in the first instance to repay the loan. Under the scheme rules, they would normally sell their shares upon leaving the Group; if they remain with the Group, they may sell their shares once they have held them for 3 years. The loans have a limited recourse feature ("the floor"): this means that if the proceeds from selling the shares are insufficient for an employee to repay their loan to RCH, the remaining balance will be forgiven by the Group. While the risks and rewards of owning the RCH shares lie substantially with the employees, the floor is a benefit to the employees, and, in accordance with IFRS 2, it has the characteristics of a cash settled share-based payment. The fair value of the loans' floor is measured using a Black-Scholes option pricing model.

In January 2009, all but two employees sold their shares in RCH and repaid their loans to the Group. Through this action, the value relating to these shares held in the floor was extinguished.

The cost of these arrangements charged/(credited) to the income statement in the year was:

In thousands of euros	2010	2009
Valuation of floor	(484)	(484)
TOTAL	(484)	(484)
Carrying value of the liability arising under these arrangements	90	90

Note 36 - Retirement benefit obligations

Defined benefit post-employment benefits and other post-employment benefits

The Group supports various pension schemes for the directors and employees of operating subsidiaries. Where material, these are described below.

Systems specific to the subgroup Concordia BV

The NMR Pension Fund (NMRP) is operated by NM Rothschild & Sons Limited for the benefit of employees of certain Rothschild group companies in the United Kingdom. The Fund comprises a defined benefit section, which closed to new entrants in April 2003, and a defined contribution scheme, established with effect from April 2003.

The NMR Overseas Pension Fund (NMROP) is a defined benefit scheme operated for the benefit of employees of certain Rothschild group companies outside the United Kingdom.

The latest formal actuarial valuations of the NMRP and the NMROP have been updated to 31 March 2009. As required by IAS 19, the value of the defined benefit obligation and current service cost have been measured using the projected unit credit method.

Rothschild North America Inc. maintains an unfunded qualified non-contributory defined benefit pension plan and other pension agreements constituting retirement benefit obligations covering designated employees (RNAP). Neither the plan nor the pension agreements provide for health or other benefits for employees or retirees.

Rothschild Bank AG, Zurich (RBZ), operates a pension scheme for the benefit of employees of certain Rothschild group employees in Switzerland (RBZP). This scheme has been set up on the basis of the Swiss method of defined contributions but does not fulfill all the criteria of a defined contribution pension plan according to IAS 19. For this reason, the pension plan is disclosed as a defined benefit pension plan. The pension obligations are covered through pension plan assets of the pension fund "Pensionskasse der Rothschild Bank AG". The organization, management and financing of the pension plan comply with the legal requirements and the foundation charter. Current employees and pensioners (former employees or their survivors) receive statutorily determined benefits upon leaving the company or retiring as well as in the event of death or invalidity. These benefits are financed through statutorily determined employer and employee contributions.

Certain companies in the Group have unfunded obligations in respect of pensions and other post-employment benefits.

The principal actuarial assumptions used as at the balance sheet date were as follows:

	2010			2009		
	NMRP & NMROP	RBZP	RNAP	NMRP & NMROP	RBZP	RNAP
Discount rate		3.0%	4.5%	7.0%	3.3%	6.5%
Retail price inflation		-	-	3.2%	-	-
Expected return on plan assets		3.8%	-	7.0%	3.8%	-
Expected rate of salary increases		1.5%	-	4.2%	2.3%	-
Expected rate of pensions increases in payment:		0.3%	-	-	0.6%	-
Capped at 5.0%		-	-	3.1%	-	-
Capped at 2.5%		-	-	2.2%	-	-
Life expectancy of male pensioner aged 60		21.00	17.00	27.1	-	21.0
Life expectancy of female pensioner aged 60		24.00	21.00	29.1	-	-
Life expectancy of male pensioner aged 60 in 20 years time		-	-	29.3	-	-
Life expectancy of female pensioner aged 60 in 20 years time		-	-	30.3	-	-

Amounts recognised in the balance sheet at 31 March 2010

In thousands of euros	NMRP & NMROP	RBZP	RNAP	Other	Total 2010
Present value of funded obligations	626,207	138,534	-	-	764,741
Fair value of plan assets	(524,584)	(138,519)	-	-	(663,103)
Sub-total	101,623	15	-	-	101,638
Present value of unfunded obligations	-	-	33,882	8,952	42,834
Total (recognised)	101,623	15	33,882	8,952	144,472
Unrecognised plan assets	-	3,363	-	-	3,363
Total (recognised and unrecognised)	101,623	3,378	33,882	8,952	147,835
LIABILITY	101,623	3,378	33,882	8,952	147,835
ASSET	-	-	-	-	-

Amounts recognised in the balance sheet at 31 March 2009

In thousands of euros	NMRP & NMROP	RBZP	RNAP	Other	Total 2009
Present value of funded obligations	413,850	126,957	-	-	540,807
Fair value of plan assets	(389,529)	(120,089)	-	-	(509,618)
Sub-total	24,321	6,868	-	-	31,189
Present value of unfunded obligations	-	-	32,256	6,150	38,406
Total (recognised)	24,321	6,868	32,256	6,150	69,595
Unrecognised plan assets	-	2,057	-	-	2,057
Total (recognised and unrecognised)	24,321	8,925	32,256	6,150	71,652
LIABILITY	24,756	8,925	32,256	6,150	72,087
ASSET	435	-	-	-	435

The asset recognised on the balance sheet in connection with RBZP at March 2010 is limited to the level of the employer's contribution reserves of €3,363 thousand. There was no asset recognised at March 2010. Changes in the assets of non-recognised plans are recognised through retained earnings.

Movement in defined benefit obligation

In thousands of euros	2009/2010	2008/2009
AT THE BEGINNING OF THE PERIOD	579,213	721,131
Consolidation of previously equity accounted investment	2,249	-
Current service cost net of contribution paid by other plan participants	10,210	14,206
Interest cost	36,226	40,835
Actuarial losses/(gains) through equity	186,799	(82,150)
Benefits paid	(30,604)	(22,107)
Past service costs	-	(23,336)
Settlements	-	(2,740)
Exchange and other adjustments	23,482	(66,626)
AT THE END OF THE PERIOD	807,575	579,213

Movement in plan assets

In thousands of euros	2009/2010	2008/2009
AT THE BEGINNING OF THE PERIOD	509,618	701,647
Expected return on plan assets	32,038	39,834
Actuarial losses/(gains) through equity	95,177	(158,384)
Contributions by the Group	29,156	17,832
Benefits paid	(26,023)	(19,195)
Settlements	-	(2,739)
Exchange and other adjustments	23,137	(69,377)
AT THE END OF THE PERIOD	663,103	509,618

At 31 March, the major categories of plan assets as a percentage of total plan assets are as follows:

	2010			2009		
	NMRP	NMROP	RBZP	NMRP	NMROP	RBZP
Equities	44%	55%	24%	38%	54%	16%
Bonds	20%	13%	57%	19%	14%	70%
Cash	19%	23%	7%	23%	21%	6%
Hedge funds and private equity	14%	6%	10%	16%	7%	9%
Property and others	3%	3%	3%	4%	4%	0%

The actual return on plan assets in the year was a profit of €127,214 thousand (€(118,550) thousand at 31 March 2009). The expected rate of return is derived from the weighted average of the long-term expected rates of return on the asset classes in the Trustees' intended long-term investment strategies. A deduction is then made from the expected return on assets for the expenses incurred in running the schemes.

Amounts recognised in the income statement relating to defined benefit post-employment plans

In thousands of euros	2009/2010	2008/2009
Current service cost (net of contributions paid by other plan participants)	10,210	14,206
Interest cost	36,226	40,835
Expected return on plan assets	(32,038)	(39,834)
Past service cost	-	(23,336)
(Gains)/losses on curtailment or settlement	-	(1)
TOTAL (INCLUDED IN THE STAFF CHARGES)	14,398	(8,130)

The experience adjustments arising on the plan assets and liabilities were as follows:

In thousands of euros	2010	2009
Actual less expected return on assets	95,177	(158,384)
Experience gains and losses arising on liabilities	6,100	(3,174)

Amounts recognised in statement of comprehensive income

In thousands of euros	2010	2009
Actuarial gains/(losses) recognised in the year	(91,622)	17,778
Cumulative actuarial losses recognised in the statement of comprehensive income	(121,080)	(29,458)

System specific to Paris Orléans

At 31 March 2010, Paris Orléans no longer has any commitments in relation to additional retirement benefits for its employees. A commitment previously applied to certain executives, which guaranted them an additional annual retirement allowance equal to 20% of the average of the gross salaries during the last three full years of work at the company. The rights only vested when the participant left the company to retire, and provided that he met the following conditions at the time: has a reference salary higher than four times the Social Security limit, has at least 5 years' length of service and is at least 60 years old. This benefit ceased completely during 2009.

Defined contribution schemes

In thousands of euros	2009/2010	2008/2009
Social security charges and payroll taxes	33,345	31,384
Retirement expenses - defined benefit plans	8,817	8,017
AT THE END OF THE PERIOD	42,162	39,401

These amounts represent contributions to the defined contribution section of the NMR Pension Fund and other defined contribution pension arrangements in the Group.

Note 37 - Segmented information

Segmental split by business

In thousands of euros	Investment & Commercial Banking	Private Banking & Trust	Private equity	Intersegment eliminations	Total 31/03/2010
Income					
External sales	707,630	149,970	14,079	-	**871,679**
Inter-segment revenues	14,733	1,318	(3,758)	(12,293)	**-**
Net banking income	**722,363**	**151,288**	**10,321**	**(12,293)**	**871,679**
Operating income by segment before non analysed expenses	376,162	49,170	(53,398)	(11,170)	**360,764**
Expenses not analysed					**(284,726)**
Operating income					**76,038**
Results of companies accounted for by the equity method	12,524	1,834	1,278	-	**15,636**
Net gains or losses on other assets	(2,132)	(56)	262	-	**(1,926)**
Taxes					**1,171**
Consolidated net income					**90,919**
Other segment information					
Segment assets	4,823,535	2,449,221	569,351	(252,513)	**7,589,594**
Equity method securities	70,226	27,924	30,618	-	**128,768**
TOTAL CONSOLIDATED ASSETS					**7,718,362**
Segment liabilities	4,203,629	1,957,274	267,266	(113,865)	**6,314,304**
TOTAL CONSOLIDATED LIABILITIES					**6,314,304**

Segmental split by geography

In thousands of euros	France	United Kingdom and Channel Islands	Switzer-land	North America	Asia and Australia	Other	Intersegment eliminations	Total 31/03/2010
Net banking income	15,030	381,775	131,566	169,711	35,228	138,369	-	871,679
SEGMENT ASSETS	298,135	4,429,690	3,147,670	411,214	136,179	372,737	(1,077,263)	7,718,362

Segmental split by business

In thousands of euros	Investment & Commercial Banking	Private Banking & Trust	Private equity	Intersegment eliminations	Total 31/03/2009
Income					
External sales	579,686	158,383	10,876	-	748,945
Inter-segment revenues	18,603	3,348	(4,165)	(13,893)	3,893
Net banking income	**598,289**	**161,731**	**6,711**	**(13,893)**	**752,838**
Operating income by segment before non analysed expenses	225,500	59,079	(18,640)	(8,059)	257,880
Expenses not analysed					(239,475)
Operating income					**18,405**
Results of companies accounted for by the equity method	18,509	3,324	3,834	-	25,667
Net gains or losses on other assets	(621)	-	55,392	-	54,771
Taxes					(22,792)
Consolidated net income					**76,051**
Other segment information					
Segment assets	5,454,847	2,052,538	604,273	(315,560)	7,796,098
Equity method securities	104,316	12,347	13,944	-	130,607
TOTAL CONSOLIDATED ASSETS					**7,926,705**
Segment liabilities	5,043,874	1,570,984	271,359	(168,854)	6,717,363
TOTAL CONSOLIDATED LIABILITIES					**6,717,363**

Segmental split by geography

In thousands of euros	France	United Kingdom and Channel Islands	Switzer-land	North America	Asia and Australia	Other	Intersegment eliminations	Total 31/03/2009
Net banking income	(2,467)	407,148	141,796	118,173	49,802	38,386	-	752,838
SEGMENT ASSETS	535,756	5,139,038	2,529,484	218,181	107,700	462,788	(1,066,242)	7,926,705

Note 38. Consolidation scope

Company names	Country of activity	31/03/2010		31/03/2009		Consolidation method 31/03/2010 [a]	Consolidation method 31/03/2009 [a]
		% of control	% of interest	% of control	% of interest		
CORPORATE AND INVESTMENT BANKING							
338 East LLC	United States	100.00	57.80	100.00	57.51	FC	FC
Arrow Capital Limited	Australia	100.00	57.80	100.00	57.51	FC	FC
Arrow Custodians Pty Limited	Australia	100.00	57.80	100.00	57.51	FC	FC
Arrow Investment Pty Limited	Australia	100.00	57.80	100.00	57.51	FC	FC
Arrow SUT Pty Limited	Australia	100.00	57.80	100.00	57.51	FC	FC
Belegging- en Exploitatiemij Brine BV	Netherlands	100.00	57.80	100.00	57.51	FC	FC
Capital Professions Finance Limited	United Kingdom	100.00	57.80	100.00	57.51	FC	FC
Charter Oak Group Limited	United States	100.00	57.80	100.00	57.51	FC	FC
Concordia BV	Netherlands	100.00	97.55	100.00	97.51	FC	FC
Continuation Computers Limited	United Kingdom	100.00	57.80	100.00	57.51	FC	FC
ELJ Nominees Limited	United Kingdom	100.00	57.80	100.00	57.51	FC	FC
Elsinore Part e Serv Limeteda	Brazil	100.00	57.80	100.00	57.51	FC	FC
ESOP Services AG	Switzerland	100.00	92.58	100.00	92.53	FC	FC
Fineline Holdings Limited	United Kingdom	100.00	57.80	100.00	57.51	FC	FC
Fineline Media Finance Limited	United Kingdom	100.00	57.80	100.00	57.51	FC	FC
Five Arrows Capital Markets LLC	United States	100.00	57.80	100.00	57.51	FC	FC
Five Arrows Films Pty Limited	Australia	100.00	57.80	100.00	57.51	FC	FC
Five Arrows Finance Limited	United Kingdom	100.00	57.80	100.00	57.51	FC	FC
Five Arrows International Holdings Inc.	United States	100.00	57.80	100.00	57.51	FC	FC
Five Arrows International Inc.	United States	100.00	57.80	100.00	57.51	FC	FC
Five Arrows Leasing Group Limited	United Kingdom	100.00	57.80	100.00	57.51	FC	FC
Five Arrows Leasing Holdings Limited	United Kingdom	100.00	57.80	100.00	57.51	FC	FC
Five Arrows Leasing Limited	United Kingdom	100.00	57.80	100.00	57.51	FC	FC
Five Arrows Mangement Limited	United Kingdom	100.00	57.80	100.00	57.51	FC	FC
Guernsey Loan Asset Securitisation Scheme Limited	Channel Islands	100.00	57.80	-	-	FC	-
International Property Finance (Spain) Limited	United Kingdom	100.00	57.80	100.00	57.51	FC	FC
Jofran Limited	Channel Islands	100.00	57.80	100.00	57.51	FC	FC
Jofran NV	Netherlands Antilles	100.00	57.80	100.00	57.51	FC	FC
Lanebridge Holdings Limited	United Kingdom	100.00	57.80	51.00	29.33	FC	FC
Lanebridge Investment Management Limited	United Kingdom	100.00	57.80	100.00	57.51	FC	FC
Lease Portfolio Management Limited	United Kingdom	100.00	57.80	100.00	57.51	FC	FC
LF Rothschild Inc.	United States	100.00	57.80	100.00	57.51	FC	FC
Maison (CI) Limited	Channel Islands	100.00	57.80	100.00	57.51	FC	FC
Marinada NV	Netherlands Antilles	100.00	57.80	100.00	57.51	FC	FC
Marplace (No 480) Limited	United Kingdom	100.00	57.80	100.00	57.51	FC	FC

[a] FC: full consolidation. – EM: equity method.

Company names	Country of activity	31/03/2010 % of control	31/03/2010 % of interest	31/03/2009 % of control	31/03/2009 % of interest	Consolidation method 31/03/2010 [(a)]	Consolidation method 31/03/2009 [(a)]
MBCA Finance Private Limited	Zimbabwe	18.21	10.52	18.21	10.47	EM	EM
MBCA Holdings Limited	Zimbabwe	74.96	43.32	74.96	43.11	FC	FC
MBCA Limited	Zimbabwe	100.00	57.80	100.00	57.51	FC	FC
Mentor Industrial Trust Limited	United Kingdom	100.00	57.80	100.00	57.51	FC	FC
Mist Limited	Channel Islands	-	-	100.00	57.51	-	FC
Mist Two Limited	United Kingdom	100.00	57.80	100.00	57.51	FC	FC
N C Research Limited	United Kingdom	100.00	57.80	100.00	57.51	FC	FC
N M Rothschild & Sons (Denver) Limited	United Kingdom	100.00	57.80	100.00	57.51	FC	FC
N M Rothschild & Sons (International) Limited	United Kingdom	100.00	57.80	100.00	57.51	FC	FC
N M Rothschild & Sons (Leasing) Limited	United Kingdom	100.00	57.80	100.00	57.51	FC	FC
N M Rothschild & Sons (South Africa) (Proprietary) Limited	South Africa	51.00	29.47	51.00	29.33	FC	FC
N M Rothschild & Sons Canada Limited	Canada	100.00	57.80	100.00	57.51	FC	FC
N M Rothschild & Sons Canada Securities Limited	Canada	100.00	57.80	100.00	57.51	FC	FC
N M Rothschild Asset Management Holdings Limited	United Kingdom	100.00	57.80	100.00	57.51	FC	FC
N M Rothschild Asset Management Limited	United Kingdom	100.00	57.80	100.00	57.51	FC	FC
N M Rothschild Banking Limited	United Kingdom	100.00	57.80	100.00	57.51	FC	FC
N M Rothschild Corporate Finance Limited	United Kingdom	100.00	57.80	100.00	57.51	FC	FC
N M Rothschild Holdings Limited	United Kingdom	100.00	57.80	100.00	57.51	FC	FC
N M Rothschild Investment Management Limited	United Kingdom	100.00	57.80	100.00	57.51	FC	FC
N M Rothschild Services (Bermuda) Limited	Bermuda	100.00	57.80	100.00	57.51	FC	FC
N M Rothschild Services Limited	United Kingdom	100.00	57.80	100.00	57.51	FC	FC
NC (Bermuda) Limited	Bermuda	100.00	57.80	100.00	57.51	FC	FC
NC Investments (Barbados) Inc.	Barbades	100.00	57.80	100.00	57.51	FC	FC
NC Investments NV	Netherlands Antilles	100.00	57.80	100.00	57.51	FC	FC
NC Limited	Channel Islands	100.00	57.80	100.00	57.51	FC	FC
NC Participations NV	Netherlands Antilles	100.00	57.80	100.00	57.51	FC	FC
NCCF Holdings Limited	United Kingdom	100.00	57.80	100.00	57.51	FC	FC
NCPS Holdings Limited	Channel Islands	100.00	57.80	100.00	57.51	FC	FC
New Court & Partners Limited	United Kingdom	100.00	57.80	100.00	57.51	FC	FC
New Court Fund Managers Limited	United Kingdom	100.00	57.80	100.00	57.51	FC	FC
New Court Nominees Limited	United Kingdom	100.00	57.80	100.00	57.51	FC	FC
New Court Nominees Private Limited	Singapore	100.00	57.80	100.00	57.51	FC	FC
New Court Property Services unlimited	United Kingdom	100.00	57.80	100.00	57.51	FC	FC
New Court Securities Limited	United Kingdom	100.00	57.80	100.00	57.51	FC	FC
New Court Services Inc.	United States	100.00	57.80	100.00	57.51	FC	FC

[(a)] FC: full consolidation. – EM: equity method.

Company names	Country of activity	31/03/2010		31/03/2009		Consolidation method 31/03/2010 [a]	Consolidation method 31/03/2009 [a]
		% of control	% of interest	% of control	% of interest		
New Court Trust Limited	United Kingdom	100.00	57.80	100.00	57.51	FC	FC
NM Rothschild & Sons (Singapore) Limited	Singapore	100.00	57.80	100.00	57.51	FC	FC
NM Rothschild & Sons (Asia) NV	Netherlands Antilles	100.00	57.80	100.00	57.51	FC	FC
NM Rothschild & Sons (Brasil) Limiteda	Brazil	100.00	57.80	100.00	57.51	FC	FC
NM Rothschild & Sons (Hong Kong) Limited	Hong Kong	100.00	57.80	100.00	57.51	FC	FC
NM Rothschild & Sons (India) Private Limited	India	100.00	57.80	100.00	57.51	FC	FC
NM Rothschild & Sons (Mexico) SA de CV	Mexico	100.00	57.80	100.00	57.51	FC	FC
NM Rothschild & Sons Canada Holdings Limited	Canada	100.00	57.80	100.00	57.51	FC	FC
NM Rothschild & Sons Limited	United Kingdom	100.00	57.80	100.00	57.51	FC	FC
NM Rothschild China Holding AG	Switzerland	100.00	57.80	100.00	57.51	FC	FC
NMR Consultants NV	Netherlands Antilles	100.00	57.80	100.00	57.51	FC	FC
NMR Denver Inc.	United States	100.00	57.80	100.00	57.51	FC	FC
NMR Europe	United Kingdom	50.00	28.90	50.00	28.75	EM	EM
NMR International NV	Netherlands Antilles	100.00	57.80	100.00	57.51	FC	FC
O C Investments Limited	United Kingdom	100.00	57.80	100.00	57.51	FC	FC
O C Investments Limited	Channel Islands	100.00	57.80	100.00	57.51	FC	FC
OC Chile SA	Chile	100.00	57.80	100.00	57.51	FC	FC
Old Court Limited	United Kingdom	100.00	57.80	100.00	57.51	FC	FC
Paninco Corporation NV	Netherlands Antilles	100.00	57.80	100.00	57.51	FC	FC
Plusrare Limited	United Kingdom	100.00	57.80	100.00	57.51	FC	FC
PT Rothschild Indonesia	Indonesia	100.00	57.80	100.00	57.51	FC	FC
RAIL Limited	Hong Kong	100.00	57.80	100.00	57.51	FC	FC
RAL Holdings (Asia) Pte Limited	Singapore	100.00	57.80	100.00	57.51	FC	FC
RAM Hong Kong Limited	Hong Kong	-	-	100.00	52.21	-	IG
RAM Japan Limited	Japan	100.00	52.47	100.00	52.21	FC	FC
RAM Singapore Limited	Singapore	-	-	100.00	52.21	-	IG
RAPH Holding AG	Switzerland	100.00	57.80	100.00	57.51	FC	FC
RCF (Israel) BV	Netherlands	100.00	28.90	-	-	FC	-
RCF (Russia) BV	Russia	100.00	28.90	-	-	FC	-
RCH Employess Share Trust	United Kingdom	100.00	57.80	100.00	57.51	FC	FC
RCH Finance (Guernsey) Limited	Channel Islands	100.00	57.80	100.00	57.51	FC	FC
RCIU	Isle of Man	-	-	100.00	57.51	-	FC
Rothschild (Middle East) Limited (consolidated subgroup)	Dubai	100.00	28.90	-	-	FC	-
Rothschild Asia Holdings Limited	China	100.00	57.80	-	-	FC	-
Rothschild Asset Management Asia Pacific Limited	Bermuda	90.79	52.47	90.79	52.21	FC	FC
Rothschild Asset Management Holdings (CI) Limited	Channel Islands	100.00	57.80	100.00	57.51	FC	FC

[a] FC: full consolidation. – EM: equity method.

Company names	Country of activity	31/03/2010 % of control	31/03/2010 % of interest	31/03/2009 % of control	31/03/2009 % of interest	Consolidation method 31/03/2010 [a]	Consolidation method 31/03/2009 [a]
Rothschild Asset Management Holdings AG	Switzerland	100.00	57.80	100.00	57.51	FC	FC
Rothschild Asset Management Inc.	United States	100.00	57.80	100.00	57.51	FC	FC
Rothschild Australia Holding Limited	United Kingdom	100.00	57.80	100.00	57.51	FC	FC
Rothschild Australia Limited	Australia	100.00	57.80	100.00	57.51	FC	FC
Rothschild Bank International Limited	Channel Islands	100.00	57.80	100.00	57.51	FC	FC
Rothschild Concordia AG	Switzerland	91.05	92.58	91.05	92.53	FC	FC
Rothschild Concordia Limited	United Kingdom	100.00	57.80	100.00	57.51	FC	FC
Rothschild Continuation Holding (Services) Limited	Channel Islands	100.00	57.80	100.00	57.51	FC	FC
Rothschild et Compagnie Banque (consolidated subgroup)	France	44.25	29.70	44.25	24.32	EM	EM
Rothschild España SA	Espana	100.00	28.90	-	-	FC	-
Rothschild Europe BV	Netherlands	100.00	28.90	50.00	28.75	FC	MEE
Rothschild Europe Limited	United Kingdom	100.00	57.80	100.00	57.51	FC	FC
Rothschild Europe SNC	France	50.00	28.90	50.00	28.75	EM	EM
Rothschild Finance Limited	United Kingdom	100.00	57.80	100.00	57.51	FC	FC
Rothschild Financial Services Inc.	United States	100.00	57.80	100.00	57.51	FC	FC
Rothschild Fund Managers Limited	United Kingdom	100.00	57.80	100.00	57.51	FC	FC
Rothschild Gold Limited	United Kingdom	100.00	57.80	100.00	57.51	FC	FC
Rothschild GmbH	Germany	100.00	28.90	-	-	FC	-
Rothschild Holdings Limited	United Kingdom	100.00	57.80	100.00	57.51	FC	FC
Rothschild Inc.	United States	100.00	57.80	100.00	57.51	FC	FC
Rothschild India Holding AG	Switzerland	100.00	57.80	100.00	57.51	FC	FC
Rothschild Israel	Israel	100.00	28.90	-	-	FC	-
Rothschild Italia Spa	Italia	100.00	28.90	-	-	FC	-
Rothschild Japan KK	Japan	100.00	57.80	100.00	57.51	FC	FC
Rothschild Latin America NV	Netherlands Antilles	100.00	57.80	100.00	57.51	FC	FC
Rothschild Life Limited	United Kingdom	100.00	57.80	100.00	57.51	FC	FC
Rothschild Limited	Hong Kong	100.00	57.80	100.00	57.51	FC	FC
Rothschild Limited	United Kingdom	100.00	57.80	100.00	57.51	FC	FC
Rothschild Malaysia Sendirian Berhad	Malaysia	100.00	57.80	100.00	57.51	FC	FC
Rothschild Management AG	Switzerland	100.00	92.58	100.00	92.53	FC	FC
Rothschild Management Services Limited	United Kingdom	100.00	57.80	100.00	57.51	FC	FC
Rothschild Mexico Guernsey Limited	Channel Islands	100.00	57.80	100.00	57.51	FC	FC
Rothschild Nordic AB	Sweden	100.00	28.90	-	-	FC	-
Rothschild Nominees (Hong Kong) Limited	Hong Kong	100.00	57.80	100.00	57.51	FC	FC
Rothschild Nominees Limited	United Kingdom	100.00	57.80	100.00	57.51	FC	FC
Rothschild North America Inc.	United States	100.00	57.80	100.00	57.51	FC	FC
Rothschild Polska Sp z oo	Poland	100.00	28.90	-	-	FC	-
Rothschild Portugal - Serviços Financeiros, Lda	Portugal	100.00	28.90	-	-	FC	-

[a] FC: full consolidation. – EM: equity method.

Company names	Country of activity	31/03/2010		31/03/2009		Consolidation method 31/03/2010 [a]	Consolidation method 31/03/2009 [a]
		% of control	% of interest	% of control	% of interest		
Rothschild Properties Limited	United Kingdom	100.00	57.80	100.00	57.51	FC	FC
Rothschild Realty Group Inc.	United States	100.00	57.80	100.00	57.51	FC	FC
Rothschild Realty Inc.	United States	100.00	57.80	100.00	57.51	FC	FC
Rothschild Silver Limited	United Kingdom	100.00	57.80	100.00	57.51	FC	FC
Rothschild Turkey	Turkey	100.00	28.90	-	-	FC	-
Rothschild Ventures (Guernsey) Limited	Channel Islands	-	-	100.00	57.51	-	IG
Rothschild Ventures Asia Pte Limited	Singapore	100.00	57.80	100.00	57.51	FC	FC
Rothschild Ventures Inc.	United States	100.00	57.80	100.00	57.51	FC	FC
Rothschilds & Co Limited	United Kingdom	100.00	57.80	100.00	57.51	FC	FC
Rothschilds Continuation Finance (CI) Limited	Channel Islands	100.00	57.80	100.00	57.51	FC	FC
Rothschilds Continuation Finance BV	Netherlands	85.00	62.05	83.59	61.07	FC	FC
Rothschilds Continuation Finance Holdings Limited	United Kingdom	100.00	57.80	100.00	57.51	FC	FC
Rothschilds Continuation Finance PLC	United Kingdom	100.00	57.80	100.00	57.51	FC	FC
Rothschilds Continuation Holdings AG	Switzerland	52.77	57.80	52.36	57.51	FC	FC
Rothschilds Continuation Limited	United Kingdom	100.00	57.80	100.00	57.51	FC	FC
Rothschilds Finance (CI) Limited	Channel Islands	100.00	57.80	100.00	57.51	FC	FC
S y C (International) Limited	Channel Islands	100.00	57.80	100.00	57.51	FC	FC
SCS Holdings	France	100.00	57.80	100.00	57.51	FC	FC
Second Continuation Limited	United Kingdom	100.00	57.80	100.00	57.51	FC	FC
Shield Trust Limited	United Kingdom	100.00	57.80	100.00	57.51	FC	FC
Shield Holdings (Guernsey) Limited	Channel Islands	100.00	57.80	100.00	57.51	FC	FC
Shield MBCA Limited	United Kingdom	100.00	57.80	100.00	57.51	FC	FC
Shield Securities Limited	Channel Islands	100.00	57.80	100.00	57.51	FC	FC
Southern Arrows (Pty) Limited	South Africa	100.00	57.80	100.00	57.51	FC	FC
Specialist Fleet Services Limited	United Kingdom	100.00	57.80	100.00	57.51	FC	FC
St Julian's Properties Limited	Channel Islands	50.00	28.90	50.00	28.75	EM	EM
State Securities Holdings Limited	United Kingdom	97.64	56.44	97.64	56.15	FC	FC
State Securities Limited	United Kingdom	97.64	56.44	97.64	56.15	FC	FC
Third New Court Limited	United Kingdom	100.00	57.80	100.00	57.51	FC	FC
Violet Holdings Limited	Channel Islands	-	-	100.00	57.51	-	FC
Walbrook Assets Limited	United Kingdom	100.00	57.80	100.00	57.51	FC	FC
PRIVATE BANKING & TRUST							
Anterana Holdings AG Glarus	Switzerland	100.00	42.00	100.00	41.79	FC	FC
Casquets Limited	Channel Islands	100.00	42.00	100.00	41.79	FC	FC
Creafin SA	Switzerland	100.00	42.00	100.00	41.79	FC	FC
Equitas SA	Switzerland	90.00	37.80	90.00	37.61	FC	FC
First Board Limited	Channel Islands	100.00	42.00	100.00	41.79	FC	FC
First Court Limited	Channel Islands	100.00	42.00	100.00	41.79	FC	FC
Fornells Limited	Channel Islands	100.00	42.00	100.00	41.79	FC	FC

[a] FC: full consolidation. – EM: equity method.

Company names	Country of activity	31/03/2010 % of control	31/03/2010 % of interest	31/03/2009 % of control	31/03/2009 % of interest	Consolidation method 31/03/2010 [a]	Consolidation method 31/03/2009 [a]
Guernsey Global Trust Limited	Channel Islands	100.00	42.00	100.00	41.79	FC	FC
Integritas Management Limited	Hong Kong	-	-	100.00	41.79	-	FC
Lizard Limited	Channel Islands	100.00	42.00	100.00	41.79	FC	FC
Master Nominees Inc.	British Virgin Islands	100.00	42.00	100.00	41.79	FC	FC
Old Court Ltd	Channel Islands	100.00	57.80	100.00	57.51	FC	FC
RBZ (Representative) Pte Limited	Singapore	100.00	42.00	100.00	41.79	FC	FC
RBZ Fiduciary Limited	Switzerland	100.00	42.00	100.00	41.79	FC	FC
Rothschild Bank (CI) Limited	Channel Islands	100.00	42.00	100.00	41.79	FC	FC
Rothschild Bank AG	Switzerland	100.00	42.00	100.00	41.79	FC	FC
Rothschild Corporate Fiduciary Services Limited	Channel Islands	100.00	42.00	100.00	41.79	FC	FC
Rothschild Employee Trustees Limited	United Kingdom	100.00	57.80	100.00	57.51	FC	FC
Rothschild Holding AG	Switzerland	72.67	42.00	72.67	41.79	FC	FC
Rothschild Management (Hong Kong) Limited	Hong Kong	100.00	57.80	100.00	57.51	FC	FC
Rothschild Private Fund Management Limited	United Kingdom	100.00	46.74	100.00	46.51	FC	FC
Rothschild Private Management Limited	United Kingdom	100.00	46.74	100.00	46.51	FC	FC
Rothschild Private Trust Holdings AG	Switzerland	100.00	42.00	100.00	41.79	FC	FC
Rothschild Switzerland (CI) Trustees Limited	Channel Islands	100.00	42.00	100.00	41.79	FC	FC
Rothschild Trust (Singapore) Limited	Singapore	100.00	42.00	100.00	41.79	FC	FC
Rothschild Trust (Switzerland) Limited	Switzerland	100.00	42.00	100.00	41.79	FC	FC
Rothschild Trust BVI Limited	British Virgin Islands	100.00	42.00	100.00	41.79	FC	FC
Rothschild Trust Canada Inc.	Canada	100.00	42.00	100.00	41.79	FC	FC
Rothschild Trust Cayman Limited	Cayman Islands	100.00	42.00	100.00	41.79	FC	FC
Rothschild Trust Corporation Limited	United Kingdom	100.00	42.00	100.00	41.79	FC	FC
Rothschild Trust Eastern Limited	Channel Islands	51.00	21.42	51.00	21.31	FC	FC
Rothschild Trust Financial Services Limited	Channel Islands	100.00	42.00	100.00	41.79	FC	FC
Rothschild Trust Guernsey Limited	Channel Islands	100.00	42.00	100.00	41.79	FC	FC
Rothschild Trust New Zealand Limited	New Zealand	100.00	42.00	100.00	41.79	FC	FC
Rothschild Trust Protectors Limited	Channel Islands	100.00	42.00	100.00	41.79	FC	FC
Rothschild Trustee Services (Ireland) Limited	Ireland	100.00	42.00	100.00	41.79	FC	FC
Rothschild Vermögensverwaltungs-GmbH	Germany	100.00	42.00	100.00	41.79	FC	FC
Rotrust Nominees Limited	United Kingdom	100.00	42.00	100.00	41.79	FC	FC
RTB Trustees Limited	British Virgin Islands	100.00	42.00	100.00	41.79	FC	FC
RTB Protectors	British Virgin Islands	100.00	42.00	-	-	FC	-
RTS Geneva SA	Switzerland	100.00	42.00	100.00	41.79	FC	FC
Sagitas AG Glarus	Switzerland	100.00	42.00	100.00	41.79	FC	FC
Sagitas SA Zürich	Switzerland	100.00	42.00	100.00	41.79	FC	FC
Scar Limited	Channel Islands	100.00	42.00	100.00	41.79	FC	FC

[a] FC: full consolidation. – EM: equity method.

Company names	Country of activity	31/03/2010		31/03/2009		Consolidation method 31/03/2010 [a]	Consolidation method 31/03/2009 [a]
		% of control	% of interest	% of control	% of interest		
Second Board Limited	Channel Islands	100.00	42.00	100.00	41.79	FC	FC
Second Court Limited	Channel Islands	100.00	42.00	100.00	41.79	FC	FC
Third Board Limited	Channel Islands	100.00	42.00	100.00	41.79	FC	FC
PRIVATE EQUITY							
ACTIV GP Co	Cayman Islands	50.00	28.90	50.00	28.75	EM	EM
Alexanderplatz Investissement	France	100.00	97.55	100.00	97.51	FC	FC
Centrum Iris	Luxembourg	100.00	97.55	100.00	97.51	FC	FC
Centrum Jonquille	Luxembourg	100.00	97.55	100.00	97.51	FC	FC
Centrum Narcisse	Luxembourg	100.00	97.55	100.00	97.51	FC	FC
Centrum Orchidée	Luxembourg	100.00	97.55	100.00	97.51	FC	FC
Chaptal Investissements	France	100.00	97.55	100.00	97.51	FC	FC
Comepar (consolidated subgroup)	France	25.00	24.39	25.00	24.38	EM	EM
Continuation Investments NV (CINV)	Netherlands	39.33	34.25	39.33	34.23	EM	EM
FA International Limited	United Kingdom	100.00	57.80	100.00	57.51	FC	FC
FAC Carry LP	Channel Islands	100.00	57.80	100.00	57.51	FC	FC
Fin PO	Luxembourg	100.00	97.55	100.00	97.51	FC	FC
Five Arrows (Scotland) General Partner Limited	United Kingdom	100.00	57.80	100.00	57.51	FC	FC
Five Arrows Capital AG	Switzerland	100.00	57.80	100.00	57.51	FC	FC
Five Arrows Capital GP Limited	Channel Islands	100.00	57.80	100.00	57.51	FC	FC
Five Arrows Capital Limited	British Virgin Islands	100.00	57.80	100.00	57.51	FC	FC
Five Arrows Co-investments Feeder V LP	United Kingdom	100.00	57.80	-	-	FC	-
Five Arrows Friends & Family Feeder LP	Channel Islands	100.00	57.80	100.00	57.51	FC	FC
Five Arrows Investments SARL SICAR	Luxembourg	100.00	77.67	100.00	77.51	FC	FC
Five Arrows Managers SARL	Luxembourg	100.00	73.70	100.00	34.51	FC	FC
Five Arrows Managers SAS	France	100.00	73.70	100.00	34.51	FC	FC
Five Arrows Mezzanine Debt Holder SA	Luxembourg	100.00	50.86	100.00	50.60	FC	FC
Five Arrows Mezzanine Holder LP	Channel Islands	88.00	50.86	88.00	50.60	FC	FC
Five Arrows Mezzanine Investments SARL	Luxembourg	100.00	67.74	100.00	67.51	FC	FC
Five Arrows Partners LP	Channel Islands	100.00	57.80	100.00	57.51	FC	FC
Five Arrows Principal Investments International Feeder SCA SICAR	Luxembourg	100.00	77.67	-	-	FC	-
Five Arrows Proprietary Feeder LP	Channel Islands	100.00	57.80	100.00	57.51	FC	FC
Five Arrows Staff Co-investment LP	Channel Islands	100.00	57.80	100.00	57.51	FC	FC
Francarep, Inc.	United States	100.00	97.55	100.00	97.51	FC	FC
Hi Trois	France	100.00	97.55	100.00	97.51	FC	FC

[a] FC: full consolidation. – EM: equity method.

Company names	Country of activity	31/03/2010 % of control	31/03/2010 % of interest	31/03/2009 % of control	31/03/2009 % of interest	Consolidation method 31/03/2010 [a]	Consolidation method 31/03/2009 [a]
Jardine Rothschild Asia Capital Limited	Cayman Islands	25.00	14.37	25.00	14.37	EM	EM
JRAC Carry LP Incorporated	Channel Islands	22.72	13.13	22.72	13.07	EM	EM
JRAC Proprietary Investments LP Incorporated	Channel Islands	50.00	38.84	25.00	14.37	EM	EM
K Développement	France	100.00	97.55	100.00	97.51	FC	FC
Les Domaines Barons de Rothschild (DBR) (consolidated subgroup)	France	23.51	22.94	24.14	23.53	EM	EM
Manufaktura	France	100.00	97.55	100.00	97.51	FC	FC
Messine Manager Investissement	France	100.00	97.55	-	-	FC	-
Narcisse Investissements	France	100.00	97.55	100.00	97.51	FC	FC
Paris Orléans	France	100.00	97.55	100.00	97.51	Parent company	Parent company
PO Capinvest 1	France	100.00	97.55	100.00	97.51	FC	FC
PO Capinvest 2	France	100.00	97.55	100.00	97.51	FC	FC
PO Capinvest 3	France	100.00	97.55	100.00	97.51	FC	FC
PO Fonds (ex Colisée Investissements)	France	100.00	97.55	100.00	97.51	FC	FC
PO Holding bancaire (ex SFIR)	France	100.00	97.55	100.00	97.51	FC	FC
PO Invest 1	Luxembourg	62.86	61.32	62.86	61.29	FC	FC
PO Invest 2	Luxembourg	52.95	51.65	46.15	45.00	FC	FC
PO Investimmo	Luxembourg	100.00	97.55	100.00	97.51	FC	FC
PO Mezzanine (ex Franoption)	France	100.00	97.55	100.00	97.51	FC	FC
PO Participations	Luxembourg	100.00	97.55	100.00	97.51	FC	FC
PO Titrisation A	Luxembourg	100.00	58.53	100.00	58.51	FC	FC
PO Titrisation B	Luxembourg	100.00	97.55	100.00	97.51	FC	FC
PO Titrisation C	Luxembourg	100.00	97.55	100.00	97.51	FC	FC
PO Titrisation D	Luxembourg	100.00	97.55	100.00	97.51	FC	FC
Ponthieu Ventures	France	100.00	97.55	100.00	97.51	FC	FC
Quintus European Mezzanine (GP) Limited	Channel Islands	100.00	57.80	100.00	57.51	FC	FC
Quintus European Mezzanine Fund Limited partnership	United Kingdom	40.00	23.12	40.00	23.00	EM	EM
Rivoli Participation (consolidated subgroup)	France	27.62	26.95	27.62	26.94	EM	EM
SPCA Deux	France	100.00	97.55	100.00	97.51	FC	FC
Verseau	France	95.00	92.67	95.00	92.27	FC	FC

[a] FC: full consolidation. – EM: equity method.

Statutory Auditors' report on the consolidated financial statements

Year ended 31 March 2010

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English-speaking users.
The Statutory Auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the opinion on the consolidated financial statements and includes an explanatory paragraph discussing the Auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions or disclosures.
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 Annual General Meeting, we hereby report to you, for the year ended 31 March 2010, on:
- the audit of the accompanying consolidated financial statements of Paris Orléans;
- the justification of our assessments;
- the specific verification required by law.

These consolidated financial statements have been approved by the Executive Board. Our role is to express an opinion on these consolidated financial statements based on our audit.

1. Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at 31 March 2010 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Without qualifying our opinion, we draw your attention to the note "Preparation of the financial statements" to the consolidation financial statements that describes the effects of the adoption of IFRS 8 relating to operational sectors, adopted by the European Union on 21 November 2007.

2. Justification of our assessments

The accounting estimates used in the preparation of the financial statements as of 31 March 2010 were made in a context of an extreme volatility of the financial markets and of a lack of visibility concerning economic and financial prospects. Such is the context in which we made our own assessments that we bring to your attention in accordance with the requirements of article L. 823-9 of the French Commercial Code (*Code de commerce*).

Accounting estimates

• As stated in note 16 to the financial statements, your Group reclassified a subordinated debt to Equity by removing the mandatory interest payments on a financial instrument classified as debt linked to a perpetual subordinated instrument. We reviewed the information used for the valuation of the subordinated debt and verified the correct application of the accounting principle and the appropriateness of the related disclosure included in the financial statements.

• Your Group accounts for impairments in order to cover for credit risks inherent in its activities.

Our work consisted, in the specific context of the current financial crisis, which continues since 2008, in assessing the appropriateness of the processes used by the management, in reviewing the control procedures implemented to identify and measure such exposures and their valuation, in examining data and available documentation used, in assessing the underlying assumptions and make sure appropriate disclosure is included in the notes to the financial statements.

However, we point out that these estimates are based on forecasts that are therefore uncertain; realized outcomes could differ significantly from these forecasts.

We also assessed whether these estimates were reasonable.

• Your Group performs accounting estimates related to the assessment of the fair value of available for- sale financial assets, intangible assets and goodwill.

Our work consisted, in the specific context of the current financial crisis, which continues since 2008, in assessing the appropriateness of the processes used by the management, in reviewing, when applicable, independent valuation reports, in examining data and available documentation used, in assessing the underlying assumptions and make sure appropriate disclosure is included in the notes to the financial statements.

However, we point out that these estimates are based on forecasts that are therefore uncertain; realized outcomes could differ significantly from these forecasts.

We also assessed whether these estimates were reasonable.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

3. Specific verification

As required by law, we have also verified in accordance with professional standards applicable in France the information presented in the Group's management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

The Statutory Auditors

Paris La Défense, 30 July 2010	Paris, 30 July 2010
KPMG Audit	**Cailliau Dedouit et Associés**
A division of KPMG SA	
Fabrice Odent	Stéphane Lipski
Partner	Partner

Parent company results

Balance sheet at 31 March 2010

Assets

In thousands of euros	Notes	31/03/2010 Gross value	31/03/2010 Depreciation, amortisation and provisions	31/03/2010 Net carrying amount	31/03/2009 Net carrying amount
Non-current assets					
Intangible assets	1				
Concessions, patents, brand and software		153	153	-	1
Other intangible assets		-	-	-	-
		153	153	-	1
Property, plant and equipment	2				
Land		-	-	-	-
Buildings		15	15	-	-
Other property, plant and equipment		480	238	242	293
		495	253	242	293
Non-current financial assets					
Investments in associates	3	917,840	20	917,820	923,069
Portfolio holdings	4	28,442	10,381	18,061	18,265
Loans	5	1,438	1,003	435	442
Other non-current financial assets	5	3	-	3	3
		947,723	11,404	936,319	941,779
Total non-current assets		948,371	11,810	936,561	942,073
Current assets					
Accounts receivable	6	149,890	-	149,890	157,707
Marketable securities	7				
Treasury stock		5,306	730	4,576	3,134
Other securities		5,898	1,158	4,740	6,059
Cash		34	-	34	34
Prepaid expenses		68	-	68	78
Total current assets		161,196	1,888	159,308	167,012
Unrealised translation losses	8	1,601	-	1,601	2,297
TOTAL ASSETS		1,111,168	13,698	1,097,470	1,111,382

Liabilities and shareholders' equity

In thousands of euros	Notes	31/03/2010	31/03/2009
Shareholders' equity	9		
Share capital		63,889	63,264
Additional paid-in capital		496,821	491,499
Reserves			
Legal reserves		6,326	6,326
Regulated reserves		-	-
Other reserves		153,044	153,044
Retained earnings		198,722	211,004
Net income for the period		2,320	(1,520)
Regulated provisions		97	73
Total shareholders' equity		921,219	923,690
Provisions for contingencies and charges	10		
Provisions for contingencies		1,267	2,297
Total provisions		1,267	2,297
Liabilities			
Financial liabilities			
Borrowings and other financial liabilities - Banks	11	137,275	145,632
Borrowings and other financial liabilities - Others	12	12,402	18,496
Operating liabilities	13		
Accounts payable		1,359	1,141
Tax and social liabilities		1,158	2,017
Other liabilities	14		
Miscellaneous liabilities		22,457	18,109
Deferred income		-	-
Total liabilities		174,651	185,395
Unrealised translation gains		333	-
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		1,097,470	1,111,382

Income statement for the year ended 31 March 2010

In thousands of euros	Notes	2009/2010	2008/2009
Income transactions			
Operating income transactions			
Operating income	15	**1,968**	1,795
Operating expense	16	**(11,914)**	(11,980)
Net operating income		**(9,946)**	**(10,185)**
Other income transactions			
Income from investments in associates and portfolio holdings	17	**9,414**	18,595
Other financial income	18	**1,626**	5,924
Capital gains (losses) on disposals of marketable securities	19	**(17)**	(29)
Recoveries of provisions on other income transactions	20	**2,388**	507
Financial expenses	21	**(2,497)**	(7,976)
Charges to provisions for financial risks		**-**	(4,553)
Income from other income transactions		**10,914**	**12,468**
Income from joint ventures			
Share of profit (loss)		**-**	-
Current income before tax		**968**	**2,283**
Capital transactions			
Capital gains on disposals of investments in associates and portfolio holdings	22	**904**	2,493
Recoveries of impairment of investments in associates and portfolio holdings	23	**4,647**	1,089
Capital losses on disposals of investments in associates and portfolio holdings	24	**(7,580)**	(14,352)
Charges for impairment of investments in associates and portfolio holdings	25	**(50)**	(1,826)
Income from capital transactions		**(2,079)**	**(12,596)**
Income tax	26	**(3,431)**	**(8,793)**
NET INCOME		**2,320**	**(1,520)**

Appendix

I. Highlights of the financial year

Paris Orléans ended the 2009/2010 financial year with net income of €2.3 million, compared with a net loss of €1.5 million the previous year.

Since two years, Paris Orléans has essentially operated as a pure holding company whose role is to own or to control indirectly the Group's banking entities, its dedicated private equity vehicles and support global costs (wages, rent and operating expenses).

To support its private equity activities, the Company makes shareholder's current account advances to its dedicated subsidiaries to provide them with the financing they need to complete their respective investments. As a result, Paris Orléans' income statement mainly comprises dividends received from the underlying entities.

During the 2009/2010 financial year, the Company received €9.4 million in dividends from subsidiaries and other investments in its portfolio. Current income before tax was also bolstered by an approximately €5.5 million reduction in financial expenses compared with the previous year due to a substantial drop in short-to-medium-term interest rates.

As part of its efforts to reorganise the incentive schemes introduced for its investment team during previous financial years, Paris Orléans reclassified and transferred into another Group entity a 5% equity stake held in the subsidiary K Développement SAS, which was previously wholly-owned by Paris Orléans.

Lastly, during the 2009/2010 financial year, Paris Orléans benefitted from a €3.4 million net income tax credit resulting from tax loss carrybacks, in addition to the amount recognised the previous year.

II. Subsequent events (post-closing)

No significant events at the start of financial year 2010/2011.

III. Accounting principles and valuation methods

To ensure operating continuity and consistency of methods and to adhere to the principles of prudence and reliability, the financial statements are prepared in accordance with the provisions of French law (1999 General Chart of Accounts) and with the accounting principles generally accepted in France.

To provide pertinent reporting on the company's business, the income statement is presented in accordance with the so-called "TIAP" model for other non-current holdings in the passive investment portfolio ("portfolio holdings") recommended by the French National Accounting Council (CNC) for financial companies.

Income transactions are split in two: operating income transactions (at the top of the income statement) and other income transactions (primarily financial transactions).

Current income corresponds to "income from ordinary activities", i.e. "all activities in which the company engages in the normal course of its business, and any related activities that it carries out on an accessory basis or as an extension of its ordinary activities".

Operating profit does, however, include non-recurring income and expenses from events which are clearly separate from the company's ordinary activities and which are not, therefore, deemed to occur on a frequent or regular basis.

Capital transactions include transactions concerning holdings classified as non-current assets.

The main accounting methods applied are as follows:

- Intangible assets and property, plant and equipment are valued at their acquisition cost and amortised and depreciated in the following manner:

	Depreciable life	Method
Start-up costs	3 years	straight-line
Software	3 years	straight-line
Buildings	20 years	straight-line
Plant and general improvements	8 to 10 years	straight-line
Vehicles	4 to 5 years	straight-line
Office equipment	3 years	declining-balance
Office furniture	10 years	straight-line

- Current financial assets are valued at their historical acquisition cost. The values of holdings denominated in foreign currencies are translated into euro at the exchange rate in effect on the transaction date. All loans and receivables denominated in foreign currencies classified among non-current financial assets are translated at the closing rate of the financial year.

Investments in associates and portfolio holdings are recognised at their acquisition cost. An impairment loss is recognised when inventory value is below acquisition cost.

The inventory values of investments in associates and portfolio holdings are recognised in the following manner:

- Unlisted securities: market value. The latter is obtained using either the company's share of the book or re-appraised net assets of the holding or the price used for a recent transaction on the security;

- Treasury stock: average price in the final month of the financial year;
- Listed securities: last quoted price of the financial year;
- Funds: impairment is recognised when the acquisition cost or cumulated investments in the fund exceed the company's share of the fund's adjusted net asset value as certified by the fund's auditors or the redemption value of the product as determined by the issuer. The portion of unrealised capital losses linked to currency effects is recognised separately from impairment, which relates solely to changes in the value of the underlying assets.

The value of the portfolio at 31 March 2010 was measured using the same method as applied in the preceding financial year, but adjusted to the market conditions and highly uncertain outlook.

Dividends are recorded in the month in which it is decided to distribute them.

Regarding FCPR-type venture capital funds, in accordance with market practice, only amounts actually called up since the 2002 financial year are now booked, and the unfunded capital commitment is recorded as an off-balance sheet item.

Sales of shareholdings, long-term portfolio holdings or investment securities are recognised using the first-in first-out (FIFO) method, i.e. the longest-held securities will be deemed to be the first sold.

Receivables are recognised at their nominal value. An impairment loss is recognised when the inventory value is lower than the carrying cost. Receivables denominated in foreign currencies are translated at the closing rate of the financial year.

Marketable securities are recognised at their acquisition cost. When their overall inventory value is lower than their acquisition cost, an impairment loss is recognised. The book value is equal to the closing price for the financial year.

Transactions denominated in foreign currencies are recognised at the rate on the transaction date. At the end of the financial year, all assets and liabilities are converted at the closing rate. For items covered by an exchange rate hedge, these are offset so that only the net balances are shown. Depreciation is recognised to take account of unrealised losses; only the uncovered portions of transactions for which an exchange rate hedge has been set in place are subject to depreciation.

Paris Orléans uses foreign currency-denominated loans to hedge certain of its acquisitions of securities and other assets denominated in dollar. The exchange difference between the historical rate and the weighted average rate on the loans is recognised as the loan principal is repaid. This accounting treatment resulted in a €133 thousand net expense for the period.

IV. Notes to the balance sheet

Note 1. Intangible assets

Changes in gross values and amortisation during the financial year:

In thousands of euros	01/04/2009	Acquisitions	Sales/Disposals	31/03/2010
Intangible assets				
Software	153	-	-	**153**
Other intangible assets	-	-	-	**-**
Total gross values	153	-	-	153
Depreciation		**Increases**	**Decreases**	
Software	152	1	-	**153**
Other intangible assets	-	-	-	**-**
Total amortisation	152	1	-	153
TOTAL NET VALUES	1	(1)	-	-

Note 2. Property, plant and equipment

Changes in property, plant and equipment during the financial year:

In thousands of euros	01/04/2009	Acquisitions	Sales/Disposals	31/03/2010
Property, plant and equipment				
I - Land	-	-	-	-
II - Other				
- buildings	15	-	-	15
- plant and improvements	10	-	-	10
- vehicles	267	32	47	252
- office equipment	69	5	-	74
- office furniture	139	5	-	144
Total gross values	500	42	47	495
Depreciation		Increases	Decreases	
II – Other				
- buildings	15	-	-	15
- plant and improvements	2	1	-	3
- vehicles	94	47	26	115
- office equipment	58	10	-	68
- office furniture	38	14	-	52
Total depreciation	207	72	26	253
TOTAL NET VALUES	293	(30)	21	242

The main movements during the financial year concerned transport equipment, with the acquisition of one vehicle and the disposal of two another one.

Note 3. Investments in associates

As at 31 March 2009, the gross values of the company's investments in associates could be analysed in the following manner:

In thousands of euros	
Paris Orléans Holding bancaire SAS "POHB"	773,846
K Développement SAS	94,698
Les Domaines Barons de Rothschild (Lafite) SCA	16,711
Finatis SA	12,287
Francarep Inc.	11,181
Other investments in associates for a value less than €10 million	9,117
TOTAL	917,840

The movements for the 2009/2010 financial year are summarised in the table below:

In thousands of euros	01/04/2009	Acquisitions/ Increases	Sales/Disposals/ Reclassifications	31/03/2010
Gross value	923,069	9,117	14,346	**917,840**
Total Gross value	**923,069**	**-**	**2,676**	**923,069**
		Increases	**Decreases**	
Impairment	-	20	-	**20**
Total Impairment	**-**	**20**	**-**	**20**
NET VALUE	**923,069**	**9,097**	**14,346**	**917,820**

New and accumulated investments in associates for the financial year almost exclusively concerned shares in Messine Managers Investissements SAS (for an amount of €9,115 thousand).

Sales of/reductions in investments in associates for the financial year mainly concerned shares in K Développement SAS and Domaines Barons de Rothschild "DBR" SCA, for amounts of €13,752 thousand and €575 thousand respectively.

At 31 March 2010, the only writedown of investments in associates concerned the AlexanderPlatz VoltaireStrasse GmbH line (APVS), which was fully written down during the financial year.

Note 4. Portfolio holdings

This heading includes all non-current strategic portfolio investments (TIAP) that cannot be classified as participating interests. The changes during financial year 2009/2010 may be analysed in the following manner:

In thousands of euros	01/04/2009	Acquisitions/ Increases	Sales/Disposals/ Reclassifications	31/03/2010
Gross value	33,262	282	5102	**28,442**
Total Gross value	**33,262**	**282**	**5102**	**28,442**
		Increases	**Decreases**	
Impairment	14,997	31	4,647	**10,381**
Total Impairment	**14,997**	**31**	**4,647**	**10,381**
NET VALUE	**18,265**	**251**	**455**	**18,061**

The main purchases/accumulations for the financial year concerned investment funds.

Sales/reductions for the financial year concerned the Novalliance SA and Publicis SA shares for amounts of €2,623 thousand and €1,829 thousand respectively, the balance being mainly in investment funds.

At 31 March 2010, the estimated value of the portfolio holdings was €50,792 thousand.

Note 5. Loans and other non-current financial assets

"Loans" includes USD1,485 thousand in advances to SEP Financière Bagatelle (half of which has been written down), which was discounted at the 31 March 2010 rate to a net present value of €435 thousand. Other non-current financial assets are comprised solely of margin deposits. All loans and other non-current financial assets mature in less than one year.

Note 6. Accounts receivable

The €149,890 thousand total consisted nearly entirely of:

- Group and associated companies' advances and current accounts (€149,587 thousand), primarily in connection with the cash pooling programme, and current accounts related to the tax consolidation group (€25 thousand);
- Advances to SEP Financière Bagatelle (€67 thousand);
- Miscellaneous trade receivables for €192 thousand and miscellaneous debit balances for €19 thousand.

All of these receivables are due.

Note 7. Marketable securities

Marketable securities consist of:

- 241,450 treasury shares (held in accordance with a liquidity contract) in the amount of €5,306 thousand for which depreciation of €730 thousand was booked at 31 March 2010;
- the other securities (€5,898 thousand) consist solely of mutual funds and short-term liquid investments. As at 31 March 2010 the inventory value of these securities amounted to €4,740 thousand, for an unrealised loss of €1,158 thousand for which a provision was made.

Note 8. Unrealised translation losses

Unrealised foreign exchange losses corresponding to the difference between the equivalent value in euro at the closing price for portfolio investments and other long-term investments denominated in US dollars, on the one hand, and their historical value on the other hand, represented €1,601 thousand as at 31 March 2010. This amount, reduced by unrealised foreign exchange gains, gave rise to the booking of a provision for currency risk. These dollar-denominated portfolio investments and other long-term investments are covered by currency hedging.

Note 9. Shareholders' equity

Changes in shareholders' equity during financial year 2009/2010 may be analysed in the following manner:

In thousands of euros	Share capital	Additional paid-in capital	Legal reserves	Other reserves	Retained earnings	Regulated provisions	Net income for the period	Total shareholders' equity
OPENING BALANCE AT 01/04/2009	63,264	491,499	6,326	153,044	211,004	73	(1,520)	923,690
Capital increase								
Appropriation of net income for FY 2008/2009					(1,520)		1,520	
Distribution of dividends [1]	625	5,322			(10,762)			(4,815)
Net income for FY 2009/2010							2,320	2,320
Change in investment provision						24		24
CLOSING BALANCE AT 31/03/2010	63,889	496,821	6,326	153,044	198,722	97	2,320	921,219

[1] The dividends distributed during financial year 2009/2010 in respect of the previous year were €309 thousand lower than the amount approved in the second resolution proposed to the Combined General Meeting of 29 September 2009, as no dividends were paid on treasury stock and investment certificates.

At 31 March 2010, the company's capital was composed of 31,459,323 shares and 485,230 investment certificates with a nominal value of €2 each.

The 312,473 new shares corresponded to the €625 thousand capital increase carried out as part of the scrip dividend payment for the previous financial year.

Treasury shares

As at 31 March 2010, Paris Orléans holds 485,230 own investment certificates (i.e. all the securities issued in this category) and 422,940 own shares, including 241,450 shares held as part of the liquidity contract.

Note 10. Provisions for contingencies and charges

Provisions during financial year 2009/2010 may be analysed in the following manner:

In thousands of euros	Opening balance	Charge for the period	Recovery for the period (provision used)	Recovery for the period (provision unused)	Closing balance
Provisions for contingencies	2,297	-	1,030	-	1,267
- insufficient hedging of foreign currency risk	-	-	-	-	-
- Translation charges on USD funds	2,297	-	1,030	-	1,267
Provisions for charges	-	-	-	-	-
TOTAL PROVISIONS FOR CONTINGENCIES AND CHARGES	**2,297**	**-**	**1,030**	**-**	**1,267**

Non application of the preferential method: the non application of the preferential method of accounting for retirement commitments, as recommended by French General Chart of Accounts, did not have a material impact on the total assets or current income of the company.

The provision for foreign exchange losses booked at 31 March 2010 corresponds to the negative translation difference (see Note 8).

Note 11. Borrowings and financial liabilities - banks

These may be analysed as follows:

In thousands of euros	Maturity			
	Total	Less than 1 year	Between 1 and 5 years	> 5 years
Medium-term loan	103,960	11,443	81,774	10,743
US-dollar denominated loan	32,921	-	32,921	-
Bank overdrafts	-	-	-	-
Accrued interests	394	394	-	-
TOTAL BORROWINGS AND FINANCIAL LIABILITIES	**137,275**	**11,837**	**114,695**	**10,743**

These loans have a variable rate of interest. The US dollar-denominated loan is used to hedge the exchange rate risk on USD investments.

Loan principal was amortised or repaid over the financial year for amounts of €7,443 thousand and $16,425 thousand respectively, whereas new loans taken out in the financial year were for a total of $16,154 thousand.

Paris Orléans put in place two interest rate hedging transactions in July 2009 and subsequently in January 2010:
- a fixed interest rate swap at 2.51% against 3-month Euribor on €34,2 million starting on 22/07/2009 and maturing on 22/01/2015;
- a fixed interest rate swap at 2.22% against 3-month Euribor on €20 million starting on 22/01/2010 and maturing on 28/01/2015.

Their valuation is established in accordance with banks' internal calculation methods based on available sources of information, including, in particular, the information customarily used by the market, it being specified that their reliability and accuracy are not guaranteed by these banking institutions.

At 31 March 2010, their fair value was negative by amounts of €723,9 thousand and €332,2 thousand respectively.

Note 12. Borrowings and financial liabilities – other

Nearly all of this €12,402 thousand line pertains to advances from the Francarep Inc. and APVS subsidiaries of respectively €8,880 thousand and €3,377 thousand, including accrued interest. These advances mature in less than one year.

Note 13. Operating liabilities

These include accounts payable of €1,359 thousand and tax and social liabilities of €1,158 thousand for FY 2009/2010. All amounts are due in less than one year.

Note 14. Other liabilities

This item, which totals €22,457 thousand, consists of:
• advances and current account balances and related accounts granted to Group entities by subsidiaries as part of the "cash pooling" scheme (€21,364 thousand);
• various liabilities amounting to €1,093 thousand.

All of these liabilities are due.

V. Notes to the income statement

Net profit for financial year 2009/2010, at €2,320 thousand, improved relative to the previous financial year, which had seen a loss of €1,520 thousand. This change can largely be explained by the improvement in the profit on equity transactions.

Current income before tax saw no major change in absolute terms. Although no dividend was received from subsidiary PO Holding Bancaire SAS (POHB), compared with dividends amounting to €12,8 million for financial year 2008/2009, this was largely offset by a dividend of €6 million received from subsidiary Francarep Inc. and by a €5,5 million decrease in interest and bank charges resulting from the overall downtrend in interest rates over the past 18 months.

Income from capital transactions, although negative by €2,1 million in financial year 2009/2010, improved by €10,5 million compared with the previous financial year, which had been adversely affected by capital losses on disposals of investments in associates and portfolio investments for an amount of €14,3 million, mainly concerning listed lines in the portfolio. It should also be noted that the income from capital transactions for the present financial year is affected by the capital loss of €4,7 million booked on the intra-group sale of 5% of the capital of the K Développement SAS subsidiary.

Finally, like in the previous financial year, the company benefited from a corporation tax revenue item due almost exclusively to a loss carry-back, and the additional amount of €3,4 million was booked for the 2009/2010 financial year.

Note 15. Operating income

Operating income consist primarily of expenses passed on to related companies.

Note 16. Operating expenses

In thousands of euros	2009/2010	2008/2009
Purchases and external charges	**2,845**	3,810
Taxes other than those on income	**505**	670
Salaries and social contributions	**8,353**	7,117
Depreciation and amortization	**73**	100
Other expenses	**138**	283
TOTAL	**11,914**	**11,980**

This line mainly consists of:
• actual operating expenses, excluding any expenses passed on to the subsidiaries, amounted to €10,128 thousand (1.1% of shareholders' equity);
• the auditors' fees came to €679 thousand in 2009/2010.

The amount of auditors' fees breaks down as follows:
• fees for the statutory audit of the financial statements for the 2009/2010 financial year: €679 thousand;
• fees for due diligence work directly linked to the statutory audit of the accounts: None.

Note 17. Income from investments in associates and portfolio holdings

Details regarding income from investments in associates and portfolio holdings during financial year 2009/2010 are provided in the table below:

In thousands of euros	2009/2010	2008/2009
Dividends/Investments in associates		
Francarep Inc.	6,029	-
Finatis SA	1,132	1,132
POHB	-	12,797
Domaines Barons de Rothschild (Lafite) SCA	-	545
Total	7,161	14,474
Dividends/Portfolio holdings		
Total E&P Cameroun SA	1,043	2,905
Rallye SA	988	988
Norsea Pipeline SA	111	53
Other Dividends/Portfolio holdings < €100 thousand	111	175
Total	2,253	4,121
TOTAL INCOME FROM INVESTMENTS IN ASSOCIATES AND PORTFOLIO HOLDINGS	9,414	18,595

Note 18. Other financial income

Other financial income includes primarily interest on advances to Group companies, commissions and a foreign exchange gain. The Group companies contributing the most to this line were K Développement SAS (€789 thousand), Verseau SAS (€288 thousand), PO Mezzanine SAS (€187 thousand), PO Capinvest 2 SAS (€105 thousand) and PO Capinvest 3 SAS (€93 thousand).

Note 19. Capital gains (losses) on disposals of marketable securities

This heading comprises gains amounting to €85 thousand on disposals of short-term investment securities and losses amounting to €102 thousand on disposals of Paris Orléans shares held in the context of a liquidity contract..

Note 20. Charges to and recoveries of provisions on other income transactions

With no provisions in financial year 2009/2010, provision writebacks on other revenue transactions concerned:
- currency risk for €1,030 thousand;
- marketable securities for an amount of €1,358 thousand, including €654 thousand for own shares held as part of the liquidity contract.

Note 21. Financial expenses

In thousands of euros	2009/2010	2008/2009
Medium-term borrowings	1,931	5,428
Other interest expense	398	2,128
Translation charges	168	420
TOTAL	2,497	7,976

The sharp decline in interest and bank charges in financial year 2009/2010 relative to the previous financial year was chiefly due to the fall in interest rates during the period.

Note 22. Capital gains on disposals of investments in associates and portfolio holdings

This item, for a total amount of €904 thousand, includes a capital gain on disposals of investments in associates for an amount of €595 thousand relating to the buyback by Domaines Barons de Rothschild (Lafite) SCA of 900 own shares, representing about 0.9% of the latter's capital. Paris Orléans also generated €309 thousand in capital gains on disposals of portfolio investments, mainly concerning investment funds. This figure is down from the previous financial year when €1,694 thousand was booked in capital gains relating to American and European investment funds.

Note 23. Recoveries of impairment of investments in associates and portfolio holdings

Write backs of impairment provisions totalled €4,647 thousand and related mainly to the holdings in Novalliance SA (€2,623 thousand) whose liquidation was closed, Publicis SA (€767 thousand), Rallye SA (€669 thousand) and Idi SA (€387 thousand).

Note 24. Capital losses on disposals of investments in associates and portfolio holdings

This item includes a capital loss on the disposal of investments in associates for an amount of €4,662 thousand relating to the disposal of K Développement SAS securities to Messine Managers Investissements SAS, and capital losses on disposals of portfolio investments for a total amount of €2,918 thousand, including €2,623 thousand relating to the cancellation of Novalliance SA shares.

Note 25. Charges for impairment of investments in associates and portfolio holdings

The AlexanderPlatz Voltairestrasse GmbH investments in associates were fully written down for an amount €20 thousand. The provisions for writedown of portfolio investments, for a total amount of €30 thousand, concerned investment funds.

Note 26. Income tax

Corporation tax revenue of €3,431 thousand for financial year 2009/2010 consisted mainly of a further loss carry-back of €3,427 thousand in addition to the amount of €7,492 thousand already booked in the previous financial year and, on a minor level, tax revenue of €4 thousand on the subsidiary POHB SAS consolidated for tax purposes.

VI. Other information

A. Employee data

The average headcount of 25 people in financial year 2009/2010 included 23 executives and 2 other employees.

B. Compensation of management bodies

The members of the Supervisory Board received €112 thousand in directors' fees in respect of financial year 2008/2009. The members of the Executive Committee were paid total compensation of €3 thousand by Paris Orléans in their role as corporate officers (excluding any salary payments related to technical or operational duties).

C. Tax consolidation

Paris Orléans is the head of a tax group that includes the following company, which is domiciled at 23 bis avenue de Messine 75008 Paris:

- Paris Orléans Holding Bancaire SAS (POHB)

This tax group, whose option for application of the Group tax regime expired on 31 March 2009, was extended for a period of five years, i.e. until 31 March 2014.

The following companies were deconsolidated in the 2009/2010 financial year:

- K Développement SAS
- SPCA Deux SAS
- PO Fonds SAS
- Manufaktura SAS
- Verseau SAS
- Chaptal Investissements SAS
- PO Capinvest 3 SAS
- Alexanderplatz Investissement SAS

As part of the tax consolidation process, each subsidiary in the tax consolidation group calculates its income tax as if it were taxed on a standalone basis.

D. Consolidation

Paris Orléans, the parent company of the Paris Orléans group, drew up consolidated financial statements as of 31 March 2010. Its own financial statements are consolidated with those of the Rothschild Concordia SAS group.

E. Off-balance sheet commitments

The off-balance sheet commitments at 31 March 2010 are presented in the table below:

In thousands of euros	Total	Executive managers	Subsidiaries	Investments	Other related companies	Other
Commitments given						
Termination benefits [1]	-	-	-	-	-	-
Guarantee in favour of Gecina for 50% of Apsys' commitments on SCI du Pont de Grenelle	8,000	-	-	-	-	8,000
Guarantee in favour of HSBC France on a €10,435 thousand borrowing	10,435	-	-	-	-	10,435
Investment commitments in various funds	360	-	-	-	-	360
TOTAL COMMITMENTS GIVEN	**18,795**	**-**	**-**	**-**	**-**	**18,795**
Retirement commitments [2]	**-**	**-**	**-**	**-**	**-**	**-**
Commitments received						
Counter-guarantee given by Foncière Euris in connection with the Apsys's commitments on Gecina	4,568	-	-	-	-	4,568
Pledge of 45,768 shares of Rothschild & Cie Banque	10,435	-	-	-	-	10,435
A multi-currency line of credit convertible into a loan maturing on 29/07/2014 from Société Générale. Expires 29/07/2012	9,237	-	-	-	-	9,237
Line of credit from LCL. Expires 29/07/2011	4,000	-	-	-	-	4,000
Line of credit convertible into a loan maturing on 01/10/2013 from CIC. Expires 01/10/2010	20,000	-	-	-	-	20,000
Line of credit convertible into a loan maturing on 29/01/2014 from LCL. Expires 29/07/2011	8,000					8,000
Line of credit in dollars from BNP Paribas. Expires 21/01/2012	702	-	-	-	-	702
TOTAL COMMITMENTS RECEIVED	**56,942**	**-**	**-**	**-**	**-**	**56,942**
Reciprocal commitments	None	**-**	**-**	**-**	**-**	**None**

(1) **Termination benefits**
This expense is outsourced with an insurance company.

(2) **Supplemental retirement for managers**
All managers were eligible for the supplemental retirement scheme, which guarantees them an additional annual retirement allowance equal to 20% of their average gross salary during their last three full years of active employment within the company. These rights became vested only when the participant leaves the company to retire, and provided that he fulfils the following conditions at the time: a reference salary of over four times the Social Security upper limit, length of service of more than 5 years, and aged 60. Paris Orléans no longer had any residual commitment for this item at 31 March 2010. The coverage of this scheme has been outsourced to an insurance company.

Other commitments:

The executive managers of Paris Orléans investment team (the "Managers") are expected to contribute to the increase in value of the Group's investments. Accordingly, Paris Orléans has established a carried interest programme to allow the Managers to share in the growth of its private equity business.

The establishment of this programme gave rise to the setting up of two non-trading companies consisting of the Managers and Paris Orléans (PO Gestion and PO Gestion 2), their relations being governed by a partnership agreement. PO Gestion and PO Gestion 2 also signed an investment agreement with Paris Orléans in order to establish the terms and conditions on which the managers will be able, via PO Gestion and PO Gestion 2, to share in the profits and risks entailed in the share portfolio of Paris Orléans acquired during the periods from 1 April 2006 to 31 March 2009 and from 1 April 2007 to 31 March 2010 respectively, with the total amount invested by Paris Orléans limited to €100 million for each programme. Accordingly, in return for the payment of premiums, Paris Orléans granted promises of sale to PO Gestion and PO Gestion 2 allowing the latter companies to acquire, at the original cost price for Paris Orléans, a proportion of these securities or units or shares in the direct or indirect acquisition holding companies. These promises of sale could represent up to 10% of the investments made during this period.

In the event of disposal of the securities acquired during the reference period or in the event of a change in control of Paris Orléans and, in any case, at the latest on 31 March 2014 for PO Gestion and on 30 June 2015 for PO Gestion 2, the rights of the parties under the investment agreement will be liquidated. Accordingly, PO Gestion and PO Gestion 2 will receive part of any net capital gain generated, subject to a priority 7% income reserved for Paris Orléans and corresponding to a preferential return over said period. At 31 March 2010, the amount of the priority income due to Paris Orléans had not been reached.

The main changes in off-balance sheet commitments relative to the previous financial year concern commitments received. They relate to the establishment, in financial year 2009/2010, of bank credit lines not used as at 31 March 2010.

Changes in financial commitments during financial year 2009/2010

Commitments given	31/03/2010	31/03/2009
- Guarantees given and other commitments	18,435	18,435
- Investment commitments in various funds	360	232
TOTAL	18,795	18,667

Commitments received	31/03/2010	31/03/2009
- Undrawn lines of credit	41,939	6,958
- Pledges of shares and equity warrants in our favour	10,435	10,435
- Counter-guarantees received	4,568	4,568
TOTAL	56,942	21,961

Paris Orléans confirms that it has not omitted any significant current or potential future off-balance sheet commitment as defined by the accounting standards in effect.

F. Analysis of subsidiaries and participating interests

In millions of euros

Companies or groups of companies	Share Capital	APIC, reserves and retained earnings excluding net income for the period	Share of capital held	Carrying value of shares held		Outstanding loans and advances from the company	Guarantees given by the company	Gross revenues (excluding VAT) for the last financial year	Net income for the last financial year	Dividends received by the company during the financial year	Comments
				Gross	Net						
Detailed information:											
A. Subsidiaries (company holds at least 50% of capital)											
Paris Orléans Holding Bancaire SAS (Paris)	497.5	148.1	100%	773.8	773.8	-	-	-	-	-	
K Développement SAS (Paris)	99.0	59.5	95 % (4)	94.7	94.7	-	-	-	(12.0)	-	
Francarep Inc. (USA) (2)	-	18.5	100%	11.2	11.2	-	-	-	0.1	6.0	1€= 1.35125 USD
B - Participating interests (company holds 10% to 50% of capital)											
Les Domaines Barons de Rothschild (Lafite)SCA (1) (2) (3)	15.5	45.7	23.57%	16.7	16.7	-	-	78.7	7.9	-	
Alexanderplatz VoltaireStrasse GmbH (Germany) (2)	0.2	34.0	10%	-	-	-	-	-	0.2	-	
Finatis SA (Paris) (1) (2) (3)	85.0	427.0	5%	12.3	12.3	-	-	27.5	33.0	1.1	

(1) Consolidated figures.
(2) Financial year ended 31 December 2009.
(3) Reserves and net income (group share).
(4) Paris Orléans holds 100% of the economic rights.

Statutory Auditors' report on the individual financial statements

Year ended 31 March 2010

This is a free translation into English of the statutory auditors' report on the financial statements issued in French and is provided solely for the convenience of English-speaking users. The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the opinion on the financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions, or disclosures.

This report also includes information relating to the specific verification of information given in the management report and in the documents addressed to shareholders.

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 Annual General Meeting, we hereby report to you, for the year ended 31 March 2010, on:

- the audit of the accompanying individual financial statements of Paris Orléans;
- the justification of our assessments;
- the specific verifications and information required by French law.

These financial statements have been approved by the Executive Board. Our role is to express an opinion on these financial statements based on our audit.

1. Opinion on the financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures, on a test basis or by using other methods of selection, to obtain audit evidence about the amounts and disclosures in the financial statements. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of accounting estimates, as well as the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at 31 March 2010 and of the results of its operations for the year then ended in accordance with French accounting principles.

2. Justification of our assessments

The accounting estimates used in the preparation of the financial statements as of 31 March 2010 were made in a context of an extreme volatility of the financial markets and of a lack of visibility concerning economic and financial prospects. Such is the context in which we made our own assessments that we bring to your attention in accordance with the requirements of article L. 823-9 of the French Commercial Code (*Code de commerce*).

Accounting estimates

As stated in paragraph "Accounting principles and valuation methods" of the notes to the financial statements, your company accounts for impairments, when necessary, in order to cover for the risk of a decrease in fair value of participating interests and portfolio holdings.

In assessing the significant accounting estimates applied by your company for the year ended 31 March 2010, and in the specific context of the current financial crisis, we have verified, on the basis of the information available and tests of detail on a sample, the appropriateness and the accurate application of these methods described in the notes to the financial statements.

However, we point out that these estimates are based on forecasts that are therefore uncertain; realized outcomes could differ significantly from these forecasts.

These assessments were made as part of our audit of the financial statements, taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

3. Specific verifications and information

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Executive Board and in the documents addressed to shareholders with respect to the financial position and the financial statements.

Concerning the information given in accordance with the requirements of article L. 225-102-1 of the French Commercial Code (*Code de commerce*) relating to remunerations and benefits received by the directors and any other commitments made in their favour, we have verified its consistency with the financial statements or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from companies controlling your Company or controlled by it. Based on this work, we attest the accuracy and fair presentation of this information.

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests and the identity of the shareholders has been properly disclosed in the management report.

The Statutory Auditors

Paris La Défense, 30 July 2010	Paris, 30 July 2010
KPMG Audit	**Cailliau Dedouit et Associés**
A division of KPMG SA	
Fabrice Odent	Stéphane Lipski
Partner	Partner

Statutory Auditors' report on regulated agreements and commitments

Year ended 31 March 2010

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

To the Shareholders,

In our capacity as Statutory Auditors of your Company, we hereby present to you our report on the regulated agreements and commitments.

Agreements and commitments entered into by the Company during the year ended 31 March 2010

In accordance with article L. 225-88 of the French Commercial Code (*Code de commerce*) we have been advised of agreements and commitments which have been previously authorised by your Supervisory Board.

We are not required to ascertain whether any other agreements or commitments exist but to inform you, on the basis of the information provided to us, of the terms and conditions of the agreements and commitments of which we were notified. It is not our role to determine whether they are beneficial or appropriate. It is your responsibility, under the terms of article R. 225-58 of the French Commercial Code (*Code de commerce*), to evaluate the benefits arising from these agreements and commitments prior to their approval.

We performed the procedures we considered necessary in accordance with professional guidance issued by the national institute of auditors (*Compagnie Nationale des Commissaires aux Comptes*), relating to this engagement. Our work consisted in verifying that the information provided to us is in agreement with the underlying documentation from which it was extracted.

Purchase of Rothschild & Cie Banque shares from Rothschilds Continuation Holdings AG

- **Directors concerned by the agreement:** Eric de Rothschild, Chairman of the Supervisory Board, Sylvain Héfès, Chairman of the Executive Board and David de Rothschild, member of the Executive Board

- **Purpose:** On 28 October 2009, Paris Orléans purchased 10 limited partner shares of Rothschild & Cie Banque SCS. from Rothschilds Continuation Holdings AG.

- **Terms and conditions:** The purchase was made for a total amount of €2,950 and has been previously approved by the Supervisory Board on 29 September 2009.

Continuing agreements and commitments which were entered into in prior years

Moreover, in accordance with the French Commercial Code (*Code de commerce*), we have been informed of the following agreements and commitments, which were approved during previous years and which were applicable during the period:

Liquidity agreement with the company Rotshchild & Cie Banque

- **Purpose:** Liquidity agreement with the company Rothschild & Cie Banque.

- **Terms and conditions:** Pursuant to this agreement, your company recorded a €29,822 expense (VAT included) during the year ended 31 March 2010.

Service agreement with Rothschild & Cie Banque

- **Purpose:** Service agreement between Paris Orléans and Rothschild & Cie Banque relating to IT services.

- **Terms and conditions:** Pursuant to this agreement, your company recorded a €41,013 expense (VAT included) during the year ended 31 March 2010.

Sub-renting to Rothschild & Compagnie of buldings

- **Purpose:** Sub-renting from Rothschild & Compagnie of the buildings located at 23 bis, avenue de Messine, Paris.
- **Terms and conditions:** Pursuant to this agreement, your company recorded a €557,989 rent expense (maintenance service charge and VAT included) during the year ended 31 March 2010..

Reorganisation of the legal structures allowing the investment team members to share the possible gains made by Paris Orléans on its capital investment activity

- **Purpose:** This agreement, approved during the 2008/2009 financial year has been enforced on 1 April 2009:
  - the contribution, by Paris Orléans and by the beneficiaries, of all their shares in PO Gestion and PO Gestion 2 to K Développement SAS,
  - the following contribution to Messine Managers Investissements SAS, a new entity bringing held by the beneficiaries and Paris Orléans, of all the shares issued by K Développement SAS in relation with the first contribution. As a remuneration, MMI has to issue ad hoc shares with specific prerogatives so as to maintain the economic rights resulting from the investment contracts signed with PO Gestion and PO Gestion 2 companies,
  - the signature of an agreement by the partners of Messine Managers Investissements specifying the terms and conditions linked to the contribution of PO Gestion and PO Gestion 2.
- **Terms and conditions:** The contribution by Paris Orléans of its shares in PO Gestion and PO Gestion 2 previously recorded for an amount of €1,000, generated a profit of €131 during the year ended 31 March 2010.

Agreement not previously authorised

We also present you our report on regulated agreements and commitments under the terms of article L. 225-90 of the French Commercial Code (*Code de commerce*).

In accordance with article L. 823-12 of the French Commercial Code (*Code de commerce*), we inform you that this agreement has not been previously authorised by your Supervisory Board.

We are required to inform you, on the basis of the information provided to us, of the terms and conditions of this agreement as well as the reason why the authorization procedure has not been followed. It is not our role to determine whether this agreement is beneficial or appropriate. It is your responsibility, under the terms of article R. 225-58 of the French Commercial Code (*Code de commerce*), to evaluate the benefits arising from this agreement prior to their approval.

We performed the procedures we considered necessary in accordance with professional guidance issued by the national institute of auditors (*Compagnie Nationale des Commissaires aux Comptes*), relating to this engagement. Our work consisted in verifying that the information provided to us is in agreement with the underlying documentation from which it was extracted.

Assistance agreement with the company Béro SCA

- **Director concerned by the agreement:** Eric de Rothschild, Chairman of the Supervisory Board.

- **Purpose:** Assistance agreement between Paris Orléans (beneficiary) and Béro (service provider) signed on 5 January 2010.

- **Terms and conditions:** The agreement allows for a €24,000 (excl. VAT) annual fee, payable on a quarterly basis. During the year ended 31 March 2010 and pursuant to this agreement, your company recorded a €7,176 expense (VAT included) for the period 1 January 2010 - 31 March 2010.

As the Supervisory Board could not meet, this agreement has not been previously approved. We inform you that the Supervisory Board authorised this agreement on 30 March 2010.

The Statutory Auditors

Paris La Défense, 30 July 2010	Paris, 30 July 20100
KPMG Audit	**Cailliau Dedouit et Associés**
A division of KPMG SA	
Fabrice Odent	Stéphane Lipski
Partner	Partner

Combined General Meeting
of 27 September 2010

Agenda

1. Ordinary General Meeting

- Presentation of the management report of the Executive Board, observations of the Supervisory Board;
- Auditors' reports on the company and consolidated financial statements for the financial year ended 31 March 2010;
- Auditors' special report on regulated agreements;
- Approval of the company financial statements and transactions for the financial year ended 31 March 2010;
- Appropriation of income for the year and distribution of a dividend;
- Option to choose payment of the dividend in the form of shares in the company;
- Approval of the consolidated financial statements for the financial year ended 31 March 2010;
- Approval of the agreements referred to in Article L. 225-86 of the French Commercial Code;
- Renewal of the appointment of Eric de Rothschild as a member of the Supervisory Board;
- Renewal of the appointment of André Lévy-Lang as a member of the Supervisory Board;
- Renewal of the appointment of Martin Bouygues as a member of the Supervisory Board;
- Renewal of the appointment of Claude Chouraqui as a member of the Supervisory Board;
- Renewal of the appointment of Russell Edey as a member of the Supervisory Board;
- Renewal of the appointment of Christian de Labriffe as a member of the Supervisory Board;
- Renewal of the appointment of Philippe de Nicolay as a member of the Supervisory Board;
- Renewal of the appointment of Robert de Rothschild as a member of the Supervisory Board;
- Renewal of the appointment of Philippe Sereys as a member of the Supervisory Board;
- Renewal of the appointment of Rothschild & Cie Banque as a member of the Supervisory Board;
- Appointment of François Henrot as a member of the Supervisory Board;
- Appointment of Jacques Richier as a member of the Supervisory Board;
- Attendance fees;
- Authorisation of the company's share buy-back programme.

2. Extraordinary General Meeting

- Executive Board's report on the resolutions submitted to the Extraordinary General Meeting;
- Auditors' special reports;
- Delegation of powers to the Executive Board to reduce the share capital through cancellation of own shares purchased under share buy-back programmes;
- Delegation of powers to the Executive Board to increase the share capital by capitalisation of reserves, income or issue premiums;
- Delegation of powers to the Executive Board to issue securities granting immediate or deferred access to the share capital, with maintenance of preferential subscription rights;
- Delegation of powers to the Executive Board to issue securities granting immediate or deferred access to the share capital, with cancellation of preferential subscription rights;
- Delegation of powers to the Executive Board to issue, freely setting the issue price thereof, securities granting immediate or deferred access to the share capital, with cancellation of preferential subscription rights;
- Overall limits on the total amount of issues to be made pursuant the twenty-third to twenty-fifth resolutions;
- Delegation of powers to the Executive Board to issue securities granting immediate or deferred access to the share capital, reserved for salaried employees;
- Powers for formalities.

Summary of ordinary resolutions

With regard to the resolutions submitted to the Ordinary General Meeting, resolutions one to four concern approval of the company financial statements, appropriation of income for the year and approval of the consolidated financial statements for the financial year ended 31 March 2010, showing a net income of €2,320,371.51, out of which the Executive Board proposes payment of a dividend of €0.35 per share, and a consolidated net income of €91 million, of which €26 million attributable to equity holders of the parent.

As in respect of the previous financial year, you are requested to authorise the option of payment of the dividend in cash or in new company shares, for all or part of the dividend due to each shareholder.

The dividend will be payable as from 2 November 2010.

Resolutions five and six concern approval of the so-called "regulated" agreements approved by the Supervisory Board during the 2009/2010 financial year. You are requested to approve two new agreements this year, which are described in the Statutory Auditors' Special Report on page 165 onwards of this report.

Resolutions seven to sixteen concern the reappointments of Eric de Rothschild, André Lévy-Lang, Martin Bouygues, Claude Chouraqui, Russel Edey, Christian de Labriffe, Philippe de Nicolay, Robert de Rothschild, Philippe Sereys and Rothschild & Cie Banque as members of the Supervisory Board.

All the Supervisory Board members whose reappointments you are requested to approve hold the minimum number of Paris Orléans shares required by the company's Articles of Association. The list of other positions and functions held by each board member in France and abroad (including positions held in the past five years and currently no longer held) is provided on page 62 onwards in the Corporate Governance section of this report.

Resolutions seventeen and eighteen concern the appointments of two new Supervisory Board members. You are requested to approve the appointments to the Supervisory Board of Messrs. François Henrot and Jacques Richier, each for a term of three years. Their Curriculum Vitae are provided on page 16 in the Profile section of this report.

The directorships and other positions held by Mr François Henrot, in France and abroad, are as follows:

Positions currently held	
In France	Managing Partner: Rothschild & Cie Banque SCS, Rothschild & Cie SCS Director: 3 Suisses SA Supervisory Board member: Vallourec SA
Abroad	Chairman: Rothschild's Global Investment Banking Committee Director: Rothschilds Continuation Holdings AG (Switzerland) Director: Yam Invest (Netherlands)
Positions held in the past five years and no longer held	
In France	Chairman of the Executive Committee: Rothschild & Cie SCS – Investment Banking Director: Eramet SA Supervisory Board member: Cogedim SA Supervisory Board member: Carrefour SA Supervisory Board member: PPR SA

The directorships and other positions held by Mr Jacques Richier are as follows:

Positions currently held	
In France	Chairman & Chief Executive Officer: Allianz IARD (formerly AGF IARD), Allianz Vie (formerly AGF Vie) Director and Managing Director: Allianz France (formerly AGF SA) Supervisory Board member: Oddo et Cie SCA Director: REMA (Réunion des Mutuelles d'Assurances Régionales)
Abroad	Supervisory Board member: Allianz Global Corporate & Speciality AG (Germany)
Positions held in the past five years and no longer held	
In France	Chairman of the Board of Directors: AGF Holding (position ended in 2009), Erisa and Erisa IARD Chief Executive Officer: Allianz Holding France SAS (position ended in 2009) Chairman & Chief Executive Officer: SwissLife France Chairman of the Board of Directors: SwissLife Prévoyance et Santé, SwissLife Assurances et Biens, SwissLife Assurance et Patrimoine, Meeschaert Assurance, Garantie Assistance, SwissLife Banque Privée, and Carte Blanche Partenaires Director: Ceat and CaixaBank France Permanent representative of: SwissLife Banque Privée on the board of SwissLife Gestion Privée; SwissLife France on the board of SwissLife Asset Management (France); Société Suisse d'Assurances Générales sur Vie Humaine on the board of Créserfi; and SwissLife Assurance et Retraite on the board of Agami SA
Abroad	Director/Vice-Chairman: SwissLife SA (Luxembourg) Director: Heralux SA (Luxembourg)

In view of their expertise and experience, the appointments to the Board of François Henrot and Jacques Richier can be considered an asset for Paris Orléans and for the Rothschild Group. Note that the Supervisory Board considers that Jacques Richier qualifies as an independent member based on the criteria set out in the AFEP-MEDEF Code. His appointment will raise the number of independent board members to four, versus three the previous year.

In resolution nineteen, you are requested to raise the maximum amount of the attendance fees that can be allocated to the members of the Supervisory Board from €126,000 to €134,000, due essentially to the appointment of two additional Supervisory Board members.

In resolution twenty, you are requested to authorise the Company to buy back its own shares within the limits set by the shareholders and in accordance with the law. The main characteristics of this share buy-back authorisation are described on page 55 of this report in the Legal and Financial Information section.

Executive Board's report on the resolutions submitted to the Extraordinary General Meeting

With regard to the resolutions submitted to the Extraordinary General Meeting, we request you to authorise the Executive Board to reduce the share capital by cancellation of own shares purchased under the share buy-back programmes and to increase the share capital by capitalisation of reserves, income and issue premiums.

We also propose that you renew, before 29 November 2010, the previous authorisations granted to the Executive Board by the Ordinary and Extraordinary General Meeting of 29 September 2008 to increase the share capital under the terms and conditions described below.

The Executive Board's management report provides all the necessary information concerning the conduct of the company's business.

Delegation of powers to the Executive Board to reduce the share capital through cancellation of own shares purchased under share buy-back programmes

In **resolution twenty-one**, you are requested to delegate powers to the Executive Board to reduce the company's share capital, on one or more occasions, within a limit of 10% of the capital per 24-month period, through cancellation of own shares purchased in application of the twentieth resolution submitted to this General Meeting and of the ninth resolution submitted to the General Meeting of 29 September 2009, it being stipulated that said limit applies to the amount of the share capital, which will, if appropriate, be adjusted to take into account transactions carried out after this General Meeting with an impact on the share capital.

Any difference in the share purchase price relative to the share's par value will be charged to issue premiums, or to any other available reserves, including legal reserves, within the limit of 10% of the reduction in capital achieved.

You are requested to grant this delegation for a period of twenty-four months from the date of this meeting..

Delegation of powers to the Executive Board to increase the share capital by capitalisation of reserves, profits or issue premiums

In **resolution twenty-two**, you are requested to delegate powers to the Executive Board to increase the company's share capital, on one or more occasions, in the proportions and at the times it deems appropriate, by capitalisation of all or part of the reserves, profits and issue premiums that may legally or statutorily be capitalised, through allocation of bonus shares or by raising the par value, or via a combination of both.

The maximum nominal amount of the issues decided by the Executive Board under the present delegation shall not exceed €50m, this limit being separate from and independent of the limits proposed for the share issues submitted for your approval in resolutions twenty-three to twenty-five, without taking into account the nominal value of ordinary shares that may, if appropriate, be issued in the context of adjustments made to preserve the rights of holders of securities giving access to the share capital, in accordance with the law and the regulations and with contractual obligations, if any.

You are requested to grant this delegation for a period of twenty-six months as from the date of this meeting.

Delegation of powers to the Executive Board to issue securities granting immediate or deferred access to the share capital, with or without maintenance of preferential subscription rights

In **resolutions twenty-three to twenty-five**, you are requested to delegate powers to the Executive Board to issue securities granting immediate or deferred access to the share capital, with or without maintenance of preferential subscription rights.

The maximum nominal amount of the capital increases that can be carried out pursuant to these delegations, immediately or in the future, is for each delegation €50 million or its equivalent value in any other authorised currency, plus, where applicable, the amount of the additional shares to be issued in order to preserve the rights of the holders of securities (including stand-alone subscription warrants) that grant an entitlement to company shares.

The maximum nominal amount of issues of debt securities granting access to the share capital that may be carried out immediately or in the future under these delegations, with or without maintenance of preferential subscription rights, may not exceed for each delegation €200 million or the equivalent value thereof in any other authorised currency.

Any capital increases that may be carried out, immediately or in the future, pursuant to the delegation provided for in **resolution twenty-five**, may not exceed 10% of the share capital per year, plus, where applicable, the amount of the additional shares to be issued to preserve the rights of holders of securities that grant entitlement to company shares. This maximum nominal amount of the capital increases that can be performed pursuant to this delegation shall be deducted from the available balance of the limit on authorised capital increases with or without maintenance of preferential subscription rights. In accordance with paragraph 2 of Article L. 225-136 1° of the French Commercial Code, the Executive Board shall have powers to freely set the issue price of the securities to be issued, provided, however, that the price of the new shares is not less than the par value of the shares.

The maximum nominal amount of any capital increases that may be carried out pursuant to these delegations is stipulated in **resolution twenty-six**, as follows:

- The overall limit on the nominal amount of capital increases that may be carried out directly or on presentation of debt securities is €50 million, plus, where applicable, the nominal amount of the additional shares to be issued in order to preserve the rights of the holders of securities that grant an entitlement to company shares.
- The maximum nominal amount of issues of debt securities authorised is €200 million.

You are requested to grant these delegations for a term of twenty-six months from the date of this General Meeting. These delegations void previous delegations approved in tenth, eleventh and twelfth resolutions of the General Meeting of 29 September 2008. If carried out, they will be subject to an additional report from the Executive Board and the Statutory Auditors.

Delegation of powers to the Executive Board to issue securities granting immediate or deferred access to the share capital, reserved for salaried employees

In **resolution twenty-seven**, you are requested to delegate powers to the Executive Board to issue securities granting immediate or deferred access to the share capital, reserved for salaried employees.

This resolution meets the statutory requirement laid down by Article L. 225-129-6 of the French Commercial Code. The shareholders must vote on a resolution of this type whenever any decision is taken to increase the share capital through a cash contribution. Moreover, as you may have noted, employees of the company and of associated companies held less than 3% of Paris Orléans' share capital at 31 March 2010. The maximum nominal amount of any capital increases that may be carried out under this delegation, immediately or in the future, is €1 million.

This delegation automatically entails the waiver by the shareholders, in favour of the salaried employees, of their preferential subscription rights in respect of the shares to be issued under this delegation.

You are requested to grant this delegation for a term of twenty-six months from the date of this General Meeting. This delegation substitutes and cancels any previous delegation of the same kind. If carried out, it will be subject to an additional report from the Executive Board and the Statutory Auditors

Supervisory Board's Report

To the shareholders,

We inform you that during the financial year ended 31 March 2010 the Supervisory Board of Paris Orléans fulfilled its role of management control of the company as provided for by the law and by the company's Articles of Association.

The activity of the Supervisory Board and of its Audit Committee during the financial year is described in the Chairman of the Supervisory Board's report on corporate governance and internal control, which is appended to this annual report.

In application of Article L. 225-68 of the French Commercial Code, we have no observations to make on the Executive Board's report or on the financial statements for the year under review and we invite the General Meeting to approve all the resolutions submitted to it by the Executive Board.

The Supervisory Board

Profile
Banking activities
Private equity
Report of the Executive Board - financial and legal information
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Combined General Meeting of 27 September 2010

Statutory auditors' report on the capital reduction by cancellation of shares repurchased under the buyback programs

Extraordinary Shareholders' Meeting of September 27, 2010 (21st resolution)

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

To the shareholders,

In our capacity as Statutory Auditors of Paris Orléans and pursuant to Article L. 225-209, paragraph 7 of the French Commercial Code (*Code de commerce*) relating to capital reductions through the cancellation of shares bought back by the Company, we hereby present our report with our comments on the reasons for and terms and conditions of the proposed capital reduction, as submitted to you for approval.

We performed the procedures we considered necessary in accordance with professional standards applicable in France to such transactions. These procedures consisted in verifying that the reasons for and terms and conditions of the proposed capital reduction comply with the applicable legal provisions.

The proposed capital reduction would take place further to the buyback by the Company of up to 10% of its own shares, in accordance with Article L. 225-209 of the French Commercial Code (*Code de commerce*). The Executive Board is seeking an 18-month-authorization by the Shareholders'Meeting for this buyback program (20th resolution).

Shareholders are also asked to grant the Executive Board full powers to cancel the shares acquired under the Company's share buyback program, provided that the aggregate number of shares cancelled in any given 24-month-period does not exceed 10% of the Company's capital. These powers would be exercisable for a period of 24 months.

We have no comments to make on the reasons for and terms and conditions of the proposed capital reduction, being specified that the capital reduction would be allowed only if the Shareholders'Meeting approves the buyback by the Company of its own shares

Paris La Défense and Paris, 30 July 2010

The Statutory Auditors

KPMG Audit	**Cailliau Dedouit et Associés**
A division of KPMG S.A	
Fabrice Odent	Stéphane Lipski
Partner	Partner

Statutory auditors' report on the issue of shares and/or securities conferring immediate or future rights to shares with or without pre-emptive subscription rights proposed under the resolutions 23, 24, 25 and 26 of the Extraordinary Shareholders' Meeting of September 27, 2010

Extraordinary Shareholders' Meeting of September 27, 2010 (23rd to 26th resolutions)

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

To the shareholders,

In our capacity as Statutory Auditors of Paris Orléans and pursuant to Articles L. 225-135, L. 225-136 and L. 228-92 of the French Commercial Code (*Code de commerce*), we hereby present our report on the proposed delegations to the Executive Board to decide on the issue of shares and/or securities, as submitted for your approval.

Based on its report, the Executive Board is asking for authorization to:
- delegate, for a 26-month-period, authority to decide on the issues set out below and set the final terms and conditions thereof. Shareholders are also asked to waive their pre-emptive right to subscribe for shares, where appropriate:
  - issue of shares and/or securities conferring immediate or future rights to shares with pre-emptive subscription rights up to a maximum nominal amount of 50 million euros for capital increases and €200 million for the issue of debt securities conferring rights to shares (23rd resolution),
  - issue of shares and/or securities conferring immediate or future rights to shares without pre-emptive subscription rights up to a maximum nominal amount of €50 million for capital increases and €200 million for the issue of debt securities conferring rights to shares (24th resolution), it being specified that such shares and/or securities may be used as payment for shares tendered to a public exchange offer pursuant to the provisions of article L. 225-148 of the French Commercial Code (*Code de commerce*),
  - issue of shares and/or securities conferring immediate or future rights to shares without pre-emptive subscription rights up to a maximum of 10% of the share capital per year for capital increases and €200 million for the issue of debt securities conferring rights to shares (25th resolution), it being specified that such shares and/or securities may be used as payment for shares tendered to a public exchange offer pursuant to the provisions of article L. 225-148 of the French Commercial Code (*Code de commerce*),
- set, within the scope of the implementation of the delegations of authority provided for in the 25th resolution, the issue price within the annual legal limit of 10% of the Company's share capital (25th resolution).

Under the 26th resolution, it is proposed that the total nominal amount of capital increases that may be carried out immediately or in the future pursuant to the 23rd, 24th and 25th resolutions may not exceed €50 million and that the maximum nominal aggregate amount of the issue of debt securities under the 23rd, 24th and 25th resolutions is €200 million.

The Executive Board is responsible for preparing a report in accordance with Articles R. 225-113, R. 225-114 and R. 225-117 of the French Commercial Code (*Code de commerce*). Our responsibility is to express an opinion on the fairness of the financial information taken from the financial statements, the proposed cancellation of shareholders' pre-emptive subscription rights and certain other information regarding these issues, contained in this report.

We performed the procedures we considered necessary in accordance with professional standards applicable in France to such transactions. These procedures consisted in reviewing the content of the Executive Board's report in respect of these issues and the methods used to determine the issue price.

Subject to a subsequent examination of the conditions for the proposed issues, we have no comments to make on the methods used to set the issue price, as presented in the Executive Board's report, for the 25th resolution. As this report does not provide the methods used for determining the issue price for issues pursuant to the 23th and 24th resolutions, we cannot express an opinion on the calculation of the issue price.

As the issue price has not yet been set, we do not express an opinion on the final terms and conditions of the issues. Consequently, we do not express an opinion on the proposed cancellation of shareholders' pre-emptive subscription rights for existing shareholders under the 24th and 25th resolutions.

In accordance with Article R. 225-116 of the French Commercial Code (*Code de commerce*), we will issue an additional report, if appropriate, when the Executive Board uses these authorizations, in the event of the issue of shares without pre-emptive subscription rights of securities conferring immediate or future rights to shares of the Company and/or granting a right to allocation of debt instruments

Paris La Défense and Paris, 30 July 2010

The Statutory Auditors

KPMG Audit	**Cailliau Dedouit et Associés**
A division of KPMG S.A	
Fabrice Odent	Stéphane Lipski
Partner	Partner

Statutory auditors' report on the issue of shares or securities conferring immediate or future rights to shares without pre-emptive subscription rights reserved for company employees proposed under the 27th resolution of the Extraordinary Shareholders' Meeting of September 27, 2010

Extraordinary Shareholders' Meeting of September 27, 2010 (27th resolution)

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

To the shareholders,

In our capacity as Statutory Auditor s of your company and in compliance with Articles L. 225-135, L. 225-138 and L. 228-92 of the French Commercial Code (*Code de commerce*), we hereby present our report on the proposed delegation to the Executive Board to decide on the issue of shares or securities conferring immediate or future rights to shares without pre-emptive subscription rights, reserved for company employees, for a maximum nominal amount of €1,000,000, an operation upon which you are called to vote.

This increase in capital is submitted for your approval in accordance with Articles L. 225-129-6 of the French Commercial Code (*Code de commerce*) and L. 3332-18 et seq. of French Labor Code (*Code du travail*).

Your Executive Board proposes that, on the basis of its report, you delegate him for a period of 26 months the competence to decide on the issue, in one or several times, of shares or securities conferring immediate or future rights to shares reserved for company employees and approve their terms and conditions and to cancel your pre-emptive subscription rights. In the context of those issues, your Executive Board also proposes that you authorize him to grant for free shares of your Company or securities conferring immediate or future rights to shares to be issued, within the scope of Article L. 3332-21 of French Labor Code (*Code du travail*).

In accordance with Articles R. 225-113, R. 225-114 and R. 225-117 of the French Commercial Code (*Code de commerce*), it is the responsibility of your Executive Board to prepare a report. It is our responsibility to report on the fairness of the financial information taken from the accounts on the proposed cancellation of the pre-emptive subscription rights, of existing shareholders and on other specific information related to the issues contained in this report.

We performed the procedures we considered necessary to comply with the professional guidance of the French national auditing body (*Compagnie Nationale des Commissaires aux Comptes*) for this engagement. These procedures consisted in verifying the information contained in the Executive Board's report related to this operation and the methods used to determine the issue price.

Subject to a subsequent examination of the conditions for the proposed issues, we have nothing to report on the methods used to determine the issue price provided in the Executive Board's report.

As the issue price has not yet been determined, we do not express an opinion on the final conditions of the issues and, consequently, on the proposed cancellation of the pre-emptive subscription rights for existing shareholders.

In accordance with Article R. 225-116 of the French Commercial Code (*Code de commerce*), we shall issue a supplementary report when the issues of share without pre-emptive subscription rights or securities conferring immediate or future rights to shares are performed by your Executive Board.

Paris La Défense and Paris, 30 July 2010

The Statutory Auditors

KPMG Audit	**Cailliau Dedouit et Associés**
A division of KPMG S.A	
Fabrice Odent	Stéphane Lipski
Partner	Partner

Draft resolutions

Within the remit of the Ordinary General Meeting

First resolution: Approval of the company financial statements for the financial year ended 31 March 2010

The General Meeting, after consulting the reports by the Executive Board, the observations of the Supervisory Board and the Statutory Auditors' report on the company financial statements for the financial year ended 31 March 2010, approves the said financial statements as presented to it, as well as the transactions evidenced in these statements and summarised in these reports.

Second resolution: Appropriation of the income for the financial year and dividend distribution

The General Meeting, having consulted the reports by the Executive Board, the observations of the Supervisory Board and the Statutory Auditors, decides to appropriate the income for the financial year, amounting to €2,320,371.51 as follows:

• Net income of	€2,320,371.51
• plus retained earnings amounting to	€198,721,111.53
• i.e. a total distributable amount of	**€201,041,483.04**
• allocation to the legal reserve	€62,494.60
• allocation to payment of a dividend of €0.35 per share [(1)]	€11,180,593.55
• allocation to retained earnings	€189,798,394.89

(1) On 31,944,553 shares and investment certificates.

The company shall not receive a dividend in respect of any own shares held on the payment date; the amount of the dividend corresponding to these shares shall be added automatically to retained earnings. The General Meeting grants powers to the Executive Board to revise the final amount of the actual distribution and the final amount of retained earnings.

The dividend distributed to natural persons who are French tax residents is eligible in full for the 40% tax allowance provided for in Article 158, 3-2° of the French Tax Code, under the conditions and within the limits provided for by law.

The dividend to be distributed shall be detached from the share on 4 October 2010 and shall be payable as from 2 November 2010.

In accordance with the provisions of Article 243 bis of the French Tax Code, the General Meeting hereby notes that the dividends distributed in respect of the preceding three financial years (before the 10:1 share split) were as follows:

Financial year	**2008/2009**	**2007/2008**	**2006/2007 [(1)]**
Number of shares and investment certificates	**31,632,080**	31,632,080	2,516,900
Net dividend per share (in euro)	**0.35** [(2)]	0.55 [(2)]	5.00 [(2)]
Total amount distributed (in euro)	**11,071,228**	17,397,644	12,584,500

(1) Before rights issue and 10:1 share split.
(2) Eligible for the 40% tax allowance provided for in Article 158-3-2° of the French Tax Code for natural persons who are French tax residents.

Third resolution: Option of receiving the dividend in shares

Pursuant to the provisions of Article L. 232-18 - L. 232-20 of the French Commercial Code and Article 30 of the company's Articles of Association, the General Meeting, having noted that the share capital is fully paid up, decides that shareholders who so wish may choose to receive all or part the dividend due to them in company shares.

The price of any new shares issued in payment of the dividend shall be equivalent to 90% of the average price of the Paris Orléans share during the twenty stock market trading sessions preceding the day of the General Meeting, less the net amount of the dividend and rounded up to the next euro cent.

The option of receiving payment of the dividend in shares must be taken up between 4 October 2010 and 21 October 2010 inclusive via the intermediaries authorised to pay the dividend. If the option has not been taken up by this date the dividend shall be payable in cash only.

If the amount of the dividend payable under this option does not correspond to a whole number of shares, shareholders will receive the next lower whole number of shares plus the balance in cash.

Shares thus issued in payment of dividends shall qualify for dividends as from 1 April 2010.

The General Meeting grants powers to the Executive Board, with the option of delegating said powers under the terms and conditions provided for by law and by the company's Articles of Association, to take the necessary measures to implement this decision, carry out any necessary transactions linked or relating to the exercise of the option of receiving payment of the dividend in shares, record the number of shares issued and the resulting increase in the share capital, amend the Articles of Association to reflect the changes in the number of shares and the amount of the share capital, and generally do whatever may be useful or necessary

Fourth resolution: Approval of the consolidated financial statements for the financial year ended 31 March 2010

After hearing the Executive Board's report, the observations of the Supervisory Board and the Statutory Auditors' report on the consolidated financial statements for the year ended 31 March 2010, the General Meeting approves said statements as well as the transactions evidenced in these statements and summarised in these reports, which show consolidated net income of €91 million and consolidated net income attributable to equity holders of the parent of €26 million.

Fifth resolution: Statutory Auditors' special report on the agreements referred to in Article L. 225-86 of the French Commercial Code and approval of one agreement

After hearing the Statutory Auditors' special report on the agreements referred to in Article L. 225-86 of the French Commercial Code, the General Meeting approves the agreement concluded on 28 October 2009 by Rothschilds Continuation Holdings AG for the sale of 10 limited shares held in Rothschild & Cie Banque.

Sixth resolution: Statutory Auditors' special report on the agreements referred to in Article L. 225-86 of the French Commercial Code and approval of one agreement

After hearing the Statutory Auditors' special report on the agreements referred to in Articles L. 225-86 of the French Commercial Code, the General Meeting approves the changes to be made in the remuneration conditions provided for in the existing assistance agreement with Béro SCA.

Seventh resolution: Reappointment of Eric de Rothschild as a member of the Supervisory Board

After hearing the Executive Board's report, the General Meeting reappoints Eric de Rothschild as a member of the Supervisory Board for a term of three years.

Eighth resolution: Reappointment of André Lévy-Lang as a member of the Supervisory Board

After hearing the Executive Board's report, the General Meeting reappoints André Lévy-Lang as a member of the Supervisory Board for a term of three years.

Ninth resolution: Reappointment of Martin Bouygues as a member of the Supervisory Board

After hearing the Executive Board's report, the General Meeting reappoints Martin Bouygues as a member of the Supervisory Board for a term of three years.

Tenth resolution: Reappointment of Claude Chouraqui as a member of the Supervisory Board

After hearing the Executive Board's report, the General Meeting reappoints Claude Chouraqui as a member of the Supervisory Board for a term of three years.

Eleventh resolution: Reappointment of Russell Edey as a member of the Supervisory Board

After hearing the Executive Board's report, the General Meeting reappoints Russell Edey as a member of the Supervisory Board for a term of three years.

Twelfth resolution: Reappointment of Christian de Labriffe as a member of the Supervisory Board

After hearing the Executive Board's report, the General Meeting reappoints Christian de Labriffe as a member of the Supervisory Board for a term of three years.

Thirteenth resolution: Reappointment of Philippe de Nicolay as a member of the Supervisory Board

After hearing the Executive Board's report, the General Meeting reappoints Philippe de Nicolay as a member of the Supervisory Board for a term of three years.

Fourteenth resolution: Reappointment of Robert de Rothschild as a member of the Supervisory Board

After hearing the Executive Board's report, the General Meeting reappoints Robert de Rothschild as a member of the Supervisory Board for a term of three years.

Fifteenth resolution: Reappointment of Philippe Sereys as a member of the Supervisory Board

After hearing the Executive Board's report, the General Meeting reappoints Philippe Sereys as a member of the Supervisory Board for a term of three years.

Sixteenth resolution: Reappointment of Rothschild & Cie Banque as a member of the Supervisory Board

After hearing the Executive Board's report, the General Meeting reappoints Rothschild & Cie Banque as a member of the Supervisory Board for a term of three years.

Seventeenth resolution: Appointment of François Henrot as a member of the Supervisory Board

After hearing the Executive Board's report, the General Meeting appoints François Henrot as a member of the Supervisory Board for a term of three years.

Eighteenth resolution: Appointment of Jacques Richier as a member of the Supervisory Board

After hearing the Executive Board's report, the General Meeting appoints Jacques Richier as a member of the Supervisory Board for a term of three years.

Nineteenth resolution: Attendance fees

After hearing the Executive Board's report, the General Meeting decides to set the maximum amount of the attendance fees that can be allocated to the members of the Supervisory Board in respect of the financial year starting on 1 April 2010 and in future financial years, until decided otherwise by the General Meeting, at €134,000.

Twentieth resolution: Authorisation of a share buy-back programme

After hearing the Executive Board's report and pursuant to Articles L. 225-209 onwards of the French Commercial Code, Title IV of Book II of the French Financial Market Authority's General Regulations, and European Commission Regulation No. 2273/2003 of 22 December 2003, the General Meeting:

- cancels, with immediate effect, the unused portion of the authorisation for the Executive Board to repurchase the company's shares granted by the Ordinary and Extraordinary General Meeting of 29 September 2009 in its Ninth Resolution;
- authorises the Executive Board to buy or to arrange for the purchase of shares in the company within the limit of a number of shares representing a maximum of 10% of the share capital on the date of such purchases. Note, however, that the maximum number of shares held directly or indirectly subsequent to such purchases may not exceed 10% of the share capital.

The maximum purchase price per share is set at €30. As a result, the maximum number of shares that can be purchased under this authorisation may not exceed €95,833,659 in value. However, in the event of a transaction affecting the share capital, in particular by capitalisation of reserves, bonus share allocation, share split or share regrouping, the price indicated above may be adjusted accordingly.

These shares may be purchased, sold or transferred by any means, on one or more occasions, in particular in the market or over the counter, including the purchase or sale of blocks of shares, public offerings, by using derivative financial instruments, warrants or transferable securities giving a right to the Company's shares, or by using option strategies under the terms and conditions stipulated by the market regulators and in compliance with the regulations.

The Company may use this authorisation, in accordance with the abovementioned regulations and with the market practices permitted by the French Financial Markets Authority, with a view to:

- supporting the market for the share within the framework of a liquidity agreement with an independent investment services under the terms and conditions provided for in the French Financial Markets Authority's General Regulations, it being understood that the number of shares taken into account in calculating the 10% limit set out in Article L. 225-209 of the French Commercial Code shall correspond to the number of shares purchased, less the number of shares sold, throughout the term of this authorisation;
- cancellation subject to an authorisation granted to the Executive Board by the Extraordinary General Meeting;
- allocation of shares to employees and corporate officers of the company and/or associated companies under the terms and conditions set forth in Articles L. 225-197-1 onwards of the French Commercial Code;
- any other practice permitted or recognised by the law or by the French Financial Markets authority, or for any other purpose that complies with the existing regulations.

This authorisation is given for a term of eighteen months from the date of this General Meeting.

Purchases, sales or transfers of the company's shares by the Executive Board may take place at any time in compliance with the legal and regulatory provisions, including during a public share purchase or exchange offering initiated by the company or involving the company's securities.

Under the existing regulations, the Executive Board must notify the General Meeting of any transactions concluded during the financial year, and the company must notify the French Financial Markets Authority of any purchases, sales or transfers made and generally fulfil all necessary formalities and disclosure requirements.

The General Meeting grants powers to the Executive Board, with the option of delegating said powers as described in Article L. 225-209 of the French Commercial Code, to decide whether to implement this authorisation and to determine the terms and conditions thereof, and in particular to adjust the abovementioned purchase price in the case of operations that affect the company's equity, the share capital or the par value of the shares, place any stock market orders, conclude any agreements, make any declarations, complete any formalities and generally do whatever necessary.

Within the remit of the Extraordinary General Meeting

Twenty-first resolution: Delegation of powers to the Executive Board to reduce the share capital through cancellation of own shares purchased under share buy-back programmes

Deliberating under the conditions of quorum and majority required for Extraordinary General Meetings, and after hearing the Executive Board's report and the Statutory Auditors' special report, in accordance with Article L. 225-209 of the French Commercial Code, the General Meeting:

1. Delegates powers to the Executive Board to reduce the company's share capital, on one or more occasions, within a limit of 10% of the share capital per 24-month period, through cancellation of own shares purchased in application of the twentieth resolution submitted to this General Meeting and of the ninth resolution submitted to the General Meeting of 29 September 2009, it being stipulated that said limit applies to the amount of the share capital, which will, if appropriate, be adjusted to take into account transactions carried out after this General Meeting.

2. Decides that any difference in the share purchase price relative to the share's par value will be charged to issue premiums, or to any other available reserves, including legal reserves, within the limit of 10% of the reduction in share capital achieved.

3. Decides to grant this delegation of powers for a term of twenty-four months from the date of this General Meeting and grants powers to the Executive Board with the option of delegating such powers to its Chairman to carry out and record the capital reduction, amend the company's Articles of Association accordingly and carry out all requisite filings, formalities and publications.

Twenty-second resolution: Delegation of powers to the Executive Board to increase the share capital by capitalisation of reserves, income or issue premiums

Deliberating under the conditions of quorum and majority required for Extraordinary General Meetings, and after hearing the Executive Board's report and the Statutory Auditors' special report, in accordance with Article L. 225-129 onwards of the French Commercial Code, the General Meeting:

1. Delegates powers to the Executive Board to increase the company's share capital, on one or more occasions, in the proportions and at the times it deems appropriate, by capitalisation of all or part of the reserves, income and issue premiums that can legally or statutorily be capitalised, through allocation of bonus shares or by raising the par value, or via a combination of both.

2. Decides that the maximum nominal amount of the issues that may decided by the Executive Board under the present delegation shall equal to €50 million, this limit being separate from and independent of the limit provided for in the twenty-sixth resolution, without taking into account the nominal value of ordinary shares that may, if appropriate, be issued in the context of adjustments made to preserve the rights of holders of securities giving access to the share capital, in accordance with the law and the regulations and with contractual obligations, if any.

3. Grants powers to the Executive Board, with the option of delegating such powers to its Chairman or one of its members under the terms and conditions provided for by law and by the company's Articles of Association, to implement this delegation, in particular to:
   - determine the amount and nature of the amounts to be capitalised,
   - decide the number of shares to be issued and/or the amount by which the nominal value of the shares that make up the share capital shall be increased,
   - set the date, which may be retroactive, of dividend entitlement for the new shares and/or the date on which the increase in their nominal value will come into effect,
   - decide, in accordance with Article L. 225-130 of the French Commercial Code, that holders' rights in respect of fractions of shares shall not be transferable and that the corresponding shares will be sold and the proceeds of the sale allocated to the holders within thirty days of registration in their name of the whole shares due to them,
   - charge the expenses, costs and fees relating to the capital increase to available reserves and, if necessary, deduct from available reserves the amount required to bring the legal reserve up to one tenth of the share capital after each capital increase,
   - set the conditions according to which the rights of holders of securities that grant future access to the share capital will be

preserved, in accordance with the law and the regulations and with contractual obligations, if any,
- take all necessary measures to ensure the successful completion of the capital increase,
- record the capital increase and amend the company's Articles of Association accordingly, accomplish all the related formalities, and more generally do whatever may be necessary.

This delegation is given for a term of twenty-six months as from the date of this General Meeting.

Twenty-third resolution: Delegation of powers to the Executive Board to issue shares and/or securities granting immediate or deferred access to the share capital, with maintenance of preferential subscription rights

Deliberating under the conditions of quorum and majority required for Extraordinary General Meetings, after hearing the Executive Board's report and the Statutory Auditors' special report, in application of the provisions of Articles L. 225-129 onwards of the French Commercial Code, and with Article L. 228-92 of the said code, the General Meeting:

1. Delegates powers to the Executive Board to issue, on one or more occasions, in the proportions and at the times it sees fit, in France and abroad, in euro or in foreign currency or an accounting unit determined with reference to several currencies, with maintenance of shareholders' preferential subscription rights, shares and securities of any kind whatsoever, including stand-alone share warrants allocated free of charge or in return for payment, that grant access to company shares immediately or in the future, which may be subscribed for in cash or through the offsetting of receivables.

2. Decides that the maximum nominal amount of the share issues that can be carried out pursuant to this delegation, immediately or in the future, is €50 million or its equivalent value in any other authorised currency, plus, where applicable, the amount of the additional shares to be issued in order to preserve the rights of the holders of securities that grant an entitlement to company shares. The nominal amounts of all capital increases made under this delegation shall be deducted from the overall limit determined in the twenty-sixth resolution voted by this General Meeting.

3. Decides that the maximum nominal amount of issues of debt securities granting access to the share capital that may be carried out immediately or in the future under this delegation, may not exceed €200 million or the equivalent value thereof in any other authorised currency. The nominal amounts of all capital increases made under this delegation shall be deducted from the overall limit determined in the twenty-sixth resolution voted by this General Meeting.

4. Decides that, under the conditions provided for by law, the shareholders may exercise their preferential right to subscribe for new shares. Moreover, the Executive Board shall have the option of granting shareholders the right to subscribe for a number of securities that is higher than their entitlement, in proportion to the subscription rights they hold and, in all cases, within the limit of their application; if subscriptions for new shares under their preferential rights and, where applicable, for excess shares, have not absorbed all the shares or securities issued, the Executive Board may use, in the order it sees fit, one or more of the following options:
   - limit the issue to the amount of the subscriptions received, provided that this amount reaches at least three-quarters of the planned issue amount,
   - freely allocate all or part of the unsubscribed securities,
   - offer the public all or part of the unsubscribed securities.

5. Notes, where applicable, that this delegation automatically entails the waiver in favour of the holders of securities granting future access to company shares of the existing shareholders' preferential right to subscribe for the shares to which these securities grant entitlement.

6. Decides that the Executive Board shall have powers to implement this delegation, in particular to:
   - determine the issue dates and terms and conditions, as well as the form and characteristics of the securities to be issued,
   - determine the issue price and terms and conditions,
   - set the amounts of issues and the vesting date for the securities to be issued,
   - determine how the shares or other securities issued will be paid in, and the possibility of suspending the exercise of rights to share allocation attached to the securities to be issued for a period that may not exceed three months,
   - set the conditions according to which the rights of holders of securities that grant future access to the share capital will be preserved, in accordance with the law and the regulations,
   - set the conditions for the allocation and exercise of stand-alone share warrants,
   - take all necessary measures and accomplish the formalities required for admission to trading on a regulated market of the rights, shares, securities or warrants created and determine, where applicable, the terms of exercise, allocation, purchase, offer, exchange or redemption,
   - charge, where appropriate, any amounts, and in particular the costs arising from the issues, to the issue premium(s),
   - more generally, take all the necessary measures and conclude all necessary agreements to carry out the planned issues successfully,
   - record the capital increases resulting from each share issue made under this delegation and amend the company's Articles of Association accordingly.

7. Notes, in accordance with Article L. 225-129-4 b) of the French Commercial Code, that the Executive Board can delegate to its chairman, or in agreement with its chairman, to one of its members, the power to decide to carry out an issue, as well as the power to defer such a decision.

8. Decides that this delegation voids all earlier delegations concerning the immediate and/or future issue of securities that grant access, immediately or in the future, to the company's share capital, with maintenance of preferential subscription rights.

This delegation is granted for a term of twenty-six months as from the date of this General Meeting.

Twenty-fourth resolution: Delegation of powers to the Executive Board to issue shares and/or securities granting immediate or deferred access to the share capital, with cancellation of preferential subscription rights

Deliberating under the conditions of quorum and majority required for Extraordinary General Meetings, after hearing the Executive Board's report and the Statutory Auditors' special report, in application of the provisions of Articles L. 225-129 onwards of the French Commercial Code, and with Article L. 228-92 of the said code, the General Meeting:

1. Delegates powers to the Executive Board to issue, on one or more occasions, in the proportions and at the times it sees fit, in France and abroad, in euro or in foreign currency or an accounting unit determined with reference to several currencies, with cancellation of shareholders' preferential subscription rights, shares and securities of any kind whatsoever, including stand-alone share warrants allocated free of charge or in return for payment, that grant access to company shares immediately or in the future, which may be subscribed for in cash or through the offsetting of receivables.

2. Decides that the maximum nominal amount of the share issues that can be carried out pursuant to this delegation, immediately or in the future, is €50 million or its equivalent value in any other authorised currency, plus, where applicable, the amount of the additional shares to be issued in order to preserve the rights of the holders of securities that grant an entitlement to company shares. The nominal amounts of all capital increases made under this delegation shall be deducted from the overall limit determined in the twenty-sixth resolution voted by this General Meeting.

3. Decides that the maximum nominal amount of issues of debt securities granting access to the share capital that may be carried out immediately or in the future under this delegation, may not exceed €200 million or the equivalent value thereof in any other authorised currency. The nominal amounts of all capital increases made under this delegation shall be deducted from the overall limit determined in the twenty-sixth resolution voted by this General Meeting.

4. Decides that this delegation may be used to issue shares and securities of any kind whatsoever, including stand-alone share warrants allocated free of charge or in return for payment, that grant access to company shares as remuneration for the securities contributed to any public offering made by the company for securities in another company that are admitted to trading on one of the regulated markets referred to in Article L. 225-148 of the French Commercial Code.

5. Decides to cancel the preferential subscription right of shareholders to the securities to be issued under this delegation, it being understood that the Executive Board may grant shareholders an option for priority subscription for excess shares or as of right for new shares for all or part of the issue, during a period and under the conditions it shall determine, in compliance with the applicable laws and regulations on the date on which it decides to use this delegation. This subscription priority shall not give rise to the creation of tradable rights, and the securities not subscribed for pursuant to this right shall be placed.

6. Notes, where applicable, that this delegation automatically entails the waiver in favour of the holders of securities granting future access to company shares of the existing shareholders' preferential right to subscribe for the shares to which these securities grant entitlement.

7. Decides that the amount due or to become due to the company for each of the shares issued or to be issued under this delegation, other than in the cases referred to in Article L. 225-148 of the French Commercial Code, shall be at least equal to the minimum value set by the applicable laws and regulations on the date on which the Executive Board decides to use this delegation.

8. Decides that the Executive Board shall have powers to implement this delegation, in particular to:
- determine the issue dates and terms and conditions, as well as the form and characteristics of the securities to be issued,
- determine the issue price and terms and conditions,
- set the amounts of issues and the vesting date for the securities to be issued,
- determine how the shares or other securities issued will be paid in, and the possibility of suspending the exercise of rights to share allocation attached to the securities to be issued for a period that may not exceed three months,
- set the conditions according to which the rights of holders of securities granting future access to the share capital will be preserved, in accordance with the law and the regulations,
- take all necessary measures and accomplish the formalities required for admission to trading on a regulated market of the rights, shares, securities or warrants created ,
- set the conditions for the allocation and exercise of stand-alone share warrants,
- charge, where appropriate, any amounts, and in particular the costs arising from the issues, to the issue premium(s),

- more generally, take all the necessary measures and conclude all necessary agreements to carry out the planned issues successfully,
- record the capital increases resulting from each share issue made under this delegation and amend the company's Articles of Association accordingly.

9. Notes, in accordance with Article L. 225-129-4 b) of the French Commercial Code, that the Executive Board can delegate to its chairman, or in agreement with its chairman, to one of its members, the power to decide to carry out an issue, as well as the power to defer such a decision.

10. Decides that this delegation voids all earlier delegations concerning the immediate and/or future issue of securities that grant access, immediately or in the future, to the company's capital, with cancellation of the shareholders' preferential subscription rights implemented pursuant to Articles L. 225-129 onwards of the French Commercial Code, but does not void any delegations granted pursuant to Articles L. 225-138 and L. 225-177 to L. 225-197 of the French Commercial Code and Article L. 3332-21 of the French Employment Code.

This delegation is granted for a term of twenty-six months as from the date of this General Meeting.

Twenty-fifth resolution: Delegation of powers to the Executive Board under the provisions of Articles L. 225-129 onwards, in particular Article L. 225-136 of the French Commercial Code, to issue, freely setting the issue price thereof, shares and/or securities granting immediate or deferred access to the share capital, with cancellation of preferential subscription rights

Deliberating under the conditions of quorum and majority required for Extraordinary General Meetings, after hearing the Executive Board's report and the Statutory Auditors' special report, in application of the provisions of Articles L. 225-129 onwards of the French Commercial Code, and in particular Article L. 225-136, as well as with Article L. 228-92 of the said code, the General Meeting:

1. Delegates powers to the Executive Board to issue, on one or more occasions, in the proportions and at the times it sees fit, in France and abroad, in euro or in foreign currency or an accounting unit determined with reference to several currencies, with cancellation of shareholders' preferential subscription rights, shares and securities of any kind whatsoever, including stand-alone share warrants allocated free of charge or in return for payment, that grant access to company shares immediately or in the future, which may be subscribed for in cash or through the offsetting of receivables.

2. Decides that any capital increases that may be carried out pursuant to this delegation, immediately or in the future, may not exceed 10% of the share capital per year, plus, where applicable, the amount of the additional shares to be issued to preserve the rights of holders of securities that grant entitlement to company shares. The nominal amounts of all capital increases made under this delegation shall be deducted from the overall limit determined in the twenty-sixth resolution voted by this General Meeting.

3. Decides that the maximum nominal amount of issues of debt securities granting access to the share capital that may be carried out immediately or in the future under this delegation, may not exceed €200 million or the equivalent value thereof in any other authorised currency. The nominal amounts of all capital increases made under this delegation shall be deducted from the overall limit determined in the twenty-sixth resolution voted by this General Meeting.

4. Decides that this delegation may be used to issue shares and securities of any kind whatsoever, including stand-alone share warrants allocated free of charge or in return for payment, that grant access immediately or in the future to company shares as remuneration for the securities contributed to any public offering made by the company for securities in another company that are admitted to trading on one of the regulated markets referred to in Article L. 225-148 of the French Commercial Code.

5. Decides to cancel the preferential subscription right of shareholders to the securities to be issued under this delegation, it being understood that the Executive Board may grant shareholders an option for priority subscription for excess shares or as of right for new shares for all or part of the issue, during a period and under the conditions it shall determine, in compliance with the applicable laws and regulations on the date on which it decides to use this delegation. This subscription priority shall not give rise to the creation of tradable rights, and the securities not subscribed for pursuant to this right shall be placed.

6. Notes, where applicable, that this delegation automatically entails the waiver in favour of the holders of securities granting future access to company shares of the existing shareholders' preferential right to subscribe for the shares to which these securities grant entitlement.

7. Decides that, in accordance with paragraph two of Article L. 225-136 1° of the French Commercial Code, the Executive Board has powers to freely set the issue price of the securities to be issued, provided, however, that the price of the new shares is not lower than the par value of the shares, and decides that the Executive Board shall have powers to implement this delegation, in particular to:
- determine the issue dates and terms and conditions, as well as the form and characteristics of the securities to be issued,
- determine the issue price and terms and conditions,
- set the amounts of issues and the vesting date for the securities to be issued,

- determine how the shares or other securities issued will be paid in, and the possibility of suspending the exercise of rights to share allocation attached to the securities to be issued for a period that may not exceed three months,
- set the conditions according to which the rights of holders of securities granting future access to the share capital will be preserved, in accordance with the law and the regulations,
- take all necessary measures and accomplish the formalities required for admission to trading on a regulated market of the rights, shares, securities or warrants created,
- set the conditions for the allocation and exercise of stand-alone share warrants,
- charge, where appropriate, any amounts, and in particular the costs arising from the issues, to the issue premium(s),
- more generally, take all necessary measures and conclude any agreements required to carry out the planned issues successfully,
- record the capital increase(s) resulting from each share issue made under this delegation and amend the Company's Articles of Association accordingly.

8. Notes, in accordance with Article L. 225-129-4 b) of the French Commercial Code, that the Executive Board can delegate to its Chairman, or in agreement with its Chairman, to one of its members, the power to decide to carry out an issue, as well as the power to defer such a decision.

9. Decides that this delegation voids all earlier delegations concerning the immediate and/or future issue of securities that grant access, immediately or in the future, to the company's capital, with cancellation of the shareholders' preferential subscription rights implemented pursuant to Articles L. 225-129 onwards of the French Commercial Code, but does not void the preceding delegation nor any delegations granted pursuant to Articles L. 225-138 and L 225-177 to L. 225-197 of the French Commercial Code and Article L. 3332-21 of the French Employment Code.

This delegation is granted for a term of twenty-six months as from the date of this General Meeting.

Twenty-sixth resolution: overall limits on the total amount of issues to be made pursuant to the twenty-third to twenty-fifth resolutions

Deliberating under the conditions of quorum and majority required for Extraordinary General Meetings, after hearing the Executive Board's report and the Statutory Auditors' special report, the General Meeting decides to set an overall limit on securities issues, in addition to the individual limits set in the twenty-third to twenty-fifth resolutions, as follows:

1. The overall limit on the nominal amount of capital increases that may be carried out directly or on presentation of debt securities is €50 million, plus, where applicable, the amount of the additional shares to be issued in order to preserve the rights of the holders of securities that grant an entitlement to company shares, it being stipulated that this limit shall not apply to:
- capital increases resulting from subscription to shares by employees and corporate officers of the company and its associated companies carried out in accordance with the twelfth Resolution approved by the General Meeting of 29 September 2009,
- capital increases made in accordance with the provisions of Articles L. 225-129-6 and L. 2 25-138-1 of the French Commercial Code, and of Article L. 3332-18 onwards of the French Employment Code.

2. The maximum nominal amount of issues of debt securities authorised is €200 million.

Twenty-seventh resolution: Delegation of powers to the Executive Board to issue shares or securities granting immediate or deferred access to the share capital, reserved for salaried employees

Deliberating under the conditions of quorum and majority required for Extraordinary General Meetings, and after hearing the Executive Board's report and the Statutory Auditors' special report, in accordance with Articles L. 225-129-6 and L. 225-138.1 of the French Commercial Code and Article L. 3332-18 onwards of the French Employment Code, particularly Article L. 3332-21 of the said Code, in respect of the capital increases that could result from the preceding resolutions, the General Meeting:

1. Delegates powers to the Executive Board to increase the share capital within the limit of €1 million or its equivalent value, on one or more occasions, as it solely shall decide, by issuing shares and other securities giving access to the share capital reserved for company employees, in the proportions and at the times it deems fit within the overall limit indicated above.

2. Decides to waive shareholders' preferential subscription rights in favour of the company employees.

3. Decides that the Executive Board may decide to allocate bonus shares or other securities giving access to the share capital, it being understood that the total benefit resulting from such allocation and, if appropriate, the discount on the subscription price may not exceed the limits established by the law and/or regulations.

4. Decides that the subscription price of shares to be issued pursuant to this delegation will be set by the Executive Board in accordance with the provisions of Article L. 3332-19 of the French Employment Code.

5. Decides that the characteristics of the other securities that grant access to the company's share capital shall be determined by the Executive Board under the conditions determined by law.

6. Grants powers to the Executive Board to implement this delegation and in particular to:
- establish the timeframe for paying in for the shares and, where applicable, the other securities that grant access to the company's capital, which cannot exceed three years,
- determine the terms and conditions for the issues made under this delegation,
- set the opening and closing dates for subscription, the vesting dates, the payment terms and conditions for the shares and other securities granting access to the company's share capital and, where applicable, request stock market admission for the securities wherever the Executive Board sees fit.

7. Decides that the Executive Board shall also have powers to record the capital increases for the amount of the shares that are effectively subscribed, to amend the Articles of Association accordingly and to carry out, directly or via an authorised representative, all operations and formalities linked to the share capital increases and, as it solely shall decide, to charge the costs of the capital increases against the amount of the premiums associated with these transactions and to withdraw from said amount the amounts required to bring the legal reserve to one tenth of the company's capital after each capital increase, and to carry out all formalities and other declarations vis-à-vis all organisations and generally do whatever necessary.

8. Notes, in accordance with Article L. 225-129-4 b) of the French Commercial Code, that the Executive Board can delegate to its chairman, or in agreement with its chairman, to one of its members, the power to decide to carry out an issue, as well as the power to defer such a decision.

9. Decides that this delegation voids all prior delegations concerning the issue of securities that grant access to the share capital, immediately or in the future, reserved for company employees.

This delegation is granted for a term of twenty-six months from the date of this General Meeting.

Twenty-eighth resolution: Powers for formalities

The General Meeting confers powers on the Chairman of the Executive Board, or on one of his authorised representatives, and on the bearer of an original counterpart, a copy of or excerpt from these minutes, to carry out all requisite filings, formalities and publications.

Persons responsible for the annual financial report

Persons responsible for the annual financial report

Sylvain Héfès
Chairman of the Executive Board

Michele Mezzarobba
Member of the Executive Board,
Chief Financial Officer

Statements by the persons taking responsibility for the report

We hereby certify, that to the best of our knowledge the financial statements have been prepared in accordance with applicable accounting standards and present a true and fair view of the assets, financial position and results of the Company and of its consolidated group of companies and that the management report presents a true and fair picture of the business, its results and the financial condition of the Company and of its consolidated group of companies, as well as a description of the principal risks and uncertainties to which they are exposed.

Paris, 30 July 2010

Sylvain Héfès
Chairman of the Executive Board

Michele Mezzarobba
Member of the Executive Board,
Chief Financial Officer

Persons responsible for the audit of the financial statements

Statutory Auditors

Cailliau Dedouit et Associés
Represented by par Stéphane Lipski
19, rue Clément-Marot
75008 Paris - France

Start date of first term: 24 June 2003
Date of last renewal of term: 29 September 2005
End date of term: 31 March 2011

KPMG Audit
Represented by Fabrice Odent
1, cours Valmy
92923 Paris - La Défense Cedex - France

Start date of first term: 29 September 2005
End date of term: 31 March 2011

Alternate Auditor

Didier Cardon
19, rue Clément-Marot
75008 Paris - France

Start date of first term: 29 September 2009
End date of term: 31 March 2011

SCP de Commissaire aux comptes
Jean-Claude André et Autres
2 bis, rue de Villiers
92309 Levallois-Perret Cedex - France

Start date of first term: 29 September 2005
End date of term: 31 March 2011

French public limited company (société anonyme) with a Executive Board and a Supervisory Board, and share capital of €63,889,106
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