Annual report
2007/2008

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 August 1, 2008. 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.

Combined annual general meeting dated September 29th, 2008

1. GENERAL OVERVIEW

2. LEGAL AND FINANCIAL INFORMATION

The 2007/2008 financial year saw the completion of a major restructuring of the Rothschild Group: the reunification of worldwide banking activities.
The long-term sustainability, independence and stability of the share ownership and family control of Paris Orléans were enhanced through the creation of Rothschild Concordia, the controlling shareholder of Paris Orléans.

MESSAGE FROM THE CHAIRMAN OF THE EXECUTIVE BOARD

Dear shareholders,

As announced in the press on 17 July 2007, 2007/2008 marked the successful completion of a major restructuring of the Rothschild group. This move, consisting of grouping the banking activities at a global level, had been long sought and awaited by the markets.

With 100% of the capital of Concordia BV, the holding company for Rothschild's banking activities, Paris Orléans now heads a group that has been active at the heart of the world's financial markets for more than two centuries.

The survival, independence and stability of the family ownership and control of Paris Orléans over the long term have been reinforced through the creation of Rothschild Concordia, Paris Orléans' controlling shareholder, which groups the members of the French and English branches of the Rothschild family.

The strategy reflecting the family shareholders' common goal to create a major group is now bearing fruit. The Group's influence and reputation are underpinned by the quality of its people and the standing of its clients as well as by a corporate culture that values innovation, clear thinking and integrity.

The reorganisation of the family share ownership structure and acquiring control of the banking group have therefore significantly changed Paris Orléans' position.

Concordia BV, which through its subsidiary Rothschilds Continuation Holdings holds 100% of NM Rothschild & Sons Limited in London and 44% of the Rothschild & Cie Banque group in Paris, posted net consolidated income of €99.1 million in 2007/2008 compared with €113.5 million the previous year.

These results reflect the favourable conditions in the first part of the financial year followed by the major upheaval experienced by the financial markets towards the end of the period.

The Group's investment banking business once again led the way in its role as advisor to businesses and governments, achieving a record volume of business in Europe reflected by its head ranking in the United Kingdom, France and Germany.

As you know, we already have a private equity business at the Paris Orléans level, which we present later on in this report. We actively continued our development strategy, investing €151 million in 2007/2008 compared with €83 million the previous year.

Disposals during the year amounted to €107.5 million and generated €75.5 million in consolidated capital gains before tax. In particular, completion of the secondary LBO on insurance broker SIACI contributed €59.2 million (of which €31.7 million from the LBO carried out in September 2003).

2007/2008 was therefore a year of growth for Paris Orléans. Consolidated net income for the financial year ended 31 March 2008 came to €125.9 million (compared with €54 million for the year ended 31 March 2007) after the accounting adjustments linked to acquiring control of Concordia BV. Group share of consolidated net income came to €109.1 million compared with €54.1 million in 2006/2007. We are therefore proposing a higher dividend of €0.55 per share this year versus €0.50 per share in 2006/2007.

Lastly, the earnings outlook for 2008/2009 can already count on our recent exit from the Manufaktura commercial centre at Lodz (Poland), which will generate a contribution of €54.1 million net of tax.

Sylvain Hefes

KEY FIGURES

€109 million
in consolidated net income (group share)

€633 million
shareholders' equity (group share)

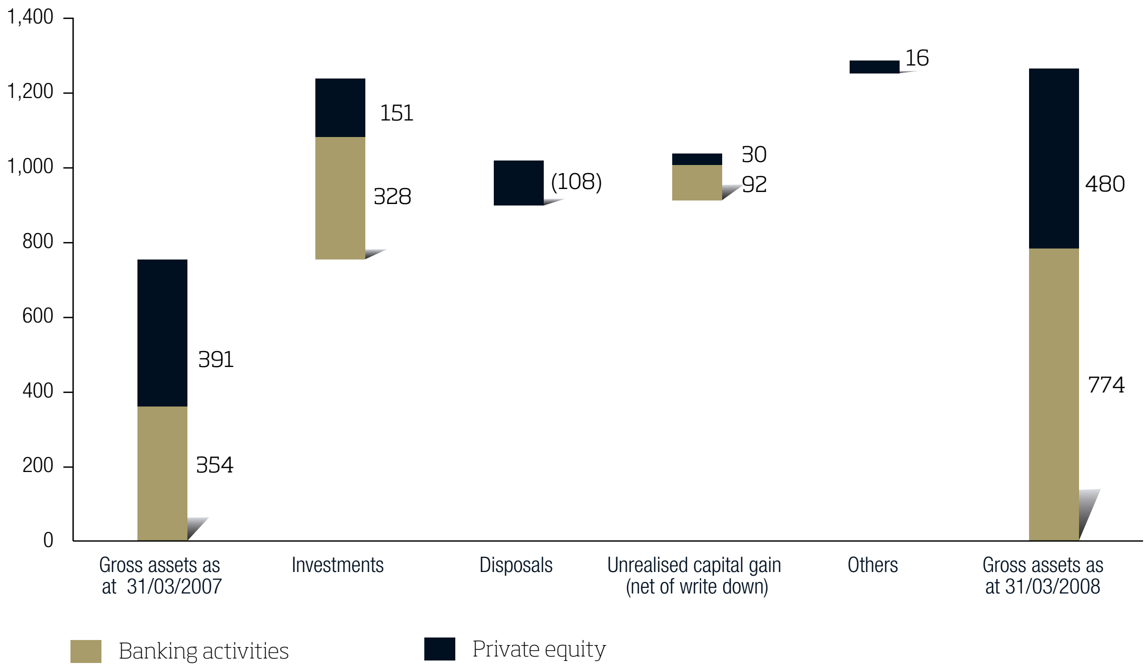
€1,081 million
of net asset value

€34.2
of net asset value per share

Net asset value of Paris Orléans as at 31 March 2008

Business	31/03/2008	% total assets	% private equity	31/03/2007	%	Change
Banking	774	62%	-	354	48%	420
Long-term investments	23	2%	5%	21	3%	2
LBO/Equity funds	98	8%	20%	95	12%	3
LBO/Mezzanine	116	9%	24%	57	8%	59
Investment funds	69	6%	14%	61	8%	8
Listed investments	62	5%	13%	87	12%	(25)
Real estate	62	5%	13%	31	4%	31
Other	29	2%	6%	27	4%	2
Growth capital	21	1%	5%	12	2%	9
Total gross assets	**1,254**	**100%**	**-**	**745**	**100%**	**509**
Financial debt	(150)	-	-	21	-	(171)
Tax liabilities and unrealised tax on capital gain	(23)	-	-	(22)	-	(1)
Total liabilities	**(173)**	**-**	**-**	**(1)**	**-**	**(172)**
NET ASSET VALUE (in €M)	**1,081**	**-**	**-**	**744**	**-**	**337**
Per share	**34.2**	**-**	**-**	**29.5**	**-**	**4.7**

Growth in the investment portfolio (€1,254 million versus €745 million as at 31 March 2007)



HISTORICAL DATA FOR THE LAST THREE YEARS

BANKING

During the past year, Paris Orléans acquired 100% control of Concordia BV, the ultimate holding company for Rothschild Group banking activities.

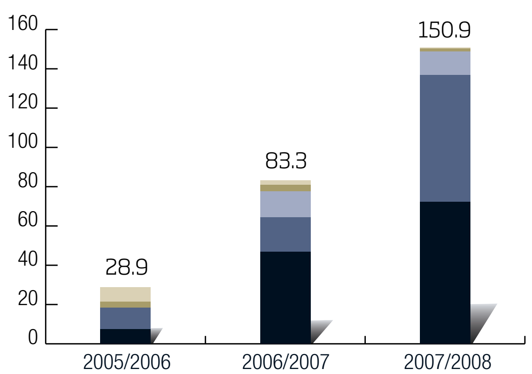
On 22 January 2008, the acquisition, for €328 million, of the 42.5% of Concordia BV not yet held by Paris Orléans, was financed as follows: €106 million in cash (through borrowing) and €222 million through the issue of new Paris Orléans shares at €343.15 per share.

PRIVATE EQUITY

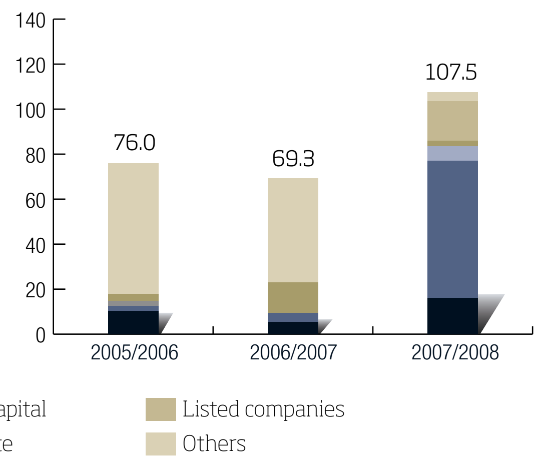
Paris Orléans made 35 new direct investments during the financial year, compared to 31 in the previous year.

Although there was little change in the number of transactions, however, the amount invested almost doubled.

1. Investments



2. Disposals



These transactions amounted to €151 million compared to €83.3 million in 2006/2007, with the majority of investments going into mezzanine financing (€75 million) and equity (€60 million) transactions.

Despite the weakening economic situation, stock markets in turmoil, and a non-existent LBO market for large capitalisations, the LBO market remains active in the small and mid-caps sectors.

Total disposals generated €107.5 million (versus €69.3 million the previous year). The most significant were the exit from the capital of Courcelles Participations when Siaci and ACSH merged (a disposal that generated €63.3 million, of which Paris Orléans reinvested €26.9 million in the new entity), and the disposal of the stake in Onet following the simplified takeover bid by the holding company Reinier, which already held 44% of Onet's capital.

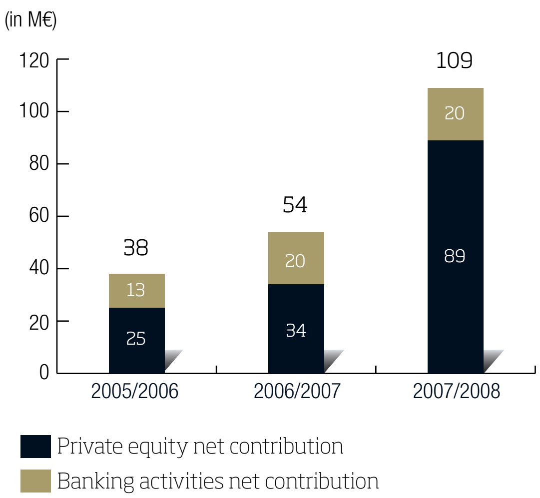
CONSOLIDATED INCOME

Net profit for the 2007/2008 financial year amounted to €109.1 million, up substantially from the previous financial year (€54.1 million). This increase was largely due to the private equity activity, which made a net contribution of €89 million, while that of the banking activities remained stable at €20.1 million. However, in 2007/2008 Paris Orléans Group acquired 100% control of the capital of Concordia BV, the ultimate holding company for Rothschild Group banking activities. Therefore, the banking activities' results are not comparable between the two financial years.

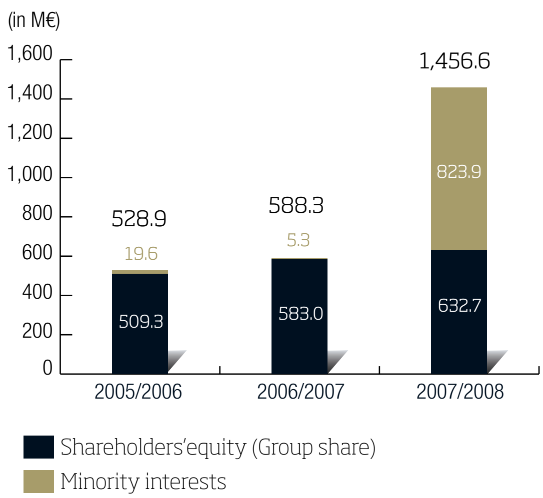
More specifically, the private equity activity realised substantial capital gains from the disposal of its interests in Courcelles Participations (the holding company for the insurance broker Siaci) and Onet (a listed corporate services group), amounting to €59.2 million and €10 million respectively.

Banking activities enjoyed favourable conditions during the first part of the financial year, followed by the major upheaval that impacted the financial markets in the second part of the period. Accordingly, the investment banking activity reached a record level of revenues and profits, whilst the US sub-prime credit shock and subsequent liquidity crisis dislocated trading conditions for our small UK commercial banking business. This resulted in losses of €88.4 million in the income statement: €72 million in losses related to investments in structured financial products such as CDOs (collateralised debt obligations),some of which were exposed to US sub-prime mortgages, and a €16.4 million fall, resulting from fair value movements on in respect of investments in synthetic CDOs (these nevertheless are not impaired and retain the potential to increase in value in the future).

3. Net contribution of the businesses to consolidated income



4. Consolidated shareholders' equity



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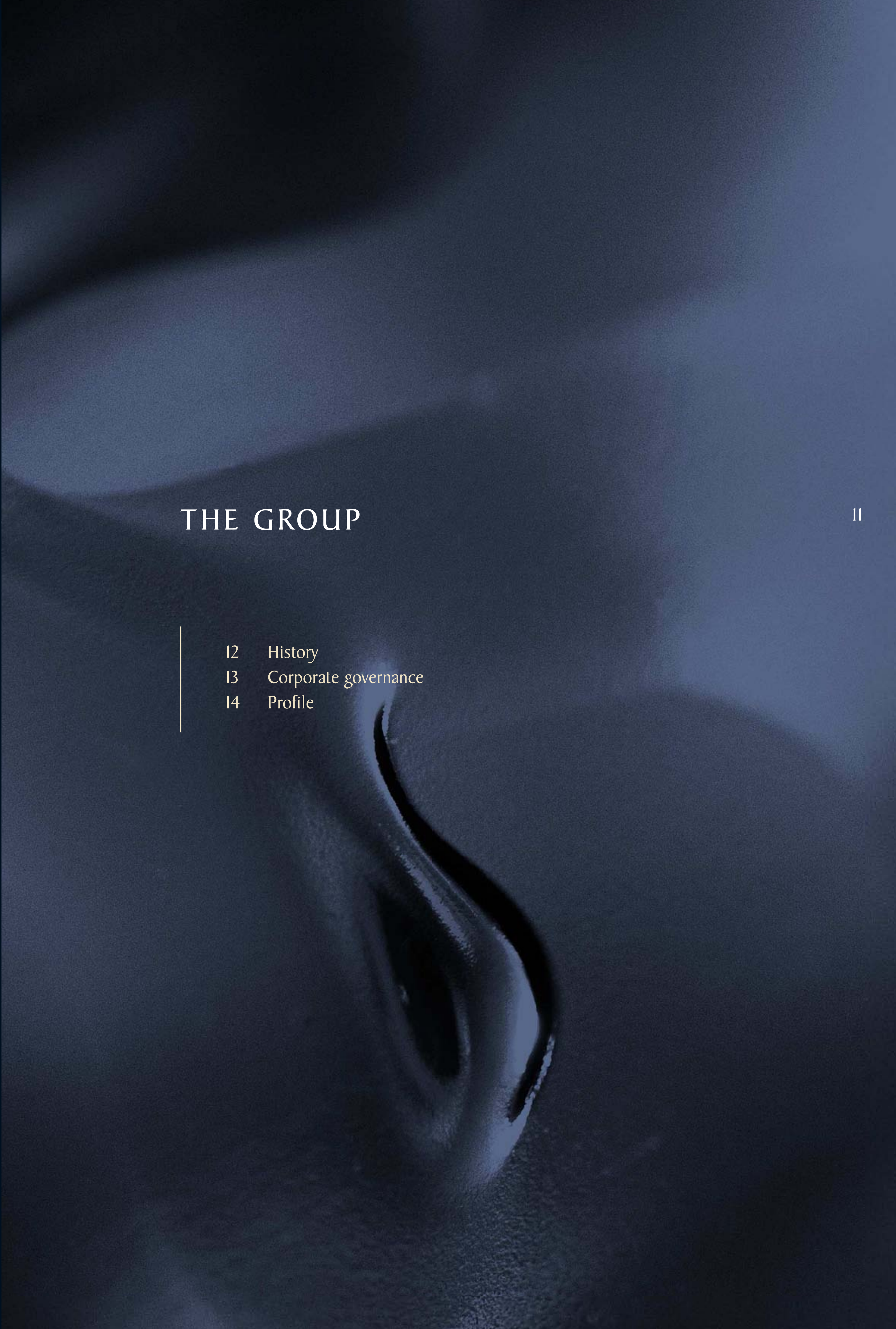
1.
GENERAL OVERVIEW



THE GROUP

THE GROUP

HISTORY

1838
Creation of Paris Orléans, a French rail company

1937
Paris Orléans discontinues the railway business

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

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

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

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

2003
Move to unify and optimise the worldwide banking group structures. Creation of a new lead entity, Concordia BV, in which Paris Orléans holds a 50% stake

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

2007-2008
Acquisition of 100% control of the banking activities at global level

> "This move enables us to ensure lasting control of Paris Orléans and of the banking group",
>
> David de Rothschild

2007-2008:
Paris Orléans takes control of the Banking group

The Rothschild family banking group crosses a major milestone with the reorganisation of its ownership structure. Nearly two centuries after they separated, the family's French and English branches have reunited by joining their capital in a single company registered in France, the shareholder of Paris Orleans. This reorganisation places Paris Orleans at the heart of the organisation.

CORPORATE GOVERNANCE

Supervisory Board

Chairman

Éric de ROTHSCHILD

Vice-Chairman

David de ROTHSCHILD

Members of the Supervisory Board

Martin BOUYGUES (1)

Claude CHOURAQUI

Russell EDEY

Christian de LABRIFFE

André LEVY-LANG

Philippe de NICOLAY (1)

Robert de ROTHSCHILD

Philippe SEREYS

ROTHSCHILD & CIE BANQUE

Represented by Marc-Olivier LAURENT (2)

Non-voting board members

Michel CICUREL

Jean-Philippe THIERRY

Executive Board

Chairman

Sylvain HEFES

Member of the Executive Board and Managing Director

Georges BABINET

Members of the Executive Board

Michele MEZZAROBBA

Emmanuel ROTH

Audit Committee

Christian de LABRIFFE

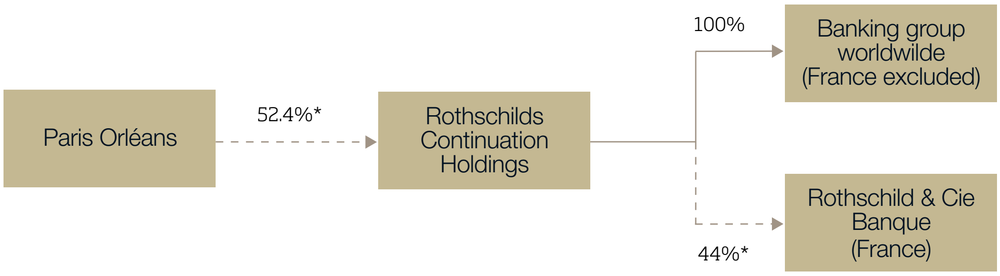
André LEVY-LANG (3)

Philippe SEREYS

(1) Co-opted by the Supervisory Board on 7 December 2007.
(2) With effect from 7 December 2007.
(3) Appointed by the Supervisory Board on 7 December 2007.

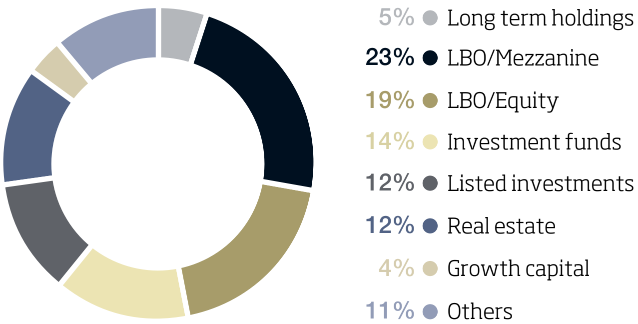
PROFILE

Banking - €774 million



* Indirectly, cf. page 25.

Private Equity - €480 million (gross assets)



Paris Orléans brings together a body of knowledge and expertise that generate value through:

- banking activities, which include investment banking (particularly mergers and acquisitions), wealth management for private and corporate clients, and banking;
- the private equity activity, which targets a stable portfolio of companies that are diversified in terms of both their sectors of activity and the investment methods used (equity, mezzanine debt, etc.).

Paris Orléans has two main objectives.

To support the development of a banking group that transacts business in the main financial centres.

To strengthen its private equity activity, which has high potential in terms of return on investment and capital gains.

Paris Orléans and banking

In 1982, the French branch of the Rothschild family used Paris Orléans as the platform for re-launching an advisory business following the nationalisation of the bank. Since then, Paris Orléans has always been the share ownership vehicle used by the French Rothschild family to promote its worldwide investment banking activities.

In the past five years, two main steps have been taken to ensure the sustainability of the banking group and the family's control of this group, and in order to improve Group organisation:

- 2003: unification and optimisation of the worldwide banking group structures through the creation of Concordia BV, in which Paris Orléans had a 50% stake. The management of the banking activities was entrusted to David de Rothschild;
- 2007/2008: takeover of 100% of worldwide banking activities.

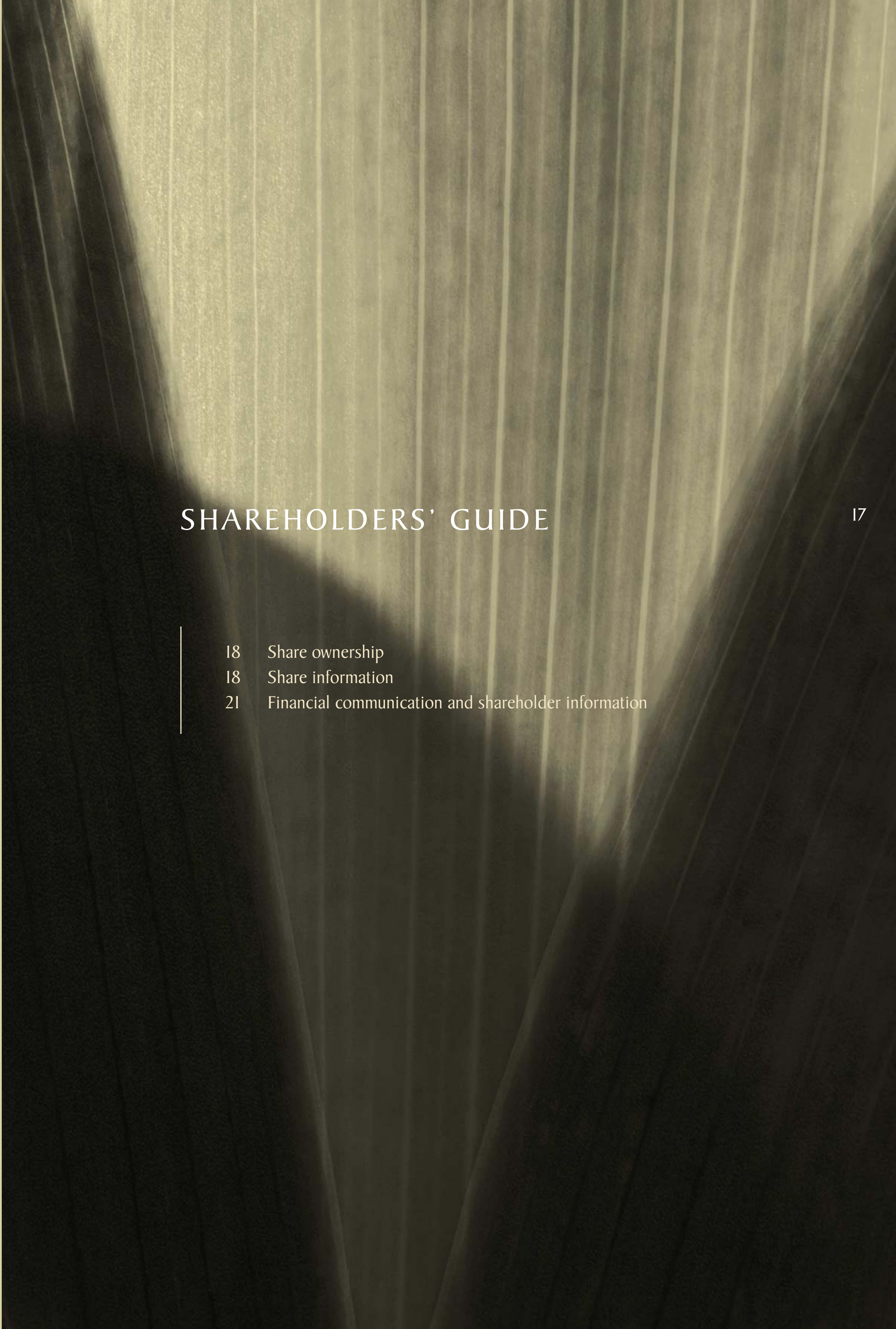
Globally, David de Rothschild focuses his attention on investment banking and Éric de Rothschild on wealth management.

Paris Orléans and private equity

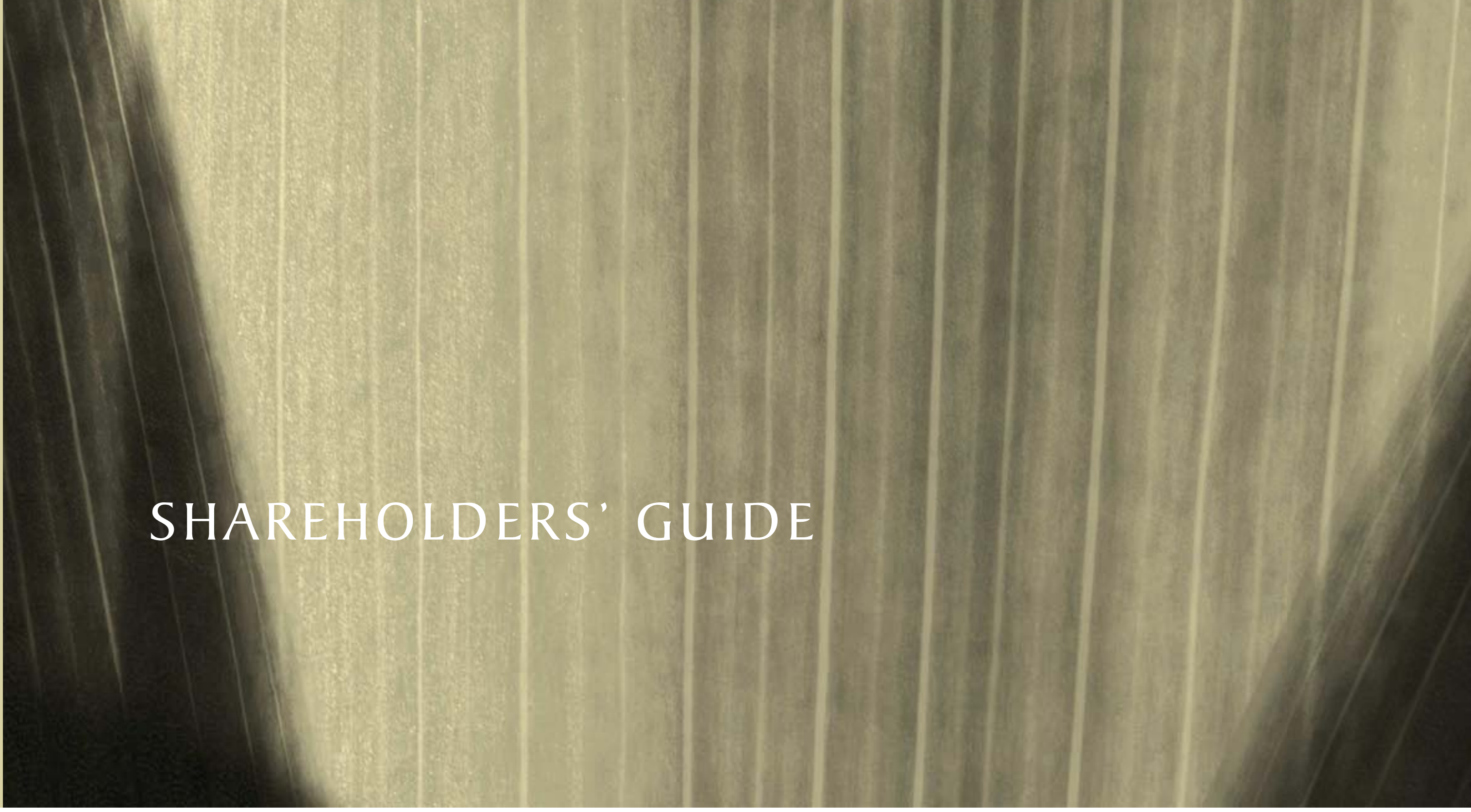
At the same time, the Paris Orléans Group has progressively allocated significant personnel and financial resources to the development of its private equity activity.

The strategy followed by Paris Orléans is to invest in French companies, primarily mid-caps, alongside a financial partner that has a majority stake. This investment can be in the form of equity and/or of mezzanine debt in LBOs, growth capital operations or in specific real estate transactions with specialised partners.

At present, the investment team has some ten members, all dedicated to the research, selection, completion and monitoring of investment opportunities. Today, the team benefits from significant private equity expertise and a substantial flow of business from a longstanding network, developed in-house, and the investment opportunities that the Rothschild Group can provide to Paris Orléans. In this way, more than €230 million were invested over the last two financial years in more than sixty transactions, alongside major private equity funds. The majority of these new investments are in companies whose enterprise value is less than €100 million. This is a very active market in which Paris Orléans has positioned itself since 2003/2004.



SHAREHOLDERS' GUIDE



SHAREHOLDERS' GUIDE

SHARE OWNERSHIP

- **48.2%** Rothschild Concordia SAS (51.4% voting rights)
- **5.7%** NM Rothschild & Sons Ltd (0% voting rights)
- **4.6%** Other members of the family (6.7% voting rights)
- **5.6%** Asset Value Investors (6.0% voting rights)
- **5.0%** AGF Vie (5.3% voting rights)
- **2.6%** Treasury stock (0% voting rights)
- **28.3%** Free Float (30.7% voting rights)

SHARE INFORMATION

Listing information

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

Share price

	31/03/2008	31/03/2007*	31/03/2006*	31/03/2005*	31/03/2004*
Highest	41.0	33.8	29.0	20.5	16.0
Lowest	20.0	25.1	20.1	15.4	12.0
Closing price at end of period	23.9	32.5	26.6	20.2	15.5
Traded volumes	1,728,643	3,050,310	2,090,710	1,134,590	1,384,510
Net dividend	0.55	0.50	0.38	0.35	0.26

** For illustrative purpose, data has been adjusted for the stock split that took place on January 28th, 2008*

Paris Orléans share price performance

Liquidity

Since 28 January 2008, Paris Orléans carried out a 10-for-1 split and has moved to continuous quotations.

This split was without cost, formalities or loss of rights for the shareholders of Paris Orléans.

At the same time as the stock split, Paris Orléans awarded a subsidiary of Rothschild & Cie Banque a liquidity contract, whose purpose was to encourage the liquidity of transactions and regular Paris Orléans' share price quotations, as well as to avoid fluctuations in the share price that are not justified by market trends.

This contract was agreed for a term of 12 months for the first period, renewable for successive periods of 18 months.

In order to implement this contract, 150,000 shares were transferred to the liquidity account, and a cash contribution of €3 million.

Dividends

The payment of a dividend of €0.55 per share, i.e. a total dividend of €17.4 million (see details on p. 62), will be proposed to the Meeting.

The dividend will be paid out on 30 September 2008.

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 for the publication of the annual and half-yearly results, quarterly revenues or any other major event concerning the Group.

Website: www.paris-orleans.com

The website provides information in French and in English. Press releases are posted online from the time of release, alongside with all legal and financial documents.

Visitors can use the website to consult, in particular, news on Paris Orléans, share prices, adjusted net assets, financial and regulatory information. An electronic version of the Paris Orléans annual report can be downloaded.

At any time, visitors can request information from the investor relations department by sending an email to contact@paris-orleans.com.

Agenda 2008/2009

Publication of the annual results: 4 July 2008

Publication of consolidated net banking income for the 1st quarter of 2008/2009: 14 August 2008

Combined Ordinary and Extraordinary General Meeting: 29 September 2008

Dividend payment: 6 October 2008

Publication of consolidated Net Banking Income for the 2nd quarter of 2008/2009: 14 November 2008

Publication of the half-yearly financial statements as of 30 September 2008: December 2008

Publication of consolidated Net Banking Income for the 3rd quarter of 2008/2009: 13 February 2009

Publication of consolidated net banking income for the 2008/2009 financial year: 15 May 2009

Presentation of the annual financial statements as of 31 March 2009: July 2009

Contacts

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investors@paris-orleans.com
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BANKING ACTIVITIES

BANKING ACTIVITIES

CONCORDIA BV

Net asset value: €638 million
Estimated value: €774 million*

The holding company, Concordia BV, was created to own the Rothschild Group's banking activities.

Paris Orléans holds 100% of Concordia BV following the acquisition of minority shareholders' interests which took place in January 2008.

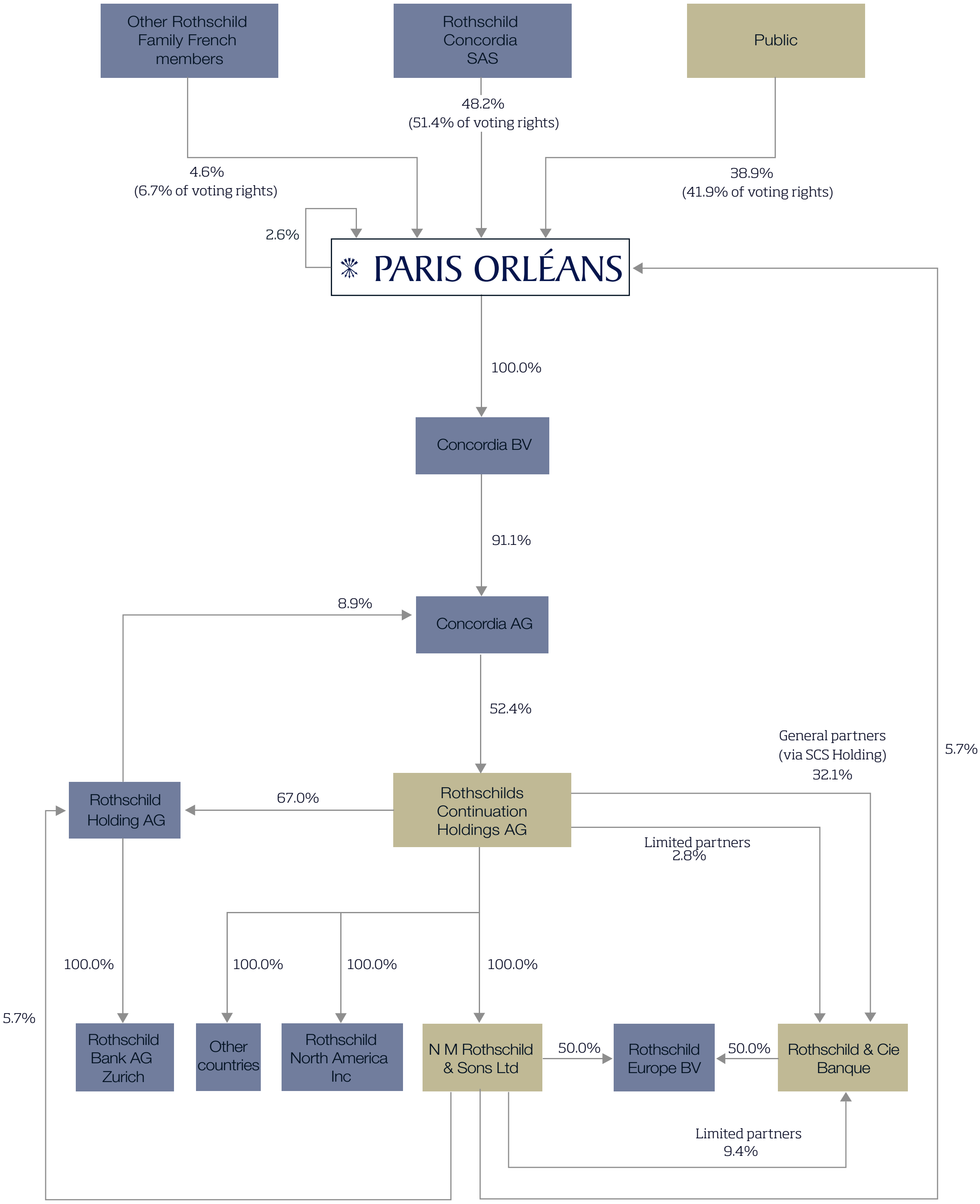
The Rothschild Group's banking activities are divided into four businesses:

- 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;
- Private banking, including trust services, investment management and strategic planning;
- Corporate banking, including direct loans and structuring of financing packages;
- Private equity: a recent business that is under development.

The Group operates throughout all continents in all or some of these businesses.

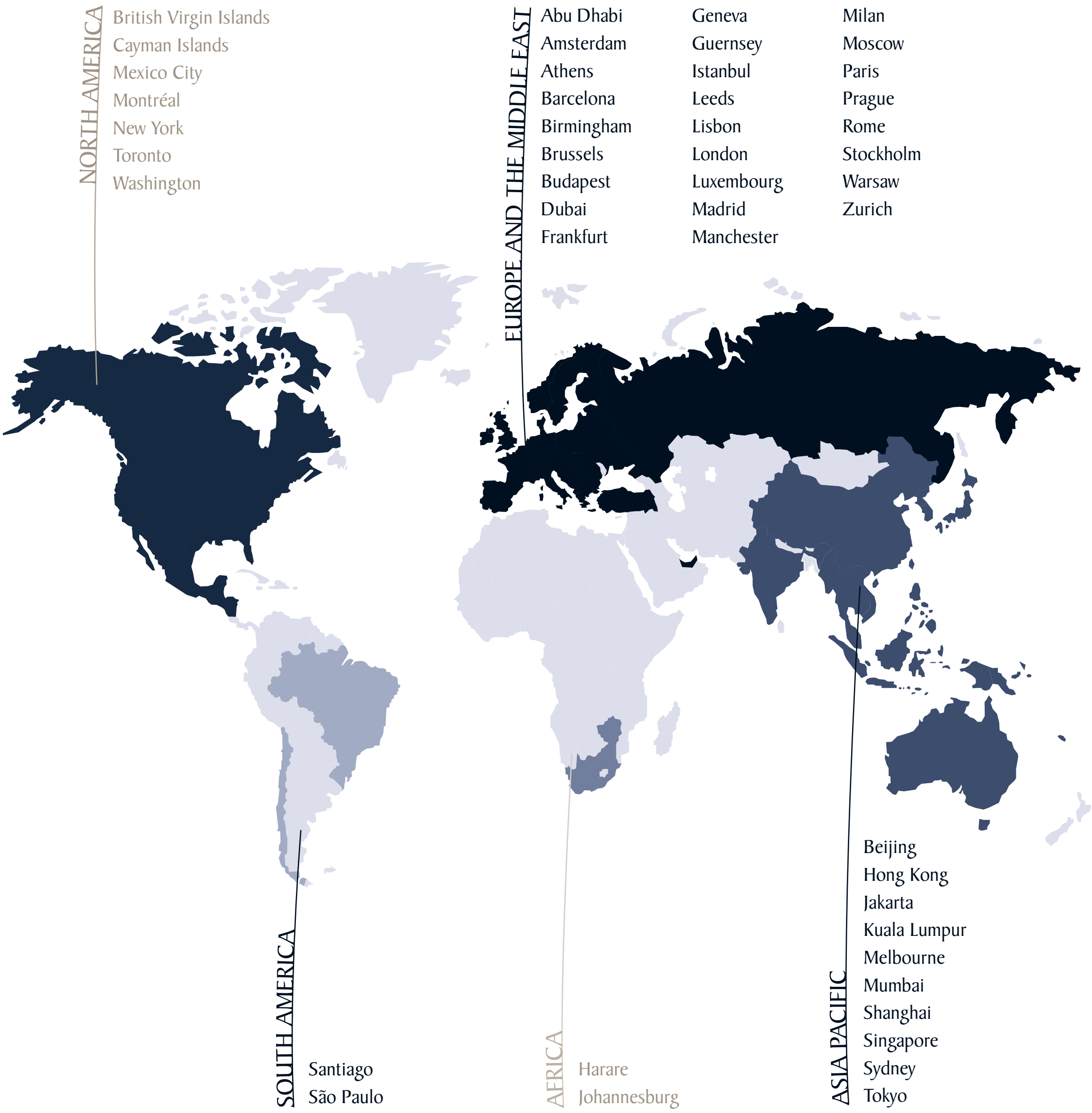
** Valuation based on average transactions price (November 2007 - January 2008).*
(cf. Document E, N°: E-07-174 dated 20 December 2007).

Banking activities organisation chart as at 31 March 2008



World presence

The Rothschild banking group has offices in more than 30 countries and employs some 2,000 people around the world. Through its network of subsidiaries and affiliates, the Group provides commercial banking, treasury, investment banking, merchant banking, fund management, private banking and trust management services to governments, corporations and individuals worldwide.



Analysis of Concordia BV's net banking income and profit before tax

Concordia BV's earnings include:

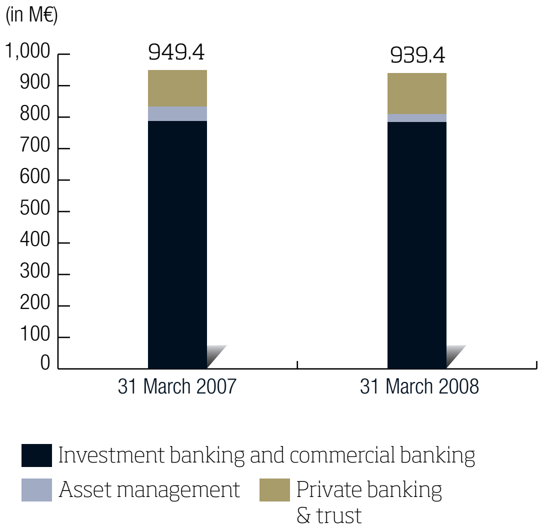
- the earnings of Rothschilds Continuation Holdings AG (RCH), which is fully consolidated,
- the contribution of Rothschild & Cie Banque (RCB), which is accounted for by the equity method.

In millions of euros	31/03/2008 Net banking income	31/03/2008 Current pre-tax income	31/03/2007 (pro forma)* Net banking income	31/03/2007 (pro forma)* Profit before tax
By activity				
Investment banking and commercial banking	783.8	393.2	786.8	510.1
Asset management	25.5	17.9	46.8	29.7
Private banking & trust	130.1	40.4	115.8	33.2
Total	**939.4**	**451.5**	**949.4**	**573.0**
By region				
Europe and United Kingdom	703.2	331.8	740.8	504.2
North and South America	174.7	110.3	166.6	86.4
Australia and Asia	53.7	4.1	37.2	(20.4)
Other	7.8	5.3	4.8	2.8
Total	**939.4**	**451.5**	**949.4**	**573.0**
Variable compensation		**(337.2)**		**(408.2)**
Profit before tax		**114.3**		**164.8**
PROFIT AFTER TAX		**99.1**		**113.5**

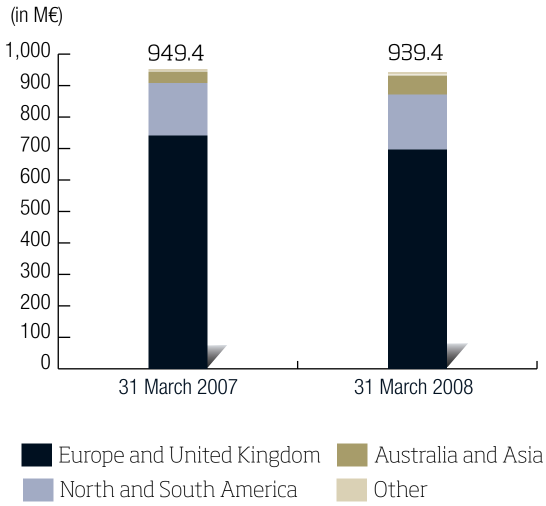
** Following the consolidation using the equity method of jointly-controlled entities, figures as at 31 March 2007 have been restated for comparability with those as at 31 March 2008.*

Analysis of Concordia BV's net banking income over the last two years

By activity



By region



Group reorganisation

In July 2007, a reorganisation was announced that reinforced the Rothschild commitment to the ideal of one firm and one business under family control. The reorganisation, which took place in two stages in November 2007 and January 2008, unified the Rothschild family shareholdings and further simplified the structure of the Rothschild group so that the organisation was better aligned with the way in which the business is managed.

Once completed, the reorganisation saw the English and French branches of the Rothschild family owning 100 per cent of a new French incorporated holding company, Rothschild Concordia SAS, which controls Paris Orléans SA, which in turn now controls the Rothschilds Continuation Holdings AG group.

Presentation of results

To provide a more detailed analysis of the earnings of the Concordia BV group, the consolidated earnings of its two holdings, Rothschilds Continuation Holdings AG (RCH) and Rothschild & Cie Banque (RCB), are presented separately below.

Rothschilds Continuation Holdings AG (RCH)

The results and balance sheet movements should be considered against a background of considerable change in international exchange rates during the year. The Group reports in Swiss francs which has strengthened in the year to 31 March 2008.

As of 31 March 2008, the RCH group generated a net income (group share) of CHF134.4 million (€82.0 million) versus CHF141.7 million (€89.4 million) in 2007. This result has been achieved despite the turbulent financial market conditions experienced since August 2007 as a result of the global "credit crunch".

The Group's Investment Banking business has continued to perform very strongly, with increased profitability from the Continental European offices, as well as from the smaller non-European offices.

The Private Banking and Trust business also saw good underlying growth with significant investment in both front and back offices.

The Commercial Banking business has suffered impairment losses and adverse fair value movements as explained below, largely due to market conditions.

Total operating income for the year was CHF1,795 million (€1,094.6 million), CHF44 million or 3 per cent higher than the CHF1,751 million (€1,100 million) achieved last year.

Net fee and commission income for the year to March 2008 was CHF1,557 million (€950.2 million) (2007: CHF1,414 million (€890 million)), a 10 per cent improvement. The major proportion of fee income is derived from Investment Banking, which continued to perform very strongly. This was offset by a fall in the Group's Commercial Banking arm due to lower profit share and yield related fees. The Private Banking & Trust business saw a small increase in fee income from the prior year.

This year's operating income is CHF219,7 million (€134.3 million), versus CHF303.1 million (€191 million) last year, was reduced by:

- fair value movements of CHF69 million (€43.8 million) in respect of investments in synthetic collateralised debt obligations (CDOs). These CDOs take on credit exposure in the form of credit derivatives and under international accounting rules and best practice, changes in their fair value must be recognised in the consolidated profit and loss account. These investments are still performing and are not considered to be impaired; the reduction in their fair value is a consequence of current market conditions and is expected to reverse in the future.
- CHF154 million (€94 million) of impairment losses related to investments in structured financial products such as CDOs which were of two types:
  - investments with exposure to US sub-prime mortgages and
  - investments with market value triggers which resulted in the vehicles being unwound and forced to sell the underlying assets at prevailing prices.

    All assets with risk exposure to US sub-prime mortgages or market value triggers have been written off or fully provided against.

General administrative expenses have decreased by CHF26 million to CHF1,401 million (€854 million). This 2 per cent fall from the CHF1,427 million (€898 million) incurred in 2007 is primarily a result of lower staff costs, in particular profit share where new deferral arrangements were put in place in the UK and Europe.

Staff costs account for CHF1,131 million (€689 million) (81 per cent) of the total general administrative expenses.

Total assets at 31 March 2008 stood at CHF15,115 million (€9,637 million), a reduction of CHF1,368 million (€529 million) from the prior year. The reduction is largely a result of movements in exchange rates as the commercial banking assets are chiefly denominated in sterling which has weakened against the Swiss franc.

Shareholders' equity has decreased to CHF1,237 million (€789 million)(2007: CHF1,515 million (€934 million)), due primarily to downward revaluations of securities through reserves and to exchange movements.

The Financial Services Authority (FSA) in London acts as the Group's lead regulator. During the past year, despite the turmoil in funding markets, Rothschild's capital and liquidity ratios have remained well within the limits established by the FSA. Rothschild's balance sheet remains strong, both from a liquidity and capital standpoint.

Rothschild et Cie Banque (RCB)

All of the divisions were very active during the year, and earnings for the financial year ended 31 December 2007 exceeded the record set in 2006.

In 2007, RCB generated (net of privileged allocation ("préciput") pre-tax current income of €57.2 million, 34% more than the previous year.

Net banking income rose to €410 million, from €316 million the previous year.

Investment banking contributed 78% of RCB's consolidated pre-tax income, and asset management 22%.

The Group reported total consolidated assets of €1,216 million, versus €1,029 million the previous year.

Shareholders' equity (group share), excluding net income for the period, increased from €119 million to €123 million.

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 London to develop new business in Turkey and in the United Arab Emirates.

Analysis by business

I. Investment banking

Global Investment Banking provides a wide range of advisory services to its clients, including advice on mergers and acquisitions (M&A), disposals, debt and restructuring solutions, equity capital markets, valuations, strategic reviews and privatisations, in both domestic and cross border situations.

The Group's approach is characterised by combining indepth global sector knowledge with a detailed understanding of local markets. The Group places a strong emphasis on developing long term relationships with clients and a significant proportion of revenue is from repeat business, evidenced by the strength of relationship driven approach, free from potential balance sheet conflicts.

Ranking of Rothschild Group banks by country or region

Country / Region	Rank by number	Rank by value
Worldwide	6	10
Europe	1	6
UK	1	4
France	1	3
Germany	1	4
Italy	2	4
Iberia	5	6
Central & Eastern Europe	2	11
United States	13	18
Latin America	6	9
India	1	6
Asia	12	11
Australia	9	10
Middle East & Africa	1	8
South Africa	1	5

Source: Thomson Reuters/Bloomberg

The Investment Banking activity has grown significantly in recent years and now represents a truly global and scale franchise. The Group employs nearly 900 bankers worldwide, with over 250 outside of Europe.

The year to March 2008 was a record for Investment Banking in terms of revenue. The Group advised on many of the largest M&A transactions globally during 2007 and was ranked No. 6 for global M&A advisory by number of transactions.

Looking ahead, against a background of recent turbulence in financial markets and depressed economic activity, the Group expects a challenging year in its more mature Western European businesses, although prospects remain more favourable on the emerging markets businesses.

The Group will continue to exploit opportunities to leverage its sector and product strengths around the world, in particular, in growth markets and with new providers of capital.

Mergers and acquisitions

Europe

In Europe, during each of the last six years Rothschild teams have worked on more M&A transactions than any other investment bank. Rothschild was the No.1 ranked investment bank for European M&A advice in 2007 in the business services, consumer products, healthcare, industrials, TMT, transport and utilities sectors by number of deals. Rothschild also held top 5 positions by number of deals in the financial institutions, property, mining and oil and gas sectors.

In the UK, Rothschild received awards from FT and mergermarket for UK Financial Adviser of the Year, and UK Mid-Market Adviser of the Year; from Acquisitions Monthly for the Defence of the Year (Altadis) and Health & Pharma Adviser of the Year; and from The Banker for UK Deal of the Year for Tata Steel's acquisition of Corus. The UK team advised on many of the most high profile deals of the year, including advising:

- ABN AMRO on the €71 billion acquisition by the RBS, Fortis, Santander consortium;
- Altadis on the defence and sale to Imperial Tobacco for €16.6 billion;
- Scottish & Newcastle on the £10.2 billion recommended cash offer from a consortium comprising Carlsberg and Heineken, following a successful defence;
- Hanson on the £9.6 billion recommended cash offer from Heidelberg Cement; and
- Tata Steel on the £7 billion recommended offer for Corus.

In France, Rothschild earned record investment banking revenues in 2007 with recognition from Financial News with an award for French M&A House of the Year. Rothschild participated in a considerable number of significant cross border transactions with other Rothschild offices worldwide and was the market leader in France in terms of number of announced transactions.

Notable mandates successfully completed during 2007 have been advice to:

- Lafarge on its €2.4 billion disposal of Lafarge Roofing to PAI Partners;
- Allianz on its €10.3 billion buy-out of the minorities in its French subsidiary AGF (with the German office);
- Compagnie Générale de Géophysique on its US$3.1 billion acquisition of Veritas DGC;
- PAI on its €3.5 billion disposal of Vivarte to Charterhouse Capital Partners; and
- Areva on its US$2.5 billion cash offer for the uranium mining company, UraMin.

In Germany, Rothschild has established itself firmly amongst the leading advisers for corporate Germany and was recognised by Acquisitions Monthly with the new award of German M&A Adviser of the Year.

The German team advised on a number of notable transactions during the year, including advising:

- PPR on its €5.3 billion acquisition of Puma;
- Custodia on the €1.3 billion sale of a 25.1 per cent stake in Hochtief to Actividades de Construccion y Servicios in Spain; and
- Schwarz Pharma on its €4.4 billion takeover by UCB.

Rothschild also advised on two of the most prestigious real estate transactions announced in Germany during 2007, advising:

- Allianz on the sale and lease-back of a €1.3 billion office portfolio; and
- Arcandor (formerly KarstadtQuelle) on the sale of its 49 per cent stake in the Highstreet joint venture between Arcandor and Whitehall.

In Italy, Rothschild was the market leading adviser to the financial institutions sector during 2007, on both large and mid-size transactions. The Italian office also strengthened its position in other sectors, where it completed a number of landmark transactions.

The Italian office provided advice on most of the largest deals in Italy, including advising:

- Capitalia on its €21.1 billion merger with Unicredito;
- Grupo Santander on its €9 billion sale of Banca Antonveneto to Monte Paschi di Siena;
- Eni on its £1.7 billion acquisition of Burren Energy; and
- Valentino Fashion Group on its €4.5 billion sale to Permira.

In Spain, Rothschild had a particularly successful year, having advised on announced transactions totalling €49 billion in value, including advice to:

- Suez on a €2 billion cash offer by Hisusa, La Caixa and Suez for a 50.3 per cent stake in Sociedad General de Aguas de Barcelona; and
- Dong Energy on its €722 million disposal of Energi E2 Renovables Ibéricas to E.ON.

During the year, a new office was opened in Barcelona.

The activity in Central and Eastern Europe continues to go from strength to strength. In 2007, the Group continued activity in sectors where it has well established positions (including financial institutions, oil and gas), but also performed successfully in new areas of operation (e.g. transport and logistics) and increasingly worked for private equity houses on sell and buy mandates.

Notable mandates successfully completed in the year included:

- In Poland, advising GE money on its sale of a 60 per cent stake in Expander (the leading Polish IFA) and PGF on its acquisition of a controlling stake in Likmedika and Gintarine Vaistine, a distributor of pharmaceuticals in Lithuania;
- In Hungary, advising Royalton Partners' on its disposal of Ella Bank to Axa Bank;
- In the Baltics, advising SilverPoint Capital on its sale of Galvex Estonia (the Estonian steel mill) to ArcelorMittal after a competitive auction process;
- In Croatia, advising Lactalis on its 91 per cent acquisition of milk producer Dukat; and
- In Romania, advising Cadbury on its acquisition of the chocolate maker Kandia-Excelent.

This increasing activity emphasises the growing importance of "new Europe" within Rothschild's portfolio of businesses and as a bridge to business in Russia and CIS.

In Russia, Rothschild had another successful year providing advice on a number of highly visible transactions, including advising:

- KBC on its US$1 billion acquisition of Absolut Bank; and
- DeBeers on the acquisition of 49.99% equity interest in Verkhotina (the world's largest identified and non-developed diamond deposit) from Lukoil.

Following 5 years of developing the investment banking activities in Turkey, mainly out of the Paris, London and Frankfurt offices, Rothschild opened a new office in Istanbul in September 2007.

The Group has been successful in the Turkish league tables over the last few years as a result of its advisory roles on major telecom and banking transactions, and more recently in other sectors such as airport management, logistics and food and drink.

The Group believes there is a strong opportunity for Rothschild in Turkey, as the economy is expanding rapidly and there are significant levels of privatisation and private sector related M&A activity in the market.

Rest of the world

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

In the United States, the Group continues to build strong momentum in the M&A business having advised on a number of significant transactions during the year, including advice to:

- National Grid on its US$11.8 billion acquisition of Keyspan, the gas distribution company;
- Textron on its US$1.1 billion acquisition of United Industrial Corporation;
- Amvest on the disposal of its gas related assets to CONSOL Energy and coal related assets to Constellation Energy Partners;
- Rio Tinto on the sale of its 40 per cent interest in the Cortez gold mine located in Nevada to Barrick Gold.

The Canadian M&A market once again experienced a high level of activity during the year.

In Latin America, Rothschild participated in some of the year's most visible and complex transactions, including providing advice to:

- Jugos del Valle on its US$470 million sale to the Coca Cola Company, Coca Cola Femsa and other Coca Cola bottlers in Mexico and Brazil;
- BM&F, the world's fourth largest futures exchange, on a series of transactions following its demutualisation in 2006;

In India, Rothschild had a third consecutive record year, winning a number of awards and benefiting from working with the European and other Asian offices, particularly in the financial institutions, consumer products and mining sectors.

Notable mandates successfully concluded were advice to:

- Tata Group (alongside Rothschild's UK office) on its landmark £7 billion recommended offer for Corus (which won the Best Deal of the Year 2007 Award, Best M&A Deal of the Year 2007 and Best Crossborder M&A Deal Award of the Year 2007 from Finance Asia);
- MTR Foods on its sale to Orkala ASA, Norway; and Wipro on its US$246 million acquisition of Unza Holdings.

In China and Hong Kong, Rothschild had another excellent year with a number of landmark transactions. Notable mandates included advice to:

- Shun Tak Holdings on its US$880 million acquisition of a 75 per cent interest in Nova Taipa-Urbanizacoes;
- BALtrans Holdings on a US$313 million cash offer by Toll Holdings of Australia;
- COSCO Pacific on its US$268 million sale of a 20 per cent interest in Chong Hing Bank to COSCO (Hong Kong);

In South East Asia, Rothschild has expanded its coverage area beyond its established offices in Singapore, Indonesia and Malaysia. The Group now has full-time representation in the Philippines, and has developed strong alliances with local houses in Vietnam and Thailand. Most M&A activity has occurred in the utilities, financial institutions and natural resources sectors.

Notable mandates during the year have included advice to:

- The Kuwait Foreign Petroleum Exploration Company on its US$330 million strategic acquisition of ConocoPhillips Indonesian oil assets;
- Bao Minh Insurance Corporation, Vietnam's second largest non-life insurer, on its sale of a 16.6 per cent stake to AXA;
- In the Group's first transaction in Thailand, advice to the state owned energy group PTT on its acquisition of 147 petrol stations from ConocoPhillips for US$275 million.

In Australia, Rothschild continues to focus on specific industry sectors where the Group combines global knowledge with expertise of the local market, primarily utilities, natural resources, industrials, consumer products and financial institutions.

Particularly noteworthy deals concluded in the year included advising:

- National Grid on its A$1.2 billion sale of Basslink to CitySpring Infrastructure Trust;
- Australian Pipeline Trust on its A$556 million acquisition of Origin Energy's networks assets.

In its first full year of operations, the Middle East practice has grown significantly. Excellent relationships have been developed with key players throughout the region including governments, sovereign wealth funds, large corporations and local family-owned groups. The business operates out of Rothschild's offices in Dubai and Abu Dhabi, covering the Gulf and the wider region.

Notable recent mandates have included advice to:

- Bridgepoint on its £600 million disposal of Alliance Medical Holdings to Dubai International Capital; and
- The Government of Jordan on the sale of a 51 per cent stake in CEGCO to Jordan Dubai Capital, Malakof and CCC.

In South Africa, for the third consecutive year, Rothschild advised on the Dealmakers "Deal of the Year", which this year was the ground breaking Black Economic Empowerment transactions implemented by AngloPlatinum. Rothschild also advised on publicly announced, on-market transactions valued at approximately US$10 billion, and several off-market transactions.

Debt advisory and restructuring

Rothschild is the world's largest and most active independent debt adviser, a position Acquisitions Monthly recognised, naming Rothschild as Debt Advisory House of the Year.

Rothschild's bankers provide independent, unconflicted debt advice and debt capital markets execution expertise to corporates, private equity houses and governments. The Group supports its clients in raising funds across the entire spectrum of debt products, including bank debt, bonds, leasing and securitisation, as well as advising on all aspects of a transaction including credit ratings and derivatives strategy.

Rothschild now has c.100 debt advisory and restructuring professionals worldwide, operating out of the offices in Europe, New York, the Middle East and Asia.

Rothschild's global restructuring franchise advised on US$566 billion of announced deals worldwide.

Acquisitions Monthly awarded Rothschild the Restructuring Deal of the Year for the high profile reorganisation of Eurotunnel, on which the Group advised with a joint team from the UK, France and US offices.

Equity capital markets

There were significant changes in the Group's equity capital markets business during the year. In December 2007, Rothschild and ABN AMRO announced their intention to discontinue their international equity capital markets joint venture, ABN AMRO Rothschild (AAR), following the acquisition of ABN AMRO by the consortium of RBS, Fortis and Santander.

Since then, Rothschild's equity capital markets team has focused on reinforcing its position as the leading provider of unconflicted technical advice and independent market intelligence in the European, Russian, Middle Eastern, Asian and Australian equity capital markets. Rothschild now has c.40 experienced equity bankers, providing execution support, project management and issue resolution to issuers planning to raise equity capital.

2. Commercial banking

Rothschild's commercial banking activities include the arrangement and provision of senior and mezzanine debt in the property, leveraged finance and natural resources sectors. The corporate banking portfolio comprises mainly loans to medium and large UK and European companies, as well as corporate, project and structured commodity finance to resources companies worldwide.

The Property team arranges and provides funding for secured commercial property investment throughout the UK. In October 2007 it acquired a 51 per cent shareholding in Lanebridge, a property investment fund manager based near Manchester.

The Leveraged Finance team participates in the senior and mezzanine debt arranged for leveraged buy-outs in the UK and Europe and has no exposure to underwritten transactions. The team's strategy is to build a specialist debt fund management business and during the year the team successfully closed its third Collateralised Loan Obligation ("CLO"), Contego CLO I B.V. and achieved a first close on its mezzanine fund, Quintus European Mezzanine Fund S.àr.l, both on advantageous terms.

The Natural Resources team arranges and provides corporate and project financing to mining and metals companies worldwide and also provides structured commodity financing across the natural resources sector to major companies in emerging markets. During the year, the team arranged a bridging facility for Farallon Resources to assist in the development of its Campo Morado zinc project in Mexico.

During the latter part of the year, the team that focused on specialised structured credit instruments was disbanded and the activity ceased as a consequence of the severe dislocation in financial markets.

Rothschild's commercial banking activities also include a subsidiary based in Guernsey and provides a range of lending products to private clients and their structures focused on residential mortgages and loans secured on investments.

3. Private banking & trust

Private Banking & Trust has more than 450 staff in 15 jurisdictions. The principal offices are in London, Zurich and Guernsey. There are more than 4,000 clients in 90 countries, predominantly entrepreneurs, senior business leaders and wealthy families. The target size of investable assets is generally in excess of €5 million.

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

- Wealth Structuring: the team offers expert guidance on efficient tax and succession planning;
- Investment Management: the experienced investment professionals provide the clients with an active investment management service;
- Private Banking: the discreet banking service includes lending and custody;
- Trust: the team protects the clients' assets through proactive monitoring and administration.

The Group's commitment to providing objective advice and high levels of personal service has continued to attract new clients. Rothschild also benefited from a strong balance sheet and the stability provided by its international family ownership at a time when many private banks have suffered from the repercussions of the 'credit crunch'. The Group's generally cautious asset allocation has also proved to be the right strategy in a volatile market environment.

Rothschild also improved operational efficiency by consolidating its administrative capabilities on to a single platform, based in Zurich. Now, all of Rothschild's major Private Banking entities work on the same global platform.

Assets under management for the Group (RCH and RCB) have increased to around €28 billion.

Rothschild Private Banking & Trust is well positioned in the market to deliver on its strategy of targeted and sustainable growth.

4. Merchant banking

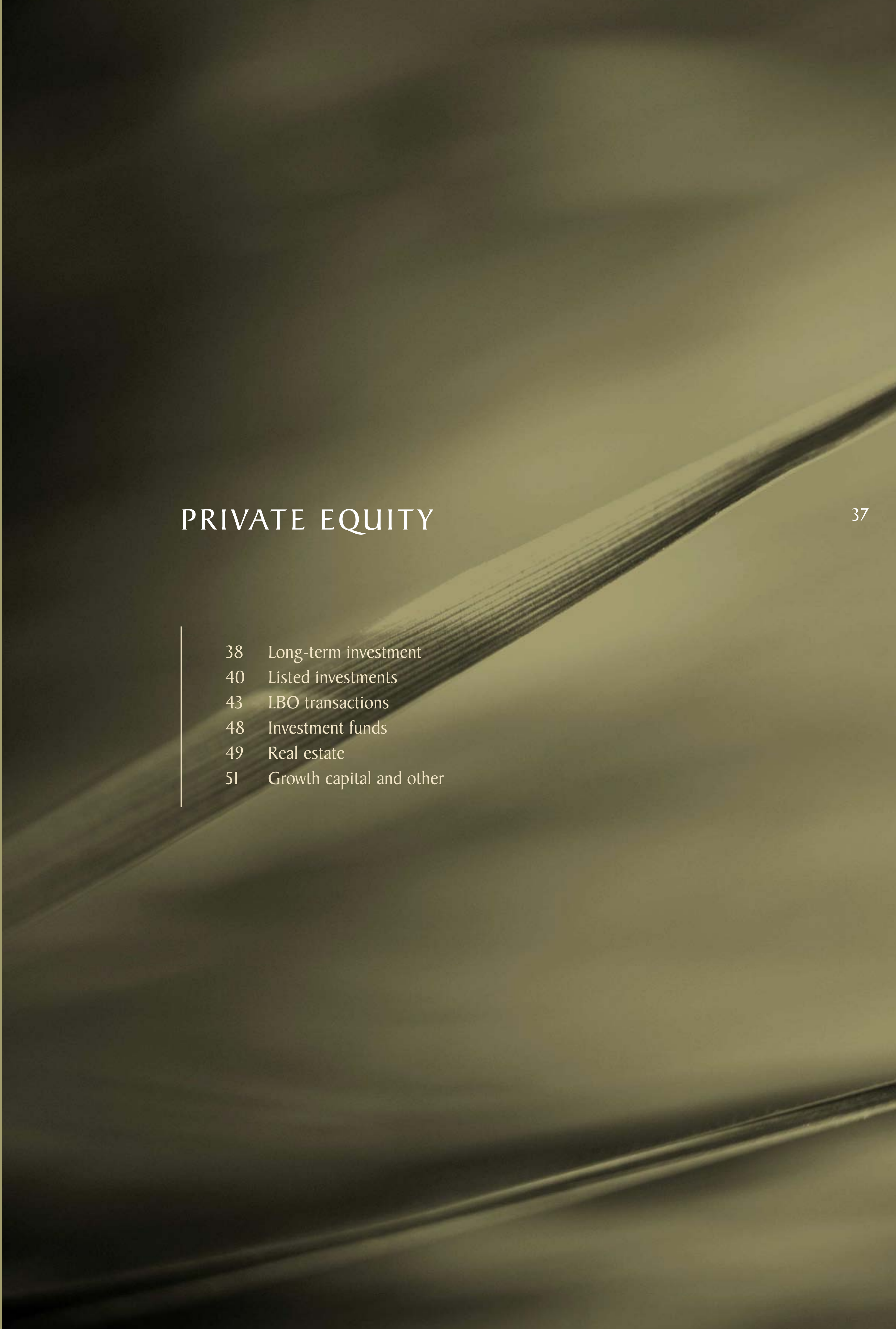
The Group has confirmed its intention of expanding its proprietary trading business, which has, to date, been carried out primarily by Paris Orléans SA.

The Group intends to develop this activity by capitalising upon the many interesting opportunities it is presented with. The plan is to progressively devote an increasing share of its shareholders' equity to this new business, whilst also increasing amounts invested alongside third parties.

The core activity of the business will be making direct investments in private companies (both equity and debt). This activity will build upon the direct-investing experience of Paris Orléans SA.

In the long term, as a complement to the investment activity of Paris Orléans, the activity will consist of a European fund of several million euros coming mainly from the various parts of Rothschild Group.

An Asian joint venture with Jardine Matheson (Jardine Rothschild Asia Capital ("JRAC")) has also been developed and US$100 million has been jointly committed by the Group, Paris Orléans SA and Jardine Matheson. JRAC will also seek to raise third party capital on an opportunistic basis, at least matching the joint venture parties' committed amount.



PRIVATE EQUITY

PRIVATE EQUITY

LONG-TERM INVESTMENT

Les Domaines Barons de Rothschild (Lafite)

Net asset value : €10.4 million
Estimated value : €23.2 million

"Les Domaines Barons de Rothschild" is the holding company for the group's wine-making activities.

Les Domaines Barons de Rothschild (DBR) has major holdings in prestigious Bordeaux vineyards including Château Duhart-Milon (Pauillac), Château Rieussec (Sauternes) and Château l'Évangile (Pomerol), and in other vineyards in France and abroad, such as Los Vascos in Chile, Quinta Do Carmo in Portugal, Caro in Argentina and Domaine d'Aussières, an ambitious project in the Languedoc region of France.

DBR also manages and markets the prestigious Château Lafite Rothschild and a range of other famous wines and liquors through its DBR Distribution trading subsidiary.

From a commercial standpoint

2007 was a very good year for all Group entities. After the historic 2005 primeur wine campaign, the campaign for 2006 primeur wine saw a consolidation of prices at a level slightly below the peak reached for the 2005 vintage. The market for bottled wines remained very buoyant until September 2007 despite the appreciation of the euro, making it possible to maintain prices with significant volumes.

Foreign vineyards generated record sales volumes. In Chile, the Los Vascos vineyard exceeded its targets as sales rose by a further 12%, despite the Chilean peso appreciating strongly against the dollar. The Domain d'Aussières continued its commercial development and sales volumes were up by 65% compared to the previous year, although performance remains slightly below the targets set.

DBR Distribution enjoyed a major resurgence in its sales of collectible wines (+42%) and benefited from the buoyant market for *grands crus* to sell part of its inventory.

From an operating standpoint

The cool summer of 2007 resulted in longer maturity times for most vineyards and in atypical but charming wines.

- In Bordeaux, the vines flowered early as a result of the warm spring, but the grapes were harvested late due to a very variable summer. The Sauterne wines achieved the best results under these conditions. The blends give subtle wines, with long, attractive finishes.
- In Languedoc, 2007 will be an excellent year due to the absence of a heat wave and moderate rainfall at the right times. Domaine d'Aussières wines combine strong fruit notes with the power characteristic of the region's wines.
- In South America, the Los Vascos vineyard in Chile has developed with excellent consistency, which points to good results from the maturity process. Quality and quantity are both clearly present in richly coloured, pleasant wines. Argentina is certainly the country where conditions were the most difficult, but the grapes avoided major hailstorms. The wines are elegant, with subtle tannic notes.

From a financial standpoint

DBR (Lafite) bought out the minority shareholders in its Bordeaux vineyards during the 2007 financial year, namely:

- 50% of Château Rieussec Group (which includes Évangile and Quinta Do Carmo);
- 23.5% of Château Duhart Milon;
- DBR also took control of its main distributor in the United States, Pasternak Wine Group, raising its stake from 35% to 70%.

Consolidated revenues amounted to €77 million in 2007, as against €45 million in 2006. This sharp rise was for the most part due to the inclusion of sales by the distributor Pasternak, in which DBR now has a 70% interest compared to 35% previously. Net income (Group share) for 2007, benefiting from strong sales of the 2005 vintage at Duhart Milon and L'Évangile, stood at €8.1 million compared to €5.2 million in 2006.

Marketing of 2007 primeur wines has not started, but will take place in a challenging context (unfavourable currency exchange rates, downturn in world economic growth, etc.). In terms of profitability, prospects for 2008 give reason to hope that the 2008 result will be significantly higher, in particular due to good sales of wines from 2005 (Lafite and Rieussec) and 2006 (Duhart Milon and l'Évangile).

LISTED INVESTMENTS

Finatis group

Finatis

Net asset value : €12.3 million
Estimated value : €30.7 million

Rallye

Net asset value : €19.9 million
Estimated value : €21.6 million

The Finatis group has two main activities:
- real estate, through Foncière Euris, and
- retail distribution, with Casino and Go Sport, which are controlled through Rallye.

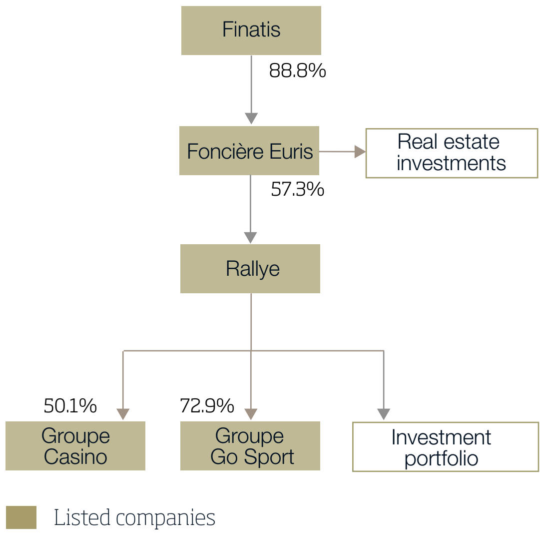
Paris Orléans, which has invested alongside the Euris group since the late 1980s, is now a shareholder of Finatis, its parent company, and Rallye, its distribution subsidiary, both of which are listed on the stock exchange.

During the financial year, Paris Orléans received €1.4 million in dividends from Finatis and €0.9 million in dividends from Rallye.

Foncière Euris is Finatis'main asset. In 2007, the shareholding of the Group was simplified, with Euris and three of its subsidiaries being absorbed by Finatis.

In 2007, Finatis' net income reached €68.8 million, compared to €32.8 million in 2006, and the dividends paid by Foncière Euris were €31.4 million in 2007 compared to €29.9 million in 2006.

Foncière Euris Group is present in several business sectors:
- real estate development projects (mainly shopping centres);
- food and specialised retailing, through Rallye's majority stakes in Casino and Go Sport Group;
- management of a diversified investment portfolio by Rallye.



Key figures for the group's distribution business

In millions of euros	**2007**	2006
Rallye group		
Gross revenues	25,755	23,281
EBITDA	1,883	1,583
Current operating income	1,261	1,045
Net income (group share)	288	147
Casino		
Gross revenues	24,972	22,505
EBITDA	1,799	1,560
Current operating income	1,196	1,043
Net income (group share)	814	600
Go Sport		
Gross revenues	773	771
EBITDA	16	10
Current operating loss	(3)	(12)
Net income (group share)	13	(12)
Investments portfolio		
Estimated value of non-current financial assets	545	408
Estimated value of real estate projects	69	103
Acquisitions	287	158
Disposals	(300)	(126)
Fair value adjustment	116	70

Real estate (Foncière Euris)

Foncière Euris has developed its real estate investment activity by building key partnerships with developers specialising in the design, construction and management of shopping centres. In this context, Foncière Euris has worked with the French developer Apsys (in France and Poland) and with Sonae Sierra in Germany.

The Alexa shopping centre in Berlin, in which Foncière Euris has a 45% stake, opened in September 2007. By the end of 2007 it had attracted 5.2 million visitors, which indicates the success of this project, in which Paris Orléans is directly involved. Two new projects in France were also added to the portfolio of projects developed with Apsys: the refurbishment of industrial premises in the Isère region and the creation of a shopping street in the Val-de-Marne region.

At the end of 2007, the portfolio of completed and pending transactions comprised a total of 23 development projects representing 800,000 sq.m of trade floorspace (of which 340,700 sq.m is held by Foncière Euris).

Retail (Rallye group)

Rallye is the specialised distribution holding company that controls both Casino and Go Sport, a distributor of sporting goods. Rallye also holds a portfolio of financial holdings and real estate projects.

Rallye

In 2007, Rallye reported net income (group share) of €288 million, compared with €147 million in 2006. Current operating income rose 21% to €1.26 billion, reflecting primarily the improved competitiveness of the Casino group's chains in France and abroad, as well as the growing contribution of the investment portfolio to the earnings of the holding company.

Casino

In 2007, Casino recorded net income (Group share) up by 35.7%, to €814 million (on a continuing operations basis, it rose by 52.4% to €664 million). The retailing Group's operating income increased by 14.7% to €1,196 million, mainly due to international operations (+65.4%), as this income rose only by 3.3% in France. Casino's total revenues increased by 11% to €24,972 million; again, this growth was driven by international operations (+43.8%).

In France, sales increased by 1.8% (+ 3.1% excluding Franprix – Leader Price). The hypermarkets enjoyed a stable market share, thanks to double-digit growth of store brand products and a targeted marketing policy. Convenience stores posted sales growth of 3.8% and improved their profitability to 5.7% compared to 5.0% previously.

After the takeover of the operational management of Franprix and Leader Price in the spring, the commercial turnaround of the two brands was clear from the 4th quarter and should be confirmed in 2008. The fall in the operating margin to 6.9% (from 7.4%) reflects the impact of the plans to boost sales.

Internationally, Casino benefited from strong sales in South America and Asia and from the inclusion of Exito as a fully consolidated company as from 1 May 2007. Internal growth stands at 14.8% in South America and 9.8% in Asia. The international operating margin is therefore 4.5%, compared to 3.9% previously.

Go Sport Group

In 2007, Go Sport Group recorded sales of €773.1 million, up 0.2% from 2006. In France, Go Sport brand revenues fell by 2.0% after two consecutive years of outperforming the market in 2005 and 2006. In contrast, Courir, a Group subsidiary, strengthened its leading position on the sports shoe market, with 3.0% growth of its sales. Internationally, the rise in revenues was fuelled by growth in Poland (+31.2%), which offset static sales in Belgium (-0.3%) due to strong competitive pressures on a mature market.

The gross margin was up by 0.5 points at 38.8% of revenues, in particular due to store brand development. Net income stood at €12.9 million, including a net capital gain of €23.1 million on the disposal of six stores without fixtures during the financial year.

The restructuring initiatives taken in 2007, based on repositioning product offerings, reorganising procurement and logistics, and improving control of costs and investments, have begun to turn Go Sport Group around, as shown in particular by the improvement in the operating loss (-€3.4 million in 2007 compared to -€11.9 million for the previous year). The Group should be profitable again in 2008.

Investments portfolio

Rallye's investments portfolio was valued at €614 million as at 31 December 2007, compared to €511 million as at 31 December 2006. Financial investments accounted for €545 million of this total and real estate development projects for €69 million. In 2007, the investments portfolio contributed €95 million (8%) to Rallye's current operating income, as against €38 million in 2006 (4%).

The diversification of the portfolio by geographical area and sector, as well as by type of investment, partner and size, allows for considerable spread of risks. The portfolio has around 230 lines, four-fifths of which are worth less than €4 million, with a maximum amount per line of €16 million of net invested cash.

LBO TRANSACTIONS

A leveraged buyout (LBO) can be defined as the acquisition of a healthy company (target) by an acquisition holding company (Newco) financed by debt and equity within a specific financial, legal and tax framework under which the managers and purchasers join forces with specialised financial investors with a view to achieving a medium or long-term gain.

The feasibility of an LBO is determined by the capacity to repay the acquisition debt out of the target company's future cash flows.

The senior debt, with a maximum duration of seven or eight years, is set by reference to foreseeable and recurrent cash flows. It generally comprises one tranche with repayments scheduled throughout the loan period and a second tranche repayable at the end.

Mezzanine debt (often consisting of bonds with share warrants) is a form of financing that is in-between debt and equity. Repayment is subordinated and secondary to repayment of the senior debt (giving an average duration of eight or nine years). The reward is therefore higher than for senior debt and includes share warrants which add to its performance on disposal.

The global return over four years sought by each of the parties to an LBO is on average 15% to 18% for mezzanine debt and 20% to 30% for equity with an unequal share of gains in favour of the managers, to whom the investment funds may grant a share of the capital to reward performance achieved during the life of the LBO arrangement.

Equity investments

Paris Orléans regularly co-invests alongside LBO funds as a minority shareholder. Its main LBO investment, as one of the two main shareholders, is Newstone Courtage - formed by the merger in April 2007 of SIACI (of which Paris Orléans had been the sole financial shareholder since its creation) and ACSH.

A list of the main investments carried out during the year is provided below.

It is still too soon to gauge the performance of these investments as the portfolio is new. However, the typical performance profile of Paris Orléans' LBO investments points to a net IRR in excess of 20% and a multiple of at least 2x for an estimated holding period of between four and six years.

Siaci Saint-Honoré / Newstone Courtage

Net asset value : €26.9 million
Estimated value : €26.9 million

The merger of Siaci with Assurances et Conseils Saint-Honoré (ACSH) in April 2007 created the fifth largest French insurance brokerage firm, which has now been renamed Siaci Saint-Honoré. The capital of the holding company created at this time is held by the management (20% of the capital), Compagnie Financière Edmond de Rothschild Group (45%), the leading European broker Jardine Lloyd Thomson (20%) and Paris Orléans (15%).

At the time of this merger, Paris Orléans' total stake was valued at €63.3 million for an initial investment of €27 million made in 2003. Paris Orléans received €36 million in cash and reinvested €26.9 million via a contribution of securities in Newstone Courtage, the holding company for the merged entity. Taking into account deffered income and a deferred tax asset from the Siaci secondary LBO of September 2003, at the time of this transaction Paris Orléans generated a consolidated capital gain of €59.2 million.

The new group benefits from the combination of each company's strength in its respective field and from considerable operational and geographical synergies. Siaci is the mainstay of the Group in Transport, Property and Casualty especially for complex risks. ACSH, the third largest player in France in personal insurance specialises in personal savings and health insurance, group retirement programmes and insurance for expatriate employees.

On the international side, as a result of the holdings and partnership agreements between Siaci and the JLT group in the UK, the Group is now one of the world's few integrated international brokerage networks. The Group also benefits from ACSH's international resources for covering expatriates (three administrative centres in Europe, the Middle East and North America). In this way, the Group is able to help businesses grow everywhere around the world.

In 2007, the Group was still operating in a difficult environment, marked by the continued downward cycle in the insurance market (5th consecutive year of lower premium levels). With gross revenues of more than €160 million in 2007 (+5.7% on a comparable basis and +2.3% compared to the 2007 budget), Siaci Saint-Honoré did well under these conditions, due to slight growth in its property and casualty insurance portfolio, and a noticeable increase in its benefit, pension and life insurance activities, despite a downturn in the transport division.

The Property and Casualty business remained stable, with revenues 2% higher than the budget, as more than €5.0 million worth of new policies in 2007 more than offset the €3.5 million of non-renewed policies.

The Transport business was hurt by the general downturn in the transportation insurance market (-5%), the slow down in some clients' trading business as well as remaining losses, recorded in 2005/2006.

In the field of personal insurance (benefits, pensions and life insurance), activity is growing due to a buoyant market. This activity rose by more than 11% between 2006 and 2007.

The 2007 financial year was also marked by:

- the acquisition of CAR Entreprises, which allowed the Group to gain management of the property and casualty portfolio (vehicle fleet) of a major client, for which CAR Entreprises was the broker and manager;
- the sale to JLT of stakes in foreign subsidiaries, in accordance with the agreements provided for as part of the April transaction.

The first synergies generated by combining the teams from the two entities, as well as the good performance of the personal insurance business line, significantly improved the operating margin to almost 27%, as against 22% in 2006. Operating income reached €44.0 million, a sharp increase compared to 2006 (€36.0 million).

The 2008 financial year still faces a difficult environment due to the fall in insurance premiums and strong competition between brokers. Given this challenging context, the Group must increase its efforts to build customer loyalty (quality of management, conclusion of multi-year contracts to limit renewal negotiations) and stimulate sales through more systematic cross-selling between the property and casualty and life insurance activities.

As regards Newstone Courtage, the holding company used for the takeover of Siaci Saint-Honoré, the major event in 2007 was the sale a year earlier than projected of Siaci's head office, rue de Courcelles in Paris, for €80.0 million. This higher than expected price enabled Newstone to reduce its indebtedness by €76 million. At 31 December 2007, financial indebtedness amounted to only €113.0 million, down from €189.0 million at closing. This sharp reduction in the acquisition debt will result in a significant saving in financing cost for Newstone Courtage as early as 2008.

Altice / Numéricable

Net asset value: €13.5 million
Estimated value: €13.5 million

In March 2008, Paris Orléans jointly invested €13.5 million in Altice as part of the partial sale by Cinven to Carlyle of 38% of Altice's capital for around €1.1 billion.

In 2007, Altice generated sales of €1.2 billion. Altice's activity is organised around a B2C division through Ypso, the cable leader in France, and a B2B division (Completel). The Ypso Group (Numericable, Est Video and Coditel) offers a "triple play" product (telephone + TV + internet) aimed at individuals in France, Luxembourg and Belgium, and generated sales of €0.9 billion in 2007. Numericable covers more than 9.6 million households in France, i.e. around 37% of the French population. Completel was acquired in 2007 and offers ADSL to businesses. It recorded sales of €0.3 billion in 2007.

The strategy used by the sponsors (Carlyle and Cinven) and the management mainly involves:

- pursuing the development of fibre optic services, which offers Numericable a key competitive advantage;
- generating complementary sales opportunities and cost synergies through the linkup with Completel (B2B);
- intensifying the Group's commercial deployment to individuals and businesses;
- launching new offers, in particular an ADSL offering for individuals, a mobile virtual network operator service (MVNO), video on demand (VOD), etc.

Infopro

Net asset value: €5.0 million
Estimated value: €5.0 million

In August 2007, Paris Orléans jointly invested alongside Apax Partners in the secondary LBO of the InfoPro Group.

InfoPro is one of the leading players on the French professional information market with (i) a unique database activity dedicated to automotive after-sales service specialists, (ii) a publishing activity with 24 magazines and (iii) an event management division that is responsible for organising more than 20 trade fairs. The Group has essentially been built through external growth, since its incorporation in 2001, with the acquisition of 12 companies during the last five years.

To complement the acquisition of InfoPro, Apax also took over Gisi, a specialised publisher of periodicals, in particular *L'Usine Nouvelle, LSA* and *l'Argus de l'assurance*, to include it within the InfoPro scope. In 2007, the Group (including Gisi) generated sales of €121.6 million.

Ubiqus

Net asset value: €5.0 million
Estimated value: €5.0 million

In the summer of 2007, Paris Orléans jointly invested with Acto as part of a primary LBO of Ubiqus, alongside the current manager.

This company was founded in the early 1990's and is the pioneer, and one of the current leaders in France, of the market for corporate support services, more specifically taking minutes of meetings and providing logistics support for professional events (translation, interpreting and the hire of equipment for events). Over the last ten years, Ubiqus enjoyed growth of around 40% per year, reaching a current level of a 70% market share in the minutes sector, which represents 60% of its sales.

The expansion of the Ubiqus offering has historically been built through the acquisition of two to four companies per year. This will continue in the future in order to (i) position itself in business niches where the company is not currently present and (ii) develop commercial synergies in order to provide a global offering.

Mezzanine debt investments

The relationships that Paris Orléans has built with French small/mid cap funds such as LBO France, Argos Soditic, ERCP, TCR and 21 Centrale, allow it to have access to numerous investment opportunities. Paris Orléans currently prefers investment in which the financial leverage (senior debt + mezzanine debt) is below 5 x EBITDA and the equity/mezzanine ratio is above 1:2.

During the 2007/08 financial year, Paris Orléans:
- invested €75 million in 15 mezzanine debts, i.e. an average commitment of €5 million per transaction;
- obtained early repayment in June 2007 of the Olympia high yield debt (€10 million) issued one year earlier with a total return in excess of 15%, as well of the Thermocoax (€2 million) and Market Maker (€3 million) debts for which the Group will retain its stock warrants, which will allow to forecast additional returns in future years.

Paris Orléans' portfolio of mezzanine debt now stands at €116 million, for 27 participating interests, compared to €57.5 million for 18 mezzanine debt transactions in 2006/2007, and represents more than 24% of the assets invested in private equity. The majority of the investments made are in companies for which the enterprise value is less than €100 million, which is a very active market that Paris Orléans concentrated on since 2003/2004.

Among the transactions performed in 2007/2008, those that best represent the strategy implemented by Paris Orléans are the following:

CTN

Mezzanine debt: €6.0 million
Equity: €1.0 million

Paris Orléans co-invested with the Edmond de Rothschild Capital Partners (ERCP) fund in the takeover of the CTN Group, as part of an LBO, alongside the management team, who heavily reinvested in equity.

The CTN Group was incorporated in 1975. It is now a pan-European leader for the supply of fitting products on the market for trade fairs and events, through its range of carpets, coarse cotton and other decorative fittings. The Group started out in France, where it now has a significant market share. CTN then successively and successfully set up in Belgium (1993), the United Kingdom (1997) and Spain (2002).

The Group has diversified, in parallel, into complementary activities comprising the supply of decorative products for sales networks (point-of-sale advertising, mannequins, etc.), printed sheets and associated products for buildings and events and, more recently, through growth by acquisition, the manufacture and sale of ultra-light mirrors.

In the future, the CTN Group plans to:
- pursue the growth of its longstanding business lines in France, by capitalising on its position as market leader;
- accelerate the development of the sales networks activity, through its know-how in the field of window dressing and the supply of mannequins and false ceilings;
- pursue the development of its longstanding business activity on the English and Spanish markets;
- capitalise on its expertise in the performance of acquisitions in order to consolidate its current business lines and proposes complementary product ranges.

Eryma Group (formerly Siemens SES)

Mezzanine debt: €6.6 million
Equity: €0.5 million

Paris Orléans invested alongside the Hexagone II fund (managed by LBO France) in the LBO of the French subsidiary of Siemens, which specialises in the design, installation and supervision of electronic security systems in France. The company, which only operates in France, employs 320 people in its 24 regional centres, and generates approximately €50 million in sales.

The strategy followed by the managers and the Hexagone II fund over the first 12 months involved, on the one hand, making a success of the reorganisation of the company outside of the Siemens network and, on the other hand, accelerating its development through growth by acquisition with the takeover in November 2007 of Martec, which specialises in the protection of sensitive sites (military bases, company head offices, oil sites, etc.) and Solymatic, one of the independent leaders in the maintenance of ATMs/ABMs and electronic payment terminals. These two acquisitions saw the Eryma Group triple in size (from €50 million to €150 million in less than a year). The cost synergies and, above all, the complementary sales should make it possible to improve the profitability of the new Group.

Mikit

Mezzanine debt: €6.4 million

Paris Orléans invested alongside the capital investors IDI and Platina in the secondary LBO of Mikit, one of the French leaders the homebuilding business.

The company, in which has a network of 180 franchises throughout France and 2 own sales offices, mainly targets households with average income that aspire to become homeowners. Recently, it has also started developing a base of investor clients (rental investments or investments to reduce tax) through a network working alongside with it, MIPA.

Mikit has achieved a significant growth rate by optimising its network in France, via both the expansion of the network of franchises and the development of its own sales offices.

Findis

Mezzanine debt: €5.2 million

ABENEX Capital (formerly ABN AMRO Capital France) invited Paris Orléans to invest alongside it in mezzanine debt as part of a BIMBO (Buy-In Management Buyout) of the Findis Group, which distributes to client retailers (retail stores, kitchen stores and tradesmen) that are in contact with the final consumers of household electrical goods (GEM division) and fine kitchen goods (ADC division). Findis generates sales of around €150 million.

With the arrival of a new manager at the end of 2006, and a new LBO led by ABENEX Capital, the Group intends to pursue its growth-by-acquisition policy, where the integration model has proved its worth in the past, and to consolidate its geographical network, which needs to be strengthened in certain regions.

Etanco

Mezzanine debt: €5.0 million
Equity: €2.4 million

Etanco was incorporated in 1957 and was a family company until the start of 2008, at which time Paris Orléans, alongside other Rothschild Group entities, invested with Industri Kapital in the company LBO through mezzanine financing.

Etanco is the French leader in the manufacture of fastenings (mainly screw and peg systems) that are intended for the non-residential construction sector (roofs, and industrial and agricultural building facades). The company markets a wide range of products (more than 80,000 items) and has a highly diversified client portfolio (more than 12,000 active customers).

The company, whose headquarters are in the Paris region, employs around 650 persons and operates six production sites in France and Italy. In 2007 it generated sales of around €130 million, mainly in France, Italy and Eastern Europe.

The strategy followed by Industri Kapital and the managers involves pursuing the development of the company, both in France and internationally.

INVESTMENT FUNDS

As at 31 March 2008, investment funds represented €69.3 million of the net asset value of Paris Orléans, and 14% of the private equity.

Private equity via funds

€170.3 million total commitment
€144.5 million capital called
€137.1 million distributions
€25.8 million uncalled commitment

Private equity funds seek to take advantage of financial opportunities in a number of businesses. Specialising in investments at one or more stages of a company's business cycle (start-up, expansion, buyout, etc.), by industry and/or by geographic region or country, these funds invest directly in different companies.

Some funds do not invest directly in companies (e.g. real estate investment funds), or invest only indirectly (e.g. funds of funds and secondary funds).

Investing in private equity funds allows Paris Orléans to diversify risk (secondary funds invest in a great number of companies) and to invest where it has no direct access (e.g. North American real estate funds, distressed debt, etc.).

Valuation of these funds is updated every six months based on information provided by fund managers, and provisions are made for any capital losses.

During financial year 2007/2008, Paris Orléans:

- committed an additional €12.4 million to 5 new funds;
- received calls for €20.4 million;
- and received distributions of €22.4 million.

Analysis of the portfolio (based on total commitment)

By type of funds

38% LBO
15% Growth capital
14% Venture capital
10% Secondary
9% Mezzanine
8% Distressed
6% Real estate

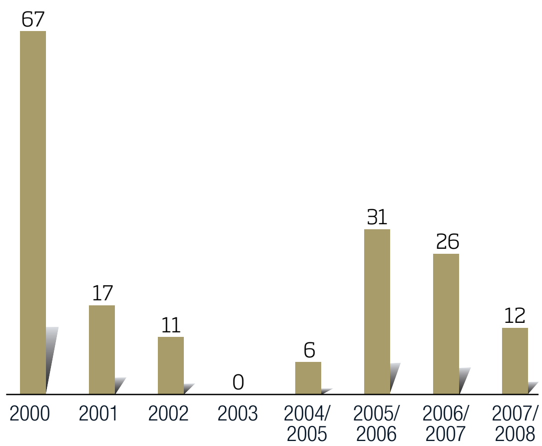
By region

49% Europe
31% USA
11% Others
9% Asia

By management company

45% Others
10% LBO France
7% Carlyle
7% Landmark
5% Rothschild
5% Euromezz
5% Alfa
4% Lexington
3% Crescent
3% Lone star
3% PAI
3% IDI

By vintage



REAL ESTATE

Paris Orléans had total real estate holdings of €61.6 million as at 31 March 2008, representing 12% of the private equity assets. In addition to its investments in the European shopping centre transactions detailed below, Paris Orléans takes a small interest in residential property development projects outside the Paris region, in a partnership with the Les Nouveaux Constructeurs group (in Cannes Mandelieu and Lyon).

Investments in shopping centres have a longer exit horizon than LBOs. A term of 6 to 10 years is used for large projects such as Manufaktura and Beaugrenelle, which require approvals before launching the project. In return, calls for funds are made as the project progresses.

Other property projects tend to be completed in a shorter timeframe.

Manufaktura shopping centre (Lodz, Poland)

Net asset value: €1.4 million
Estimated value: €40 million

Development of a downtown shopping and hotel-office complex in Lodz, Poland.

The partners in Centrum NS Luxembourg Sàrl ("Centrum") who hold the Manufaktura shopping centre in Lodz, Poland, decided to restructure their interests. As a result, on 6 May 2008 Centrum repurchased equity interests in Manufaktura SAS, a subsidiary of Paris Orleans Group, for €57.5 million (compared to €40 million estimated at 31 March 2008).

As a consequence, Paris Orléans will have received €72.5 million for a total initial investment of €13.5 million. This generates an internal rate of return of more than 30% over 9 years and a multiple of 5.4x.

The Manufaktura shopping centre has received numerous awards since its opening in May 2006, including the European first prize in the category "major development" for shopping centres awarded by the ICSC (International Council of Shopping Centers).

Beaugrenelle shopping centre (Paris, 15th arrondissement)

Net asset value: €3.2 million
Estimated value: €3.2 million

Redevelopment of the Beaugrenelle shopping centre in Paris 15th arrondissement.

In January 2003, SCI Pont de Grenelle, in which Paris Orléans holds a 30% stake alongside Foncière Euris (40%) and Foncière Apsys (30%), was chosen by Gecina to take part in redeveloping the Beaugrenelle shopping centre. Gecina had owned all the shares in SCI Beaugrenelle (whose only asset is the shopping centre), but subsequently sold 50% to SCI Pont de Grenelle.

There is already a very strong brand presence: leases are signed for more than 50% of the floorspace. The brands that will be present include Virgin, Galeries Lafayette, Mexx, Esprit, Celio, GAP and Swaroski.

Several key stages were completed during the financial year just ended, and by the end of May 2007, approvals had been obtained from the Departmental Commission for Commercial Facilities (CDEC), whose approval is required for all commercial projects, and CDEC Cinéma, as well as demolition and construction permits for the Charles Michels traffic island. In August 2007, the footbridges were demolished and the pre-demolition work on Pégase started in February 2008; heavy demolition work started in May 2008.

As the various authorisations needed are being obtained on schedule, work on the Charles Michels traffic island commenced mid-2007, and the shopping centre is expected to be opened to the public in September 2008.

From a sustainable development standpoint, the Beaugrenelle site will be labelled a "High Environmental Quality pilot development" until its final completion, with opening scheduled for early 2011.

The high quality of the project allowed non-recourse loans to be obtained to finance most of the acquisitions costs of the shares of SCI Beaugrenelle and the initial phase of development, thereby enabling Paris Orléans to limit its equity exposure to €3.2 million as at 31 March 2008.

Alexa shopping centre (Berlin, Alexanderplatz)

Net asset value: €6.5 million
Estimated value: €9.0 million

Shopping centre development project in Berlin

The project developer is Sonae Imobilaria, a subsidiary of the Sonae Sierra group, Portugal's largest group in terms of market capitalisation. As bank financing was obtained for nearly 70% of the project cost, Paris Orléans' total investment should be in the order of €6.5 million, paid to date. The shopping centre was opened in September 2007, with an occupancy rate of almost 100%.

The 2.8 hectare site of the shopping centre is located in the heart of Berlin, near the Alexanderplatz.

The catchment area is estimated at around 1.8 million people.

The project includes the development of 55,000 sqm, including a 45,000 sqm shopping area and 10,000 sqm of recreational and dining space.

The appeal of this site and project is confirmed by the strong interest shown by German and foreign brand names during the first months of marketing the large and medium-sized floor spaces, and then the boutique shop spaces. There is no doubting the enthusiasm of customers, either: 18 million visitors are expected per year, as against the budgeted figure of 9 million, which will restore the Alexanderplatz to its historic status in the heart of Berlin.

Loop 5 shopping centre (Weiterstadt, south of Frankfurt)

Net asset value: €5.9 million
Estimated value: €5.9 million

Shopping centre development project south of Frankfurt, in a proven commercial zone.

Sonae Imobiliaria is also the developer of this project. As bank financing was obtained for nearly 80% of the project cost, Paris Orléans' total investment should be in the order of €9.0 million, of which €5.9 million have already been released.

The land on which the shopping centre is being built lies along the A5 motorway which leads from the Frankfurt airport (10 minutes away) to the town of Weiterstadt, some 30 kilometres to the south of Frankfurt.

The catchment area is estimated to include over 700,000 people.

The project calls for the construction of 56,000 sqm of commercial floor space, and parking with close to 3,000 units.

The land was acquired at the end of 2006. All necessary administrative authorisations, especially building permits, have been obtained, and work started in early 2007. The shopping centre is expected to open in the spring of 2009; the letting in full is going very well, as more than 40% of the rental flows are already guaranteed by well-known brands (Edeka, H&M, Douglas and New Yorker).

GROWTH CAPITAL AND OTHER

Growth capital comprises all equity or quasi-equity investments, generally taking minority interests, that are intended to finance the development of a business or to buy out shareholder positions. The partner business should be a company that is well established in its markets, profitable and has major growth prospects. A growth capital transaction aims to support the company chief executive in his/her development strategy, with the medium-term aim of creating value and liquidity.

Volia Cable / Oisiw

Net asset value: €2.8 million
Estimated value: €4.5 million

In July and August 2007, Paris Orléans invested €4.5 million, in two cable operators present in Ukraine, Volia Cable and Oisiw along with the Ukrainian fund SigmaBleyzer.

Volia Cable is the leading cable operator in Ukraine (around 600,000 subscribers), with a presence in the main cities (primarily Kiev and Lvov). It offers both digital TV and internet access (the number of subscribers has grown by a factor of 10 since 2005).

Oisiw, the second-largest cable operator in Ukraine, is mainly present in the principal provincial towns, with 550,000 subscribers.

Both companies have enjoyed very strong expansion through acquisitions, with growth exceeding 50% in both 2005 and 2006.

The investment rationale lies in the strong growth of these two companies, which are positioned in a high-growth market, as well as in opportunities to consolidate the local market. The migration from analogue TV to digital TV should also make it possible to increase revenue per subscriber by offering a "triple play" service line (telephone + TV + internet) as well as new, value-added services.

A partial sale of Volia to Providence, a fund specialising in telecoms, took place in December 2007, allowing Paris Orléans to recover €1.6 million.

Volia and Oisiw are expected to merge in the near future, followed by complete disposal or an IPO within the next 2-3 years.

Co-investment in Asia

Net asset value: €7.3 million
($9.5 million)
Estimated value: €8.2 million

During the year, Paris Orléans co-invested alongside local teams in 3 Asian companies:

- Beijing Jade Bird Educational ($5.5 million),
- Masterskill ($1.5 million),
- Atlas Copper mine ($1.3 million),
- Other ($1.2 million).

Beijing Jade Bird Educational

Beijing Jade Bird Educational is an information technology training organisation, offering three programmes of study in 177 centres in China:

- software development;
- network engineering;
- software testing.

The company is growing rapidly, and is seeking to continue this growth by expanding into new cities (the company is currently present in only 19 cities), by opening new training centres, and by expanding its programme offering.

The company is aiming to float its shares on the NYSE in late 2008.

Masterskill

Masterskill is a private health-care education company in Malaysia, and issues diplomas that are recognised both in Malaysia and abroad.

The company has entered into an agreement with the Ministry of Health and 57 public and 12 private hospitals, for students to perform periodic internships under real-life conditions and overseen by instructors.

One special skill of these students is their command of the English language; Masterskill seeks to make its students "exportable" abroad.

Atlas Consolidated Mining & Development Corporation

Atlas Consolidated Mining & Development Corporation owns 3 major assets in the Philippines:

- a copper mine in the island of Cebu;
- a nickel mining site on the island of Palawan;
- one of the largest reservoirs of water.

The company is listed on the Philippine stock exchange (market capitalisation as at 9 July 2008: $274 million), and is restoring a Philippine copper mine that has not been operated since the typhoon of 1993. At that time, the mine was one of the five largest copper mines in the world.

The teams performed all of the studies needed to launch the restoration and returned the mine to production during summer 2008, in order to list the company on a regulated market (Toronto or London) as it enters the production phase.

Oil and gas assets

Net asset value: €1.6 million
Estimated value: €10.2 million

Nearly all of the investment in this sector concerns the 4.2% holding in the capital of Total's exploration and production subsidiary in Cameroon. The other oil and gas assets include two very small minority stakes in the capital of two small companies that process and store oil and gas from the North Sea.

During financial year 2007/2008, Paris Orléans received €2.9 million ($4.5 million) in dividends from Total E&P Cameroon in respect of 2006.

As Total E&P Cameroon's earnings continued to benefit from high crude prices in 2007, in June 2008 Paris Orléans received a dividend of approximately €2.8 million ($4.6 million), while the group's revenues from its other oil and gas assets do not exceed €0.2 million per annum.

Revenues grew 13% in 2007 to $267 million, as average crude prices remained high, rising from $63 per barrel in 2006 to $75 in 2007. Net income amounted to $109 million in financial year 2007, up 15% over 2006.

In 2008, production is expected to be similar to the levels achieved in 2006 and 2007, i.e. around 23 million barrels. Other projects are in the midst of a significant exercise launched in 2004 to re-examine all of the seismic data for all of Total E&P Cameroon's mining operations.

The oil and gas sector, which was the Group's original business, now represents only a small element of the Paris Orléans group's net asset value. However, doubt over the future of this investment leads the Group to apply a very conservative valuation to the holding, in spite of the substantial dividend received by Paris Orléans.

2.
LEGAL AND FINANCIAL INFORMATION

REPORT OF THE EXECUTIVE BOARD

REPORT OF THE EXECUTIVE BOARD

PARIS ORLÉANS CONSOLIDATED EARNINGS

Highlights of the financial year ended 31 March 2008

Paris Orléans Group's takeover of 100% of the capital of Concordia BV, the ultimate holding company for Rothschild Group banking activities, was undoubtedly the high point of the 2007-2008 financial year. This acquisition of control took place in two separate transactions. First, on 21 November 2007, as it did not participate in a capital repurchase by Concordia BV, Paris Orléans Group took control of Concordia BV, raising its holding from 50% to 57.5%. In a second step, on 22 January 2008, Paris Orléans acquired (both directly and indirectly) from Sir Evelyn de Rothschild and associated entities the remaining 42.5% of Concordia BV's capital, financing €106.3 million of the acquisition cost through bank loans and the balance of €221.8 million through a capital increase.

In terms of business activity, net profit (Group share) stands at €109.1 million for the 2007-2008 financial year, i.e. twice the figure for the previous financial year. This performance was largely due to the contribution of Paris Orléans' private equity activities. In particular, on 13 April 2007 Paris Orléans Group sold all its Courcelles Participations shares as part of an LBO, for a total amount of €63.3 million. At the time of this transaction, Paris Orléans Group saw its stake in Newstone Courtage diluted to 14.95%. Newstone Courtage, the holding company that controls the Group's insurance brokerage activities, was created through the merger of Siaci and ACSH, a subsidiary of La Compagnie Financière Saint-Honoré Group. As a result, it deconsolidated its interest in Courcelles Participations as from 1 April 2007. This transaction generated a consolidated capital gain of €59.2 million for Paris Orléans Group. The disposal of Paris Orléans Group's interest in the listed company Onet also made a positive contribution of €10 million.

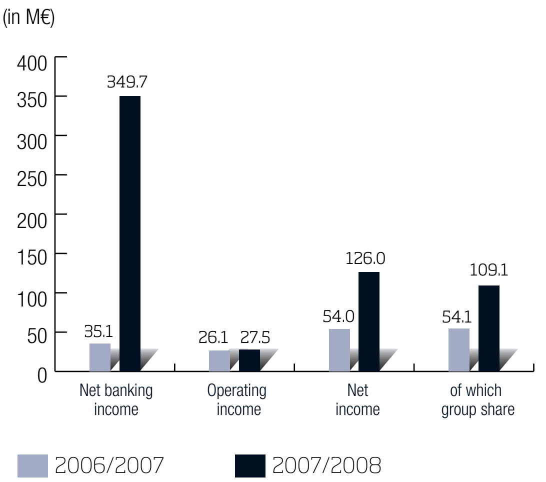
With regards to banking activities, all of which are grouped under Concordia BV, their contribution to the consolidated income of Paris Orléans, net of consolidation adjustments, accounted for a total of €20.1 million, the same as in 2006-2007. This result reflects the favourable environment during the first part of the financial year, followed by the upheaval that hit the financial markets towards the end of the period. The investment banking activity reached a record level of revenues and profits, whilst the US sub-prime credit shock and subsequent liquidity crisis dislocated trading conditions for our small commercial banking business. Losses of €72 million were incurred as a result of impairments related to investments in structured financial products over the period following the takeover of Concordia BV (i.e. after 21 November 2007). The losses related to investments in structured financial products such as CDO's which were of two types: (i) investments with exposure to US sub-prime mortgages and (ii) investments with market value triggers which resulted in the vehicles being unwound and forced to sell the underlying assets at prevailing price. In addition, net banking income fell by €16.4 million due to movements in the fair value of loan derivatives incorporated into synthetic CDOs. In accordance with international accounting rules, changes in the fair value of these derivatives were recognised on the income statement. However, the reduction in the market value of these derivative products is the result of particularly difficult market conditions, and they still have the potential for regaining value in the future.

Consolidated financial statements: key figures

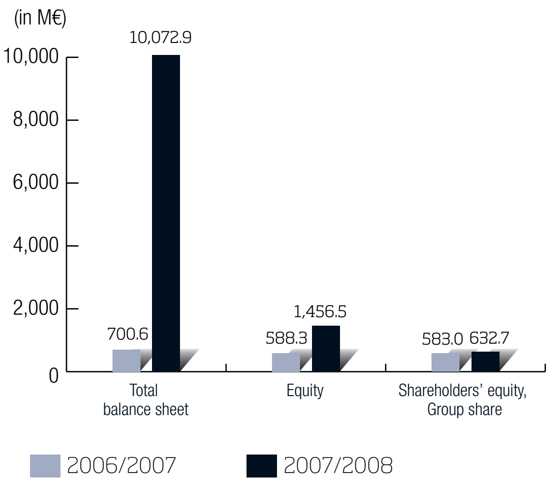
(in million euros) at 31 March	**2007-2008 financial year**	2006-2007 financial year
Results		
Net banking income	**349.7**	**35.1**
Operating expenses	240.2	8.1
Operating income	**27.5**	**26.1**
Net income	**126.0**	**54.0**
of which Group share	**109.1**	**54.1**
of which minority interests	16.8	(0.2)
Activity		
Balance sheet total	**10,072.9**	**700.6**
Available-for-sale financial assets	3,666.0	328.8
Due from banks	2,743.8	2.1
Due from customers	2,633.1	0.0
Equity	**1,456.5**	**588.3**
Shareholders' equity, Group share	**632.7**	**583.0**
Minority interests	823.9	5.3

Given the change in the format of the consolidated financial statements for the 2007-2008 financial year, this summary table covers only the last two financial years. We remind you that the scope of consolidation changed signficantly in these two years.

Results



Balance sheet



Comments on the key consolidated figures

As a result of the takeover of Concordia BV, Paris Orléans Group consolidated the financial statements of this subsidiary using the equity method from 1 April 2007 to 20 November 2007, then by full consolidation as from 21 November 2007. Furthermore, due to the high proportion of banking activities in the new consolidation scope of Paris Orléans Group, this Group now presents its consolidated financial statements using the banking format. The consolidated balance sheet at 31 March 2007 and the consolidated income statement for the 2006-2007 financial year have therefore been restated in order to present comparative information. However, the 2007-2008 financial year is atypical, since items on the balance sheet and, even more so, on the income statement are not comparable with those for the previous financial year.

Net profit (Group share) stands at €109.1 million for the 2007-2008 financial year, i.e. twice the figure for the previous financial year. This result reflects the excellent performance of the private equity business, which contributed €20.8 million to operating income and €89 million to the Group share of net income. In particular, the capital gains recorded from the deconsolidation of Courcelles Participations, which saw the Group stake diluted to 14.95% in the holding company used to control the insurance brokerage Group created through the merger of Siaci and ACSH, and the sale of interests in the listed corporate services group Onet, amounted respectively to €59.2 million and €10 million.

The figures on the consolidated balance sheet as of 31 March 2008 indicate the weight that banking activities now represent in Paris Orléans Group. In particular, the Group's equity has increased by a factor of 2.5. Minority interests are now almost exclusively held in banking activities. The Group share of shareholders' equity has progressed compared to the position as of 31 March 2007, but less markedly than equity. It should be emphasised that a capital increase of €217.9 million took place when the stake in the capital of Concordia BV was raised from 57.5% to 100%. This capital increase was compensated (i) by offsetting, as part of the purchase of minority interests, consolidated goodwill of €146.4 million in the consolidated reserves, and (ii) by a negative variation of €74.7 million in the consolidated goodwill of assets available for sale.

We draw your attention, in the General Overview section of this annual report, to the indicators and comments on our banking and private equity activities, as these comments are an integral part of this report on the Group's consolidated results.

PARIS ORLEANS PARENT COMPANY EARNINGS

Individual financial statements: key figures

(in million euros) at 31 March	**2007-2008 financial year**	2006-2007 financial year	2005-2006 financial year
Balance sheet figures			
Balance sheet total	**1,116.2**	**645.8**	**584.8**
Shareholders' equity	942.2	584.0	539.9
Borrowings and financial liabilities	146.9	41.2	30.3
Non current assets	959.0	442.5	531.7
Current assets	156.7	202.9	52.7
Income statement figures			
Profit before tax	17.5	15.4	10.2
Revenue from capital transactions	139.6	44.2	31.0
Net income	152.5	53.4	35.0

The individual financial statements for Paris Orléans in respect of its financial year ended 31 March 2008 were heavily impacted by the transactions that resulted in 100% ownership of Concordia BV and by the resulting legal reorganisation.

Net profit for the financial year, which amounts to €152.5 million, nearly three times the previous financial year, therefore includes a €129.2 million capital gain on the contribution to the subsidiary Paris Orléans Holding Bancaire (POHB) of the 50% stake in the capital of Concordia BV that had been held until then by the company.

In addition to the result for the financial year, shareholders' equity increased significantly year-on-year following the €218.0 million capital increase which, on 22 January 2008, satisfied Paris Orléans' acquisitions of Integritas BV and Concordia BV shares. This gave 100% direct and indirect control of Concordia BV, after the remaining Concordia BV shares had been acquired on the same day for cash. Paris Orléans financed the latter transaction, amounting to €106.3 million, through bank loans. On that date, the stake in the subsidiary POHB, which is the sole owner of the interests of Paris Orléans in banking activities, amounted to €773.9 million.

Controlled companies

Controlled companies as of 31 March 2008, within the meaning of Article L. 233-3 of the French Commercial Code, are presented in note 37 ("Consolidation scope") of the notes to the consolidated financial statements. 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 insignificant size: Central Call International (SARL), Clarifilter (SAS), Franinvest (SAS) and Treilhard Investissements (SA).

Acquisitions of controlling interests during financial year 2007/2008

In accordance with the provisions of Articles L. 233-6 and L. 247-1 of the French Commercial Code, we draw to your attention the significant acquisitions of participating interests in companies that have their registered office in France, or the takeover of such companies.

Company name	Registered Office	Legal form	Business purpose	Number of capital shares or units	% held
Alexanderplatz Investissement	23 bis, avenue de Messine 75008 Paris	Simplified joint stock company (SAS)	Investment in a shopping centre in Berlin	37,000 shares with par value of €1	100%
PO Capinvest 3	23 bis, avenue de Messine 75008 Paris	Simplified joint stock company (SAS)	Investment in listed and unlisted companies	2,960,000 shares with par value of €1	100%
Newstone Courtage	18, rue de Courcelles 75008 Paris	Joint stock company (SA)	Holding company of Siaci Saint-Honoré	180,000,000 shares with par value of €1	14.95%

Proposed allocation of income and dividends

The Executive Board proposes that the income of FY 2007/2208 be allocated as follows:

Net income for the year	€ 152,455,797.51
Plus retained earnings	€ 79,918,247.58
Total	**€ 232,374,045.09**
To the legal reserve	€ 4,408,538.20
To the payment of a dividend of 0.55 euro per share*	€ 17,397,644.00
To “retained earnings”	€ 210,567,862.89

Pursuant to Article 243 of the French General Tax Code, dividends distributed to individuals domiciled in France are wholly eligible for the 40% reduction provided for in Article 158-3 of the General Tax Code.

Dividends will be payable on 6 October 2008.

Dividends paid in the last three periods

In accordance with statutory provisions, we remind you that the dividends distributed in respect of the last three financial years are as follows (before the 10-for-1 split of the par value of the share):

Financial year	2006/2007	2005/2006	2004/2005
Number of shares and investment certificates	2,516,900	2,516,900	2,516,900
Net dividend per share (in Euros)	5.00 (2)	3.80 (2)	3.50 (1)
Total paid (in Euros)	12,584,500	9,564,220	8,809,150

(1) Eligible to the reduction of 50% provided for in Article 158-3-2° of the General Tax Code individuals domiciled in France.
(1) Eligible to the reduction of 40% provided for in Article 158-3-2° of the General Tax Code individuals domiciled in France.

** Over 31,632,080 shares and investment certificates and after the stock split.*

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

We inform you that, in accordance with the provisions of Article L. 225-88 of the French Commercial Code, the Chairman of the Supervisory Board of your company informed the Statutory Auditors of all the agreements and undertakings to which Article L. 225-86 of said Code applies. We request that you vote on the special report of the Statutory Auditors and approve the agreements and undertakings mentioned in this report, which were concluded during the financial year and previous financial years, after having been duly authorised by your Supervisory Board.

Results and other information on the company during the last five financial years.

(in euros)	2003-2004	2004-2005	2005-2006	2006-2007	**2007-2008**
1. Capital at the end of the financial year					
a) Share capital	18,043,909	19,178,778	19,178,778	19,178,778	63,264,160
b) Number of shares or investment certificates issued	2,367,967	2,516,900	2,516,900	2,516,900	31,632,080
c) Number of shares and investment certificates (excluding treasury shares and investment certificates)	2,367,967	2,450,222	2,450,222	2,450,222	30,814,642
d) Number of shares and investment certificates with dividend rights as of the date of the General Meeting	2,367,967	2,516,900	2,516,900	2,516,900	31,632,080
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)	5,030,212	28,786,029	27,561,723	35,725,252	31,698,622
b) Income before tax, amortisation and provisions	7,106,537	9,139,735	35,700,117	51,029,036	159,707,524
c) Corporate income tax(*)	3,090,843	(1,112,125)	6,239,254	6,204,154	4,567,594
d) Income after tax, amortisation and provisions	3,986,589	16,385,260	34,982,939	53,387,151	152,455,798
e) Distributed income, excluding treasury shares	6,156,714	7,490,777	9,564,220	12,251,110	16,948,053
3. Operating results per share					
a) Income after tax, but before amortisation and provisions	1.69	3.87	11.71	17.81	4.90
b) Profit after tax, amortisation and provisions	1.68	6.51	13.90	21.21	4.82
c) Dividend allocated to each share	2.60	3.50	3.80	5.00	0.55
4. Personnel					
a) Average employee headcount	1	14	15	15	19
b) Amount of the payroll	75,900	3,626,721	2,049,208	2,476,250	3,580,150
c) Amounts paid as employee benefits (social security, welfare, etc.)	33,807	1,749,019	1,366,619	1,636,325	2,356,922

(*) Negative amounts correspond to tax benefits.

PARIS ORLÉANS AND ITS SHAREHOLDERS

Shareholder structure

As required by law, we list below the shareholders of record which, as of 31 March 2008, held a percentage of the Company's stock or voting rights above the legal reporting limits:

	31/03/2008*				31/03/2007		
	Number of shares and Investment certificates	**% of capital**	**Number of voting rights certificates**	**% of voting rights**	Number of shares and Investment certificates	% of capital	% of voting rights
Rothschild Concordia SAS	15,252,480	48.2%	-	51.4%	-	-	
NM Rothschild & Sons Limited (NMR)	1,800,000	5.7%	-	-	-	-	-
Rothschilds Continuation Holdings AG	-	-	-	-	335,000	13.3%	-
Other members of the family	1,456,890	4.6%	521,680	6.7%	944,613	37.5%	45.7%
Sub-total	**18,509,370**	**58.5%**	**521,680**	**58.1%**	**1,279,613**	**50.8%**	**45.7%**
Asset Value Investors	1,768,137	5.6%	-	6.0%	187,567	7.4%	8.6%
AGF Vie	1,582,640	5.0%	-	5.3%	146,263	5.8%	6.7%
Treasury shares	817,438	2.6%	-	-	66,678	2.7%	-
Free Float	8,954,495	28.3%	145,040	30.7%	836,779	33.3%	39.0%
TOTAL	**31,632,080** (1)	**100.0%**	**666,720**	**100.0%** (2)	**2,516,900** (1)	**100.0%**	**100.0%**

(1) Including 666,720 investment certificates as at 31/03/2008 and 66,678 as at 31/03/2007.
(2) Total voting rights: 29,681,362, after exclusion of the voting rights attached to shares held by Paris Orléans and NMR.
** After the 10-for-1 stock split and the capital increase of January 2008.*

To the knowledge of Paris Orléans, there are no shareholders, other than those listed in the table above, that hold more than 5% of the company's capital or voting rights.

We have listed below the threshold disclosures that were brought to the attention of the company during the last financial year in accordance with the provisions of Article L. 233-7 of the French Commercial Code and/or Article 8 of the bylaws.

Threshold disclosures following the operations of 22 January 2008 with the takeover of 100% of Concordia BV

These operations are summarised in the section of this report that covers the highlights of the previous financial year and are presented in the document registered by the Autorité des Marchés Financiers under no. E.07-174 on 20 December 2007.

Rothschild Concordia, on its own behalf and on behalf of the persons acting in concert with it, made the following threshold disclosures on 22 January 2008, which were published by the Autorité des Marchés financiers in a Decision and Memorandum dated 25 January 2008 under no. 208C0180.

- As part of the contributions of Concordia BV and Integritas BV shares to Paris Orléans, which had the effect of diluting the holdings of all existing shareholders in Paris Orléans :
  - as a result of the dilution, the shareholding of the Eric de Rothschild branch fell below the 20% thresholds for capital and voting rights and the 10 % thresholds in the capital, as of 22 January 2008 Eric de Rothschild branch directly held 564, 965 Paris Orléans shares, representing the same number of voting rights, i.e. 17,86% of the company's capital and voting rights;
  - following the issue of Paris Orléans shares in consideration for the contributions, the shareholding of Integritas Investments BV increased above the 5% thresholds and the 10% thresholds in the capital and voting rights of Paris Orléans; Integritas Investments BV directly held 341,569 Paris Orléans shares representing 10.86% of the company's capital and voting rights;
  - following the issue of Paris Orléans shares in consideration for the contributions, the shareholding of Rothschild Trust increased above the 5% thresholds in the capital and voting rights of Paris Orléans, and as of 22 January 2008, Rothschild Trust directly held 186,391 Paris Orléans shares representing 5.89% of the company's capital and voting rights.
- As part of the contributions to Rothschild Concordia, on the one hand of Paris Orléans shares issued as consideration for the contributions of Concordia BV and Integritas BV shares by Integritas Investments BV and Rothschild Trust and, on the other, of Paris Orléans shares held by the David de Rothschild branch and the Eric de Rothschild branch:
  - the shareholding of the Eric de Rothschild branch fell below the 15%, 10%, and 5% thresholds for capital and voting rights of Paris Orléans; this branch no longer holds any company securities directly;
  - the shareholding of the David de Rothschild branch fell below the 10% and 5% thresholds for capital and voting rights of Paris Orléans; this branch no longer holds any company securities directly;
  - the shareholding of Integritas Investments BV fell below the 10% and 5% thresholds for capital and voting rights of Paris Orléans ; Integritas Investments BV no longer holds any company securities directly;
  - the shareholding of Rothschild Trust fell below the 5% threshold for capital and voting rights of Paris Orléans; Rothschild Trust no longer holds any company securities directly;
  - the shareholding of Rothschild Concordia increased above the 5%; 10%, 15%, 20%, 25% and 1/3 thresholds for capital and voting rights of Paris Orléans; as of 22 January 2008 Rothschild Concordia directly held 1,465,248 Paris Orléans shares representing the same number of voting rights, or 46.32% of the company's capital and voting rights.

As a result of the transactions mentioned above, the group made up of Rothschild Concordia and its partners, the Edouard de Rothschild branch, Philippe de Nicolay, Rothschilds Continuation Holdings (treasury shares) and Eranda increased their shareholdings above the 5%, 10%, 15%, 20%, 25%, 1/3 and 50% thresholds for capital and voting rights and held, as of 22 January 2008, 1,925,927 Paris Orléans shares representing 1,544,747 voting rights, or 57.14% of the capital and 48.83% of the company voting rights.

The family group's increase in their shareholding above the 1/3 thresholds of Paris Orléans' capital and voting rights gave rise to an exemption from the obligation to file a public takeover bid, reproduced by the Autorité des Marchés Financiers in a Decision and Memorandum dated 8 October 2007 under no. 207C2252.

The aforementioned threshold disclosures were established on the basis of a share capital made up of 3,096,536 shares and 66,672 investment certificates, representing the same number of voting rights, pursuant to paragraph 2 of Article 223-11 of the Autorité des Marchés Financiers' General Regulations.

Moreover, also as a result of the transactions performed on 22 January 2008, in particular the capital increase carried out by Paris Orléans to satisfy the contributions of Concordia BV and Integritas BV securities and the 10-for-1 of the company's shares, AGF Vie (a company controlled by Allianz Holding France) declared to the company that it had crossed the following thresholds :

- on 25 January 2008, as a result of the increase in the number of Paris Orléans shares, a reduction below the 5% thresholds for capital and voting rights and that on this date it held 1,462,640 shares in the company, representing the same number of voting rights, or 4.62 % of the company's capital and voting rights;

- On 29 January 2008, as a result of the acquisition of Paris Orléans shares, an increase above the 5% thresholds for capital and voting rights and that it holds 1,582,640 shares in the company, representing the same number of voting rights, or 5.003% of the capital and voting rights.

AGF Vie's threshold disclosure was established on the basis of share capital made up, after the aforementioned 10-for-1 split, of 30,965,360 shares and 666,720 investment certificates; it is reproduced by the Autorité des Marchés Financiers in a Decision and Memorandum dated 31 January 2008 under no. 208C0229.

Threshold disclosures resulting from treasury share reduction transactions and the intra-Group reclassification of company shares

As an extension of the transactions of 22 January 2008 and in compliance with the undertakings made to the Autorité des Marchés Financiers, Paris Orléans Group continued the reduction of its holding of treasury shares through the sale on 14 March 2008 of Paris Orléans shares by Rothschilds Continuation Holdings to third parties. As a result, on 31 March 2008, this company reclassified its Paris Orléans securities within the Group.

Rothschild Concordia, on its own behalf, that of Rothschilds Continuation Holdings and that of its wholly-owned subsidiary NM Rothschild & Sons, and persons acting with it, therefore made the following threshold disclosures (on the same company capital basis as for AGF Vie), which are reproduced by the Autorité des Marchés Financiers in a Decision and Memorandum dated 3 April 2008 under no. 208C0615:

- on 31 March 2008, the shareholding of NMR increased above the 5% threshold for capital of Paris Orléans (and the bylaws threshold of 2% of the capital), and holds 5.69% of the company capital after the contribution by Rothschilds Continuation Holdings of 1,800,000 Paris Orléans shares;
- on 14 March 2008, Rothschild Concordia increased its initial stake of 46.3% of the capital and voting rights of Paris Orléans to 48.22% of the company's capital and voting rights, after the acquisition from Rothschilds Continuation Holdings of 600,000 company shares representing 1.9% of the capital and voting rights; Rothschild Concordia therefore rose above the thresholds in the by-laws of 48% relating to the company capital and voting rights.

Information on the capital

During the past financial year, as part of the operation to take control of 100% of Concordia BV, the company capital was increased on two occasions. These two capital increases were approved by the Combined Ordinary and Extraordinary General Meeting of 21 January 2008 and are evidenced by:

- an increase in the nominal amount of €4,924,866.96 though the creation of 646,308 new shares with a par value of €7.62 each, to satisfy the contribution of Concordia BV and Integritas BV securities;
- a resulting increase of €39,160,515.04, achieved through the capitalisation of the same amount, drawn from the "issue, merger and contribution premiums" account after talking into consideration, on the basis of the annual balance sheet as of 31 March 2007, the contribution premium recorded for the first capital increase carried out to satisfy the contributions. This second capital increase took the form of an increase in the par value of the shares and investment certificates, which was raised from €7.62 to €20.

The capital increase performed to satisfy the contributions gave rise to a credit entry of a "share premium" account in the amount of €216,852,633.04; which is equal to the difference between the value of the contributions (€221,777,500) and the nominal amount of the increase in the company's capital (€4,924,866.96).

As a result of these transactions, with effect from 28 January 2008, the share capital was raised from €19,178,778 to €63,264,160, divided into 3,096,536 shares with a par value of €20 and 66,672 investment certificates with a par value of €20.

The Combined Ordinary and Extraordinary General Meeting of 21 January 2008 also decided to delegate to the Executive Board of your company the opinion of effecting a 10-for-1 split, reducing the par value of the shares and investment certificates that make up the company capital from €20 to €2. In order to improve the liquidity of Paris Orléans stock, your Executive Board exercised this option on 22 January 2008, with effect from 28 January 2008.

On 31 March 2008, after the 10-for-1 split in the par value of the shares and investment certificates, your company's capital stood at €63,264,160; it was divided into 30,965,360 shares with a par value of €2 and 666,720 investment certificated with a par value of €2.

Purchase of own shares by the company

We remind you that your Combined Ordinary and Extraordinary General Meeting of 21 January 2008 authorised the Executive Board to purchase or arrange for the purchase of Paris Orléans shares within the limit of a number of shares representing 10% of the capital on the completion dates of these purchases, in accordance with the provisions of Articles L. 225-209 et seq. of the French Commercial Code.

The maximum purchase price of the shares was set at €70 (after the 10-for-1 split). The maximum number of shares that can be acquired pursuant to this 18-month authorisation, is 3,163,208 shares, which represents a maximum sum of €221,424,560.

In accordance with the provisions of Article L. 225-209 of the French Commercial Code, in the notes to this report we report to you on the operations conducted by the company under this repurchase programme.

As of 31 March 2008, Paris Orléans held full title to 150,718 treasury shares and 666,720 investment certificates without voting rights.

Treasury shares

During the past financial year, the Paris Orléans Group, in accordance with its undertakings made with regard to the Autorité des Marchés Financiers, continued to reduce its holding of treasury shares through the sale of Paris Orléans shares to third parties.

More specific information on this reduction of treasury shares is contained in a Decision and Memorandum by the Autorité des Marchés Financiers dated 3 April 2008 under no. 208C0615 and in the aforementioned section of this report by the Executive Board, with regard to the threshold disclosures brought to your attention.

As of 31 March 2008, we inform you that NM Rothschild & Sons Limited, a company indirectly controlled by Paris Orléans through Concordia BV and Rothschilds Continuation Holdings, holds 1,800,000 Paris Orléans shares, representing 5.69% of the company's capital, and that Paris Orléans holds 150,718 shares, representing 0.5% of the capital.

Powers granted to the Executive Board by the General Meeting

Current valid delegations to the Executive Board to issue securities

The combined General Meeting of 29 September 2006 granted the following powers:

Purpose	Resolution no.	Amount	Period	Use during the financial year
Issuance of marketable securities with preemptive rights	8	Limited to €50 million	26 months	NA
Issuance of marketable securities with no preemptive rights	9	Limited to a nominal amount of €50 million or the available balance of the capital increase limit, with cancellation of preferential subscription rights	26 months	NA
Issuance of marketable securities with no preemptive rights and freedom to fix the issue price	10	Limited to 10% of the value of the share capital per year	26 months	NA
Ability to grant warrants and stock options to employees, officers and directors of the company and related companies	12	Limited to a number of shares representing 3% of the value of the share capital	38 months	NA

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

Purpose	Resolution no.	Amount	Period	Use during the financial year
Capital increase by issuance of marketable securities with preemptive rights	23	€381,000	3 years	NA

Delegations submitted to the Combined Ordinary and Extraordinary General Meeting of 29 September 2008

It is proposed in the 10th and 11th resolutions that the Combined Ordinary and Extraordinary General Meeting of 29 September 2008 grant the Executive Board authorisations to issue securities granting immediate or deferred access to the capital, in one case with cancellation of the preemptive subscription right and in the other with maintenance of this right.

The maximum nominal amount of the capital increase liable to be carried out, immediately or in the future, pursuant to each authorisation may not exceed €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 entitlement to company shares.

As regards the authorisation for issues with cancellation of the preemptive subscription right, proposed in the 11th resolution, the nominal amount of the capital increases that can be performed shall be deducted from the available balance of the limit on capital increases performed with maintenance of the preemptive subscription right. This authorisation may be used in order to issue shares or securities, including warrants issued autonomously with or without consideration, that give immediate or deferred access to company shares as remuneration for securities contributed to any public bid made by the company for the securities of another company admitted to trading on one of the regulated markets referred to in Article L. 225-148 of the French Commercial Code.

We also propose, in the 12th resolution, that the Combined Ordinary and Extraordinary General Meeting of 29 September 2008 grant the Executive Board authorisation to issue securities granting immediate or deferred access to the capital, with cancellation of the preemptive subscription right, within the limit of 10% of the capital per year, and to freely set the price thereof.

The maximum nominal amount of the capital increases that can be performed, immediately or in the future, pursuant to this authorisation, shall be deducted from the available balance of the limit on capital increases performed with cancellation of the preemptive subscription right in the same way as the 11th resolution. This authorisation may also be used to issue shares or securities, as part of the remuneration of the securities contributed to any public bid made by the company for the securities of another company admitted to trading on one of the regulated markets referred to in Article L. 225-148 of the French Commercial Code.

If they are adopted, these authorisations shall be granted for a term of 26 months and shall void the delegations granted by the Combined Ordinary and Extraordinary General Meeting of 29 September 2006 in its 8th and 9th resolutions.

Authorisation granted to the Executive Board to issue securities reserved for employees

Given the renewal of the authorisations to issue securities, the authorisation to the Executive Board to issue securities granting immediate or deferred access to the capital that are reserved for company employees shall again be submitted to the Combined Ordinary and Extraordinary General Meeting of 29 September 2008 in the 13th resolution.

The maximum nominal amount of the capital increases that may be carried out pursuant to this authorisation, immediately or in the future, may not exceed 1 million euros.

If adopted, this authorisation shall be granted for a term of 18 months.

Employee stock ownership

In compliance with the provisions of Article L. 225-102 of the Commercial Code, we report on the current status of employee stock ownership of the Company as of the last day of the financial year, i.e. 31 March 2008: 45,000 of the company's shares (0.14% of the company's capital) are held through an employee savings plan.

We remind you that pursuant to the provisions of paragraph two of Article L. 225-129-6 of the French Commercial Code, we are obliged to request that, every three years, you vote on a draft resolution with a view to performing a capital increase for the benefit of employees if, in light of our report, pursuant to Article L. 225-102 of the French Commercial Code, the company shares held by the salaried personnel of the company represent less than 3% of the capital.

We remind you that the Combined Ordinary and Extraordinary General Meeting of 25 September 2007, in accordance with the provisions of paragraph two of Article L. 225-129-6 of the French Commercial Code, already voted on a capital increase for the benefit of employees of your company who adhere to an employee savings plan. It delegated to the Executive Board, under the conditions provided for by law, the powers required to perform this capital increase.

The Executive Board did not use this authorisation during the previous financial year.

Summary statement of operations involving company securities (Article L. 621-18 of the French Monetary and Financial Code)

In accordance with the provisions of Article 223-26 of the General Regulations of the Autorité des Marchés Financiers, we bring to your attention a summary of the operations referred to in Article L. 621-18-2 of the French Monetary and Financial Code.

Declaring party	Description of the financial instrument	Nature of the operation	Date	Number of shares	Unit price (in euros)	Amount of the operation (in euros)	AMF registration number
Éric de Rothschild	Shares	Acquisition	19/07/07	6	306.00	1,836.00	207D4673
David de Rothschild	Shares	Sale	26/09/07	20,000	350.00	7,000,000.00	207D5995
Éric de Rothschild	Shares	Acquisition	26/09/07	10,000	350.00	3,500,000.00	207D5996
David de Rothschild	Shares	Acquisition	26/09/07	10,000	350.00	3,500,000.00	207D5997
Stéphanie Liffort de Buffévent, née de Rothschild (closely linked to David de Rothschild)	Shares	Sale (contribution)	22/01/08	918	343.15	315,009.00	208D0741
Financière de Reux (company closely linked to David de Rothschild)	Shares	Sale (contribution)	22/01/08	216,656	343.15	74,344,664.00	208D0742
Rothschild Concordia SAS (company closely linked to Éric de Rothschild)	Shares	Acquisition (contribution)	22/01/08	1,465,248	343.15	502,794,155.00	208D0743
Ponthieu Rabelais SAS (company closely linked to Éric de Rothschild)	Shares	Sale (contribution)	22/01/08	425,614	343.15	146,047,788.00	208D0744
Financière de Tournon SAS (company closely linked to David de Rothschild)	Shares	Sale (contribution)	22/01/08	145,918	343.15	50,071,194.00	208D0745
Béro SCA (company closely linked to Éric de Rothschild)	Shares	Sale (contribution)	22/01/08	139,125	343.15	47,740,203.00	208D0746
Alexandre de Rothschild (closely linked to David de Rothschild)	Shares	Sale (contribution)	22/01/08	441	343.15	151,328.00	208D0747
David de Rothschild	Shares	Sale (contribution)	22/01/08	7,472	343.15	2,563,988.00	208D0748
Éric de Rothschild	Shares	Sale (contribution)	22/01/08	226	343.15	77,552.00	208D0749
Louise de Rothschild (closely linked to David de Rothschild)	Shares	Sale (contribution)	22/01/08	918	343.15	315,009.00	208D0750
Martin Bouygues	Shares	Acquisition	29/01/08	5,000	26.58	132,900.00	208D0927
Rothschilds Continuation Holdings (company closely linked to Éric de Rothschild)	Shares	Sale	14/03/08	600,000	23.78	14,268,000.00	208D2139
Rothschilds Continuation Holdings (company closely linked to Éric de Rothschild)	Shares	Sale	14/03/08	600,000	23.02	13,812,000.00	208D2140
Rothschild Concordia SAS	Shares	Acquisition	14/03/08	600,000	23.78	14,268,000.00	208D2141
Rothschilds Continuation Holdings	Shares	Sale (contribution)	31/03/08	1,800,000	23.66	42,588,000.00	208D2368
NM Rothschild & Sons Ltd (company closely linked to Éric de Rothschild)	Shares	Acquisition (contribution)	31/03/08	1,800,000	23.66	42,588,000.00	208D2369

Information that could have a bearing on a takeover bid

In accordance with the provisions of Article L. 225-100-3 of the French Commercial Code, we set out below information that is liable to have an impact in the event of a public bid for the company's securities.

Bylaws restrictions on the exercise of voting rights

These result from the provisions of Article 8 of the bylaws, which provides that:

"Article 8 - Form of the shares and other securities - Identification of shareholders - Threshold disclosures

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, in return for remuneration paid by it, from the central custodian who keeps the issue account for the company 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 in its general meetings of shareholders, and possibly any other financial instruments it issues, as well as the quantity of the securities held by each of them and, where applicable, the restrictions that may affect the securities.

Failure by the 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 shares 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 capital or voting rights, must inform the company within the same timeframe as the statutory obligation that results from the provisions of Article L. 233-7 of the French Commercial Code, by registered letter with return receipt or facsimile with return receipt, stating whether the number of shares or voting rights are or are not held on behalf of, under the control of or in cooperation with other individuals or legal entities.

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

The person or entity required to make the disclosure shall specify whether the number of securities held grants access to the capital 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 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 Autorité des Marchés 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 capital, the shares that exceed the fraction that should have been declared shall be deprived of voting rights in all General Meetings held for a period of two years following the date a compliant declaration is sent to the company's registered office by registered letter with return receipt."

Shareholders' agreements that can cause restrictions on share transfers and the exercise of voting rights

As part of the operations to take control of 100% of Concordia BV and to reorganise the family share ownership of Paris Orléans Group in Rothschild Concordia, by letter dated 23 January 2008, the provisions of the two shareholders' agreements were disclosed to the Autorité des Marchés Financiers in accordance with the provisions of Article L. 233-11 of the French Commercial Code.

The first agreement concerns the family group made up of Rothschild Concordia and its partners. It governs, in particular, all the issues concerning the transfer of Paris Orléans shares and the exercise of Rothschild Concordia voting rights at the extraordinary and ordinary general meetings of Paris Orléans.

The second concerns an agreement between your company and Eranda, which covers, in particular, the disposal by Eranda of Paris Orléans securities.

This information was published by the Autorité des Marchés Financiers in a Decision and Memorandum dated 25 January under no. 208CO180.

Rules applicable to the appointment and replacement of members of the Supervisory Board or the Executive Board

We invite you to consult the section on corporate governance in this report of the Executive Board.

OTHER INFORMATION REGARDING THE COMPANY

Issuer risk

We invite you to consult the notes to the consolidated financial statements for the 2007/2008 financial year in which the risks to which Paris Orléans is exposed are detailed.

Social information

Company employees as at 31 March 2008

In compliance with order no. 2002-221 of 20 February 2002, the company had 23 employees as at 31 March 2008. During the financial year, there were eight new hires. No overtime was worked. Personnel work 37 hours per week and are entitled to 12 additional vacation days per year as of 1 April 2002, following the signature of the agreement pertaining to the organisation and reduction of the work week.

Consolidated group employees as at 31 March 2008

The Group employee headcount reached 2,018 persons at 31 March 2008, compared to 18 persons at 31 March 2007. These figures are in no way comparable, insofar as the figures at 31 March 2007 corresponded only to those of the parent company Paris Orléans (its headcount increased over the 2007-2008 financial year to reach 23 persons at 31 March 2008), whereas the figures at 31 March 2008 reflect the Group's new consolidation scope after taking control of the banking activities through the Concordia BV subgroup; the headcount for the latter increased from 1,945 to 1,995 persons year-on-year.

Company research and development activity

We inform you that, given its activities, your company did not perform any research and development activity during the past financial year.

Major events since the close of the financial year

We inform you that no significant events liable to have a negative impact on the company's activity occurred between 31 March 2008 and the date on which this report was drawn up.

We inform you that on 5 June 2008, Paris Orléans Group announced its exit from the Manufaktura shopping centre project in Lodz (Poland), which generated a capital gain net of tax of €54.1 million that will be recorded in the financial statements for the 2008/2009 financial year.

Foreseeable developments and future prospects

Your company will pursue its strategy of investing in French and foreign mid-caps. Since the start of the 2008/2009 financial year, the effect of this policy can already be seen through additional recruitments carried out in order to strengthen the current private equity team at Paris Orléans. Concerning the mezzanine transactions arranged during 2007, Paris Orléans was ranked by "Le Magazine des Affaires" in second place in terms of the number of transactions and in first place in the small companies market sector in volume terms.

As regards the banking activity, in particular that of investment banking, in an economic environment that remains uncertain since the summer of 2007, the aim of the Rothschild Group is to consolidate its position as European leader and to develop its presence in selected emerging countries.

CORPORATE GOVERNANCE

Composition of the Supervisory Board and Executive Board

We invite you to consult the first section of the annual report on the general presentation of Paris Orléans Group.

List of directorships and positions

In compliance with the provisions of Article L. 225-102-1, Paragraph 3, a list of all directorships and positions held in other companies by each of the directors and officers of the company is presented below:

Name **Position** **Last appointed** **Date of birth**	Other positions and main directorships held by the members of the Supervisory Board
Éric de Rothschild Chairman of the Supervisory Board 25.09.2007 03.10.1940 Number of Paris Orléans shares held: 10	**Chairman of:** Rothschild Private Management Limited (Great Britain) Rothschild Bank AG (Switzerland) Rothschild Holding AG (Switzerland) Société du Château Rieussec (SAS – Paris) **Managing Director of:** Continuation Investments NV (Netherlands) General Partner of : Rothschild & Cie Banque (SCS – Paris) Rothschild & Cie Gestion (SCS – Paris) General Managing Director of : Société Viticole de Participation (SCA – Paris) Béro (SCA – Paris) Financière-Rabelais (SCA – Paris) **Managing Director of :** Société civile du Château Duhart Milon Rothschild Société civile Rothschild Conservation **Member of the Supervisory Board of:** Assurances & Conseils Saint-Honoré (SA – Paris) Newstone Courtage (SA – Paris) SIACI (SA – Paris) **Director of:** Christie's France (SA – Paris) Fédération Continentale (SA – Paris) N.M. Rothschild & Sons Limited (Great Britain) Rothschild Concordia (SAS – Paris) Rothschild North América Inc. (USA) Rothschilds Continuation Holdings AG (Switzerland) Rothschild Concordia AG (Switzerland) Sociedade Agricola Quinta do Carmo (Portugal) Los Vascos (Chile)

Name Position Last appointed Date of birth	Other positions and main directorships held by the members of the Supervisory Board
David de Rothschild Vice-Chairman of the Supervisory Board 25.09.2007 15.12.1942 Number of Paris Orléans shares held: 10	**General Partner of:** Rothschild & Cie Banque (SCS – Paris) Rothschild & Cie (SCS – Paris) Rothschild Gestion Partenaires (SNC – Paris) Financière-Rabelais (SCA – Paris) **Chairman and Director of:** Rothschild Concordia (SAS – Paris) **Chairman of:** Financière de Reux (SAS – Paris) Financière de Tournon (SAS – Paris) Rothschilds Continuation Holdings AG (Switzerland) Rothschild North América (USA) N.M. Rothschild & Sons Ltd (Great Britain) SCS Holding (SAS – Paris) **Director of:** Casino-Guichard-Perrachon (SA – Saint-Étienne) La Compagnie Financière Martin-Maurel (SA – Marseille) De Beers SA (Luxembourg) **Member of the Supervisory Board of:** Compagnie Financière Saint-Honoré (SA – Paris) Euris (SAS – Paris)
Martin Bouygues Member of the Supervisory Board 07.12.2007 03.05.1952 Number of Paris Orléans shares held: 5,000	**Chairman and Managing Director of:** Bouygues (SA – Paris) Chairman of : SCDM (SAS – Paris) **Director of:** TF1 (SA – Boulogne-Billancourt) SODECI (Ivory Coast) CIE (SA Ivory Coast) **Permanent representative of SCDM (SAS – Paris), Chairman of:** Actybi (SAS – Paris) SCDM Participations (SAS – Paris)
Claude Chouraqui Member of the Supervisory Board 25.09.2007 12.02.1937 Number of Paris Orléans shares held: 100	**Chairman of the Supervisory Board of:** SIACI (SA – Paris) Assurances et Conseils Saint-Honoré (SA – Paris) Newstone Courtage (SA – Paris) **Director of:** A.R.T. (Assurances et Réassurances Techniques) (SAS – Paris)
Russell Edey Member of the Supervisory Board 25.09.2007 02.08.1942 Number of Paris Orléans shares held: 100	**Chairman of:** NM Rothschild & Sons (Hong Kong) Limited (China) Anglogold Ashanti Limited (South Africa) NM Rothschild & Sons (Singapore) Limited (Singapore) NM Rothschild China Holding AG (Switzerland) **Vice-Chairman of:** NM Rothschild Corporate Finance Limited (Great Britain) **Director of :** NM Rothschild & Sons South Africa Pty Ltd (South Africa) Rothschild Australia Limited (Australia) Rothschilds Continuation Limited (Great Britain) Shield MBCA Limited (Great Britain) Shield Trust Limited (Great Britain) Southern Arrows (Proprietary) Limited (South Africa) Old Mutual PLC (Great Britain)

Name Position Last appointed Date of birth	Other positions and main directorships held by the members of the Supervisory Board
Christian de Labriffe Member of the Supervisory Board 25.09.2007 13.03.1947 Number of Paris Orléans shares held: 300	**Chairman of:** Transaction R (SAS – Paris) Financière-Rabelais (SCA – Paris) Montaigne-Rabelais (SAS – Paris) **General Partner of:** Rothschild & Cie Banque (SCS – Paris) Rothschild & Cie (SCS – Paris) **Member of the Supervisory Board of:** Groupe Beneteau (SA – Saint-Gilles-Croix de Vie) **Director of:** Christian Dior SA Paris (SA – Paris) Christian Dior Couture Paris (SA – Paris)
André Lévy-Lang Member of the Supervisory Board 25.09.2007 26.11.1937 Number of Paris Orléans shares held: 4,000	**Chairman of:** La Fondation du Risque (Association – Paris) **Director of:** SCOR (SA – Paris La Défense) DEXIA SA (Belgium) Hôpital Américain de Paris (Association – Neuilly) Institut Europlace de Finance (Association Paris) Institut des Hautes Études Scientifiques (Association) Institut Français des Relations Internationales (Association – Paris)
Philippe de Nicolay Member of the Supervisory Board 07.12.2007 01.08.1955 Number of Paris Orléans shares held: 100	**Chairman of the Supervisory Board of:** Rothschild & Cie Gestion (SCS - Paris) **Chairman of:** Rothschild Japan KK (Japan) **General Partner of:** Rothschild & Cie Banque (SCS - Paris) **Director of:** Elan R (SICAV - Paris) Financière de Reux (SAS – Paris) Blackpoint Management (Guernsey) Rothschild Holding AG (Switzerland) Wichford PLC (Isle of Man) **Member of the Supervisory Board of:** Financière Rabelais (SCA - Paris) Les Domaines Barons de Rothschild (Lafite) (SCA – Paris) **Managing Director of:** Golf Talent Agency (SARL – Paris) Hunico (SC – Paris)
Édouard de Rothschild Member of the Supervisory Board 25.09.2007 in office until 07.12.2007 27.12.1957 Number of Paris Orléans shares held: 24,510	**Chairman of the Supervisory and Strategic Guidance Board of:** Rothschild & Cie Banque (SCS – Paris) **Chairman of:** SAS Refondation France Galop (ruled by the 1901 law association – Boulogne) **Director of:** Rothschild Concordia (SAS – Paris) Rothschilds Continuation Holdings AG (Switzerland) **Member of the Supervisory Board of:** SA Investissement Presse (Holding of Libération)
Robert de Rothschild Member of the Supervisory Board 25.09.2007 14.04.1947 Number of Paris Orléans shares held: 100	**Director of:** Rothschild Concordia (SAS – Paris)

Name Position Last appointed Date of birth	Other positions and main directorships held by the members of the Supervisory Board
Philippe Sereys Member of the Supervisory Board 25.09.2007 28.05.1963 Number of Paris Orléans shares held: 100	**Member of the Executive Board of:** NEM Partners (SA – Paris) **Member of the Supervisory Board of:** Baron Philippe de Rothschild (SA) GT Finances (SA – Paris) **Permanent representative of:** NEM PARTNERS on behalf of NACS to the Board of : Micropole Univers (SA) **Managing Director of:** Baronne Philippine de Rothschild GFA
Gérard Worms Member of the Supervisory Board 25.09.2007 in office until 07.12.2007 01.08.1936 Number of Paris Orléans shares held: 305	**Director of:** Éditions Atlas (SAS – Paris) Cofide (SA – Italia) **Member of the Supervisory Board of:** Métropole Télévision (SA – Neuilly) Médias et Régies Europe (SA – Paris) Publicis (SA – Paris) **Non-voting Board member of:** Newstone Courtage (SA – Paris) Degérmont (SA – Rueil-Malmaison)
Société **Rothschild & Cie Banque** Registered office: 29, avenue de Messine 75008 Paris Member of the Supervisory Board 25.09.2007 Number of Paris Orléans shares held: 100 **Name of the permanent representative** **of Rothschild & Cie Banque**	**Chairman of:** Bastia-Rabelais (SASU – Paris) **Chairman and member of the Board of Directors of:** Montaigne-Rabelais (SAS – Paris)
Marc-Olivier Laurent 07.12.2007 04.03.1952	**General Partner of:** Rothschild & Cie Banque (SCS – Paris) **Director of:** Caravelle **Member of the Supervisory Board of:** Manutan (SA – Paris) Foncière Inea (SA – Gennevilliers) **Member of the Audit Committee of:** Manutan (SA – Paris)
Bernard Fraigneau 25.09.2007 in office until 07.12.2007 01.02.1935	**Managing Director of:** Colignon (SC – Paris) **Director and Chairman on the Audit Committee of:** Foncière Euris (SA – Paris) **Director of:** Mongoual (SA – Paris) **Member of the Supervisory Board and the Audit Committee of:** Foncière Inéa (SA – Gennevilliers) **Vice-Chairman of:** La Fondation Zellidja (Paris)

Name Position Last appointed Date of birth	Other positions and main directorships held by the members of the Executive Board
Sylvain Hefes Chairman of the Executive Board 29.09.2006 28.03.1952	**Senior advisor of:** NM Rothschild & Sons (Great Britain) **Chairman of:** Francarep, Inc. (USA) **Director of:** Five Arrows Capital Limited (British Virgin Islands) Rothschild Holding AG (Switzerland) Rothschilds Continuation Holdings AG (Switzerland) NYSE Euronext Inc (USA)
Georges Babinet Member of the Executive Board and Managing Director 29.09.2006 11.03.1947	**Member of the Supervisory Board of:** Les Domaines Barons de Rothschild (Lafite) (SCA – Paris) Assurances et Conseils Saint-Honoré (SA – Paris) Newstone Courtage (SA – Paris) SIACI (SA – Paris) **Director of:** Five Arrows Capital AG (Switzerland) **Chairman of the Board of Directors and Managing Director of:** K Développement (SA – Paris) **Legal representative of K Développement, Chairman of the Board of Directors of:** Chaptal Investissements (SAS – Paris) **Legal representative of K Développement, Chairman of:** Alexanderplatz Investissement (SAS – Paris) Clarifilter SAS (SAS – Paris) Franinvest (SAS – Paris) HI Trois (SAS – Paris) Manufaktura (SAS – Paris) Narcisse Investissements (SAS – Paris) PO Capinvest 1 (SAS – Paris) PO Capinvest 2 (SAS – Paris) PO Capinvest 3 (SAS – Paris) PO Fonds (SAS – Paris) PO Mezzanine (SAS – Paris) SPCA Deux (SAS – Paris) Verseau (SAS – Paris) **President and Director of:** Francarep Inc. (USA) **Permanent representative of:** Paris Orléans (SA – Paris) at the Board of: Total E & P Cameroun (Cameroon)

Name Position Last appointed Date of birth	Other positions and main directorships held by the members of the Executive Board
Michele Mezzarobba Member of the Executive Board 01.04.2006 25.09.1967	**Chairman and Director of:** Concordia BV (Netherlands) **Chairman of:** Paris Orléans Holding Bancaire (ex- SFIR) (SAS – Paris) Ponthieu Ventures (SAS – Paris) **Director and Vice-Chairman of:** Francarep, Inc. (USA) **Chairman and Executive Vice-President of:** K Développement. (SA – Paris) **Member of the Supervisory Board of:** Europa Corp. (SA – Paris) **Director of:** Chaptal Investissements (SAS – Paris) FIN PO (SA – Luxembourg) PO Invest 1 (SA – Luxembourg) PO NRJ (Sàrl – Luxembourg) PO Participations (Sàrl – Luxembourg) **Managing Director of:** Centrum Orchidée (Sàrl – Luxembourg) Centrum Jonquille (Sàrl – Luxembourg) Centrum Narcisse (Sàrl – Luxembourg) Centrum Iris (Sàrl – Luxembourg) **Statutory representative of Ponthieu Ventures, Chairman of:** Rivoli Participation (SAS – Paris) **Standing representative of:** **Rivoli Participation on the Board of:** Affiches Parisiennes (SA – Paris) Claude et Goy (SA – Paris) **General Manager of:** Alexanderplatz Investissement (SAS – Paris) Narcisse Investissements (SAS – Paris) PO Capinvest 1 (SAS – Paris) PO Capinvest 2 (SAS – Paris) PO Capinvest 3 – (SAS – Paris) PO Fonds (SAS – Paris) PO Mezzanine (SAS – Paris) **Managing Partner of:** PO Gestion (Association – Paris) PO Gestion 2 (Association – Paris) **Manager of:** Central Call International (SARL – Paris)

Name Position Last appointed Date of birth	Other positions and main directorships held by the members of the Executive Board
Emmanuel Roth Member of Executive Board 01.04.2006 30.10.1968	**Chairman and General Manager of:** Treilhard Investissements (SA – Paris) **Chairman and Executive Vice-President of:** K Développement (SA – Paris) **Director of:** FIN PO (SA – Luxembourg) Fives Arrows Investment (Sàrl – Luxembourg) Francarep, Inc. (USA) PO Invest 1 (SA – Luxembourg) PO Invest 2 (SA – Luxembourg) PO Participations (Sàrl – Luxembourg) **General Manager of:** Paris Orléans Holding Bancaire (ex SFIR, SAS Paris) Alexanderplatz Investissement (SA – Paris) Narcisse Investissements (SAS – Paris) PO Capinvest 1 (SAS – Paris) PO Capinvest 2 (SAS – Paris) PO Fonds (SAS – Paris) PO Mezzanine (SAS – Paris) Ponthieu Ventures (SAS – Paris) **Managing Partner of:** PO Gestion (Association – Paris) PO Gestion 2 (Association – Paris)

Method of appointing members of the Supervisory Board and the Executive Board

The members of the Supervisory Board and the Executive Board are appointed in accordance with the provisions of the law and the company bylaws.

Some provisions of the shareholders' agreement that organises relations between the partners of Rothschild Concordia, as well as this company's bylaws, have an impact on how the members of the Supervisory Board and the Executive Board of your company are appointed.

Some decisions that are subject to the prior agreement of the Board of Directors of Rothschild Concordia include exercising Rothschild Concordia voting rights at the ordinary general meetings of Paris Orléans (in particular concerning the appointment of members of the Paris Orléans Supervisory Board).

Moreover, the Chairman of Rothschild Concordia must, pursuant to this company's bylaws, consult the Board of Directors of Rothschild Concordia with a view to obtaining a consensus before the appointment by the Paris Orléans Supervisory Board of any member of the Executive Board.

We remind you that the clauses of the Rothschild Concordia shareholders' agreement were published by the Autorité des Marchés Financiers in a Decision and Memorandum dated 25 January 2008 under no. 208CO180.

Compensation of the Directors and 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 financial year just ended to each director and officer of Paris Orléans and the companies controlled by Paris Orléans are presented below:

			FY 2007/2008			FY 2006/2007			
Name	Type of appointment	Notes	**Compensation + benefits in kind (€ '000)**		**Directors' fees (€ '000)**	Notes	Compensation + benefits in kind (€ '000)		Directors' fees (€ '000)
			Fixed	**Variable**			Fixed	Variable	
Éric de Rothschild	Chairman of the Supervisory Board	(1) and (5)		953.2	8.3	(1) and (6)			6.9
David de Rothschild	Vice-Chairman of the Supervisory Board	(1) and (5)	409.0	628.6	8.3	(1) and (6)	471.0	1,030.0	6.9
Claude Chouraqui	Member of the Supervisory Board	(1)			6.9	(1)			6.9
Russell Edey	Member of the Supervisory Board	(1) and (5)	94.3	989.1	4.1	(1) and (6)	515.0	269.0	4.1
Christian de Labriffe	Member of the Supervisory Board	(1) and (2)			12.0	(1) and (2)			14.0
André Levy-Lang	Member of the Supervisory Board	(1) and (2)			5.5	(1)			8.2
Édouard de Rothschild	Member of the Supervisory Board	(1), (5) and (7)		95.6	2.8	(1) and (6)			5.5
Robert de Rothschild	Member of the Supervisory Board	(1)			4.1	(1)			2.8
Philippe Sereys	Member of the Supervisory Board	(1) and (2)			12.0	(1) and (2)			8.0
Gérard Worms	Member of the Supervisory Board	(1) and (7)			8.3	(1) and (3)			12.8
Bernard Fraigneau pour Rothschild & Cie Banque	Member of the Supervisory Board	(1), (2) and (7)			12.0	(1) and (2)			14.0
Martin Bouygues	Member of the Supervisory Board	(8)							
Philippe de Nicolay	Member of the Supervisory Board	(8)							
Marc-Olivier Laurent on behalf of Rothschild & Cie Banque	Member of the Supervisory Board	(8)							
Sylvain Hefes	Chairman of the Executive Board	(5)	188.6	944.8		(6)	309.0	1,471.0	
Georges Babinet	Managing Director and Member of the Executive Board	(4)	222.2	400.0		(4)	210.0	300.0	
Michele Mezzarobba	Member of the Executive Board		191.2	400.0			180.0	255.0	
Emmanuel Roth	Member of the Executive Board		100.5	296.1			90.0	262.0	

(1) Directors' fees received as member of Paris Orléans Supervisory Board or related companies.
(2) Directors' fees received as member of Paris Orléans Audit Committee.
(3) Directors' fees received from SGIM.
(4) In addition to the amounts shown, Mr Georges Babinet will receive an annual supplemental pension payment (Art. 39) equal to 20% of the average of salary over the last three years.
(5) Compensation translated at 31 March 2008 €/£ or €/CHF rates.
(6) Compensation translated at 31 March 2007 €/£ rate.
(7) In office until 7 December 2007.
(8) In office as from 7 December 2007.

The company did not grant directors or officers any securities entitling them to immediate or deferred access to the capital.

NOTES TO THE REPORT OF THE EXECUTIVE BOARD

Special report on share repurchases

In accordance with the provisions of Article L. 225-209 of the French Commercial Code, we report to you on the implementation of the programme to repurchase Paris Orléans shares that you authorised in the 8th resolution of the Combined Ordinary and Extraordinary General Meeting of 21 January 2008, within the scope of the aforementioned article.

This programme has a term of 18 months, as from the date of the Meeting, which will expire on 21 July 2009.

Firstly, we remind you that under this programme, the Executive Board is authorised to purchase or arrange for the purchase of company shares, within the limit of a number of shares representing 10% of the share capital on the date of completion of these purchases, it being specified that the maximum number of shares held after these purchases, either directly or indirectly, cannot exceed 10% of the capital.

The maximum price per share is set at €70 (after the effect of the 10-for-1 share split approved by the shareholders on 21 January 2008), it being specified that in the event of a transaction affecting the share capital, in particular through the capitalisation of reserves and the awarding of bonus shares, stock splits or reverse splits, this price can be adjusted commensurately.

The maximum number of shares that can be acquired is set at 3,163,208 shares, representing a maximum amount of €221,424,560.

The acquisition, sale or transfer of company shares can be performed by any means, in one or more instalments, in particular on the market or over the counter, including through the acquisition or sale of blocks, public bids, through derivative financial instruments or warrants or securities that grant entitlement to company shares, or through the implementation of option strategies, under the conditions provided for by the market authorities and in compliance with the regulations.

This programme will be used exclusively, in compliance with the law and the market practices accepted by the Autorité des Marchés Financiers, to regulate the market for the security as part of a liquidity contract concluded with an independent investment services provider, in accordance with an ethics charter recognised by the Autorité des Marchés Financiers.

On 28 January 2008 and for a term of one year, renewable tacitly, Paris Orléans entrusted Rothschild & Cie Banque, with a liquidity contract that complies with the French Association of Investment Companies (AFEI) ethics charter approved by the Autorité des Marchés Financiers' decision of 22 March 2005 as an accepted market practice. For the implementation of this contract, 150,000 Paris Orléans shares were credited to the liquidity account.

Within the scope of this liquidity contract, on 28 January 2008, Rothschild & Cie Banque acquired on behalf of your company, 150,000 Paris Orléans shares from Rothschilds Continuation Holdings, for a total amount of €3,975,000, i.e. an average price per share of €26.50.

Report of the Chairman of the Supervisory Board

To the Shareholders,

We inform you that during the previous financial year, the Paris Orléans Supervisory Board performed its role of management control within your company, within the scope of the provisions of the law and bylaws.

In this regard, each quarter, the Executive Board presented the Supervisory Board with a report summarising the quarterly financial statements, as well as a description of the business activity since the last meeting of the Supervisory Board, your company's strategy and planned investments. Each time it was necessary, the Supervisory Board gave authorisations prior to the conclusion of certain operations that the Executive Board cannot perform in accordance with the law, unless it has the authorisation of the Supervisory Board.

Within the scope of its remit, the Audit Committee, in particular:

- reviewed the financial statements submitted to the Executive Board, in particular the accounting and decisions made, as well as whether these decisions were appropriate to the situations evidenced in these statements;
- evaluated the quality of internal control;
- ensured the independence and objectivity of the Statutory Auditors.

The activities of the Supervisory Board during the previous financial year are specified to you in the report by the Chairman of the Supervisory Board on corporate governance and internal control, which is attached to the management report of the Executive Board.

In accordance with the bylaws, the Supervisory Board, at its meeting of 30 June 2008, mainly reviewed the parent company financial statements and the consolidated financial statements for the financial year ended 31 March 2008, the management report of the Executive Board, which includes the report on the management of the consolidated Group, and approved the proposal made to it by the Executive Board to allocate the profits and distribute dividends.

Following this meeting of 30 June 2008 and pursuant to the provisions of Article L. 225-68 of the French Commercial Code, we present to you in this report our observations on the management report of the Executive Board and on the financial statements for the financial year ended 31 March 2008.

We have no observations to make regarding both the management report of the Executive Board and the financial statements for the past financial year and recommend that your General Meeting adopt all the resolutions proposed by the Paris Orléans Executive Board.

The Supervisory Board

Chairman's report on Corporate Governance and Internal Control

For the financial year ended 31 March 2008, this report covers the conditions under which the work of the Supervisory Board was prepared and organised, as well as the internal control procedures implemented by Paris Orléans, in order to guarantee the reliability of the accounting and financial information.

I. Corporate governance

Since 29 October 2004, and following the merger with its subsidiary Francarep, Paris Orléans has applied a new administration and management structure with a Executive Board and a Supervisory Board, as provided for in Articles L. 225-57 to L. 225-93 of the Commercial Code.

The Executive Board and the Supervisory Board are assisted by an Audit Committee, the members of which are appointed by the Supervisory Board.

1.1. Organisation and operating procedure of the governance bodies

1.1.1. Presentation of the Supervisory Board

Composition

The Supervisory Board of Paris Orléans is composed of eleven members. During the financial year, two members of the board resigned and were replaced, and a new standing representative of one of the board members was also appointed.

On the closing date of the financial year, the Paris Orléans Supervisory Board had the following members:

- Chairman: Éric de Rothschild;
- Vice-Chairman: David de Rothschild;
- Members of the Supervisory Board: Martin Bouygues, Claude Chouraqui, Russell Edey, Christian de Labriffe, André Levy-Lang, Philippe de Nicolay, Robert de Rothschild, Rothschild & Cie Banque represented by Marc-Olivier Laurent, Philippe Sereys;
- Non-voting board members: Michel Cicurel, Jean-Philippe Thierry.

In compliance with the provisions of the company's Articles of Association, the members of the Supervisory Board carry out their functions for a period of three years.

Each member of the Supervisory Board must own at least ten of the company's shares.

In the light of the criteria resulting from the recommendations of the so-called Bouton report, the Supervisory Board indicated that, as at 31 March 2008, three of the eleven members qualify as being independent.

Independent members: Martin Bouygues, Claude Chouraqui, André Levy-Lang

Organisation and functioning

The organisation and operating procedures of the Supervisory Board are established by the law, by the company's Articles of Association and by the internal rules of conduct.

The Supervisory Board may create committees within its organization, as well as determine their duties and members.

On 5 July 2006, the Supervisory Board adopted its own internal rules of conduct.

This document was amended to take account of valid new methods of telecommunication – such as video conferencing – for the holding of Board meetings, and was ratified by the General Meeting of 25 September 2007. It was further amended on 21 January 2008, as an extension of the bylaw changes following the acquisition of control over Concordia BV Group.

Powers

The Supervisory Board exercises permanent control over management of the company through the Executive Board, and provides the latter with authorisation before it engages in any transactions requiring its authorisation.

The Supervisory Board carries out all checks and controls it deems appropriate at any time of year, and may request any documents it considers necessary to the successful completion of its assignment.

It may confer one or more special appointments on its members for one or more specific projects.

Activity during financial year 2007/2008

Since 25 September 2007, the members of the Supervisory Board have been able to attend Board meetings using both video conferencing and telecommunication methods, and be deemed to be present. Between 1 April 2007 and 31 March 2008, the Supervisory Board met four times, with an average attendance of 84%.

In preparation for these meetings, each member is provided at least forty-eight hours in advance with detailed papers including at a minimum the following:

- the draft minutes of the previous meeting,
- a detailed analysis of the company's net asset value at the most recent date and all changes,
- a description of the company's activities (changes since the last meeting, and changes and new investments since the beginning of the financial year),
- accounting data, with comments,
- proposed budgets (if any), with comments,
- draft press releases.

Meeting of 23 April 2007

During this meeting, the Supervisory Board reviewed all the financial documents and business-related documents, which are prepared for each meeting of the Supervisory Board.

The attendance rate at this meeting was 81.82%.

Meeting of 29 June 2007 This meeting was mainly devoted to preparing for the Combined Ordinary and Extraordinary General Meeting of 25 September 2007.

In accordance with the provisions of the law and the bylaws, in order to issue the report required of it by law, the Supervisory Board principally:

- reviewed the individual and consolidated financial statements for the company, closed by the Executive Board on 31 March 2007;
- reviewed the Management Report of the Executive Board on these financial statements and reviewed the draft resolutions proposed by the Executive Board to the Combined Ordinary and Extraordinary General Meeting of 25 September 2007.

During this meeting, the Supervisory Board also reviewed the plan to reorganise from a legal standpoint and simplify the structures of the Rothschild Group, through Paris Orléans taking control of Concordia BV and strengthening the role of Paris Orléans as the Group's ultimate holding company.

The attendance rate at this meeting was 81.82%.

Meeting of 25 September

During this meeting, in addition to the usual documents reviewed, the Supervisory Board principally reviewed and approved all the operations related and/or prior to Paris Orléans taking control of Concordia BV, namely:

- the "Framework Agreement" concluded between the French and English branches of the Rothschild family. In particular, this Agreement was to be given prior approval by the Supervisory Board pursuant to the provisions of Article L. 225-86 of the French Commercial Code;
- the draft contribution agreement between Paris Orléans and the various entities of the English branch concerning the contribution of Concordia BV securities by said entities to Paris Orléans;
- the draft contribution agreement between Paris Orléans and its subsidiary SFIR, concerning the contribution by Paris Orléans, to SFIR, the dedicated holding company for Group shareholdings in the banking business line.

Moreover, in accordance with the provisions of Article L. 225-86 of the French Commercial Code, the Supervisory Board was called on to grant prior authorisation to the implementation of a carried interest programme to associate employees with the profits and risks of the investment portfolio set up by the company.

The attendance rate at this meeting was 90.91%.

Meeting of 7 December 2007

The agenda for this meeting covered, in addition to the financial documents or usual business reports reviewed, the development of the operation to reorganise the banking group and the composition of the Supervisory Board and of the Audit Committee.

As regards taking control of Concordia BV, the Board was, in particular, required to approve the draft resolutions submitted to the General Meeting of Paris Orléans shareholders that was to vote on these operations and, in accordance with the provisions of Article L. 225-86 of the French Commercial Code, the Supervisory Board was required to grant prior authorisation to three agreements:

- a first agreement concerning the advisory engagement requested by Paris Orléans from Rothschild & Cie Banque concerning the operation to take control of Concordia BV;
- a second agreement concerning the repurchase by Paris Orléans from Rothschild & Cie Banque of a block of Paris Orléans securities to eliminate the treasury shares, in accordance with the requests by the Autorité des Marchés Financiers;
- a third agreement, as an extension of the second, to conclude a liquidity contract with Rothschild & Cie Banque.

Concerning the membership of the Supervisory Board, this Board recorded:

- the end of the duties of two of its members and co-opted two new members as replacements, including one independent director;
- the end of the duties of a non-voting member of the Board ("*Censeur*");
- and the appointment of a new standing representative of a member of the Board that is a corporate body.

Moreover, this Supervisory Board meeting was also required to approve an agreement to dispose of an apartment, pursuant to Articles L. 225-86 and L. 225-68 paragraph 2 of the French Commercial Code.

The attendance rate at this meeting was 81.82%.

The Board ensured that the market was kept properly informed, in particular through press releases.

1.1.2. Presentation of the Executive Board

Composition

Since 1 April 2006, the Executive Board of Paris Orléans has comprised four members appointed by the Supervisory Board. The Supervisory Board appointed a Chairman and a Managing Director from among its members.

- Mr Sylvain Hefes is the Chairman of the Executive Board, and Mr Georges Babinet is the Managing Director.
- Messrs Michele Mezzarobba and Emmanuel Roth are both members of the Executive Board.

In accordance with the appointments made and the provisions of the company's articles of incorporation, the Executive Board carry out its functions for a period of two years.

Organisation and functioning

The organisation and operating procedures of the Executive Board are established by the law and by the company's Articles of Association.

The Executive Board shall meet whenever required, upon verbal or written invitation to attend by the Chairman, or at least half of its members, either at the registered office, or any other location.

Activity during financial year 2007/2008

Since 25 September 2007, the members of the Executive Board have been able to attend meetings of the Executive Board using both video conferencing and telecommunication methods, and be deemed to be present. Between 1 April 2007 and 31 March 2008, the Executive Board met on several occasions to examine the interim and annual financial statements and to make decisions regarding new investments and disposals.

Documents containing the agenda and in particular a detailed list of each disposal and new investment under consideration or individual or consolidated financial statement to be examined are provided to each member at least forty-eight hours in advance of each Executive Board Meeting.

In addition to the meetings concerning the preparation of the quarterly report provided for by Article L. 225-68 of the French Commercial Code, the meeting covered the closing of the individual and consolidated financial statements for the financial year ended 31 March 2008 and the various meetings on decisions concerning investments (acquisitions and disposals), the Executive Board held four meetings bearing in particular on the major operation to restructure the banking Group by taking control of Concordia BV.

1.1.3. Presentation of the Audit Committee

Composition

The Audit Committee is composed of three members: Christian de Labriffe, André Levy-Lang et Philippe Sereys.

Powers

The Audit Committee is appointed by the Supervisory Board and counts among its members one or more members of the Supervisory Board with expertise in accounting and finance.

The Audit Committee's principal assignments are:

- examining the financial statements firstly submitted to the Executive Board, principally as concerns the accounting estimates and assumptions used, and their pertinence to the situations reflected by these financial statements;
- assessing the quality of internal controls;

- ensuring the independence and objectivity of the Independent Auditors belonging to groups providing both audit and advisory functions.

Activity during financial year 2007/2008

During the financial year, one of the members of the Supervisory Board who resigned, and who was also a member of the Audit Committee, was replaced by André Levy-Lang, a member of the Supervisory Board.

The Committee met on three occasions, on 5 December 2007 to review the half-yearly financial statements, on 4 June 2008 to review the results of the banking activity and on 27 June 2008 in order to review the individual and consolidated financial statements for the financial year ended 31 March 2008.

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

1.2. Limitations placed on the powers of the Chairman of the Executive Board by the Supervisory Board

The Executive Board ensures the management of the company in all senses. It approves the yearly and interim individual and consolidated financial statements and determines the main operational and development strategies. The Executive Board shall specifically meet for any investment or disposal decisions. Decisions are made unanimously by its members.

The Board is vested with the most extensive powers to act on behalf of the company, subject to the powers expressly granted by law to the Supervisory Board and General Meetings of shareholders.

The Executive Board may delegate those of its powers that it deems necessary.

1.3. Compensation of members

1.3.1. Compensation of the Supervisory Board

During the financial year just ended, the total compensation received by members of the Supervisory Board amounted to €102 thousand.

The General Meeting is authorised to allocate fixed annual directors' fees to the members of the Supervisory Board. These fees are recorded among the general administrative costs of the company.

The Supervisory Board distributes this compensation among its members as it sees fit. It also determines the compensation of the Chairman and Vice-Chairman.

The Board can also authorize one-time payments to certain of its members for any special assignments or appointments requested of them.

As at 31 March 2008, the members of the Supervisory Board and officers of the company, directly and personally, held 0.79% of the capital and 2.60% of the voting rights.

1.3.2. Compensation of the Executive Board

The compensation of the members of the Executive Board includes both a fixed and a variable component. The variable component of compensation is calculated each year by the Chairman of the Executive Board based on the performances of the Group and each of the members.

In the light of the fact that the Chairman of the Executive Board holds many positions within the Rothschilds Continuation Holdings AG (RCH) sub-group and its subsidiaries, all of his compensation is paid by the RCH group.

1.3.3. Compensation of the Directors and Officers

In compliance with the law, the total compensation and benefits in kind paid during the financial year just ended are presented in the Executive Board's management report.

2. Internal control

2.1. Scope of application

This report concerns all controlled companies that fall within the consolidation scope of the Paris Orléans Group.

The Paris Orléans Group has two main activities:
- private equity activities, placed under Paris Orléans;
- banking activities, placed under the holding company of the Group, Concordia BV. The operational management of the Concordia BV Group is performed by Rothschilds Continuation Holdings AG (RCH), for which the main Group entities are NM Rothschild & Sons (NMR), Rothschild & Cie Banque (RCB), Rothschild Bank International Limited (RBI) and Rothschild Bank AG (RBZ).

2.2. Internal control objectives and references

The internal control framework is defined and implemented by the Supervisory Board, the Executive Board and all Group employees. It aims to prevent and manage risks that result from the company's activity and participating interests, as well as risks of error or fraud.

The framework implemented at Paris Orléans, pursuant to the standards referred to below, is deployed in a way that is adapted to the various business lines and risks, at each of Paris Orléans Group's level. The standards and internal procedures are characterised by the following tasks assigned to them:
- the effectiveness and efficiency of how company operations are run;
- fraud prevention and detection;
- compliance with laws and regulations, internal standards and rules;
- reliability of accounting and financial information;
- protection of the organisation's assets.

Moreover, the Group's internal control and risk management environment is specified below:
- financial reporting framework at consolidated level - Paris Orléans;
- regulatory provisions that govern the activity, in particular laws, decrees and orders applicable to Paris Orléans' activity - the French Commercial Code - the French Monetary and Financial Code - the General Regulations of the "Autorité des Marchés Financiers" and the principles and standards of the "Conseil National de la Comptabilité";
- internal standards and procedures: company bylaws, Supervisory Board internal regulations, the Audit Committee's charter, framework of powers of attorney, definition of the divisions' assignments and functions in the form of an organisation chart, and consolidated Group's accounting standards and principles.

Frameworks for the Group's banking activities

External frameworks
- European directives;
- French laws and regulations that apply to RCB bank in France, particularly in with regard to internal control (CRBF 97-02 and 2001-01), regulatory and reporting obligations (regulatory ratios, annual report to the French Banking Commission on internal control, etc.);
- rules and regulations issued by local regulatory authorities, particularly principles and regulations laid down by the Financial Services Authority (FSA) for Concordia BV and NMR, Guernsey Financial Services Commission (GFSC) for RBI and Federal Banking Commission (CFB) for RBZ.

Internal frameworks at local level
- instructions and recommendations by sessions of the internal control and risk management committees, that exist at local level;
- body of the internal policies and procedures that govern the Bank's activities, in particular loan commitment procedures, powers of attorney, limitations on management powers, etc.

2.3. Organisation principles for internal control framework

Within the Paris Orléans Group, internal control framework is centralised at the level of the parent company and relies on the local frameworks implemented in its main subsidiaries. In this context, Paris Orléans is involved in all the strategic, operational and financial decisions taken by the Group's associates.

2.3.1. Organisation of internal control at consolidated level

At consolidated level, the Paris Orléans Supervisory Board exercises continual control over the management of the company, through the Executive Board. In this way, the Supervisory Board monitors the management of the main risks incurred by the Group, and ensures the quality of the internal control framework, in particular that regarding the reliability of the accounting and financial information disclosed to outside parties.

The Audit Committee assists the Board, in order to ensure monitoring of the parent company and consolidated financial statements. Using the observations of the Statutory Auditors as a basis, the Audit Committee also assesses the quality of the Group internal control.

The principles that govern the control and risk management system were defined by the Supervisory Board and laid down in the Board internal regulations, which also include the charter for the Audit Committee. This document was adopted during the meeting of the Supervisory Board on 5 July 2006, and was amended during the General Meeting of 25 September 2007.

In order to ensure compliance with the risk monitoring requirements on a consolidated basis, the global framework is divided into two accounting control sub-processes that are dedicated to each business line:

- For private equity activities, placed under the auspices of Paris Orléans:
  The responsibility for the control framework directly falls to Paris Orléans, insofar as the private equity activity is the company's core business. The accounting control functions have been assigned to the Central Finance Division, which is responsible for drawing up the parent company and consolidated financial statements.
- For banking activities in France and worlwide, placed under the auspices of the holding company at the head of the Group, Concordia BV:
  The framework is based on a strict separation of responsibilities between the parent company, Paris Orléans, and the entities affiliated to Concordia BV. In this regard, they retain responsibility for all operational decisions, activities and the management of the risks that fall within their scope, which also includes the task of performing accounting control on their financial statements and the consolidation package provided to Paris Orléans.

Group monitoring is performed through a control framework that oversees the accounting consolidation process. The means of verification are based on controls of the integrity of the accounting and financial information by the Central Finance Division and the accounting review by the Statutory Auditors as part of their certification work.

As a complement, the Group Management is regularly provided with monitoring and activity reports that enable it to follow changes in the risks for all the activities.

2.3.2. Organisation of the internal control for Group's banking activities

Concordia BV's activities cover two business divisions:

- activities in the "World – excluding France", region represented through Rothschilds Continuation Holdings ("RCH"), which is regulated by the FSA;
- activities in the "France" region, represented through Rothschild & Cie Banque ("RCB"), which is regulated by the French Banking Commission.

As regards the "World - excluding France" region, the internal control activities are organised around three structures:

- the RCH Board of Directors is responsible for implementing and reviewing the corporate governance and risk management framework for the Concordia BV Group, as part of the Group Risk Framework, in accordance with the statutory and regulatory requirements that apply to the Group's activities.
- the Audit Committee, which assists the Supervisory Board, is responsible for providing and independent assessment of the effectiveness of the risk management framework (financial and non-financial risks) and of the internal control.
- the Group Management Committee, in its capacity as the main executive structure of the RCH Group, is responsible for the proper operation of the Group corporate governance structures and the implementation of the principles and procedures.

The Group Risk Framework defines the global risk management policy for the "World" region. The approach to implementation is based on three levels of control: the first is performed within the operational framework, the second is part of the functions dedicated to risk management and operational compliance and the third is performed by the Internal Audit department. Lastly, the process for drawing up accounting and financial information is overseen by a specific framework at the level of RCH.

For the "France" region, the Internal Control framework implemented by RCB and its subsidiaries is based on an organisation that separates the various types of control within separate departments:

- Periodic Control is placed under the authority of the Internal Audit Committee. Controls by the Internal Audit Management are performed as part of a multi-year control programme that is first validated by the Committee. In parallel, the Audit Committee performs the periodic control that ensures the effectiveness and relevance of the internal models used for operational risk.
- The coordination of risk surveillance and measurement is provided by the RCB Compliance and Operational Risks Committee. To provide assistance, four ad hoc committees were set up: the Internal Control Committee that is common to RCB and Rothschild & Cie Gestion, the Corrective Actions Committee, the Operational Risks Committee and the RCB & RCG Internal Model Design Committee for operational risks. The continual control and compliance department has dedicated, independent personnel, who prepare the work for each of the committees.

2.3.3. Development prospects for the framework

Taking control of 100% of Concordia BV by Paris Orléans in January 2008 gave Paris Orléans the role of Group control structure. Under the remit of the Paris Orléans Executive Board and Audit Committee, work was started at the level of the company in order to adapt the organisation of the internal control and risk management framework to the new Group consolidation scope.

At the level of Paris Orléans, the reorganisation will be implemented with a twofold objective:

- the implementation of an organisation based on the best risk management practices for the entities that make up the Group;
- compliance with regulatory requirements in terms of internal control, risk management and reporting packages, defined by its regulatory authority.

The project started in mid-April 2008 with the identification of the Group's best practices. The work is divided among the various Group activities on the consolidated scope: the "Private Equity" activities at the level of Paris Orléans, the banking activities in France, represented by RCB, and the banking activities throughout the world (excluding France) represented by RCH.

2.4. Summary description of the internal control systems

2.4.1. Periodic control framework

The periodic control implemented aims to ensure compliance with external and internal rules, risk management, reliability and completeness of information and existence of risk measurement systems. This framework is based on a decentralised responsibilities system within each entity, inside their delegation scope.

At the level of Paris Orléans, Group periodic control is performed through the supervision activities of the Supervisory Board, in particular within the Audit Committee. The control scope essentially covers the accounting and financial area of the parent company and consolidated financial statements.

As regards the main companies in the banking division (from all regions), each of them is responsible for implementing, running and keeping its system of internal control up-to-date. In all these entities, the function is organised around the specific internal audit business lines, which are independent of operational activities. Audits are organised on the basis of formalised methodology and IT tools that allow control requests to be made. The work performed is organised by an annual control programme approved by the local internal Audit Committee. Joint assignments between the various internal audit teams can also be performed, in particular by the dedicated teams from RCH and RCB for the periodic control of their jointly-held subsidiary: Rothschild Europe BV. Lastly, the result of the controls and the recommendations are presented to the Internal Audit Committee. This records the controls performed, validates the corrective actions and monitors the implementation of these actions.

2.4.2. Internal control framework for financial and accounting matters

2.4.2.1. Process for drawing up the consolidated financial statements

The Central Finance Division reports directly to the Executive Board and is responsible for preparing and controlling the financial and accounting information. It is divided into two departments: Parent Company Accounting and Consolidated Accounting.

As regards the accounting consolidation, the consolidation unit manages the chart of accounts and associated frameworks, centralises the Group consolidation work, controls the consistence and completeness of the data, and draws up the associated consolidated financial statements and financial statements. In this regard, it implements two procedures on a half-yearly basis:

- a procedure for transmitting individual accounting data from all the Group entities. This process is managed semi-automatically using the Group worldwide consolidation tool "Magnitude" that was implemented at the end of 2007 by all the Group's subsidiaries. A mixed data supply solution has been implemented:
  - for banking subsidiaries that are sub-consolidated at the level of Concordia BV: an initial level of sub-consolidation is performed at the level of Concordia BV. The transmission of accounting data is automated and is performed directly under IFRS;
  - for Paris Orléans: an initial sub-consolidation is performed at this level in order to reconcile the accounting data between the various French and foreign subsidiaries:
  - for the private equity subsidiaries in France: the accounts and individual consolidation packages are drawn up under French GAAP in the CEGID accounting application. The principle of consolidation is based on the entry of retreatments. Data is supplied through an interface between the two accounting information systems.
  - for the private equity subsidiaries outside France, the individual accounts are re-entered in the consolidation software by the accounting department;
- a procedure for drawing up and controlling the consolidated financial statements. Once the data has been fed into the Magnitude application, "blocking" controls - defined by the Group - are applied in order to validate the consistency of the accounting data, the validity of the flows and the integrity of the analyses. As a complement to these controls, drawing up the consolidated financial statements includes a four-part review:
  - understanding the move from parent company financial statements to consolidated financial statements;
  - control of the matching of inter-company transactions and the analysis of capital of companies within the Group;
  - the reconciliation of shareholders' equity;
  - ensuring consistency by the analysis of the changes in the consolidated balances between two financial years.

2.4.2.2. Accounting control process

The accounting control process is based on a combination of the control systems implemented at each level of the Group organisation: i.e. at the level of each business line (private equity and banking) for the preparation of individual financial statements and at the level of the Central Finance Division for preparation the consolidated financial statements.

Accounting control framework for the private equity business line

Insofar as these activities are directly performed by Paris Orléans, the Central Finance Division is responsible for validating the financial statements. The framework includes the following levels of control:

- a first level – a type of self-control – that is performed as part of the accounting process. These controls are performed daily by the Paris Orléans accounting department on the scope of the subsidiaries located in France, and by accounting firms for the foreign subsidiaries located in Luxembourg and the United States.
- at an intermediary level, by the accounting department, where the controls that are intended to ensure the reliability and completeness of the accounting and financial information are performed;
- at another level, which involves the Statutory Auditors within the scope of the accounting certification, performed on half-yearly and annual bases.
- a final level of control is ensured by the Audit Committee work. The remit of the Audit Committee is to review the Paris Orléans sub-consolidated and consolidated financial statements.

Accounting control framework for the banking business line

For the banking activities that are sub-consolidated at the level of Concordia BV, the Central Finance Division relies on a de-centralised framework in which the control functions are assigned to the managers with local responsibility for preparing the financial statements.

The accounts are sub-consolidated at the level of Concordia BV using the Magnitude consolidation software. Accounting information is transmitted automatically from the local entities. Once the data has been fed into the application, "blocking" controls are applied in order to validate the consistency of the balance sheet, the validity of the flows and the integrity of the analyses. In the event of a block, the accounting department makes the necessary corrections to the consolidation packages. Moreover, drawing up the consolidated financial statements includes a review of the move from parent company financial statements to consolidated financial statements, in particular a review of inter-company matching and reconciliation of the shareholders' equity. At parent company and consolidated level, the accounting control framework is completed by the certification of the financial statements by the Statutory Auditors and the review of the parent company and consolidated financial statements by the Audit Committee, prior to approval by the Supervisory Board.

For the purposes of consolidation at the level of Paris Orléans, the main banking subsidiaries in the Concordia BV subgroup draw up a standardised certification at the end of the financial year, the "representation letter". This document specifies the qualitative conditions under which the accounts were produced and therefore allows the Chairman of the Paris Orléans Executive Board and the Central Finance Division to sign the representation letter that is intended for the Paris Orléans Statutory Auditors. The structures called on by this procedure are as follows:

- Rothschilds Continuation Holdings AG (Zug);
- NM Rothschild & Sons Limited (London);
- Rothschild Bank International Limited (Guernsey);
- Rothschild Holding AG (Zurich);
- Rothschild North America Inc. (New York);
- Rothschild Australia Limited (Sydney);
- NM Rothschild & Sons (Hong Kong) Limited;
- NM Rothschild & Sons (Singapore) Limited.

Accounting control framework at consolidated level

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

- the Paris Orléans Central Finance Division, and in particular the accounting and consolidation unit. In addition to the controls on the integrity of the accounting information, this unit manages the aspects related to the controls performed by the Statutory Auditors and the other external control structures;
- the Statutory Auditors as part of the certification of the financial statements. The work is performed in accordance with professional standards: audit of the individual and consolidated financial statements for the Paris Orléans Group, limited review of the half-yearly consolidated financial statements and reading of all the media that presents financial information.

The accounting control framework is completed by a review of the financial statements performed by the Audit Committee prior to approval by the Supervisory Board.

2.4.3. Other internal control facilities implemented at the Group

The other internal control frameworks are for the most part organisations implemented within the banking business lines for the regions "France" and "World - outside France" on all aspects: information systems security, business continuity plans "BCPs" and the prevention and control of non-compliance risks.

2.4.3.1. IT system security and the BCPs

Security rules for the information systems are applied locally by each Group entity, such as data management (backup and archiving) and employee authorisations, the physical security of hardware and software, IT operations and the development and management of applications.

As a result, business continuity frameworks - which include the definition of the BCPs and the IT emergency plans - have been deployed by each subsidiary in order to deal with the various crisis scenarios selected at local level. The BCP policies are documented and contain all the information concerning the classification of activities by level of importance, the risk exposure scenarios, the crisis framework and the processes to be implemented on the backup site. These processes are generally accompanied by emergency plan tests in order to ensure the effectiveness of the framework.

Lastly, the framework is reinforced by the IT audit work performed by a team of auditors who are experts in this field. This team is part of the RCH Internal Audit department. The investigation scope covers all the IT systems implemented in banking subsidiaries in the "France" and "World" regions.

The controls mainly concern assesments of security, in order to ensure the compliance of the processes and methods implemented in these systems, and identifying the dysfunctions that require corrective actions. The IT audit programme and the observations triggered by these controls are reviewed and reported to the RCH Internal Audit Committee

2.4.3.2. Prevention and control of non-compliance risks in the banking activities

In the Concordia BV sub-group, a specific framework has been implemented in order to deal with non-compliance risks that could arise in banking subsidiaries in the "France" and "World" regions.

The organisation of the framework is based on co-ordinating responsibilities between:

- the Group Compliance Director, in the banking activity scope. His remit is to ensure the direction, coordination and functioning of Group compliance, in conjunction with local correspondents, who constitute a first point of contact in each operational entity;
- local compliance correspondents, who monitor and regularly review - with complete independence - the security and compliance of the operations by business line, within their scope of intervention and responsibility.

The non-compliance risk framework is consolidated by a system of existing procedures and awareness-raising initiatives among the staff of the banking subsidiaries, in all regions. Moreover, the permanent monitoring of these risks is based on regular reporting, which contributes to the information provided to each level of the organisation (from the subsidiary to its direct parent company).

2.5. Summary description of risk management facilities

2.5.1. Organisational principles

As stated previously, the framework is based on a decentralised organisation of risk functions at the level of each establishment, with regard to their scope of activity. The Group implements processes and frameworks to measure, monitor and manage its risks. The main frameworks are built around the Group's two principal business lines:

- the Risk department, which is dedicated to the private equity activities and placed under the responsibility of the Paris Orléans Executive Board, performs the global monitoring and management of risks. It contributes to the drafting and implementation of the investment policy, as well as the risk control policy, in particular through the Investment and Monitoring Committee.
- the Risk department that is dedicated to banking activities, which is evidenced by the existence of Risk functions at local level, in most cases placed under the auspices of the Risk Division at Banking Group level.
  At its level, the Risk Department defines the policies implemented and monitors the risks. The role of Department employees is to assist the establishment in measuring, controlling and managing the risks, in order provide ongoing support to the Commercial Divisions in the development of their activities. Accordingly, they work on all activities that fall within their scope of operation.

The operating of these departments revolves around the Committees and frameworks that are specialised by type of risk. This organisation is also supported by measurement systems that are implemented locally, which provide regular information on the level of risks. On a consolidated basis, the measurement and direction of all the Group risks is key in the short-term, in order to reinforce the current framework following the new consolidation scope.

In accordance with the aforementioned organisation principles, the oversight of these risks gives rise to the implementation of risk limitation systems, which most Group entities have:

- global limits, most of which are evidenced by risk policies, risk division rules and commitment limits per risk factor;
- operational limits, which are stipulated as part of strict procedures, in particular the process for taking decisions on the basis of formalised analyses, levels of powers of attorney, including the conditions under which specialised committees intervene.

2.5.2. Risk measurement and monitoring

From a consolidated standpoint, the activities of the Paris Orléans Group are exposed to four major categories of risk:

- credit risk - which corresponds to the risk of loss due to the counterparty's inability to meet its financial obligations - is mainly linked to the banking activities in the World excluding France region.
  Credit policies are based on a set of rules and procedures for identifying, monitoring and controlling risk. Susceptibility to credit risk is defined by a system based on the rules for granting credit, an internal rating system (for NMR and RCI), and limits (for the major risks and concentrations by segments and geographical locations). The information systems make it possible to set up reporting packages for monitoring and detecting individual and global portfolio risks.
- financial risks - which include global liquidity, payment, interest and exchange rate risks - are caused for the most part by banking activities, participating interests and cash flow operations performed in the Group.
  As a complement to the various financial risk policies defined in each local structure, financial risks are assessed on the basis of a combination of indicators:
  – regulatory ratios laid down by the banking supervisory bodies, such as the solvency ratio and the liquidity ratio for institutions that are subject to French regulatory standards;
  – the monitoring of outstandings and portfolio positions;
  – the system of limits, which aims to control risk exposure.
- operational risk (which also includes non-compliance risk) is the risk of loss that results from a lack of adaptation or default that is attributable to procedures, personnel and internal systems, or external events.
- As part of Basel 2 regulations, the Group banking subsidiaries implemented frameworks for managing operational risks. The systems for measurement and monitoring are based on frameworks and a group of methodologies and calculations for capital that needs to be assigned to these risks. Steps taken locally involved all employees.
- other risks involve, in particular, reputation and image risk, legal risk and the risk linked to pension commitments.

2.6. Work performed and assessment of the internal control framework

2.6.1. Work that contributed to the preparation of the report

Under the authority of the Chairman of the Supervisory Board, this report was drawn up on the basis of the work performed throughout the 2007-2008 financial year by the managers of the internal control and risk departments in the Paris Orléans Group. The Chairman of the Supervisory Board used the documentation on the risk management framework, the available reporting packages and financial statements, and the reports and minutes from the various Committees that exist within the organisation. Drawing up the report required regular exchanges between the various representatives of the risk and internal control departments in order to appreciate the full extent of the framework. Moreover, the report underwent an intermediary review stage at Paris Orléans, before being presented to the Audit Committee.

Lastly, this report was presented during the Audit Committee meeting of 27 June 2008, and was reviewed by the Supervisory Board during its meeting of 30 June 2008.

2.6.2. Assessment of the internal control framework

In accordance with the organisation terms and conditions described above, and the frameworks and procedures that exist at the Paris Orléans Group, the Supervisory Board, the Executive Board and the structures concerned benefit from information on the internal control procedures and the level of exposure to the risks of the various Group entities. As an additional measure, they are regularly made aware of internal reporting and control findings.

Furthermore, the internal control and risk management framework is constantly being adapted in order to ensure control of the risks that are associated with the activities of the Paris Orléans Group.

STATUTORY AUDITORS' REPORT,

prepared in accordance with Article L. 225-235 of French company law *(Code de commerce)* on the report prepared by the President of the Supervisory Board on the internal control procedures relating to the preparation and processing of accounting and financial information

Year ended 31 March 2008

This is a free translation into English of a report issued in the French language 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 SA, and in accordance with Article L. 225-235 of French Company Law *(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 French Company Law *(Code de commerce)* for the year ended March 31, 2008.

It is the President of the Supervisory Board's responsibility to describe in his report the preparation and organization of the Supervisory Board's work and the internal procedures implemented by the company. It is our responsibility to report to you on the information contained in the President's report in respect of the internal control procedures relating to the preparation and processing of the accounting and financial information.

We conducted our work in accordance with French professional standards. 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 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 relating to the preparation and processing of the accounting and financial information on which the information presented in the President's report and existing documentation are based;
- 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 no matters to report on the information in respect of the company's internal control procedures relating to the preparation and processing of the accounting and financial information contained in the report prepared by the President of the Supervisory Board in accordance with Article L. 225-68 of French Company Law *(Code de commerce)*.

Paris and Paris-La Défense, 31 July 2008

The Statutory Auditors

Cailliau Dedouit et Associés

Jean-Jacques Dedouit

KPMG Audit
Department of KPMG S.A.

Fabrice Odent
Partner

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2008

Assets

In thousands of euros	Notes	**31/03/2008**	31/03/2007
Cash and amounts due from central banks		35,977	-
Financial assets at fair value through profit or loss	1	46,805	-
Hedging derivatives	2	10,342	-
Available-for-sale financial assets	3	3,665,980	328,848
Loans and receivables to banks	4	2,743,768	2,065
Loans and receivables to customers	5	2,633,106	-
Current tax assets		28,585	514
Deferred tax assets	18	80,344	119
Estimated accounts and other assets	6	274,427	16,060
Non-current assets held for sale	19	48,882	51,059
Investment accounted for by the equity method	7	140,674	301,525
Investment property		138	131
Tangible fixed assets	8	118,452	245
Intangible fixed assets	9	179,426	22
Goodwill	10	66,033	-
TOTAL ASSETS		**10,072,939**	**700,588**

Liabilities and shareholders' equity

In thousands of euros	Notes	**31/03/2008**	31/03/2007
Due to central banks		73	-
Financial liabilities at fair value through profit or loss	1	111,142	369
Hedging derivatives	2	28,042	-
Due to banks	11	2,462,021	36,475
Due to customers	12	3,375,521	-
Debts securities in issue	13	1,573,898	-
Current tax liabilities		16,651	1,064
Deferred tax liabilities	18	57,109	18,158
Estimated accounts and other liabilities	14	642,273	3,526
Liabilities related to non-current assets held for sale	19	34,434	45,331
Provisions	15	61,163	7,358
Subordinated debt	16	254,098	-
Shareholders' equity		1,456,514	588,307
Shareholders' equity – Group share		**632,655**	**582,993**
Share capital		63,264	19,179
Share premium		491,499	317,644
Unrealized or deferred gains or losses		(26,301)	97,665
Available-for-sale financial assets' revaluation reserve		*11,998*	*104,535*
Cash flow hedge reserves		*267*	*(556)*
Translation reserve		*(38,566)*	*(6,314)*
Consolidated reserves		(4,939)	94,380
Net income – Group share		109,132	54,125
Minority interests		**823,859**	**5,314**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**10,072,939**	**700,588**

CONSOLIDATED INCOME STATEMENT
AS AT 31 MARCH 2008

In thousands of euros	Notes	**31/03/2008**	31/03/2007
+ Interest income	20	224,841	4,903
- Interest expense	20	(170,535)	(3,148)
+ Commission income	21	264,031	1,261
- Commission expense	21	(5,385)	(483)
+/- Net gain/(loss) on financial instruments at fair value through profit or loss	22	(2,799)	832
+/- Net gain/(loss) on available-for-sale financial assets	23	35,973	31,707
+ Other operating income	24	6,828	38
- Other operating expenses	24	(3,220)	(9)
Net banking income		**349,734**	**35,101**
- Operating expenses	25	(240,218)	(8,066)
- Amortisation, depreciation and impairment of tangible and intangible fixed assets	26	(8,883)	(84)
Gross operating income		**100,633**	**26,951**
- Cost of risk	27	(73,135)	(802)
Operating income		**27,498**	**26,149**
+/- Net income from companies accounted for by the equity method		57,773	21,586
+/- Net income/expense from other assets	28	61,217	905
- Impact of goodwil		-	-
Profit before tax		**146,488**	**48,640**
- Income tax expense	29	(20,538)	(6,926)
+/- Net income for discontinued activities and assets held for sale		-	12,245
Consolidated net income		**125,950**	**53,959**
MINORITY INTERESTS		**16,818**	**(166)**
NET INCOME – GROUP SHARE		**109,132**	**54,125**
Basic earnings per share - Group share (in Euros)	31	4.42	2.15
Diluted earnings per share - Group share (in Euros)	31	4.42	2.15
Basic earnings per share - continuing operations (in Euros)		4.42	1.66
Diluted earnings per share - continuing operations (in Euros)		4.42	1.66

CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSES

In thousands of euros	**2008**	2007
Actuarial gains/(losses)	(5,690)	(858)
Gain/(losses) from changes in fair value of available-for-sale assets	(128,191)	31,065
Interest on subordinated debt	(3,818)	-
Changes in value of hedging derivatives	823	(572)
Exchange differences on translation	(58,223)	(1,163)
Income and expenses directly recognised as shareholders' equity*	**(195,099)**	**28,472**
Net income for the period	125,950	53,959
TOTAL RECOGNISED INCOME AND EXPENSES FOR THE PERIOD	**(69,149)**	**82,431**
Of which Group share	*4,050*	*82,597*
Of which minority interests	*(73,199)*	*(166)*

* *Net of tax*

RECONCILIATION OF MOVEMENTS IN CONSOLIDATED SHAREHOLDERS' EQUITY

	Capital and associated reserves				Unrealized or deferred capital gains or losses (net of tax)							
	Common stock	Capital-associated reserves	Treasury shares	Consolidated reserves	related to translation differences	linked to re-evaluation	Changes in value of financial instruments		Net income, Group share	Shareholders' equity, Group share	Shareholders' equity, minority interests	Total consolidated shareholders' equity
In thousands of euros							Available-for-sale Reserve (5)	Hedging Reserve				
Shareholders' equity at 31 March 2006	**19,179**	**317,644**	**(2,274)**	**130,800**	**(5,151)**	**-**	**10,434**	**16**	**38,641**	**509,289**	**19,566**	**528,855**
Allocation of profit	-	-	-	38,641	-	-	-	-	(38,641)	-	-	-
Shareholders' equity at 1 April 2006	**19,179**	**317,644**	**(2,274)**	**169,441**	**(5,151)**	**-**	**10,434**	**16**	**-**	**509,289**	**19,566**	**528,855**
Increase in common stock	-	-	-	-	-	-	-	-	-	-	-	-
Elimination of treasury shares	-	-	-	-	-	-	-	-	-	-	-	-
Share-based payment transactions	-	-	-	-	-	-	-	-	-	-	-	-
2007 Dividends paid	-	-	-	(9,312)	-	-	-	-	-	(9,312)	(1,450)	(10,762)
Effect of acquisitions and disposals on minority interests	-	-	-	(1,159)	-	-	-	-	-	(1,159)	-	(1,159)
Sub-total of changes linked to relations with shareholders	**-**	**-**	**-**	**(10,471)**	**-**	**-**	**-**	**-**	**-**	**(10,471)**	**(1,450)**	**(11,921)**
Changes in value of financial instruments and fixed assets having an impact on equity	-	-	-	(63,036)	-	-	94,101	(572)	-	30,493	-	30,493
Changes in value of financial instruments and fixed assets recognized in income	-	-	-	-	-	-	-	-	-	-	-	-
Net income for the period	-	-	-	-	-	-	-	-	54,125	54,125	(166)	53,959
Changes in consolidation scope	-	-	-	-	-	-	-	-	-	-	(12,651)	(12,651)
Translation differences and other changes	-	-	-	720	(1,163)	-	-	-	-	(443)	15	(428)
Shareholders' equity at 31 March 2007	**19,179**	**317,644**	**(2,274)**	**96,654**	**(6,314)**	**-**	**104,535**	**(556)**	**54,125**	**582,993**	**5,314**	**588,307**
Allocation of profit	-	-	-	54,125	-	-	-	-	(54,125)	-	-	-
Shareholders' equity at 1 April 2007	**19,179**	**317,644**	**(2,274)**	**150,779**	**(6,314)**	**-**	**104,535**	**(556)**	**-**	**582,993**	**5,314**	**588,307**
Increase in common stock (1)	44,085	173,855	-	-	-	-	-	-	-	217,940	-	217,940
Elimination of treasury shares	-	-	(7,999)	-	-	-	(17,863)	-	-	(25,862)	(2,894)	(28,756)
Share-based payment transactions	-	-	-	(2,050)	-	-	-	-	-	(2,050)	(1,092)	(3,142)
2008 Dividends paid	-	-	-	(12,252)	-	-	-	-	-	(12,252)	-	(12,252)
Effect of acquisitions and disposals on minority interests (2)	-	-	-	(158,362)	-	-	-	-	-	(158,362)	-	(158,362)
Sub-total of changes linked to relations with shareholders	**44,085**	**173,855**	**(7,999)**	**(172,664)**	**-**	**-**	**(17,863)**	**-**	**-**	**19,414**	**(3,986)**	**15,428**
Changes in value of financial instruments and fixed assets having an impact on equity	-	-	-	908	-	-	(74,815)	633	-	(73,274)	(18,959)	(92,233)
Changes in value of financial instruments and fixed assets recognized in income	-	-	-	27	-	-	(8,837)	(1)	-	(8,811)	(34,294)	(43,105)
Actuarial gains/ (losses) on defined benefit funds	-	-	-	1,023	-	-	-	-	-	1,023	(6,712)	(5,689)
Interest on undated subordinated debt	-	-	-	-	-	-	-	-	-	-	(3,818)	(3,818)
Net income for the period	-	-	-	-	-	-	-	-	109,132	109,132	16,818	125,950
Changes in consolidation scope (3)	-	-	-	(17,212)	(99)	-	2,964	(6)	-	(14,353)	829,397	815,044
Translation differences and other changes (4)	-	-	-	42,473	(32,153)	-	6,014	197	-	16,531	40,099	56,630
SHAREHOLDERS' EQUITY 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**

(1) At 31 March 2008, the share capital of Paris Orléans was comprised of 30,965,360 shares and 666,720 investment certificates with a par value of €2. On 21 January 2008, Paris Orléans issued new capital of €4.9 million accompanied by an issue premium (net of expenses) of €213 million. €39.2 million of the issue premium was capitalised.

(2) In accordance with the accounting principles set out in Part IV of the accounting rules and methods, in the event of an increase in the percentage of the Group's interests in an entity that is already exclusively controlled, the difference between the cost of acquiring the additional interest percentage and the portion acquired of the entity's net assets on this date is recognised as part of the Consolidated Reserves. On 22 January 2008, Paris Orléans acquired the remaining 42.5% of the capital of Concordia BV, in order to hold 100% of this company. This transaction was deemed to be an acquisition of minority interests after attaining control of 57,5% of Concordia BV on 21 November 2007. The Group recorded the €146.5 million of additional consolidated goodwill generated on 22 January 2008 as a decrease in shareholders' equity.

(3) Taking control of Concordia BV led the Group to take into account Concordia BV's holding of shares in Paris Orléans, which resulted in the percentage stake of Paris Orléans shareholders being reduced from 100% to 97.13%. This change in the percentage stake caused a reduction in shareholders' equity (Group share) of €17.2 million, for the benefit of the minority interests. The change in minority interests of €829.4 million essentially corresponds to the minority interests of Concordia BV.

(4) Taking control of Concordia BV caused the fair value of the assets and liabilities of the company acquired to be established. These valuations increased the consolidated reserves by €32.9 million, representing the revaluation of the portion of the shareholders' equity formerly held in Concordia BV for the period when this company was consolidated using the equity method.

(5) This is a change in the fair value of the available-for-sale financial assets during the financial year.

CASH FLOW STATEMENT

In thousands of euros	**2008**	2007
Net income	125,950	53,959
+/- Net amortisation expense on tangible fixed assets and intangible assets	5,009	453
- Amortisation of consolidated goodwill and other fixed assets	-	-
+/- Depreciation and net allocation to provisions	(241)	-
+/- Net income/loss from companies accounted for by the equity method	(34,498)	(21,586)
+/- Net loss/(gain) from investing activities	(4,013)	(15,158)
+/- Net loss/(gain) from financing activities	3,487	-
+/- Other movements	(3,818)	(12,360)
Deferred tax expense/(benefit)	(14,231)	(666)
Total of non-monetary items included in net income and other adjustments	**77,645**	**4,642**
+/- Interbank transactions	(2,084,391)	-
+/- Customers transactions	746,938	-
+/- Transactions related to other financial assets and liabilities	56,088	-
+/- Transactions related to other non-financial assets and liabilities	54,100	(15,195)
Net decrease/(increase) in cash related to operating assets and liabilites	**(1,227,265)**	**(15,195)**
Net cash inflow (outflow) related to operating activities (A)	**(1,149,621)**	**(10,553)**
+/- Inflow (outflow) related to financial assets and long-term investments	715,746	(4,799)
+/- Inflow (outflow) related to investment property	350	-
+/- Inflow (outflow) related to tangible and intangible fixed assets	(1,960)	-
Net cash inflow (outflow) related to investment activities (B)	**714,136**	**(4,799)**
+/- Cash flows from/(to) shareholders	(131,292)	(11,919)
+/- Other net cash flows from financing activities	122,893	15,839
Net cash inflow (outflow) related to financing activities (C)	**(8,399)**	**3,920**
Impact of exchange rates changes on the cash and cash equivalents (D)	**(168)**	**(108)**
Net inflow (outflow) in cash and cash equivalents (A) + (B) + (C) + (D)	**(444,052)**	**(11,539)**
Change of scope	921,865	-
Net cash and cash equivalents at the beginning of the period	**(16,161)**	**(4,621)**
Cash and amounts due/from central banks	-	457
Accounts (assets and liabilities), demand deposit and loans with banks	(16,161)	(5,078)
Net cash and cash equivalents at the end of the period	**461,652**	**(16,161)**
Cash and amounts due/from central banks	35,904	-
Accounts (assets and liabilities), demand deposit and loans with banks	425,748	(16,161)
NET INFLOW (OUTFLOW) IN CASH	**(444,052)**	**(11,539)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

I. Highlights of the financial year

The highlight of the 2007/2008 financial year, which ended on 31 March 2008, was Paris Orléans taking control of 100% of Concordia BV, the ultimate holding company of Rothschild Group banking activities. Acquiring control was achieved through a series of transactions during the second half of the 2007/2008 financial year. These followed the announcement on 17 July 2007 of an agreement based on the incorporation of a family company (Rothschild Concordia SAS) to unify, in Paris Orléans, the stakes in Concordia BV held by the French and English branches of the Rothschild family.

Firstly, on 20 November 2007, the Paris Orléans Group did not participate in a partial offer to repurchase its capital by Concordia BV (which then reduced its capital for the benefit of Sir Evelyn de Rothschild). The Paris Orléans Group thereby took majority control of Concordia BV, by raising its holding to 57.5% compared to 50% previously.

In a second phase, on 22 January 2008, Paris Orléans acquired from Sir Evelyn de Rothschild and associated entities the remaining 42.5% of Concordia BV's capital (both directly and indirectly). €106.3 million of this purchase was financed by bank loans and the balance of €221.8 million through a capital increase.

As a result of these events, the Paris Orléans Group consolidated Concordia BV using the equity method from 1 April 2007 to 20 November 2007, and by full consolidation from 21 November 2007, with minority interests in Concordia BV (not restated for holdings of treasury shares ("Auto-control")) at 42.5% from 21 November 2007 to 21 January 2008 and 0% from this date.

Moreover, given the importance of the banking activities in the new scope of the Paris Orléans Group, this Group now presents its consolidated financial statements using the banking format. The consolidated balance sheet at 31 March 2007 and the consolidated income statement for the 2006-2007 financial year have therefore been restated in order to present comparative information. However, the 2007-2008 financial year is atypical, insofar as the balance sheet items and, especially, the income statement items, cannot be compared to those for the previous financial year, due to the aforementioned change in scope.

In terms of the business activity, the net profit attributable to the Group stands at €109.1 million for the 2007-2008 financial year, i.e. twice the figure for the previous financial year. This performance was achieved primarily through the contribution of the private equity activities. In particular, on 13 April 2007 the Paris Orléans Group sold all its Courcelles Participations shares as part of an LBO transaction, for a total amount of €63.3 million. Part of the sale price was paid in cash (€36.4 million), and the balance (€26.9 million) in the form of newly issued securities, in Newstone Courtage, which is now the new holding company that controls SIACI. At the time of this transaction, the Paris Orléans Group saw its stake in Newstone Courtage diluted to 14.95%. Newstone Courtage is the Group's insurance broker holding company, which was created through the merger of SIACI and ACSH, a subsidiary of the Compagnie Financière Saint-Honoré Group. As a result, the Paris Orléans Group deconsolidated its stake as from 1 April 2007. Taking into account prepaid income and a residual deferred tax asset from the SIACI secondary LBO of September 2003, Paris Orléans generated through this transaction a consolidated capital gain of €59.2 million. Moreover, the disposal of the Paris Orléans Group's interests in the listed company Onet made a positive contribution to the result of €10 million.

Concerning the banking activities, the consolidated net income for the holding company at the head of the group, Concordia BV, stands at €99.1 million for the 2007-2008 financial year, compared to €113.5 million one year previously (using comparable accounting principles). The contribution to the consolidated income of Paris Orléans, net of consolidation adjustments, stands at a total of €20.1 million as in 2006-2007. This result reflects the favourable conditions during the first part of the financial year, followed by the major upheaval that impacted the financial markets at the end of the period.

The investment bank activity achieved a record level of revenues and results. This was particularly noticable on all the European markets, but the efforts made in Asian and Latin American countries also bore fruit. The private banking and asset management activity, which is undergoing significant change, continued to progress, as did its results.

The profits from these traditional Group business lines were very much higher than the losses that affected the commercial banking activity. This suffered from the crisis that hit most of the financial institutions towards the end of the financial year, which caused loan write-downs and a higher cost of financing than in the past. Losses represented 1.8% of Group loan and investment securities portfolio. The banking and monetary assets that remain in the portfolio are diversified and currently performing will in the more challenging economic environment.

The crisis in the US sub-prime loan market and the resulting liquidity crisis unsettled the conditions for the commercial banking activity in the UK. During the period of full consolidation of the Concordia BV subgroup, losses of €72 million in the "cost of risk" line in the income statement were incurred as a result of impairments related to investments in structured financial products, notwithstanding the generally high credit ratings awarded to the portfolio securities. These losses, which are related to investments in structured financing products, such as CDOs ("collateralized debt obligations", that are used as securitization vehicles for financial assets), concerned two major securities categories: on the one hand, investments with market value triggers which resulted in the vehicles being unwound and forced to sell the underlying assets at prevailing prices. Additionally, the net banking income from the commercial banking activity in England fell by €16.4 million due to changes in the fair value of credit derivatives incorporated into synthetic CDOs. In accordance with international accounting rules, changes in the fair value of these derivatives were recognised in the income statement. Moreover, particularly difficult market conditions and the lack of liquidity had a negative impact on the fair value of certain available-for-sale financial assets, and, in particular, certain categories of debt securities. The negative impact on consolidated shareholders' equity (group share) of the change in fair value of these available-for-sale assets during the financial year ended 31 March 2008, after restatement for auto-control, was €74.8 million. However, despite the current context of lack of liquidity and the theoretical short-term impact on the valuations of these securities, the assets that are in the portfolio retain healthy underlying profitability and the unrealised losses should not be deemed permanent.

II. Subsequent events (post-closing)

On 6 May 2008, the Paris Orléans Group disposed of its 40% stake in the Manufaktura shopping centre in Lodz, Poland, for an amount of €57.5 million of which €32 million were paid on the spot. The remaining €25.5 million are to be paid in 4 instalments, the last of which is scheduled for 31 December 2011. This operation will be recognised in the 2008-2009 financial statements for the Paris Orléans Group, by a consolidated capital gain net of tax of €54.1 million.

III. Preparation of the financial statements

The consolidated financial statements of the Paris Orléans Group for the 2007-2008 financial year are prepared in accordance with the International Financial Reporting Standards ("IFRS") in force on the closing date, as adopted within the European Union by Commission Regulation (EC) No. 1606/2002.

They cover the period from 1 April 2007 to 31 March 2008 and, unless stated otherwise, are in thousands of euros (k€).

The Group applies all the IAS (International Accounting Standards) / IFRS (International Financial and Reporting Standards) as well as their interpretations, as adopted on the closing date for the consolidated financial statements.

IFRS 8, which was adopted in Commission Regulation (EC) No. 1358/2007 of 21 November 2007 and which is applicable to financial years that start as from 1 January 2009, was not adopted early for this financial year.

The financial statements are prepared under the historical cost convention, with the exception of certain categories of assets and liabilities, in accordance with the rules laid down by the IFRS. The categories concerned are mentioned in the notes below.

Concordia BV's ("CBV") profit is consolidated through full consolidation with Paris Orléans' ("PO") profit as from the date of acquisition of 57.5% of the control, i.e. as from 21 November 2007, until 31 March 2008.

Until it was acquired by Paris Orléans, Concordia BV prepared consolidated financial statements using its own presentation rules. The Concordia BV consolidated financial statements were given a limited review for the half-yearly closing (30 September) and certified on the closing date (31 March) by its auditors. Concordia BV financial statements using Paris Orléans presentation were prepared for the first time for the financial year that closed on 31 March 2008.

As Concordia BV was fully consolidated in the accounts of Paris Orléans as from 21 November 2007, Concordia BV consolidated financial statements for this date were prepared for Paris Orléans' consolidation at 31 March 2008. These financial statements were prepared using the following principles:

- Concordia BV prepared a new version of its financial statements at 30 September 2007 and at 31 December 2007, using the same format as Paris Orléans financial statements.
- On these two dates, Concordia BV adopted Paris Orléans presentation rules for the financial statements. In particular, Concordia BV consolidated companies over which it possesses joint control using the equity method.
- Concordia BV reviewed its financial statements in light of the new presentation rules and reclassified certain income statement items.
- For drawing up the consolidated income statement for Concordia BV as from 21 November 2007, in agreement with Paris Orléans, Concordia BV adopted the principle of a pro rata between the income statement at 30 September 2007 and the income statement at 31 December 2007. In most cases, the use of the pro rata to prepare the income statement was made assuming a straight line growth of the income and expenses recognised over the period. The income and expenses that were determined in a specific way are as follows:
  - Gains and losses linked to available-for-sale securities. Impairments were recognised at 21 November 2007 on the basis of monthly reporting packages for the Concordia BV Group. Unrealised gains and losses for variable income securities are based on the listed prices observed at 21 November 2007. The dividends received and the significant disposal capital gains were allocated to the period during which they were recognised.
  - Losses on synthetic CDOs as well as write-downs of client loans were recognised at 21 November 2007 on the basis of monthly management accounts.
  - All other material events were considered as to whether they should be recognised before or after 21 November 2007.
- Concordia BV prepared a consolidated balance sheet at 21 November 2007, as well as a table showing the changes in shareholders' equity and minority interests.
- Paris Orléans restated the accounts of Concordia BV at 21 November 2007 to eliminate intra-group transactions, such as the recognition by Concordia BV of its shares in Paris Orléans.

On 22 January 2008, Paris Orléans acquired the Concordia BV shares it did not yet hold; its stake in Concordia then rose from 57.5% to 100% (before auto-control). In order to recognise the change in the minority interests as from 22 January 2008 in the consolidated financial statements of Paris Orléans, Concordia BV prepared a consolidated income statement as well as a table showing the change in shareholders' equity and minority interests at 22 January 2008. To do this, Concordia BV prepared its financial statements using the same principles as for the financial statements at 21 November 2007 referred to above. However, the management accounts for Concordia BV in February and March 2008 showed particularly high revenues for these two months; an adjustment of the fee income and commission expenses was therefore made in order to correct the straight-line model applied to the other revenues to draw up the income statement at 22 January 2008.

Notes to consolidated financial statements were prepared taking into account the intelligibility, relevance, reliability, comparability and materiality of the information provided.

The consolidated financial statements were signed by the Executive Board on 30 June 2008. They may be amended by the General Meeting of shareholders.

The Group parent company is Paris Orléans S.A., a French *société anonyme* with a Executive Board and a Supervisory Board, for which the registered office, at 31 March 2008, was located at the following address: 23 bis, avenue de Messine 75008 Paris (Paris Trade and Companies Registry no. 302 519 228). The company is listed on the Euronext Paris Eurolist market (Compartment B).

IV. Accounting principles and valuation methods

Summary of significant estimates and assumptions

In preparing the financial statements using the group's accounting principles, management has had to make assumptions and estimates that affect the carrying value of certain expenses, income, assets and liabilities. To do this, at each period end the Paris Orléans group draws conclusions based on its past experience and all other factors pertinent to its business.

The main impacts of the estimates affect consolidated goodwill and available-for-sale financial assets.

Financial year end of the consolidated companies and groups

Paris Orléans and the French subsidiaries in which it holds a controlling interest of over 50% are consolidated on the basis of a financial year end at 31 March 2008, while Francarep Inc, Centrum Luxembourg, 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 2007 year end.

If a subsequent event occurs between the closing date of the subsidiary and 31 March 2008 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 2008.

Consolidation principles

The financial statements of the Group are made up to 31 March 2008 and consolidate the audited financial statements of the Company and its subsidiaries 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 assumed 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 proportional consolidation 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.

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 acqui si tion date to their disposal date.

Segment reporting

As part of the application of IAS 14 "Segment Reporting", the Group has chosen the following basis of segmentation:

- Primary segment: Business segments within the Group: Investment and commercial banking, Asset Management, Private Banking and Trust, Private Equity;
- Secondary segment: Geographic breakdown of the business; the segments used are: France, the United Kingdom and the Channel Islands, Switzerland, North America, Asia and Australia and the Other countries.

The segment profits or losses are presented taking into account Group internal transactions, whereas the segment assets and liabilities are presented after eliminating the effect of Group internal transactions. The breakdown by the geographical segment is based on the geographical zone for the company that records the income or holds the asset.

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.

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.

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

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.

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.

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.

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.

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 initially recognised at fair value, with transaction costs recorded immediately in the income statement, and 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 trading income. Interest and dividend income from financial assets at fair value through profit or loss is recognised in trading income.

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. The 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 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, 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.

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.

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.

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).

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.

Securitization 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.

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 shares classified as available for sale, a significant or prolonged decline of 20% in the fair value of the security below its cost during at least six months is considered evidence of impairment. If any such evidence exists, the cumulative loss is removed from equity and recognised in the income statement. Recognised impairment losses on equity shares classified as available for sale are not reversed through the income statement, but are recorded 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.

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. In accordance with IFRS, the legal form of the transaction takes precedence over its economic nature for determining its classification.

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.

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.

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.

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.

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.

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.

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.

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.

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.

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.

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.

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.

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.

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.

V. 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:

Governance

To facilitate the efficient administration of the affairs of the Company and its principal subsidiaries, the Board of the Company has delegated certain functions and responsibilities to the following principal committees in Rothschilds Continuation Holdings AG (“RCH AG”), an intermediate holding company in the Group.

- Group Management Committee
- Banking Management Committee
- Global Investment Banking Committee
- Group Private Banking and Trust Committee
- Global Asset and Liability Committee
- Group Audit Committee
- Group Risk Committee
- Group Remuneration and Nominations Committee

The terms of reference and membership of these committees are regularly reviewed.

The Group Risk Director for the RCH subgroup co-ordinates risk policy and promotes the developments and maintenance of effective procedures. The Group Compliance Director monitors compliance with laws and regulations within each of the jurisdictions RCH AG operates in. They are supported by locally based risk and compliance staff in the larger entities.

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 exchange rates, 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 is the risk that the operating businesses will be unable to meet their obligations because of a mismatch in maturity of assets and liabilities. Liquidity risk is assessed on a regular basis and controlled by gap limits.

Operational Risk, which is inherent in all business activities, is the risk of loss arising from the failure of internal controls, operational processes or systems, or from external events. Key to the management of operational risk is the maintenance of a strong framework of internal controls. These are subject to regular independent review by the internal audit department of the subgroup RCH, whose findings are reported to the RCH Audit Committee which monitors the implementation of any recommendations. Operational risk encompasses reputational risk, which is particularly relevant to the Group business business. Reputational risk is managed through formal approval processes for new business and operational procedures for the conduct of business. The subgroup RCH maintains insurance policies to mitigate loss in the event of certain operational risk events.

Each of our principal trading subsidiaries has a board of directors, including independent non-executives, responsible for maintaining corporate governance of the highest standard.

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 is also monitored at RCH level within prudent limits set at individual company level.

Independent external audits of operating subsidiaries are carried out annually and these 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, ultimately, to the Board and Audit Committee of RCH.

Strategy in using financial instruments

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 cashflows. 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 and funding risk.

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 NMR, which is the Group's largest subsidiary, by the Group Management Committee and by the Credit Committee. The Credit Committee of NMR reviews concentrations and makes recommendations on credit decisions to the Executive Board. 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 Credit Committee reviews 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 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.

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 provide 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.

During the year ended 31 March 2008, Category 2 exposures have increased in anticipation of a less favourable economic outlook. Exposures to corporate borrowers have been included if a covenant waiver has been requested and/or trading performance is below expectations (although payments are being received on schedule). Property exposures have been included as Category 2 exposures where there is a perception of a decrease in the property value, although in all cases the exposures continue to be serviced by rental cash flows. Asset finance exposures are included where there is deterioration in the financial performance of the borrower, although the Group has security over the underlying asset.

The tables below disclose the maximum exposure to credit risk at the reporting date for financial assets with significant exposure to credit risk, without taking account of collateral held or other credit risk mitigation.

In thousands of euros	Category 1	Category 2	Category 3	Past due but not impaired assets	Category 4 and 5	Impairment allowance	**31/03/2008**
Financial assets at fair value through profit and loss	46,805	-	-	-	-	-	46,805
Hedging derivatives	10,342	-	-	-	-	-	10,342
Loans and receivables to banks	2,743,763	-	-	5	-	-	2,743,768
Loans and receivables to customers	2,444,737	135,402	17,640	33,075	68,379	(66,127)	2,633,106
Available for sale financial assets – fixed income securities	3,126,671	34,230	-	-	41,963	(32,791)	3,170,073
Commitments and guarantees	466,290	33,624	-	-	-	-	499,914
Other financial assets	192,683	-	-	2,505	8,117	(7,490)	195,815
TOTAL	**9,031,291**	**203,256**	**17,640**	**35,585**	**118,459**	**(106,408)**	**9,299,823**

Past due but not impaired assets

The table below analyses amounts past due but not impaired:

In thousands of euros	Past due by <6 Months	Past due by >6 Months	**31/03/2008**
Loans and receivables to banks	5		5
Loans and receivables to customers	30,723	2,352	33,075
Other financial assets	1,336	1,169	2,505
TOTAL	**32,064**	**3,521**	**35,585**

Financial assets with the following carrying values would have been classed as past due or impaired if they had not had their terms renegotiated in the year.

In thousands of euros	31/03/2008
Loans and advances to banks	25,805
Debt securities	478
TOTAL	**26,283**

Collateral

The Group holds collateral against loans and advances to customers and debt securities. Estimates of fair value are made when a loan is approved, and are generally 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 (93% of the committed property loan book benefiting from first ranking charges) and 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 cashflows arising out of commodity finance. 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	Past due but not impaired	Individually impaired
Property	11,607	2,426
Commercial vehicles and other equipment	9,760	13,706
TOTAL	**21,367**	**16,132**
VALUE OF ASSETS AT 31 MARCH 2008	**33,075**	**68,379**

Credit risk analysis

The Group monitors concentrations of credit risk by industry sector and geographic location. The tables below show an analysis of credit risk by location and by sector. 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. The sector is based on Global Industry Classification Standard, and includes derivative instruments, loans and advances to banks, loans and advances to customers, debt securities, commitments and guarantees and credit default swaps.

Credit risk by location

In thousands of euros	Europe	Americas	Australia and Asia	Other	31/03/2008
Financial assets at fair value through profit and loss	42,422	3,745	637	1	46,805
Hedging derivatives	10,042	300	-	-	10,342
Loans and receivables to banks	2,533,167	185,020	23,798	1,783	2,743,768
Loans and receivables to customers	2,235,553	294,727	59,126	43,700	2,633,106
Available for sale financial assets – fixed income securities	2,671,557	318,657	100,865	78,994	3,170,073
Commitments and guarantees	367,139	99,970	25,320	7,485	499,914
Other financial assets	169,280	7,595	11,567	7,373	195,815
TOTAL	**8,029,160**	**910,014**	**221,313**	**139,336**	**9,299,823**

Credit risk by sector

In thousands of euros	31/03/2008
Energy	167,404
Materials	429,502
Industrials	429,799
Consumer discretionary	386,091
Consumer staples	188,323
Healthcare	50,131
Financial	5,710,032
Real estate	827,519
IT and telecoms	139,253
Utilities	64,041
Government	61,654
Private persons	647,799
Other	198,275
TOTAL	**9,299,823**

Market risk

Market risk arises as a result of the Group's activities in interest rate, currency and equity markets and comprises interest rate, foreign exchange and equity 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.

The Executive Committee of NMR, the Group's largest banking subsidiary, has established internal limits for exposure to market risk based on the value at risk method described below. Monitoring of market risk limits and determination of trading profits are undertaken daily, independently of the dealing area. Although value at risk is the central element used to control and communicate market risk, it is complemented by a variety of other methods and controls, including stress testing to estimate the losses that could occur when markets behave in unusually volatile ways and with little liquidity. 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. The table below shows value at risk arising on exposure to interest rates inherent to the banking and cash management activities carried out by NMR, the Group's main banking subsidiary, and overall exchange rate risk at Group level. The main figures relating to the calculation of value at risk are provided below.

Cash

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.

The table below shows value at risk arising on exposure to interest rates inherent to the banking and cash management activities carried out by NMR, the Group's main banking subsidiary, and overall exchange rate risk at Group level.

In thousands of euros	**12 months to 31 March 2008**		
	Average	**Low**	**High**
Interest rate risk	1,429	765	2,409
Foreign exchange risk	5	-	14
TOTAL VALUE AT RISK	**1,434**	**765**	**2,423**

Value at 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 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.

Although value at risk is the main measurement tool, it is supplemented by a variety of other valuation methods and checks.

All on-demand and term loans contracted by the Paris Orléans group in the course of its private equity business in France, which amounted to €174.2 million at 31 March 2008, are at variable interest rates.

At 31 March 2008, of the fixed income securities held by the Paris Orléans group in the context of its private equity business, a total of €169.5 million was at fixed rates and €16.3 million at floating rates.

Equity

The Group has exposure to equity price risk through holdings of equity investments, underwriting positions and warrants on equity investments. Each of these positions is indiviudally approved by senior management and is monitored on an individual basis.

If the price of these equities were to fall by 5%, then there would be a post-tax charge to the income statement of €0.2 million and a charge to equity of €21.4 million.

The Group has potential exposure to equity investments as a result of its underwriting activities. At 31 March 2008 the net contractual commitment, after taking account of sub-underwriting commitments received, was €25.6 million.

Concentration of equity price risk by location

The table below shows the Group's equity price risk in relation to these instruments by location:

In thousands of euros	Europe	Americas	Australia and Asia	Other	**31/03/2008**
Equity investments and securities	484,121	22,403	18,049	18,308	542,881
Warrants and other equity derivatives	(646)	-	-	-	(646)

Market risk – 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. 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	Long/(short)
US $	17,693
Euro	(4,673)
English £	(2,908)
Swiss Franc	(5,068)
Australian $	1,664
Other	1,348

If the Euro strengthened against these currencies by 5%, then the effect on the Group would be a charge to the income statement of €0.2 million.

Market risk – interest 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 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 €157.2 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	+100 bps	-100bps
Swiss Franc	(2,659)	2,811
Euro	1,095	(1,098)
English £	3,640	(4,354)
US $	330	(339)
Other	199	(6)
TOTAL	**2,605**	**(2,986)**

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. Liquidity is measured by classifying cash flows into future time bands using a series of prudent assumptions and calculating the resultant surplus or deficit in each period. The analysis of cash flows generally reflects the contractual maturity of financial assets and liabilities except in the following cases:

- marketable debt securities are included in the demand time band, reflecting the fact that these assets are traded in liquid markets and can readily be converted to cash. Where such assets have been pledged as collateral in sale and repurchase agreements, they are included in the time band corresponding to the maturity of the sale and repurchase agreement;
- certain classes of customer deposits in NMR, which is the Group's largest subsidiary, 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 (Financial Services Authority - United Kingdom) in the UK for liquidity monitoring and reporting and is subject to regular review;
- a proportion of undrawn loan commitments is included as a cash outflow in the demand time band;
- interest and certain other cashflows relating to future income and expenses payable and receivable later than six months in the future are excluded from the liquidity analysis.

In NMR, liquidity is monitored daily independently of the front office Treasury staff responsible for day-to-day liquidity management, and is subject to oversight by RCH Committees. The Executive Board sets cash flow limits for each period. The Group is also subject to liquidity guidelines imposed by the Financial Services Authority.

The table below analyses the Group's assets and liabilities that are subject to liquidity risk into relevant time bands based on the method described above. Although consolidated data is not utilised in the management of the Group's liquidity, the following table does provide a useful insight into the overall liquidity of the Group. However, the ability of the Group's subsidiaries to pay dividends or advance money to the company depends, among other things, upon their respective regulatory capital requirements, statutory reserves, and financial and operating performance.

The net liquidity gap represents the difference between cash inflows and outflows arising in a particular time period. Timing differences in cash flows arise in the ordinary course of the Group's banking and treasury activities as a result of the difference in the maturity profile of assets and liabilities. The cumulative liquidity gap represents the theoretical cash position that would arise on the assumption that all liabilities mature on their adjusted maturity dates and are not replaced, and that assets are maintained at current levels. 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.

The differences in the cumulative liquidity gaps as at 31 March 2008 and 31 March 2007 represent a significant increase in liquidity resulting from the actions taken to reduce liquidity risk in response to adverse money market conditions. Committed bank facilities have been negotiated and the amount and duration of sale and repurchase arrangements. The Group has continued to build and diversify its customer deposit base, which increased over the year.

As a result of the various measures taken, the Group's liquidity position was very strong at 31 March 2008, with cash of €2.8 billion on short term bank deposit. Throughout the year, liquidity positions remained well in excess of the minimum level prescribed by the FSA.

Liquidity risk

In thousands of euros	Demand	Demand -3 months	3 months – 1 year	> 1 year	**31/03/2008**
Cash and amounts due from central banks	34,354	1,623	-	-	35,977
Financial assets at fair value through profit and loss	146,971	108,955	38,870	2,661	297,457
Hedging derivatives	-	7,029	16,786	-	23,815
Available-for-sale financial assets	814,988	180,756	1,041,082	1,026,687	3,063,513
Loans and receivables to banks	1,450,784	1,271,732	3,563	16,947	2,743,026
Loans and receivables to customers	105,733	194,275	681,349	1,651,677	2,633,034
Other	10,015	52,801	30,107	24,418	117,341
TOTAL	**2,562,845**	**1,817,171**	**1,811,757**	**2,722,390**	**8,914,163**
Due to central banks	73	-	-	-	73
Financial liabilities at fair value through profit and loss	145,377	169,879	54,574	1,125	370,955
Hedging derivatives	-	17,510	15,003	8,376	40,889
Due to banks	92,073	396,935	1,522,570	450,531	2,462,109
Due to customers	875,195	1,963,788	446,523	83,151	3,368,657
Debt securities in issue	-	433,378	440,524	699,996	1,573,898
Subordinated debt	-	-	-	254,098	254,098
Other	61,757	208,389	153,969	64,129	488,244
Commitments	55,932	-	-	-	55,932
TOTAL INCLUDING COMMITMENTS	**1,230,407**	**3,189,879**	**2,633,163**	**1,561,406**	**8,614,855**
Net liquidity (gap)/surplus	**1,332,437**	**(1,372,708)**	**(821,406)**	**1,160,984**	
CUMULATIVE LIQUIDITY (GAP)/SURPLUS	**1,332,437**	**(40,271)**	**(861,677)**	**299,307**	

The following table shows contractual cash flows payable by the Group on its financial liabilities, analysed by remaining contractual maturity at the balance sheet date. This table does not reflect the liquidity position of the Group. For the purposes of this table, derivative liabilities are considered to be all cashflows payable relating to hedging derivatives. Cashflows from undated subordinated debt are shown up to five years only, with the principal balance shown in the "Perpetual" column.

In thousands of euros	Demand	Demand – 3 months	3 months – 1 year	1 year – 5 years	> 5 years	Perpetual	31/03/2008
Due to central banks	73	-	-	-	-	-	73
Financial liabilities at fair value through profit and loss	646	-	-	-	-	-	646
Hedging derivatives	-	13,875	22,060	55,121	3,073	-	94,129
Due to banks	92,099	369,626	1,602,935	303,742	163,977	-	2,532,379
Due to customers	1,010,846	2,066,042	240,370	37,634	68,137	-	3,423,029
Debt securities in issue	-	435,846	488,025	748,868	-	-	1,672,739
Subordinated debt	-	2,633	8,297	45,657	30,733	276,684	364,004
Other	44,605	28,379	1,161	13,716	3,585	-	91,446
Commitments	279,775	85,412	24,657	-	-	-	389,844
TOTAL	**1,428,044**	**3,001,813**	**2,387,505**	**1,204,738**	**269,505**	**276,684**	**8,568,289**

Fair value of financial instruments

The methods adopted to determine the fair value of each type of financial asset or liability are summarised below:

- Derivative financial instruments and debt and equity securities 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 cashflows 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 cashflows at market interest rates adjusted for the appropriate credit spread.
- Debt securities in issue and subordinated debt. Fair value is determined using quoted market prices where available, or by discounting the future cashflows 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.

Fair value of financial instruments

In thousands of euros	Carrying 31/03/2008	Fair value 31/03/2008
Financial assets		
Loans and receivables to banks	2,743,768	2,743,646
Loans and receivables to customers	2,633,106	2,621,788
TOTAL	**5,376,874**	**5,365,434**
Financial liabilities		
Due to banks	2,462,021	2,457,146
Due to customers	3,375,521	3,370,106
Debt securities in issue	1,573,898	1,550,783
Subordinated debt	254,098	195,379
TOTAL	**7,665,538**	**7,573,414**

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 €2,174 billion.

VI. Notes to the Balance Sheet

Note 1 – Financial assets and liabilities at fair value through profit or loss

In thousands of euros	**31/03/2008**	31/03/2007
Trading instruments	2,227	-
Financial assets designated at fair value through profit and loss	1,725	-
Derivative financial instruments	42,853	-
AT THE END OF THE PERIOD	**46,805**	-
Of which:		
Financial assets at fair value through profit or loss - Listed	**2,616**	-
Financial assets at fair value through profit or loss – Unlisted	**44,189**	-

Trading portfolio - *In thousands of euros*	**31/03/2008**	31/03/2007
Public bills & assimilated securities	-	-
Bonds and other debt instruments	27	-
Shares and other equity instruments	2,200	-
Other financial instruments	-	-
AT THE END OF THE PERIOD	**2,227**	**-**

Financial assets designated at fair value through profit and loss - *In thousands of euros*	**31/03/2008**	31/03/2007
Public bills & assimilated securities	-	-
Bonds and other debt instruments	-	-
A Shares and other equity instruments	1,725	-
Other financial instruments	-	-
AT THE END OF THE PERIOD	**1,725**	**-**

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 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.

Derivative financial instruments

	Notional principal		Positive fair value		Negative fair value	
In thousands of euros	**31/03/2008**	31/03/2007	**31/03/2008**	31/03/2007	**31/03/2008**	31/03/2007
Interest rate contracts						
- Firm	416,304		2,994	-	(18,648)	-
- Conditional	641,824	-	1,583	-	(1,515)	-
Foreign exchange contracts						
- Firm	1,587,043	-	34,576	-	(45,649)	-
- Conditional	323,495	-	2,895	-	(2,895)	-
Equity and index instruments						
- Firm	-	-	-	-	-	-
- Conditional	646	-	-	-	(646)	(369)
Commodity instruments						
- Firm	-	-	-	-	-	-
- Conditional	-	-	-	-	-	-
Credit derivatives						
- Firm	142,379	-	738	-	(41,722)	-
- Conditional	-	-	-	-	-	-
Other forward financial instruments	150	-	67	-	(67)	-
AT THE END OF THE PERIOD	**3,111,841**	**-**	**42,853**	**-**	**(111,142)**	**(369)**

Note 2 – Hedging derivatives

	Notional principal		Positive fair value		Negative fair value	
In thousands of euros	**31/03/2008**	31/03/2007	**31/03/2008**	31/03/2007	**31/03/2008**	31/03/2007
Interest rate contracts						
- Firm	-	-	-	-	-	-
- Conditional	-	-	-	-	-	-
Foreign exchange contracts						
- Firm	1,478,078	-	10,342	-	(28,042)	-
- Conditional	-	-	-	-	-	-
Equity and index instruments						
- Firm	-	-	-	-	-	-
- Conditional	-	-	-	-	-	-
Commodity instruments						
- Firm	-	-	-	-	-	-
- Conditional	-	-	-	-	-	-
Other forward financial instruments	-	-	-	-	-	-
AT THE END OF THE PERIOD	**1,478,078**		**10,342**		**(28,042)**	

Cash flow hedging derivatives are used solely to hedge foreign exchange risks.

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)	(7,016)	(12,697)	(13,212)	(37,050)	(127,597)
AT 31 MARCH 2008	**(7,016)**	**(12,697)**	**(13,212)**	**(37,050)**	**(127,597)**

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 2007 the Group recognised a net loss of €37,000 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 €(16,557,000) at 31 March 2007 and €10,342,000 at 31 March 2008.

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.

A gain of €407,000 was recognised in the income statement in respect of the ineffective portion of cash flow hedges. The fair value of derivatives designated as cash flow hedges at 31 March 2008 was €(11,485,000).

Note 3 – Available-for-sale financial assets

In thousands of euros	**31/03/2008**	31/03/2007
AFS securities – fixed income		
Public bills & assimilated securities		
Bonds & assimilated securities	396,908	65,183
Negotiable debt instruments and assimilated securities	2,766,667	12,519
Sub total	**3,163,575**	**77,702**
Of which:		
Listed securities	*2,257,464*	-
Unlisted securities	*906,111*	-
Accrued interest	39,290	1,866
Sub total	**3,202,865**	**79,568**
Impairment	(32,792)	(818)
TOTAL OF FIXED INCOME SECURITIES	**3,170,073**	**78,750**
Variable income securities		
Affiliates and long term securities	265,131	57,724
Other equities and variable income securities	259,875	214,268
Equities and other variable income securities	**525,006**	**271,992**
Of which:		
Listed securities	*208,000*	-
Unlisted securities	*317,006*	-
Impairment	(29,099)	(21,894)
TOTAL OF VARIABLE INCOME SECURITIES	**495,907**	**250,098**
TOTAL OF AVAILABLE-FOR-SALE FINANCIAL ASSETS	**3,665,980**	**328,848**

Movement in available-for-sale financial assets

In thousands of euros	31/03/2008
AT THE BEGINNING OF THE PERIOD	**328,848**
Additions	888,576
Change of scope	4,361,586
Disposals (sale and redemption)	(1,567,511)
Reclassifications and changes in consolidation scope	(46,766)
Gains/(losses) from changes in fair value	(157,914)
Impairment	(46,599)
Exchange differences	(94,240)
AT THE END OF THE PERIOD	**3,665,980**

Note 4 – Loans and receivables to banks

In thousands of euros	31/03/2008	31/03/2007
Interbank demand deposits & overnight loans	504,242	2,065
Interbank term deposits & loans	2,237,042	-
Reverse repos and loans secured by bills	-	-
Subordinated loans - banks	-	-
Total	**2,741,284**	**2,065**
Accrued interest	2,484	-
Loans and receivables to banks – Gross amount	**2,743,768**	**2,065**
Allowance for credit losses on loans and receivables to banks	-	-
AT THE END OF THE PERIOD	**2,743,768**	**2,065**

Note 5 – Loans and receivables to customers

Loans and receivables to customers

In thousands of euros	31/03/2008	31/03/2007
Overdrafts on current accounts-customers	551	-
Loans – Customers - retails	373,311	-
Corporate loans	2,301,008	-
Reverse repos and loans secured by bills	-	-
Subordinated loans - customers	-	-
Total	**2,674,870**	-
Accrued interest	24,362	-
Loans and receivables to customers – Gross amount	**2,699,232**	-
Allowance for credit losses on loans and receivables to customers	(66,126)	-
AT THE END OF THE PERIOD	**2,633,106**	-

Allowance for credit losses on loans and receivables

In thousands of euros	Specific provision 31/03/2008	Collective provision 31/03/2008	Total
Allowance for credit losses on loans and receivables to customers	(56,053)	(10,073)	(66,126)

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	64,643	(12,642)	52,001
Between 1 and 5 years	112,028	(20,585)	91,443
Over 5 years	2,359	(346)	2,013
TOTAL AT 31 MARCH 2008	**179,030**	**(33,573)**	**145,457**

Note 6 – Other assets & estimated accounts

In thousands of euros	**31/03/2008**	31/03/2007
Guarantee deposits paid	503	507
Settlement accounts on securities transactions	2,839	1
Other receivable	82,260	15,346
Other assets	**85,602**	**15,854**
Dividends to allocate	679	-
Prepaid expenses	11,551	-
Accrued income	176,595	206
Estimated accounts	**188,825**	**206**
AT THE END OF THE PERIOD	**274,427**	**16,060**

Note 7 – Investments in associates

This heading corresponds to the share of investment consolidated by the equity method, after accounting for the share of earnings for the year and for changes in shareholders' equity. Changes in 2007-2008 are presented in a single table summarising the impact of IFRS adjustments and all movements for the year.

Movements concerned the exit during the year included the change in consolidation scope of Concordia BV which has been consolidated using the full consolidation method since 21 November 2007. At this date, additional investments in companies accounted for by the equity method entering the consolidation scope included the Rothschild et Compagnie Banque and Rothschild Europe BV subgroups as well as the joint ventures between Rothschild et Compagnie Banque and Concordia BV.

Franinvest, previously consolidated using the equity method, was withdrawn from the consolidation scope following the disposal of its shareholding in Onet, as was Courcelles Participation after its sale by the Group. The provision of the negative net assets of Comepar was written back following the release during the year of Paris Orléans' commitment to contribute above and beyond its capital commitments.

Investments in associates

In thousands of euros	Concordia BV	D.B.R.	Courcelles Participations	CINV	Centrum Luxembourg	Rivoli Participation	Marco polo	Comepar	Franinvest	Consolidated subgroups: JV avec Rothschild and Compagnie Banque	Consolidated subgroups: Rothschild and Compagnie Banque	Consolidated subgroups: Rothschild Europe BV	Consolidated subgroups: Others	Total
At 31/03/2006	**252,517**	**14,534**	**34,589**	**4,573**	**(149)**	**712**	**3,434**		**882**					**311,092**
Of which goodwill	*17,101*	*1,267*	*11,178*											*29,546*
Profit for the period 2006 - 2007	20,139	975	2,043	4,309	(2,789)	571		(1,651)	32	-	-	-	-	23,629
Change in percentage ownership	-	2	(1,098)	-	-	-	(3,434)	12	-	-	-	-	-	(4,518)
Exchange differences on translation	1,742	(400)	(52)	(574)	(34)	-	-	-	-	-	-	-	-	682
Shareholders'dividends	(9,646)	(238)	-	-	-	-	-	-	-	-	-	-	-	(9,884)
Gains (losses) from changes in fair value	13,613	-	-	(2,008)	-	1	-	-	3,092	-	-	-	-	14,698
Other	(1,742)	80	(35,482)	(1,651)		10	-	-	-	-	-	-	-	(38,785)
Provisions		-	-	-	2,972	-	-	1,639	-	-	-	-	-	4,611
At 31/03/2007	**276,623**	**14,953**	**-**	**4,649**	**-**	**1,294**	**-**	**-**	**4,006**	**-**	**-**	**-**	**-**	**301,525**
Of which goodwill	*17,101*	*1,267*	-	-	-	-	-	*915*	-	-	-	-	-	*19,283*
Of which allowance for impairment	-	-	-	-	-	-	-	*(915)*	-	-	-	-	-	*(915)*
Profit for the period 2007 - 2008	13,225	2,836		610	3,156	351		1,639	10,050	5,827	6,641	13,389	49	57,773
Change in percentage ownership	(266,718)	(2,248)							(14,056)	6,082	76,710	31,524	16,132	(152,574)
Exchange differences on translation	(9,754)	(193)		(328)	(32)					(57)	1,036	112	(2,068)	(11,284)
Shareholders'dividends	(11,738)	(473)		(1,935)						(5,310)	(15,747)	(11,330)	(880)	(47,413)
Gains (losses) from changes in fair value	(7,866)			265							905		(129)	(6,825)
Effect of acquisitions and disposals on minority interests		(4,244)												(4,244)
Other	6,228	(250)		(805)		3				(606)	1,525	1,146	1,086	8,327
Provisions					(2,972)			(1,639)						(4,611)
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)*

Information related to associated

In thousands of euros	**Balance sheet**	Net banking income or net operating income	Net Income
DBR (consolidated subgroup)	189,407	76,523	8,141
CINV	12,482	2,853	1,692
Centrum Luxembourg	184,211	17,379	7,892
Rivoli Participation (consolidated subgroup)	12,303	11,631	1,190
Comepar (consolidated subgroup)	44,249	5,507	2,265
Joint-ventures between CBV and Rothschild & Cie Banque (consolidated subgroup)	26,804	39,443	18,357
Rothschild & Cie Banque (consolidated subgroup)	1,125,831	79,395	34,353
Rothschild Europe BV (consolidated subgroup)	175,648	169,110	45,174

Note 8 – Tangible fixed assets

In thousands of euros	Balance at 01/04/2007	Change of scope	Additions	Disposals	Write offs	Changes in consolidation scope of the period	Depre-ciation charge	Exchange rate movement	Other move-ments	**Balance at 31/03/2008**
Operating lands and buildings	76	154,805	-	(646)	-	41	-	(9,041)	8,819	154,054
Assets used to generate lease income		7,265	116	(80)	-	-	-	(141)	6	7,166
Other tangible fixed assets	372	89,168	3,801	(7,128)	(399)	125	-	(5,479)	731	81,191
Total tangible fixed assets – Gross amount	**448**	**251,238**	**3,917**	**(7,854)**	**(399)**	**166**	**-**	**(14,661)**	**9,555**	**242,411**
Amortisation and allowances – operating lands and buildings	(48)	(68,833)	-	-	-	(20)	(932)	6,321	89	(63,423)
Amortisation and allowances – assets used to generate lease income		(3,356)	-	25	-	-	(736)	78	-	(3,989)
Amortisation and allowances – other tangible fixed assets	(155)	(66,078)	-	6,915	399	(59)	(1,401)	4,413	(581)	(56,547)
Total amortisation and allowances	**(203)**	**(138,267)**	**-**	**6,940**	**399**	**(79)**	**(3,069)**	**10,812**	**(492)**	**(123,959)**
TOTAL TANGIBLE FIXED ASSETS – NET AMOUNT	**245**	**(112,971)**	**3,917**	**(914)**	**-**	**87**	**(3,069)**	**(3,849)**	**9,064**	**118,452**

Note 9 – Intangible fixed assets

In thousands of euros	Balance at 01/04/2007	Change of scope	Additions	Disposals	Write offs	Changes in consolidation scope of the period	Depre-ciation charge	Exchange rate movement	Other move-ments	**Balance at 31/03/2008**
Intangible fixed assets – Gross amount	156	186,907	68	(15)	(28)	-	-	(174)	1,241	188,155
Amortisation and allowan-ces – Intangible fixed assets	(134)	(2,501)	(23)	-	28	-	(5,814)	48	(333)	(8,729)
INTANGIBLE FIXED ASSETS – NET AMOUNT	**22**	**184,406**	**45**	**(15)**	**-**	**-**	**(5,814)**	**(126)**	**908**	**179,426**

On 21 November 2007 Paris Orléans took majority control of Concordia BV with a shareholding of 57.5% (before treasury shares) compared with 50% previously. On first-time consolidation of CBV, Paris Orléans recognised €183 million as an asset for the fair value of intangible assets identified in the RCH subgroup. The tangible assets include the “Rothschild” brand name for €151 million and customer relationships for the Private Banking and Trust activity (€26 million), as well as the investment banking pipeline (€6 million), i.e. a total of €183 million in intangible assets.

At 31 March 2008, the Group had no contractual commitments to acquire intangible assets.

Note 10 – Goodwill

The acquisition of 57.5% majority control of Concordia BV generated goodwill corresponding to the difference between the purchase price paid and the Group's share of the identifiable net assets acquired measured at their fair value:

This goodwill results from the following elements:

In thousands of euros	
Fair value of CBV securities repurchased/acquired/exchanged	**58,969**
Consolidated net assets (after consolidation adjustments) at 20 November 2007	478,983
CBV capital decrease	(117,937)
Group share of identified intangible assets	84,012
Adjusted consolidated net assets of CBV	**445,058**
Increase in percentage held by Paris Orléans*	2,26%
Share of net assets acquired	**10,037**
Goodwill	**48,932**

** Percentage restated for the impact of the shares in Paris Orléans held by RCH.*

This goodwill amounting to €48,932 thousand is in addition to goodwill amounting to €17,101 thousand that was carried by the Group in relation to Concordia BV when it was accounted for using the equity method.

In a second phase, on 22 January 2008, Paris Orléans acquired the remaining 42.5% of Concordia BV's capital (directly and indirectly) thereby bringing its stake to 100%. This second transaction was accounted for as a buyout of minority interests following acquisition of a controlling stake. The difference at the second stage between the net carrying value of the minority interests acquired and the purchase price was €146.5 million. This was accounted for as a decrease in shareholders' equity, in line with the accounting policies applied by the Group.

The total amount of the acquisition of the remaining minority interests breaks down as follows:

In thousands of euros	
Fair value of CBV securities repurchased/acquired/exchanged	**330,621**
Consolidated net assets (after consolidation adjustments) at 22 January 2008	347,251
Group share of identified intangible assets	84,012
Adjusted consolidated net assets of CBV	**431,263**
Increase in percentage held by Paris Orléans*	42,70%
Share of net assets acquired	**184,166**
Buyout of minority interests booked to shareholders' equity	**146,455**

** Percentage restated for the impact of the shares in Paris Orléans held by RCH.*

The goodwill on companies consolidated by the full consolidation method amounted to €66,033 thousand at the end of the financial year and related solely to the holding in Concordia BV.

No impairment of goodwill was recognised given the values applied for the acquisition of Concordia BV by Paris Orléans.

Note 11 – Due to banks

In thousands of euros	**31/03/2008**	31/03/2007
Interbank demand deposits & overnight	78,494	18,226
Interbank term deposits & borrowings	781,440	18,000
Borrowings secured by repurchase agreement	1,580,067	-
Due to banks – Sub total	**2,440,001**	**36,226**
Accrued interest	22,020	249
AT THE END OF THE PERIOD	**2,462,021**	**36,475**

This heading includes €106.3 million in banking loans taken out by Paris Orléans for the acquisition of 42.5% of the capital of Concordia BV.

Note 12 – Due to customers

In thousands of euros	**31/03/2008**	31/03/2007
Customer demand	1,086,060	-
Term deposits - customers	2,276,582	-
Borrowings secured by bills (customers)	-	-
Customer deposits – Sub total	**3,362,642**	**-**
Accrued interest	12,879	-
AT THE END OF THE PERIOD	**3,375,521**	**-**

Note 13 – Debt securities in issue

In thousands of euros	**31/03/2008**	31/03/2007
Securities with a short term maturity	658,326	-
Securities with a medium term maturity	904,528	-
Securities with a long term maturity and bonds	-	-
Debt securities in issue – Sub total	**1,562,854**	**-**
Accrued interest	11,044	-
AT THE END OF THE PERIOD	**1,573,898**	**-**

Medium-term debt securities have been issued under a Euro Medium Term Note programme in the United Kingdom. These securities were issued at floating interest rates and had residual maturities of between 11 and 42 months at 31 March 2008. The short-term debt securities consist of certificates of deposit issued at fixed rates and a maturity of more than 10 months on issue.

Note 14 – Estimated accounts & other liabilities

In thousands of euros	**31/03/2008**	31/03/2007
Settlement accounts on securities transactions	2,839	-
Accounts payable	36,862	-
Sundry creditors	90,302	2,902
Other liabilities	**130,003**	**2,902**
Due to employees	437,784	-
Accrued expenses and deferred income	74,486	624
Estimated accounts	**512,270**	**624**
AT THE END OF THE PERIOD	**642,273**	**3,526**

Note 15 – Provisions

In thousands of euros	Balance at 01/04/2007	Change of scope	Charge	Reversal	Dis-counting	Change in conso-lidation percentage	Exchange rate movement	Other move-ments	**Balance at 31/03/2008**
Allowance for counterparty risk	-	-	-	-	-	-	-	-	-
Provision for claims or litigation	71	51	-	(94)	-	-	(35)	180	173
Reinstatement provisions	-	12,470	-	-	-	-	(1,888)	1,311	11,893
Vacant property provisions	-	9,129	9,406	(8,225)	-	-	(1,382)	-	8,928
Allowance for counterparty risk	-	-	-	-	-	-	-	-	-
Retirement benefit provisions	2,676	40,321	417	-	-	-	-	(3,245)	40,169
Share of net liabilities of companies accounted for by the equity method	4,611	-	-	(4,611)	-	-	-	-	-
Other provisions	-	-	-	-	-	-	-	-	-
TOTAL OF PROVISIONS	**7,358**	**61,971**	**9,823**	**(12,930)**	**0**	**0**	**(3,305)**	**(1,754)**	**61,163**

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

	31/03/2008	31/03/2007
£100,000 Cumulative Redeemable Preference Shares	127	-
€500 Cumulative Redeemable Preference Shares	1	-
Floating Rate Subordinated Notes due 2015 (US$45 million)	28,479	-
Perpetual Floating Rate Subordinated Notes (€150 million)	128,557	-
Perpetual Floating Rate Subordinated Notes (US$200 million)	94,927	-
Subordinated debt	**252,091**	**-**
Accrued interest	2,007	-
AT THE END OF THE PERIOD	**254,098**	**-**

Dated subordinated debt

The issue by Rothschilds Continuation Finance B.V. ("RCF B.V."), a subsidiary undertaking incorporated in the Netherlands, of US$45 million subordinated floating-rate notes due 2015 has been guaranteed on a subordinated basis by Rothschilds Continuation Limited ("RCL"). RCL is the Group's principal holding company in the UK.

Perpetual subordinated debt

The issue by Rothschild Continuation Finance (CI) Limited, a subsidiary undertaking incorporated in Guernsey, of £125 million in guaranteed subordinated debt securities at 9% was guaranteed on a subordinated basis by RCL.

The issue by RCF B.V. (a subsidiary undertaking incorporated in the Netherlands) of US$200 million primary capital undated guaranteed floating-rate notes has been guaranteed on a subordinated basis by RCL.

Rothschild Continuation Finance PLC (a subsidiary undertaking incorporated in the United Kingdom) has issued €150 million of floating-rate perpetual subordinated guaranteed notes. These are guaranteed on a subordinated basis by NMR, the Group's merchant banking subsidiary undertaking in the United Kingdom.

IAS 32 requires financial instruments to be accounted for as equity instruments where there is no contractual obligation to repay principal or to pay interest. Where the subordinated debt instruments are perpetual, there is no contractual obligation to repay principal. Moreover, the terms of the instruments permit interest payments to be waived unless the issuer has paid a dividend in the preceding six months. The payment of dividends on ordinary shares is not considered sufficient to cause the instruments to be classified as liabilities, because the Group controls the payment of dividends on ordinary shares.

There is no contractual obligation to repay principal or to pay interest on the £125 million notes. Therefore, these notes are treated as equity in the Group's accounts and are disclosed as part of minority interest.

Note 17 – Depreciations

Changes in impairment of assets can be analysed as follows:

In thousands of euros	At 1 April 2007	Change of scope	Charge	Reversal	Exchange rate movement and other movements	**At 1 April 2008**
Loans and receivables to customers	-	(70,885)	(2,034)	1,137	5,655	(66,127)
Available-for-sale financial assets	(22,712)	(20,649)	(78,348)	55,856	3,963	(61,890)
Other assets	(673)	(8,637)	(5,243)	2,840	2,004	(9,709)
TOTAL	**(23,385)**	**(100,171)**	**(85,625)**	**59,834**	**11,622**	**(137,726)**

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	31/03/2008
Deferred tax assets at the beginning of the period	119
Deferred tax liabilities at the beginning of the period	18,158
Net amount (at the beginning of the period)	**(18,039)**
Change of scope	31,842
Recognised in income statement	
Income statement credit	3,970
Recognised in equity	
Defined benefit pension arrangements	4,202
Available for sale financial assets	30,371
Cash flow hedges	(375)
Impact of scope changes	(21,438)
Derocognition of partnerships	-
Payments/(refunds)	1,199
Exchange differences	(8,552)
Other	55
Net amount (at the end of the period)	**23,235**
Deferred tax assets at the end of the period	80,344
Deferred tax liabilities at the end of the period	57,109

The first-time full consolidation of the Concordia BV subgroup generated an amount of €31,742 thousand of net deferred tax assets at 21 November 2007. In the context of this consolidation, Paris Orléans recognised an amount of €183 million on its consolidated balance sheet in respect to the fair value of identified intangible assets in RCH. These assets were recognised taking into account deferred taxation based on the tax rules applicable to each type of asset, thereby generating a deferred tax liability of €21,438 thousand. This is disclosed as a change in consolidation scope.

Deferred tax net assets and liabilities are attributable to the following items:

In thousands of euros	31/03/2008
Accelerated tax depreciation	8,727
Deferred profit share arrangements	36,751
Defined benefit pension liabilities	5,553
Available-for-sale financial assets	14,669
Cash flow hedges	279
Provisions	2,189
Other temporary differences	12,176
DEFERRED TAX NET ASSETS AT THE END OF THE PERIOD	**80,344**

In thousands of euros	31/03/2008
Defined benefit pension liabilities	(840)
Available-for-sale financial assets	30,071
Other temporary differences	27,878
DEFERRED TAX NET LIABILITIES AT THE END OF THE PERIOD	**57,109**

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	Paris Orléans (excluding Concordia BV)	Concordia BV subgroup	31/03/2008
Accelerated tax depreciation	-	1,668	1,668
Defined benefit pension liabilities	139	(274)	(135)
Allowances for loan losses	-	307	307
Tax losses carried forward	-	2,795	2,795
Deferred profit share arrangements	-	(3,888)	(3,888)
Available-for-sale financial assets	1,077	(101)	976
Other temporary differences	(121)	(3,911)	(4,032)
	1,095	**(3,404)**	**(2,309)**

Note 19 – Non current assets held for sale and debts related to non current assets held for sale

Certain of the remaining non-investment banking business assets and liabilities still meet the definition of a disposal group in IFRS 5 Non current assets held for sale and discontinued operations and are still shown as a disposal group at the 31 March 2008.

In thousands of euros	31/03/2008	31/03/07
Loans and receivables to banks	8,916	-
Loans and receivables to customers	1,338	-
Deferred tax assets	1,196	-
Estimated accounts and other assets	37,432	51,059
Non current assets held for sale at the end of the period	**48,882**	**51,059**
Due to banks	32,546	-
Estimated accounts and other liabilities	1,888	45,331
Debts related to non current assets held for sale at the end of the period	**34,434**	**45,331**

VII. Notes to the Income statement

Note 20 – Net interest income

Interest income *In thousands of euros*	Paris Orléans (excluding Concordia BV) 31/03/2008	Concordia BV subgroup 31/03/2008	**2007/2008**	2006/2007
Interest income on interbank operations	40	30,495	30,535	-
Interest income on operations with customers	-	90,484	90,484	-
Interest income on financial instruments – Available for sale	12,428	62,985	75,413	4,315
Interest income on hedging derivatives	-	22,954	22,954	-
Interest income on other financial assets	779	4,676	5,455	588
TOTAL	**13,247**	**211,594**	**224,841**	**4,903**

Included within interest income is €717,000 in respect of interest income accrued on impaired financial assets.

Interest expense *In thousands of euros*	Paris Orléans (excluding Concordia BV) 31/03/2008	Concordia BV subgroup 31/03/2008	**2007/2008**	2006/2007
Interest expense on interbank operations	(2,477)	(114,924)	(117,401)	(487)
Interest expense on operations with customers	-	(30,194)	(30,194)	-
Interest expense on debt materialized by securities	-	(19,622)	(19,622)	-
Interest expense on subordinated debt	-	(2,324)	(2,324)	-
Interest expense on hedging derivatives	-	11	11	-
Other interest expenses	(1,010)	5	(1,005)	(2,661)
TOTAL	**(3,487)**	**(167,048)**	**(170,535)**	**(3,148)**

Note 21 – Net fee and commission income

Fee and commission income *In thousands of euros*	Paris Orléans (excluding Concordia BV) 31/03/2008	Concordia BV subgroup 31/03/2008	**2007/2008**	2006/2007
Fees for advisory work and other services	2,042	199,584	201,626	1,040
Portfolio and other management fees	-	41,840	41,840	-
Banking and credit-related fees and commissions	98	4,162	4,260	160
Other fees	27	16,278	16,305	61
TOTAL	**2,167**	**261,864**	**264,031**	**1,261**

Fee and commission expense *In thousands of euros*	Paris Orléans (excluding Concordia BV) 31/03/2008	Concordia BV subgroup 31/03/2008	**2007/2008**	2006/2007
Fees for advisory work and other services	(148)	(392)	(540)	(149)
Portfolio and other management fees	(587)	(3,596)	(4,183)	(241)
Banking and credit-related fees and commissions	(1,094)	(5)	(1,099)	(93)
Other fees		437	437	
TOTAL	**(1,829)**	**(3,556)**	**(5,385)**	**(483)**

Note 22 – Net gain/(loss) on financial instruments at fair value through profit and loss

In thousands of euros	Paris Orléans (excluding Concordia BV) 31/03/2008	Concordia BV subgroup 31/03/2008	**2007/2008**	2006/2007
Net income – debt securities and related derivatives – Trading	-	(17,011)	(17,011)	-
Net income – equities securities and related derivatives – Trading	-	318	318	180
Net income – forex operations	2,113	11,438	13,551	652
Net income – other trading operations	-	469	469	-
Net income – financial instruments designated at fair value through profit and loss	-	(89)	(89)	-
Net income – hedging derivatives	-	(37)	(37)	-
TOTAL	**2,113**	**(4,912)**	**(2,799)**	**832**

The net loss on debt securities and related derivatives comprises a loss of €16,401 thousand 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 2008, the fair value of the hedging instruments increased by €1,570 thousand whereas the fair value of the hedged instruments dropped by €1,583 thousand.

Note 23 – Net gain/(loss) on available-for-sale financial assets

In thousands of euros	Paris Orléans (excluding Concordia BV) 31/03/2008	Concordia BV subgroup 31/03/2008	**2007/2008**	2006/2007
Gains or losses on sales of long term securities	1,062	12,754	13,816	79
Impairment losses on long term securities	-	(548)	(548)	-
Gains or losses on sales of other available-for-sale financial assets	16,671	(133)	16,538	27,339
Impairment losses on other available-for-sale financial assets	(5,319)	-	(5,319)	(812)
Available-for-sale dividend income	8,064	3,422	11,486	5,101
TOTAL	**20,478**	**15,495**	**35,973**	**31,707**

Note 24 – Income from other activities – Expense on other activities

Income from other activities *In thousands of euros*	Paris Orléans (excluding Concordia BV) 31/03/2008	Concordia BV subgroup 31/03/2008	**2007/2008**	2006/2007
Investment property	-	-	-	38
Income from leasing	-	6,770	6,770	-
Other income	2	56	58	-
TOTAL	**2**	**6,826**	**6,828**	**38**

Expense on other activities *In thousands of euros*	Paris Orléans (excluding Concordia BV) 31/03/2008	Concordia BV subgroup 31/03/2008	**2007/2008**	2006/2007
Investment property	(12)	-	(12)	(9)
Expenses from assets used to generate lease income	-	(3,174)	(3,174)	-
Other expenses	(18)	(16)	(34)	-
TOTAL	**(30)**	**(3,190)**	**(3,220)**	**(9)**

Note 25 – Operating expenses

Operating expenses *In thousands of euros*	Paris Orléans (excluding Concordia BV) 31/03/2008	Concordia BV subgroup 31/03/2008	**2007/2008**	2006/2007
Staff costs	(6,823)	(176,667)	(183,490)	(4,113)
Administratives expenses	(4,787)	(51,941)	(56,728)	(3,953)
TOTAL	**(11,610)**	**(228,608)**	**(240,218)**	**(8,066)**

At 31 March 2008, the Group employed 2,018 people compared with 18 at 31 March 2007. The increase during the year reflects the new consolidation scope after taking control of the banking activities through Concordia BV, whose headcount increased from 1,945 in 2006/2007 to 1,995 in 2007/2008.

Note 26 – Depreciation, amortisation and impairment of tangible and intangible assets

In thousands of euros	Paris Orléans (excluding Concordia BV) 31/03/2008	Concordia BV subgroup 31/03/2008	**2007/2008**	2006/2007
Depreciation and amortisation				
Amortisation of intangible assets	(9)	(5,805)	(5,814)	(24)
Depreciation of tangible assets	(66)	(3,003)	(3,069)	(77)
Impairment allowance expenses				
Impairment allowance on intangible assets	-	-	-	17
Impairment allowance on tangible assets	-	-	-	-
TOTAL	**(75)**	**(8,808)**	**(8,883)**	**(84)**

Note 27 – Cost of risk

In thousands of euros	Paris Orléans (excluding Concordia BV) 31/03/2008			Concordia BV subgroup 31/03/2008						
	Impairment	Irrecoverable loans	**Total**	Impairment	Impairment written back	Irrecoverable loans	Recovered loans	**Total**	**2007/2008**	2006/2007
Loans and receivables	(179)	(37)	(216)	(1,730)	1,137	(1,585)	369	(1,809)	(2,025)	(802)
Fixed-income securities	-	-	-	(72,087)	36,962	(36,863)	-	(71,988)	(71,988)	-
Other	-	-	-	(988)	2,840	870	(1,844)	878	878	-
TOTAL	**(179)**	**(37)**	**(216)**	**(74,805)**	**40,939**	**(37,578)**	**(1,475)**	**(72,919)**	**(73,135)**	**(802)**

All the losses incurred by the Concordia BV sub-group relate to the commercial banking activity.

Note 28 – Net income/expense from other assets

In thousands of euros	Paris Orléans (excluding Concordia BV) 31/03/2008	Concordia BV subgroup 31/03/2008	**2007/2008**	2006/2007
Gains or losses on sales of tangible or intangible assets	398	1,015	1,413	(83)
Gain or loss on sale of subsidiaries	59,804	-	59,804	988
TOTAL	**60,202**	**1,015**	**61,217**	**905**

The sale of the Group's entire shareholding in Courcelles Participations generated a gain of €59.2 million (of which €31.7 million corresponds to deferred income net of deferred tax linked to the secondary LBO of SIACI carried out in September 2003), accounting for nearly all the net gains or losses on other assets.

Note 29 – Taxation

The net income tax charge can be broken down into current tax charges and deferred tax charges:

Current tax

In thousands of euros	Paris Orléans (excluding Concordia BV) 31/03/2008	Concordia BV subgroup 31/03/2008	**2007/2008**	2006/2007
Tax charges for the current period	(7,376)	(20,791)	(28,167)	(7,592)
Prior year adjustments	-	664	664	-
Overseas tax	-	3,002	3,002	-
Relief for double taxation	-	(292)	(292)	-
Prior year losses utilised	-	179	179	-
Unrecoverable dividend withholding tax	-	(63)	(63)	-
Other	-	169	169	-
TOTAL	**(7,376)**	**(17,132)**	**(24,508)**	**(7,592)**

Deferred tax

In thousands of euros	Paris Orléans (excluding Concordia BV) 31/03/2008	Concordia BV subgroup 31/03/2008	**2007/2008**	2006/2007
Temporary differences	(1,095)	3,195	2,100	666
Prior year losses utilised	-	(1,441)	(1,441)	-
Changes in tax rates	-	(25)	(25)	-
Prior year adjustment	-	52	52	-
Other	-	3,284	3,284	-
TOTAL	**(1,095)**	**5,065**	**3,970**	**666**

At 31 March 2007, Rothschild North America, a banking subsidiary with tax losses, recognised deferred tax assets linked principally to timing differences on bonus accruals and retirement indemnities. These assets were not recognised at Group level. At 31 March 2008, based on three-year budget projections, the Group considered that it was probable that Rothschild North America would generate taxable income in the future to which these temporary differences could be attributed and recognised a deferred tax asset of €3,745 thousand (of which the Group's share was €1,906 thousand).

Rationalisation of the tax charge

In thousands of euros	Basis	Tax at 33.33%
Net income	**125,950**	
Restatements		
Income (loss) of companies accounted for by the equity method	(57,773)	
Corporate income tax	20,538	
Income of consolidated companies before tax	88,715	29,572
Consolidation adjustments (deferred tax, fair value adjustments, provisions and reversals of provisions for impairment, other)		(1,076)
Losses to be carried forward		(2,017)
Taxation differences (French social contribution, long-term capital gains tax, venture capital companies, US tax)		(7,920)
Activities discontinued or sold		
Permanent differences		(2,470)
Temporary differences and other		4,450
Tax on consolidated companies		**20,538**
Effective tax rate		
Net income - Group share	109,132	
Minority interests	16,818	
Corporate income tax	20,538	
GROSS INCOME	**146,488**	
EFFECTIVE TAX RATE	**14.02%**	

In 2006/2007, the effective tax rate was 11.93%.

Note 30 – Commitments given and received

Commitments given

In thousands of euros	31/03/2008	31/03/2007
Loan commitments	**389,844**	**-**
Given to banks	-	-
Given to customers	389,844	-
Guarantee commitments	**1,945,204**	**28,435**
Given to banks	1,848,152	20,435
Given to customers	97,052	8,000
Other commitments	**108,299**	**41,631**
Underwriting commitments	69,498	39,778
Other commitments given	38,801	1,853

Commitments received

In thousands of euros	31/03/2008	31/03/2007
Loan commitments	**-**	**-**
Received from banks	-	-
Received from customers	-	-
Guarantee commitments	**233,451**	**95,747**
Received from banks	96,830	30,925
Received from customers	136,621	64,822
Other commitments	**10,596**	**-**
Other commitments received	10,596	-

During the year, a system of deferred remuneration was instituted at several entities.

The Group established that certain bonuses will be deferred and be paid to employees in equal proportions on condition that they are still employed by the Group.

Other commitments given comprise €34.9 million in respect of commitments to employees in connection with deferred remuneration that will be paid to them on condition that they are still effectively employed by the Group on each anniversary date.

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	Land and buildings 31/03/2008	Other 31/03/2008
Up to 1 year	56,396	258
Between 1 and 5 years	17,993	120
Over 5 years	45,369	-
TOTAL	**119,758**	**378**

Note 31 – Earnings per share

At 31 March 2008, Paris Orléans' share capital comprised 30,965,360 shares and 666,720 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 97.13% of its own capital.

These shareholdings were as follows:

- 5.47% 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),
- 5.69% of Paris Orléans held by NMR (NM Rothschild & Sons Limited),
- lastly, treasury shares held by Paris Orléans corresponding to 2.58% of the capital in the form of 150,718 shares assigned to a liquidity contract since January 2008 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 24,668,252.

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.), diluted earnings per share are the same as basic earnings per share.

Earnings per share (Group share) for the year ended 31 March 2008 came to €4.42 compared with €2.15 in respect of the previous year taking into account the 10 for 1 share split carried out during the 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	2008 Companies accounted for by the equity method
Assets	
Loans and advances to banks	-
Loans and advances to customers	-
Other assets	18,944
Total	**18,944**
Liabilities	
Due to banks	-
Due to customers	-
Debt securities in issue	-
Other liabilities	3,020
Total	**3,020**
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	517
Interest paid	(353)
Commissions received	-
Commissions paid	(9)
Other income	931
Total	**1,086**
Other expenses	(4,652)
TOTAL	**(4,652)**

Note 33 – Directors of the Company transactions

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 2007/2008:

- Fixed remuneration €1,205.8 thousand
- Variable remuneration €4,707.4 thousand
- Directors' fees €84.3 thousand
- **Total short-term benefits €5,997.5 thousand**

In addition, in respect of retirement and similar commitments (Note 35), the capital to be set aside in favour of some corporate officers in connection with the supplementary retirement plan for Paris Orléans' managers amounts to €3,093 thousand at discounted value.

- Post-employment benefits €3,093 thousand
- Other long-term benefits

Post-employment benefits

A total of CHF879,120 (€549 thousand) was extended in interest-free loans to corporate officers at 31 March 2008 in connection with the acquisition of shares in RCH.

In addition, corporate officers did not benefit from payments in shares in respect of 2007/2008 and no severance benefits are provided for on termination of work contracts.

Note 34 – 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 outstanding share options.

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 of 10 years.

Movements in the number of share options

	2008	
	Number	**Weighted Average Exercise Price in CHF**
At the beginning of the period	**8,410**	**1,350**
Forfeited	-	-
Expired	-	-
Cancelled	-	-
Exercised	-	-
At the end of the period	**8,410**	**1,350**
Exercisable at 31 March	8,410	1,350

Share options outstanding at 31 March were as follows:

	2008	
Exercise price in Swiss Franc	**Number of options outstanding**	**Weighted average contractual life (years)**
501 - 750	-	-
751 -1,000	-	-
1,001-1,250	3,160	3.0
1,251 – 1,500	5,250	2.1
TOTAL / AVERAGE	**8,410**	**2.4**

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.

Employees purchased the shares using a combination of their own cash as well as funding from an interest free limited recourse loan provided by RCH. 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; or, 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"): 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 it has the characteristics of a cash settled share-based payment.

The cost of these arrangements charged/(credited) to the income statement in the year was:

In thousands of euros	2008
Discount on fair value of shares sold	-
Valuation of floor	(1,506)
TOTAL	**(1,506)**
Carrying value of the liability arising under these arrangements	549

Share-based payment acquisition

Certain directors of the Group are parties to a cash-settled share-based payment arrangement for the acquisition of a subsidiary company by employees of that subsidiary. The benefits of this arrangement vest after 30 September 2008 provided that certain conditions regarding the growth in the value of the relevant group company are met.

In thousands of euros	2008
The cost of these arrangements charged to the income statement	1,060
Carrying value of the liability arising under these arrangements	4,460

In calculating the charge to the income statement the value of the arrangements was calculated by reference to an estimated value of the company based upon current post tax profits and the price/ earnings ratios of recent market transactions for businesses of a similar type.

Note 35 – Retirement benefit obligations

Defined post-employment benefits and other obligations

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 Concorda 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 2008. 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:

	2008		
	NMRP & NMROP	RBZP	RNAP
Discount rate	**6.5%**	**3.3%**	**5.7%**
Retail price inflation	**3.6%**	**n/a**	**n/a**
Expected return on plan assets	6.8%	3.8%	n/a
Expected rate of salary increases	4.6%	2.3%	n/a
Expected rate of pensions increases in payment:	n/a	0.6%	n/a
Capped at 5.0%	3.5%	n/a	n/a
Capped at 2.5%	2.3%	n/a	n/a
Life expectancy of male pensioner aged 60	26.4	21.0	21.0
Life expectancy of female pensioner aged 60	28.9	24.0	n/a
Life expectancy of male pensioner aged 60 in 20 years time	27.7	n/a	n/a
Life expectancy of female pensioner aged 60 in 20 years time	29.9	n/a	n/a

Amounts recognised in the balance sheet

In thousands of euros	NMRP & NMROP	RBZP	RNAP	Autres	**Total**
Present value of funded obligations	569,319	112,711	-	2,026	684,056
Fair value of plan assets	(582,090)	(117,268)	-	(2,289)	(701,647)
	(12,771)	**(4,557)**	**-**	**(263)**	**(17,591)**
Present value of unfunded obligations			29,379	7,696	37,075
TOTAL (RECOGNISED AND UNRECOGNISED)	**(12,771)**	**(4,557)**	**29,379**	**7,433**	**19,484**
Unrecognised plan assets	-	4,176	-	-	4,176
TOTAL RECOGNISED	**(12,771)**	**(381)**	**29,379**	**7,433**	**23,660**
BALANCE SHEET LIABILITY	**-**	**-**	**29,379**	**7,697**	**37,076**
BALANCE SHEET ASSET	**12,771**	**381**	**-**	**264**	**13,416**

The asset recognised on the balance sheet in connection with RBZP is limited to the level of the employer's contribution reserves of €381 thousand. Changes in the assets of non-recognised plans are recognised in the deferred income.

Movement in defined benefit obligation

In thousands of euros	**2008**
AT THE BEGINNING OF THE PERIOD	**-**
Change of scope	801,482
Recognition of the new scheme	(2,301)
Adjustments to new scheme	13,962
Current service cost (net of contributions paid by other plan participants)	6,342
Current service cost relating to other plan participants	(958)
Interest cost	15,053
Actuarial losses/(gains) through equity	(42,046)
Benefits paid	(8,817)
Past service costs	-
Settlements	2,447
Reclassifications	-
Exchange and other adjustments	(64,033)
AT THE END OF THE PERIOD	**721,131**

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Movement in plan assets

In thousands of euros	2008
AT THE BEGINNING OF THE PERIOD	**-**
Change in scope	791,750
Recognition of new scheme	360
Adjustments to new scheme	17,108
Expected return on plan assets	23,912
Actuarial losses/(gains) through equity	(61,554)
Amounts (charged)/credited to equity	-
Contributions by the Group	13,159
Contributions by other plan participants	(743)
Benefits paid	(14,184)
Settlements	196
Reclassifications	-
Exchange and other adjustments	(68,357)
AT THE END OF THE PERIOD	**701,647**

At 31 March, the major categories of plan assets as a percentage of total plan assets are as follows:

	2008		
	NMRP	NMROP	RBZP
Equities	47%	54%	34%
Bonds	17%	14%	35%
Cash	19%	22%	20%
Hedge funds and private equity	6%	6%	4%
Property and others	11%	4%	7%

The actual return on plan assets in the year was a loss of €37,642 thousand. 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	2008
Change of scope	7,282
Current service cost (net of contributions paid by other plan participants)	6,342
Interest cost	15,053
Expected return on plan assets	(17,297)
Past service cost	-
(Gains) / losses on curtailment or settlement	2,251
Other	-
TOTAL (INCLUDED IN THE STAFF CHARGES)	**13,631**

The experience adjustments arising on the plan assets and liabilities were as follows:

In thousands of euros	**2008**
Actual less expected return on assets	(61,554)
Experience gains and losses arising liabilities	(42,046)

Amounts recognised in statement of recognised income and expense

In thousands of euros	**2008**
Actuarial gains / (losses) recognised in the year	(18,291)
Cumulative actuarial losses recognised in the statement of recognised income and expense	(18,291)

System specific to Paris Orléans

At 31 March 2008, the balance of Paris Orléans' commitments concerns in total a single top-up pension plan for Paris Orléans executives. This applies to certain executives and guarantees 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 vest when the participant leaves the company to retire, and provided that he fulfils 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. The present value of the capital to be set aside is €5,507 thousand. The liabilities recognised by the Group to cover this commitment, after deduction of the assets entrusted to an insurance company, are €3,476 thousand.

Defined contribution schemes

In thousands of euros	Paris Orléans Group (excluding Concordia BV) 31/03/2008	Concordia BV subgroup 31/03/2008	**31/03/2008**	31/03/2007
Social security charges on employee compensation				
Social security charges and payroll taxes	1,469	16,883	18,352	1,111
Retirement expenses - defined benefit plans	1,124	1,443	2,567	720
AT THE END OF THE PERIOD	**2,593**	**18,326**	**20,919**	**1,831**

These amounts represent contributions to the defined contribution section of the NMR Pension Fund and other defined contribution pension arrangements.

Note 36 – Segmented information

Segmental split by business

At 31 March 2008

In thousands of euros	Investment & Commercial Banking	Asset management	Private Banking & Trust	Private equity	Other	Inter-segment eliminations	**Total**
Income							
External sales	260,963	8,380	47,171	33,220	-	-	349,734
Inter-segment revenues	(2,552)	14	(2,525)	698	-	4,365	-
Net banking income	**258,411**	**8,394**	**44,646**	**33,918**		**4,365**	**349,734**
Operating income by segment before non analysed expenses	97,980	5,080	13,791	20,510	-	-	137,361
Expenses not analysed	-	-	-	-	-	-	(109,863)
Operating income							**27,498**
Results of companies accounted for by the equity method before non analysed expenses	58,147	3,301	6,272	(115)	(1,039)		66,566
Expenses not analysed							(53,340)
Results of companies accounted for by the equity method	27,124	(1,214)	(5)	18,642	-	-	44,547
Net gains or losses on other assets	1,015	-	-	60,202	-	-	61,217
Taxes	-	-	-	-	(20,537)	-	(20,537)
Consolidated net income							**125,950**
Other segment information							
Segment assets	8,033,781	36,981	1,619,893	578,620	139,649	(476,658)	9,932,266
Equity method securities	116,384	9,652	-	14,637	-	-	140,673
TOTAL CONSOLIDATED ASSETS							**10,072,939**
Segment liabilities	7,204,046	21,041	1,142,567	337,356	388,072	(476,658)	8,616,424
TOTAL CONSOLIDATED LIABILITIES							**8,616,424**

Segmental split by geography

At 31 March 2008

In thousands of euros	France	United Kingdom and Channel Islands	Switzerland	North America	Asia and Australia	Other European countries	**Total**
Net banking income	25,735	214,792	842	46,108	15,556	46,701	349,734
Segment assets	410,217	7,115,861	1,550,051	52,036	4,580	940,195	10,072,939

Note 37 – Consolidation scope

Company names	Country of activity	31/03/2008 % of control	31/03/2008 % of interest	31/03/2007 % of control	31/03/2007 % of interest	Consolidation method 31/03/2008 (a)	Consolidation method 31/03/2007 (a)
Paris Orléans	France	100.00	97.13	100.00	100.00	Parent company	Parent company
Francarep, Inc	United States	100.00	97.13	100.00	100.00	F.C.	F.C.
K Développement	France	100.00	97.13	100.00	100.00	F.C.	F.C.
PO Fonds (formerly Colisée Investissements)	France	100.00	97.13	100.00	100.00	F.C.	F.C.
PO Mezzanine (formerly Franoption)	France	100.00	97.13	100.00	100.00	F.C.	F.C.
Ponthieu Ventures	France	100.00	97.13	100.00	100.00	F.C.	F.C.
PO Holding bancaire (formerly SFIR)	France	100.00	97.13	100.00	99.97	F.C.	F.C.
Chaptal Investissements	France	100.00	97.13	100.00	99.99	F.C.	F.C.
PO Capinvest 1	France	100.00	97.13	100.00	100.00	F.C.	F.C.
PO Capinvest 2	France	100.00	97.13	100.00	100.00	F.C.	F.C.
PO Capinvest 3	France	100.00	97.13	-	-	F.C.	-
SPCA Deux	France	100.00	97.13	100.00	100.00	F.C.	F.C.
Manufaktura	France	95.00	92.27	95.00	95.00	F.C.	F.C.
Verseau	France	95.00	92.27	95.00	95.00	F.C.	F.C.
PO Invest 1	Luxembourg	62.86	61.05	62.86	62.86	F.C.	F.C.
PO Invest 2	Luxembourg	100.00	44.83	76.92	76.92	F.C.	F.C.
Fin PO	Luxembourg	100.00	97.13	100.00	100.00	F.C.	F.C.
Narcisse Investissements	France	100.00	97.13	100.00	100.00	F.C.	F.C.
Hi Trois	France	100.00	97.13	100.00	100.00	F.C.	F.C.
Alexanderplatz Investissement	France	100.00	97.13	-	-	F.C.	-
Centrum Jonquille	Luxembourg	100.00	97.13	-	-	F.C.	-
Centrum Narcisse	Luxembourg	100.00	97.13	-	-	F.C.	-
Centrum Iris	Luxembourg	100.00	97.13	-	-	F.C.	-
Centrum Orchidée	Luxembourg	100.00	97.13	-	-	F.C.	-
Five arrows Investments	Luxembourg	100.00	97.13	-	-	F.C.	-
PO Participations	Luxembourg	100.00	97.13	-	-	F.C.	-
PO Titrisation	Luxembourg	100.00	97.13	-	-	F.C.	-
Arrow Capital Limited	Australia	100.00	50.89	-	-	F.C.	-
N M Rothschild Australia Services Pty Limited	Australia	100.00	50.89	-	-	F.C.	-
Rothschild Nominees Pty Limited	Australia	100.00	50.89	-	-	F.C.	-
Five Arrows Films Pty Limited	Australia	100.00	50.89	-	-	F.C.	-

Company names	Country of activity	31/03/2008 % of control	31/03/2008 % of interest	31/03/2007 % of control	31/03/2007 % of interest	Consolidation method 31/03/2008 (a)	Consolidation method 31/03/2007 (a)
Rothschild Australia Staff Superannuation Pty Limited	Australia	100.00	50.89	-	-	F.C.	-
Arrow Custodians Pty Limited	Australia	100.00	50.89	-	-	F.C.	-
Rothschild Australia Aircraft Leasing Pty Limited	Australia	100.00	50.89	-	-	F.C.	-
Arrow Resources Management Pty Limited	Australia	100.00	50.89	-	-	F.C.	-
Rothschild Australia Petroleum Pty Limited	Australia	100.00	50.89	-	-	F.C.	-
Davyhurst Project Pty Limited	Australia	100.00	50.89	-	-	F.C.	-
3 Dis Surveillance Systems Pty Limited	Australia	100.00	50.89	-	-	F.C.	-
Permanance Pty Limited	Australia	100.00	50.89	-	-	F.C.	-
Hestak Pty Limited	Australia	100.00	50.89	-	-	F.C.	-
Arrow Finance Pty Limited	Australia	100.00	50.89	-	-	F.C.	-
Arrow Cardinia Pty Limited	Australia	100.00	50.89	-	-	F.C.	-
Arrow SUT Pty Limited	Australia	100.00	50.89	-	-	F.C.	-
Arrow Investment Pty Limited	Australia	100.00	50.89	-	-	F.C.	-
Arrow Private Equity Management Pty Limited	Australia	100.00	50.89	-	-	F.C.	-
Rothschild Australia Capital Investors Limited	Australia	100.00	50.89	-	-	F.C.	-
Rothschild Australia Business Leaders Investors Pty Ltd	Australia	100.00	50.89	-	-	F.C.	-
Concordia BV	Netherlands	100.00	97.13	50.00	50.00	F.C.	E.M.
Continuation Computers Limited	United Kingdom	100.00	50.89	-	-	F.C.	-
Five Arrows Capital AG	Switzerland	100.00	50.89	-	-	F.C.	-
Five Arrows Capital GP Limited	Channel Islands	100.00	50.89	-	-	F.C.	-
Rothschild Ventures (Guernsey) Limited	Channel Islands	100.00	50.89	-	-	F.C.	-
O C Investments Limited	Channel Islands	100.00	50.89	-	-	F.C.	-
Quintus European Mezzanine (GP) Limited	Channel Islands	100.00	50.89	-	-	F.C.	-
Five Arrows Capital Limited	British Virgin Islands	100.00	50.89	-	-	F.C.	-
FA International Limited	United Kingdom	100.00	50.89	-	-	F.C.	-
RAIL Limited	Hong Kong	100.00	50.89	-	-	F.C.	-
Jofran NV	Netherlands Antilles	100.00	50.89	-	-	F.C.	-

Company names	Country of activity	31/03/2008 % of control	31/03/2008 % of interest	31/03/2007 % of control	31/03/2007 % of interest	Consolidation method 31/03/2008 (a)	Consolidation method 31/03/2007 (a)
Marinada NV	Netherlands Antilles	100.00	50.89	-	-	F.C.	-
NC Investments (Barbados) Inc	Barbados	100.00	50.89	-	-	F.C.	-
NC Investments NV	Netherlands Antilles	100.00	50.89	-	-	F.C.	-
NC Participations NV	Netherlands Antilles	100.00	50.89	-	-	F.C.	-
NM Rothschild & Sons (Brasil) Limiteda	Brazil	100.00	50.89	-	-	F.C.	-
NMR Consultants NV	Netherlands Antilles	100.00	50.89	-	-	F.C.	-
NM Rothschild China Holding AG	Switzerland	100.00	50.89	-	-	F.C.	-
NMR Denver Inc.	United States	100.00	50.89	-	-	F.C.	-
NM Rothschild & Sons (Hong Kong) Limited	Hong Kong	100.00	50.89	-	-	F.C.	-
Rothschild Nominees (Hong Kong) Limited	Hong Kong	100.00	50.89	-	-	F.C.	-
Rothschild Management (Hong Kong) Limited	Hong Kong	100.00	50.89	-	-	F.C.	-
Rothschild Limited	Hong Kong	100.00	50.89	-	-	F.C.	-
Rothschild Malaysia Sendirian Berhad	Malaysia	100.00	50.89	-	-	F.C.	-
NMR International NV	Netherlands Antilles	100.00	50.89	-	-	F.C.	-
NM Rothschild & Sons (India) Private Limited	India	100.00	50.89	-	-	F.C.	-
NM Rothschild & Sons (Singapore) Limited	Singapore	100.00	50.89	-	-	F.C.	-
Rothschild Ventures Asia Pte Limited	Singapore	100.00	50.89	-	-	F.C.	-
New Court Nominees Private Limited	Singapore	100.00	50.89	-	-	F.C.	-
OC Chile SA	Chile	100.00	50.89	-	-	F.C.	-
Paninco Corporation NV	Netherlands Antilles	100.00	50.89	-	-	F.C.	-
PT Rothschild Indonesia	Indonesia	100.00	50.89	-	-	F.C.	-
Rothschild Australia Limited	Australia	100.00	50.89	-	-	F.C.	-
Rothschild Asset Management Holdings AG	Switzerland	100.00	50.89	-	-	F.C.	-
Rothschild Asset Management Asia Pacific Limited	Bermuda	90.79	50.89	-	-	F.C.	-
RAM Hong Kong Limited	Hong Kong	100.00	50.89	-	-	F.C.	-
RAM Japan Limited	Japan	100.00	50.89	-	-	F.C.	-
RAM Singapore Limited	Singapore	100.00	50.89	-	-	F.C.	-

Company names	Country of activity	31/03/2008 **% of control**	31/03/2008 **% of interest**	31/03/2007 % of control	31/03/2007 % of interest	Consolidation method 31/03/2008 (a)	Consolidation method 31/03/2007 (a)
RAPH Holding AG	Switzerland	100.00	50.89	-	-	F.C.	-
Belegging- en Exploitatiemij. Brine B.V.	Netherlands	100.00	50.89	-	-	F.C.	-
NM Rothschild & Sons (Asia) NV	Netherlands Antilles	100.00	50.89	-	-	F.C.	-
RAL Holdings (Asia) Pte Limited	Singapore	100.00	50.89	-	-	F.C.	-
Rothschild Bank International Limited	Channel Islands	100.00	50.89	-	-	F.C.	-
Court Nominees Limited	Channel Islands	100.00	50.89	-	-	F.C.	-
Old Court Ltd	Channel Islands	100.00	50.89	-	-	F.C.	-
Rothschilds Finance (CI) Limited	Channel Islands	100.00	50.89	-	-	F.C.	-
Rothschild Concordia AG	Switzerland	91.05	91.78	-	-	F.C.	-
Rothschild Management AG	Switzerland	100.00	91.78	-	-	F.C.	-
RCH Employees Share Trust	United Kingdom	100.00	50.89	-		F.C.	-
ESOP Services AG	Switzerland	100.00	91.78	-	-	F.C.	-
NM Rothschild & Sons Canada Holdings Limited	Canada	100.00	50.89	-	-	F.C.	-
N M Rothschild & Sons Canada Limited	Canada	100.00	50.89	-	-	F.C.	-
N M Rothschild & Sons Canada Securities Limited	Canada	100.00	50.89	-	-	F.C.	-
Rothschilds Continuation Holdings AG	Switzerland	52.36	50.89	-	-	F.C.	-
RCH Finance (Guernsey) Limited	Channel Islands	100.00	50.89	-	-	F.C.	-
Rothschild Continuation Holding (Services) Limited	Channel Islands	100.00	50.89	-	-	F.C.	-
Rothschilds Continuation Limited	United Kingdom	100.00	50.89	-	-	F.C.	-
N M Rothschild Holdings Limited	United Kingdom	100.00	50.89	-	-	F.C.	-
N M Rothschild Corporate Finance Limited	United Kingdom	100.00	50.89	-	-	F.C.	-
N M Rothschild Banking Limited	United Kingdom	100.00	50.89	-	-	F.C.	-
NM Rothschild & Sons Limited	United Kingdom	100.00	50.89	-	-	F.C.	-
O C Investments Limited	United Kingdom	100.00	50.89	-	-	F.C.	-
Marplace (No 480) Limited	United Kingdom	100.00	50.89	-	-	F.C.	-
Mentor Industrial Trust Limited	United Kingdom	100.00	50.89	-	-	F.C.	-
N C Research Limited	United Kingdom	100.00	50.89	-	-	F.C.	-
Shield Trust Limited	United Kingdom	100.00	50.89	-	-	F.C.	-
Casselmuir No. 1 Limited	United Kingdom	100.00	50.89	-	-	F.C.	-
Casselmuir No. 2 Limited	United Kingdom	100.00	50.89	-	-	F.C.	-
Casselmuir No. 3 Limited	United Kingdom	100.00	50.89	-	-	F.C.	-

Company names	Country of activity	31/03/2008 % of control	31/03/2008 % of interest	31/03/2007 % of control	31/03/2007 % of interest	Consolidation method 31/03/2008 (a)	Consolidation method 31/03/2007 (a)
Casselmuir No. 4 Limited	United Kingdom	100.00	50.89	-	-	F.C.	-
New Court & Partners Limited	United Kingdom	100.00	50.89	-	-	F.C.	-
N M Rothschild Asset Management Limited	United Kingdom	100.00	50.89	-	-	F.C.	-
Shield MBCA Limited	United Kingdom	100.00	50.89	-	-	F.C.	-
New Court Property Services Limited	United Kingdom	100.00	50.89	-	-	F.C.	-
N M Rothschild & Sons (Denver) Limited	United Kingdom	100.00	50.89	-	-	F.C.	-
Rothschilds Continuation Finance PLC	United Kingdom	100.00	50.89	-	-	F.C.	-
Mist Two Limited	United Kingdom	100.00	50.89	-	-	F.C.	-
Lanebridge Holdings Limited	United Kingdom	51.00	25.95	-	-	F.C.	-
Lanebridge Investment Management Limited	United Kingdom	100.00	50.89	-	-	F.C.	-
N M Rothschild & Sons (Leasing) Limited	United Kingdom	100.00	50.89	-	-	F.C.	-
NC Limited	Channel Islands	100.00	50.89	-	-	F.C.	-
NC (Bermuda) Limited	Bermuda	100.00	50.89	-	-	F.C.	-
Five Arrows Finance Limited	United Kingdom	100.00	50.89	-	-	F.C.	-
NCCF Holdings Limited	United Kingdom	100.00	50.89	-	-	F.C.	-
Five Arrows Commercial Finance Limited	United Kingdom	100.00	50.89	-	-	F.C.	-
Five Arrows Leasing Holdings Limited	United Kingdom	100.00	50.89	-	-	F.C.	-
Five Arrows Leasing Group Limited	United Kingdom	100.00	50.89	-	-	F.C.	-
Lease Portfolio Management Limited	United Kingdom	100.00	50.89	-	-	F.C.	-
Fineline Holdings Limited	United Kingdom	100.00	50.89	-	-	F.C.	-
Fineline Media Finance Limited	United Kingdom	100.00	50.89	-	-	F.C.	-
Capital Professions Finance Limited	United Kingdom	100.00	50.89	-	-	F.C.	-
Five Arrows Leasing Limited	United Kingdom	100.00	50.89	-	-	F.C.	-
Five Arrows Management Limited	United Kingdom	100.00	50.89	-	-	F.C.	-
Plusrare Limited	United Kingdom	100.00	50.89	-	-	F.C.	-
Specialist Fleet Services Limited	United Kingdom	100.00	50.89	-	-	F.C.	-
State Securities Holdings Limited	United Kingdom	97.64	49.69	-	-	F.C.	-
State Securities Limited	United Kingdom	97.64	49.69	-	-	F.C.	-
NMR Directors Limited	United Kingdom	100.00	50.89	-	-	F.C.	-
NMR Secretaries Limited	United Kingdom	100.00	50.89	-	-	F.C.	-
Rothschild Employee Trustees Limited	United Kingdom	100.00	50.89	-	-	F.C.	-

Company names	Country of activity	31/03/2008 % of control	31/03/2008 % of interest	31/03/2007 % of control	31/03/2007 % of interest	Consolidation method 31/03/2008 (a)	Consolidation method 31/03/2007 (a)
Rothschilds Continuation Finance (CI) Limited	Channel Islands	100.00	50.89	-	-	F.C.	-
Rothschilds Continuation Finance Holdings Limited	United Kingdom	100.00	50.89	-	-	F.C.	-
Rothschilds Continuation Finance BV	Netherlands	51.09	26.00	-	-	F.C.	-
Second Continuation Limited	United Kingdom	100.00	50.89	-	-	F.C.	-
New Court Securities Limited	United Kingdom	100.00	50.89	-	-	F.C.	-
Walbrook Assets Limited	United Kingdom	100.00	50.89	-	-	F.C.	-
N M Rothschild Services Limited	United Kingdom	100.00	50.89	-	-	F.C.	-
Rothschild Finance Limited	United Kingdom	100.00	50.89	-	-	F.C.	-
N M Rothschild Asset Management Holdings Limited	United Kingdom	100.00	50.89	-	-	F.C.	-
Rothschild Asset Management Holdings (CI) Limited	Channel Islands	100.00	50.89	-	-	F.C.	-
Rothschild Holdings Limited	United Kingdom	100.00	50.89	-	-	F.C.	-
New Court Trust Limited	United Kingdom	100.00	50.89	-	-	F.C.	-
Cosec Holdings Limited	United Kingdom	100.00	50.89	-	-	F.C.	-
E.L.J Nominees Limited	United Kingdom	100.00	50.89	-	-	F.C.	-
Eight Arrows Limited	United Kingdom	100.00	50.89	-	-	F.C.	-
N M Rothschild & Sons (International) Limited	United Kingdom	100.00	50.89	-	-	F.C.	-
N M Rothschild Investment Management Limited	United Kingdom	100.00	50.89	-	-	F.C.	-
New Court Fund Managers Limited	United Kingdom	100.00	50.89	-	-	F.C.	-
New Court Nominees Limited	United Kingdom	100.00	50.89	-	-	F.C.	-
NMR Capital Markets Limited	United Kingdom	100.00	50.89	-	-	F.C.	-
NMR Limited	United Kingdom	100.00	50.89	-	-	F.C.	-
Old Court Limited	United Kingdom	100.00	50.89	-	-	F.C.	-
R I T Holdings Limited	United Kingdom	100.00	50.89	-	-	F.C.	-
Rothschild Concordia Limited	United Kingdom	100.00	50.89	-	-	F.C.	-
Rothschild Europe Limited	United Kingdom	100.00	50.89	-	-	F.C.	-
Rothschild Fund Managers Limited	United Kingdom	100.00	50.89	-	-	F.C.	-
Rothschild Gold Limited	United Kingdom	100.00	50.89	-	-	F.C.	-
Rothschild Life Limited	United Kingdom	100.00	50.89	-	-	F.C.	-
Rothschild Limited	United Kingdom	100.00	50.89	-	-	F.C.	-
Rothschild Management Services Limited	United Kingdom	100.00	50.89	-	-	F.C.	-

Company names	Country of activity	31/03/2008 % of control	31/03/2008 % of interest	31/03/2007 % of control	31/03/2007 % of interest	Consolidation method 31/03/2008 (a)	Consolidation method 31/03/2007 (a)
Rothschild Metals Nominees Limited	United Kingdom	100.00	50.89	-	-	F.C.	-
Rothschild Nominees Limited	United Kingdom	100.00	50.89	-	-	F.C.	-
Rothschild Properties Limited	United Kingdom	100.00	50.89	-	-	F.C.	-
Rothschild Silver Limited	United Kingdom	100.00	50.89	-	-	F.C.	-
Rothschilds & Co Limited	United Kingdom	100.00	50.89	-	-	F.C.	-
Sagitas Development Finance Advisers Limited	United Kingdom	100.00	50.89	-	-	F.C.	-
Seven Arrows Limited	United Kingdom	100.00	50.89	-	-	F.C.	-
Shield Finance Corporation Limited	United Kingdom	100.00	50.89	-	-	F.C.	-
Six Arrows Limited	United Kingdom	100.00	50.89	-	-	F.C.	-
Elsinore Part. e Serv. Limeteda.	Brazil	100.00	50.89	-	-	F.C.	-
N M Rothschild Services (Bermuda) Limited	Bermuda	100.00	50.89	-	-	F.C.	-
RCIU	Isle of Man	100.00	50.89	-	-	F.C.	-
Rothschild Holding AG	Switzerland	72.67	36.97	-	-	F.C.	-
Rothschild Bank AG	Switzerland	100.00	36.97	-	-	F.C.	-
Creafin S.A	Switzerland	100.00	36.97	-	-	F.C.	-
Equitas S.A.	Switzerland	90.00	33.27	-	-	F.C.	-
Rothschild Fund Management AG	Switzerland	100.00	36.97	-	-	F.C.	-
RBZ Fiduciary Limited.	Switzerland	100.00	36.97	-	-	F.C.	-
Sagitas AG Glarus	Switzerland	100.00	36.97	-	-	F.C.	-
Sagitas SA Zürich	Switzerland	100.00	36.97	-	-	F.C.	-
Anterana Holdings AG Glarus	Switzerland	100.00	36.97	-	-	F.C.	-
Rothschild Bank (CI) Limited	Channel Islands	100.00	36.97	-	-	F.C.	-
Rothschild Gestion SA	Spain	100.00	36.97	-	-	F.C.	-
Rothschild Vermögensverwaltungs-GmbH	Germany	100.00	36.97	-	-	F.C.	-
RBZ (Representative) Pte. Limited	Singapore	100.00	36.97	-	-	F.C.	-
Rothschild Private Trust Holdings AG	Switzerland	57.00	36.34	-	-	F.C.	-
Rothschild Trust (Switzerland) Limited	Switzerland	100.00	36.97	-	-	F.C.	-
RTS Geneva SA	Switzerland	100.00	36.97	-	-	F.C.	-
Master Nominees Inc.	British Virgin Islands	100.00	36.97	-	-	F.C.	-
Rothschild Switzerland (CI) Trustees Limited	Channel Islands	100.00	36.97	-	-	F.C.	-
Rothschild Trust Corporation Limited	United Kingdom	100.00	36.97	-	-	F.C.	-
Rotrust Nominees Limited	United Kingdom	100.00	36.97	-	-	F.C.	-

Company names	Country of activity	31/03/2008 % of control	31/03/2008 % of interest	31/03/2007 % of control	31/03/2007 % of interest	Consolidation method 31/03/2008 (a)	Consolidation method 31/03/2007 (a)
Rothschild Trust Guernsey Limited	Channel Islands	100.00	36.97	-	-	F.C.	-
Rothschild Corporate Fiduciary Services Limited	Channel Islands	100.00	36.97	-	-	F.C.	-
First Board Limited	Channel Islands	100.00	36.97	-	-	F.C.	-
Second Board Limited	Channel Islands	100.00	36.97	-	-	F.C.	-
Third Board Limited	Channel Islands	100.00	36.97	-	-	F.C.	-
First Court Limited	Channel Islands	100.00	36.97	-	-	F.C.	-
Second Court Limited	Channel Islands	100.00	36.97	-	-	F.C.	-
Casquets Limited	Channel Islands	100.00	36.97	-	-	F.C.	-
Rothschild Trust Eastern Limited	Channel Islands	51.00	18.85	-	-	F.C.	-
Guernsey Global Trust Limited	Channel Islands	100.00	36.97	-	-	F.C.	-
Scar Limited	Channel Islands	100.00	36.97	-	-	F.C.	-
Lizard Limited	Channel Islands	100.00	36.97	-	-	F.C.	-
Fornells Limited	Channel Islands	100.00	36.97	-	-	F.C.	-
Rothschild Trust Financial Services Limited	Channel Islands	100.00	36.97	-	-	F.C.	-
Rothschild Trustee Services (Ireland) Limited	Ireland	100.00	36.97	-	-	F.C.	-
Rothschild Trust (Singapore) Limited	Singapore	100.00	36.97	-	-	F.C.	-
Integritas Management Limited	Hong Kong	100.00	36.97	-	-	F.C.	-
Rothschild Trust Canada Inc	Canada	100.00	36.97	-	-	F.C.	-
Rothschild Trust Bermuda Limited	Bermuda	100.00	36.97	-	-	F.C.	-
Rothschild Trust B.V.I. Limited	British Virgin Islands	100.00	36.97	-	-	F.C.	-
RTB Trustees Limited	British Virgin Islands	100.00	36.97	-	-	F.C.	-
Rothschild Trust Cayman Limited	Cayman Islands	100.00	36.97	-	-	F.C.	-
Rothschild Trust New Zealand Limited	New Zealand	100.00	36.97	-	-	F.C.	-
Rothschild Trust Protectors Limited	Channel Islands	100.00	36.97	-	-	F.C.	-
Rothschild Private Management Limited	United Kingdom	100.00	25.88	-	-	F.C.	-
Rothschild Private Fund Management Limited	United Kingdom	100.00	36.97	-	-	F.C.	-
Rothschild India Holding AG	Switzerland	100.00	50.89	-	-	F.C.	-
Rothschild North America Inc.	United States	100.00	50.89	-	-	F.C.	-
Rothschild Inc.	United States	100.00	50.89	-	-	F.C.	-
Rothschild Asset Management Inc.	United States	100.00	50.89	-	-	F.C.	-
Rothschild Realty Inc.	United States	100.00	50.89	-	-	F.C.	-

Company names	Country of activity	31/03/2008 % of control	31/03/2008 % of interest	31/03/2007 % of control	31/03/2007 % of interest	Consolidation method 31/03/2008 (a)	Consolidation method 31/03/2007 (a)
Charter Oak Group Limited	United States	100.00	50.89	-	-	F.C.	-
New Court Services Inc.	United States	100.00	50.89	-	-	F.C.	-
Rothschild Ventures Inc.	United States	100.00	50.89	-	-	F.C.	-
Rothschild Financial Services Inc.	United States	100.00	50.89	-	-	F.C.	-
Rothschild Realty Group Inc.	United States	100.00	50.89	-	-	F.C.	-
Five Arrows International Holdings Inc.	United States	100.00	50.89	-	-	F.C.	-
Five Arrows International Inc.	United States	100.00	50.89	-	-	F.C.	-
338 East LLC	United States	100.00	50.89	-	-	F.C.	-
Rothschild Japan KK	Japan	100.00	50.89	-	-	F.C.	-
Rothschild Latin America NV	Netherlands Antilles	100.00	50.89	-	-	F.C.	-
NM Rothschild & Sons (Mexico) SA de CV	Mexico	100.00	50.89	-	-	F.C.	-
Rothschild Mexico Guernsey Limited	Channel Islands	100.00	50.89	-	-	F.C.	-
S y C (International) Limited	Channel Islands	100.00	50.89	-	-	F.C.	-
Southern Arrows (Pty) Limited	South Africa	100.00	50.89	-	-	F.C.	-
N M Rothschild & Sons (South Africa) (Proprietary) Limited	South Africa	51.00	25.95	-	-	F.C.	-
SCS Holdings	France	100.00	50.89	-	-	F.C.	-
Shield Holdings (Guernsey) Limited	Channel Islands	100.00	50.89	-	-	F.C.	-
Jofran Limited	Channel Islands	100.00	50.89	-	-	F.C.	-
Maison (CI) Limited	Channel Islands	100.00	50.89	-	-	F.C.	-
Mist Limited	Channel Islands	100.00	50.89	-	-	F.C.	-
Violet Holdings Limited	Channel Islands	100.00	50.89	-	-	F.C.	-
NCPS Holdings Limited	Channel Islands	100.00	50.89	-	-	F.C.	-
Third New Court Limited	United Kingdom	100.00	50.89	-	-	F.C.	-
Continuation Investments NV (CINV)	Netherlands	32.91	21.28	21.91	21.91	E.M.	E.M.
Courcelles Participations	France	-	-	33.95	33.95	-	E.M.
Les Domaines Barons de Rothschild (DBR) (consolidated subgroup)	France	23.44	22.77	20.59	20.59	E.M.	E.M.
Centrum Luxembourg	Luxembourg	40.00	36.91	40.00	38.00	E.M.	E.M.
Franinvest	France	-	-	50.00	50.00	-	E.M.
Rivoli Participation (consolidated subgroup)	France	29.50	28.65	29.50	29.50	E.M.	E.M.
Comepar (consolidated subgroup)	France	25.00	24.28	25.00	25.00	E.M.	E.M.
Rothschild et Compagnie Banque (consolidated subgroup)	France	44.25	7.89	-	-	E.M.	-
Bice Chileconsult Asesorías Financieras SA	Chile	49.00	24.94	-	-	E.M.	-

Company names	Country of activity	31/03/2008 % of control	31/03/2008 % of interest	31/03/2007 % of control	31/03/2007 % of interest	Consolidation method 31/03/2008 (a)	Consolidation method 31/03/2007 (a)
ACTIV G.P Co.	Cayman Islands	50.00	25.45	-	-	E.M.	-
St. Julian's Properties Limited	Channel Islands	50.00	25.45	-	-	E.M.	-
Quintus European Mezzanine Fund Limited partnership	United Kingdom	40.00	20.36	-	-	E.M.	-
Rothschild (Middle East) Limited	Dubai	50.00	25.45	-	-	E.M.	-
Arcan NV (consolidated subgroup)	Netherlands Antilles	50.00	25.45	-	-	E.M.	-
NMR Europe	United Kingdom	50.00	25.45	-	-	E.M.	-
Rothschild Europe SNC	France	50.00	25.45	-	-	E.M.	-
Rothschild Europe BV (consolidated subgroup)	Netherlands	50.00	25.44	-	-	E.M.	-

(a) F.C.: full consolidation.
E.M.: equity method.

The percentage of interests in the CBV sub-group varied during the financial year due to the various stages of the acquisition of control of Concordia BV by Paris Orléans.

The percentages used over the various periods of the financial year given the re-calculations linked to the holding of treasury shares ("Auto-control") were as follows:

- *50% from 1/4/07 to 20/11/07*
- *52.26% from 21/11/07 to 21/01/08*
- *97.13% from 22/01/08 to 31/03/08*

PRO FORMA INFORMATION

Pro forma consolidated balance sheet for the Paris Orléans Group at 31 March 2008

Assets

In thousands of euros	Actual at 31/03/08	Restatements	Pro forma
Cash and amounts due from central banks	35,977	-	35,977
Financial assets at fair value through profit or loss	46,805	-	46,805
Hedging derivatives	10,342	-	10,342
Available-for-sale financial assets	3,665,980	-	3,665,980
Loans and receivables to banks	2,743,768	-	2,743,768
Loans and receivables to customers	2,633,106	-	2,633,106
Current tax assets	28,585	-	28,585
Deferred tax assets	80,344	-	80,344
Estimated accounts and other assets	274,427	-	274,427
Non-current assets held for sale	48,882	-	48,882
Investments accounted for by the equity method	140,674	-	140,674
Investment property	138	-	138
Tangible fixed assets	118,452	-	118,452
Intangible fixed assets	179,426	(3,715)	175,711
Goodwill	66,033	11,332	77,365
TOTAL ASSETS	**10,072,939**	**7,617**	**10,080,556**

Liabilities

In thousands of euros	Actual at 31/03/08	Restatements	Pro forma
Due to central banks	73	-	73
Financial liabilities at fair value through profit and loss	111,142	-	111,142
Hedging derivatives	28,042	-	28,042
Due to banks	2,462,021	-	2,462,021
Due to customers	3,375,521	-	3,375,521
Debt securities in issue	1,573,898	-	1,573,898
Current tax liabilities	16,651	-	16,651
Deferred tax liabilities	57,109	(1,115)	55,994
Estimated accounts and other liabilities	642,273	-	642,273
Liabilities related to non current assets held for sale	34,434	-	34,434
Provisions	61,163	-	61,163
Subordinated debt	254,098	-	254,098
Shareholders' equity	**1,456,514**	**8,732**	**1,465,246**
Shareholders' equity - Group share	**632,655**	**5,992**	**638,647**
Share capital	63,264	-	63,264
Share premium	491,499	-	491,499
Unrealized or deferred gains or losses	(26,301)		(49,745)
Available-for-sale financial assets' revaluation reserve	*11,998*	*(12,059)*	*(61)*
Cash flow hedge reserves	*267*	*(124)*	*143*
Translation reserve	*(38,566)*	*(11,261)*	*(49,827)*
Consolidated reserves	(4,939)	18,958	14,019
Net income - Group share	109,132	10,478	119,610
Minority interests	**823,859**	**2,740**	**826,599**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**10,072,939**	**7,617**	**10,080,556**

Consolidated pro forma income statement for the Paris Orléans Group for the financial year of 12 months ended 31 March 2008

Figures in thousands of euros	Actual at 31/03/08	Effects of control acquisitions on 21/11/07 and 20/01/08	Other restatements	Pro forma
+ Interest income	224,841	382,184	-	607,025
- Interest expense	(170,535)	(295,864)	-	(466,399)
+ Commission income	264,031	558,371	-	822,402
- Commission expense	(5,385)	(32,739)	-	(38,124)
+/- Net gain/(loss) on financial instruments at fair value through profit or loss	(2,799)	(22,103)	-	(24,902)
+/- Net gain/(loss) on available-for-sale financial assets	35,973	11,056	(6,170)	40,859
+ Other operating income	6,828	8,235	-	15,063
- Other operating expenses	(3,220)	(3,849)	-	(7,069)
Net banking income	**349,734**	**605,291**	**(6,170)**	**948,855**
- Operating expenses	(240,218)	(531,553)	-	(771,771)
- Amortisation, depreciation and impairment of tangible and intangible fixed assets	(8,883)	(8,489)	(3,717)	(21,089)
Gross operating income	**100,633**	**65,249**	**(9,887)**	**155,995**
- Cost of risk	(73,135)	(31,614)	-	(104,749)
Operating income	**27,498**	**33,635**	**(9,887)**	**51,246**
+/- Net income from companies accounted for by the equity method	57,773	27,675	(13,225)	72,223
+/- Net income (expense) from other assets	61,217	837	-	62,054
Profit before tax	**146,488**	**62,147**	**(23,112)**	**185,523**
- Income tax expense	(20,538)	(4,414)	1,115	(23,836)
Consolidated net income	**125,950**	**57,733**	**(21,997)**	**161,686**
MINORITY INTERESTS	**16,818**	**30,544**	**(5,286)**	**42,076**
CONSOLIDATED NET INCOME – GROUP SHARE	**109,132**	**27,188**	**(16,711)**	**119,610**

I. Notes on the pro forma consolidated financial information

Regulatory framework

This consolidated pro forma financial information is presented pursuant to Instruction No. 2007-05 of 2 October 2007 issued by the Autorité des Marchés Financiers according to which "when the impact of the contemplated operation represents a change of more than 25% in the significant indicators of the absorbing company or the company that benefits from the contributions, this company shall present pro forma financial information that sets out its financial situation at the close of the operation, in accordance with the scheme shown in Appendix II of Commission Regulation (EC) No. 809/2004 of 29 April 2004, on the basis of financial statements drawn up at a date as near as possible to the date of the operation; this pro forma financial information must be presented on a consolidated basis."

Note 1 – Basis for presentation

Context

On 17 July 2007, Paris Orléans (hereinafter the "Group") announced its intention to take control of the Concordia BV Group (hereinafter "CBV"). Before the operations that led to control being acquired, the Group held 50% of the interests in CBV, which were consolidated using the equity method.

Control was acquired in several stages and achieved in part through a cash payment and in part through the issue of new Paris Orléans shares, as per the operations described below:

Re-purchase of treasury shares and capital reduction by CBV

On 21 November 2007, CBV purchased 606,050 treasury shares, representing around 13% of the share capital, from Sir Evelyn de Rothschild. This operation was followed by a capital reduction in the form of a cash outflow of €117.9 million at the level of CBV. The result of this was that Paris Orléans' stake in Concordia BV rose from 50% to 57.7%.

Acquisition of CBV shares by Paris Orléans

On 22 January 2008, Paris Orléans acquired 551,077 additional CBV shares respectively from Sir Evelyn de Rothschild (233,900 securities), Eranda Foundation (106,870 securities), Integritas (204,112 securities) and 1982 Trust (6,195 securities). This acquisition, which totalled €106.3 million, was financed by bank loans and equity.

Contribution of CBV securities to Paris Orléans remunerated by a Paris Orléans capital increase

On this same date, the CBV shares not held by Paris Orléans following completion of the operations mentioned above, i.e. 1,167,250 shares, were purchased by Paris Orléans and paid for using 646,308 new Paris Orléans shares issued as part of a €221.8 million capital increase, which was approved by an Extraordinary General Meeting on 21 January 2008. The contribution, in terms of the number of CBV securities, were respectively 213,739 shares for Eranda Foundation, 616,883 shares for Integritas and 336,628 shares for Rothschild Trust.

In this context, the consolidated Group pro forma financial information was prepared for a period of 12 months, from 1 April 2007 to 31 March 2008, using IFRS, as adopted by the European Union. The purpose of these pro forma financial statements is to disclose annualised financial information on the Paris Orléans Group and to state, for a 12-month financial year, the financial impact of this business combination on the consolidated balance sheet and income statement.

The consolidated pro forma balance sheet at 31 March 2008 and the consolidated pro forma income statement for the 12 months ended 31 March 2008 are presented exclusively for the purposes of illustration and are not an indication of the results of the operational activities or of the financial situation of the consolidated company that might have been obtained if the operations had actually occurred on 31 March 2007. They do not indicate either the results of the operational activities or the future financial situation of the consolidated company. Moreover, the consolidated pro forma financial information does not take into account any cost saving or other synergies that could result from this acquisition of control.

Assumptions used to draw up the consolidated pro forma financial information

The pro forma adjustments that concern the consolidated pro forma balance sheet and income statement are calculated using the assumption that the operations to acquire 100% of the control of Concordia BV were performed at the opening of the period in two separate phases, namely taking control of 57.5% in a first phase, then the re-purchase of minority interests in a second phase.

The pro forma adjustments are directly linked to the operations and are based on the available financial information, as well as on certain assumptions deemed reasonable by the Paris Orléans Group:

- Regarding the presentation format: the CBV Group essentially performs qualified lending institution activities and therefore presents its financial statements in banking format. Therefore, taking into account the impact of the operations on the accounts of Paris Orléans, the presentation of the pro forma financial statements uses the lending institution presentation format.
- Concerning the CBV subgroup joining the consolidation scope:

The preparation of a consolidated pro forma balance sheet and income statement reflects Concordia BV being consolidated using the acquisition method as though the operation had taken place on 31 March 2007.

– The acquisition of Concordia BV was accounted for using the acquisition method and the assets and liabilities assumed were recognised at their estimated fair value.

– The balances and transactions between Paris Orléans and CBV concerning the periods presented were eliminated in the consolidated pro forma balance sheet and income statement.

The consolidated pro forma financial information was obtained using the following data:

- The audited consolidated financial statements for Paris Orléans for the 12 months ended 31 March 2008 under IFRS;
- The audited consolidated financial statements for CBV for the 12 months ended 31 March 2008 under IFRS.

Note 2 – Calculation and allocation of the acquisition price

- The re-purchase of treasury shares and the reduction of capital by CBV determined the assumption of control by the Group via a stepped acquisition. Therefore, the purchase price was allocated in order to determine the value of the identifiable assets and liabilities and to calculate the consolidated goodwill for this operation.
- As part of the first full consolidation of CBV, Paris Orléans booked the fair value of the intangible items identified at the level of RCH, the company controlled by CBV, as assets on its consolidated balance sheet. These include the trade name “Rothschild” for €151 million as well as the Private Banking and Trust client relations (€26 million) and the investment bank pending contracts (pipeline) for €6 million, i.e. a total of €183 million of intangible assets. These assets were recognised, taking into account deferred tax; the tax rules applicable to each type of asset generated a deferred tax liability of €21.4 million.
- NB: the consolidated goodwill recognised in these pro forma financial statements is estimated on the basis of CBV’s restated, consolidated net equity at 31 March 2007 and not at the actual acquisition date of the CBV securities.

In thousands of euros	Acquisition of majority control	Repurchase of minority interests	**Total**
Fair value of CBV securities purchased / acquired / exchanged	58,969	330,621	389,590
Consolidated net equity (after consolidation corrections) at 31 March 2007	505,169	505,169	505,169
Reduction in CBV capital	(117,937)	(117,937)	(117,937)
Group share of identified intangible assets	84,012	84,012	84,012
Corrected CBV consolidated net equity	**471,243**	**471,243**	**471,243**
Increase in the percentage of Paris Orléans'* interest	2.26%	42.70%	44.96%
Difference	48,342	129,381	177,723
Presentation on the pro forma balance sheet	Consolidated goodwill	Appropriated to the consolidated reserves	

** Percentages of interests restated for the impact of the RCH auto-control loop in Paris Orléans.*

In the event that the acquisition of 100% of control of Concordia BV was deemed to have been achieved in one step, the amount charged to the consolidated reserves would have been recognised as consolidated goodwill.

In thousands of euros	
Allocation of the purchase price at the origin (31 March 2007):	
- "Rothschild" trade name	151,000
- Client relations - Private Banking and Trust	26,000
- Investment bank pipeline	6,000
- Deferred tax liabilities	(21,438)
Total assets identified	**161,562**
Percentage of interest held	52%
PORTION OF THE ALLOCATION OF THE PURCHASE PRICE	**84,012**

The table below presents the various residual life durations that correspond to the items taken into account in the calculation of the purchase price:

Assets / Liabilities	Residual life
"Rothschild" trade name	Indefinite
Client relations - Private Banking and Trust	8 years
Investment bank pipeline	6 months

The amortisation of these intangible assets generated an expense of €9.3 million before deferred tax in the pro forma income statement for the 12 months ended 31 March 2008.

Evaluation methods used

The table below presents the various valuation methods used as part of the preliminary allocation of the acquisition price:

Assets	Evaluation method
Trade name	Revenue approach (relief from royalty method)
Client relations	Revenue approach (super profits method)
Investment bank pipeline	Revenue approach (super profits method)

Note 3 – Acquisition of CBV securities and capital increase

On 22 January 2008, Paris Orléans acquired from Sir Evelyn de Rothschild and associated entities the remaining 42.5% of Concordia BV's capital (paid for by a Paris Orléans issue of capital). This second stage of the acquisition was deemed to be a purchase of minority interest, following the first stage on 20 November 2007, in which Paris Orléans achieved control (described above). The difference at the second stage between the net carrying value of the minority interests acquired and the purchase price was €129.4 million. This was accounted for as a decrease in shareholders' equity, in line with the accounting policies applied by the Group.

Note 4 – Pro forma adjustments

4a - Pro forma income statement

The change in presentation from consolidated income, Group share, at 31 March 2008 (€109.1 million) to pro forma income, Group share (€119.6 million), i.e. +€10.5 million, is mainly explained by the following restatements, most of which are linked to taking into account income and expenses over 12 months:

- A contribution by CBV to the accumulated income of +€13.4 million (amount net of the amortisation of intangible assets);
- Cancellation of internal transactions for -€2.9 million.

4b - Pro forma balance sheet

The change in the shareholders' equity, Group share at 31 March 2008 (€632.7 million) and the pro forma shareholders' equity (€638.7 million), i.e. +€6 million, is mainly attributable to the following restatements:

- A higher result, Group share, of +€10.5 million (see above);
- A revaluation of the CBV stake previously held of -€2.4 million;
- Various consolidation adjustments with an overall impact of -€2.1 million.

Regarding the increase of +€2.7 million in the minority interests, this is mainly explained by the consolidation adjustments linked to auto-control (+€4.8 million), intangible assets (-€2.3 million) and non significant items (+€0.2 million).

Note 5 – Cost of business restructuring

The total amount of external expenses for the acquisition of Concordia BV was €7.9 million.

STATUTORY AUDITORS' REPORT
ON THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2008

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 captions or on information taken outside of the consolidated financial statements.

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,

Following our appointment as statutory auditors by your Annual General Meeting, we have audited the accompanying consolidated financial statements of Paris Orléans S.A. for the year ended March 31, 2008.

The consolidated financial statements have been approved by the Executive Board. Our role is to express an opinion on these financial statements based on our audit.

I. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities, of the financial position of the Group as at March 31, 2008 and of the results of its operations for the year then ended in accordance with IFRSs as adopted by the EU.

Without qualifying our opinion, we draw attention to the following points outlined in parts I and III of the notes to the consolidated financial statements.

Part I indicates that the presentation of the profit and loss account changed as it is now prepared in compliance with the model applicable to credit institutions.

Part III describes the terms of the acquisition by your company of the exclusive control over the company Concordia BV which is now fully consolidated in the financial statements of your company.

II. Justification of our assessments

In accordance with the requirements of article L. 823-9 of the French Commercial Law *(Code de commerce)* relating to the justification of our assessments, we bring to your attention the following matters:

Accounting policies

Part IV of the notes to the financial statements describes the accounting rules and methods used for presentation and valuation. In assessing the accounting principles applied by your company, we verified the appropriateness and the accurate application of the accounting methods above-mentioned and of the disclosures in the notes to the consolidated financial statements.

Accounting estimates

As detailed in part IV of the notes to the financial statements, your Group performs accounting estimates related in particular to the assessment of the fair value of available-for-sale financial assets and goodwill.

Our work consisted in assessing the appropriateness of the processes, 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.

We also assessed whether these estimates were reasonable.

In the specific context of the current financial crisis and as stated in part I of the notes to the financial statements, your Group recorded fair value adjustments and impairments resulting from the assessments and valuations carried out as of March 31, 2008. We have reviewed the control procedures implemented to identify and measure such exposures and their valuation, as well as the appropriateness of the disclosures in the above-mentioned part of the notes to the financial statements.

These assessments were made in the context of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion expressed in the first part of this report.

III. Specific verification

In accordance with professional standards applicable in France, we have also verified the information given 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.

Paris and Paris-La Défense, 31 July 2008

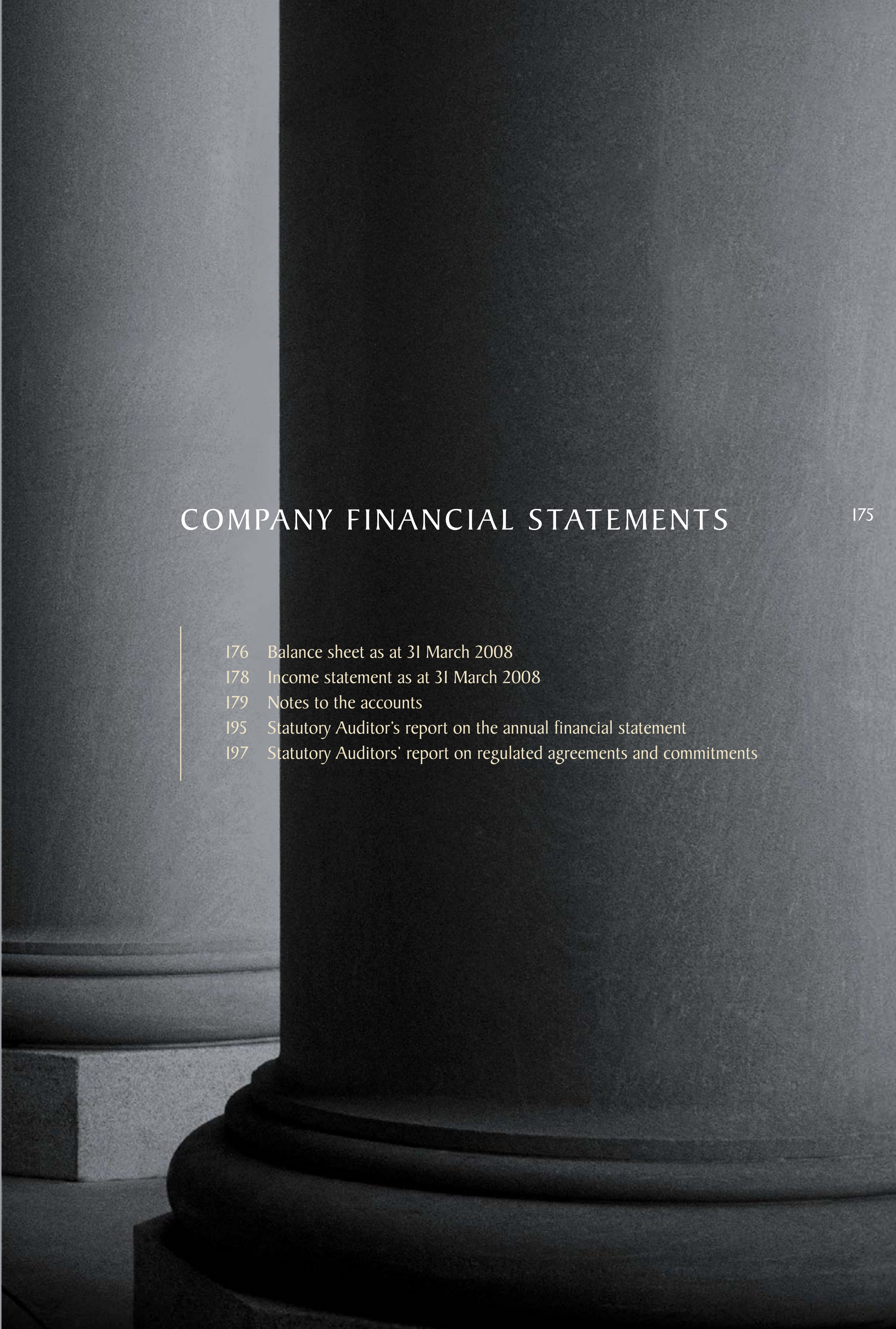
The Statutory Auditors

Cailliau Dedouit et Associés

Jean-Jacques Dedouit

KPMG Audit
Department of KPMG S.A.

Fabrice Odent
Partner



COMPANY FINANCIAL STATEMENTS

BALANCE SHEET AS AT 31 MARCH 2008

Assets

		31/03/2008			31/03/2007
In euros	Notes	Gross value	Depreciation, amortisation and provisions	Net carrying amount	Net carrying amount
Non-current assets					
Intangible assets	1				
Concessions, patents, similar rights		156,881	143,082	13,799	21,609
Other intangible assets		-	-	-	-
		156,881	143,082	13,799	21,609
Property, plant and equipment	2				
Land		88,930	-	88,930	88,930
Buildings		15,321	15,321	-	41,614
Other property, plant and equipment		508,952	155,586	353,366	216,454
		613,203	170,907	442,296	346,997
Non-current financial assets					
Participating interests	3	925,745,196	-	925,745,196	390,925,130
Receivables related to participating interests	4	37,250	-	37,250	2,981,367
Portfolio holdings	5	47,187,421	14,260,147	32,927,273	47,210,169
Receivables related to portfolio holdings	6	-	-	-	839,533
Loans	7	1,362,505	991,735	370,770	558,282
Other non-current financial assets	7	3,091	-	3,091	5,036
		974,335,462	15,251,883	959,083,580	442,519,516
Total non-current assets		**975,105,546**	**15,565,872**	**959,539,674**	**442,888,124**
Current assets					
Accounts receivable	8	135,065,970	-	135,065,970	153,776,782
Marketable securities	9				
Treasury shares		3,969,498	350,759	3,618,739	-
Other securities		17,722,582	1,158,034	16,564,547	46,598,658
Cash management instruments		-		-	
Cash		18,314		18,314	1,060,640
Total non-current assets		**156,776,364**	**1,508,793**	**155,267,570**	**201,436,080**
Prepaid expenses	10	55,202		55,202	74,173
Unrealised translation gains	11	1,328,142		1,328,142	1,404,691
TOTAL ASSETS		**1,133,265,254**	**17,074,665**	**1,116,190,589**	**645,803,069**

Liabilities and shareholders' equity

In euros	Notes	31/03/2008	31/03/2007
Shareholders' equity	12		
Share capital		63,264,160	19,178,778
Additional paid-in capital		491,499,251	317,644,230
Reserves			
Legal reserves		1,917,878	1,816,547
Regulated reserves		-	-
Other reserves		153,044,324	153,044,324
Retained earnings		79,918,248	38,883,567
Net income for the period		152,455,798	53,387,151
Regulated provisions		57,961	46,919
Total shareholders' equity		**942,157,619**	**584,001,516**
Provisions for contingencies and charges	13		
Provisions for contingencies		-	457,290
Total provisions		**-**	**457,290**
Liabilities			
Financial liabilities			
Borrowings and other financial liabilities - Banks	14	137,849,935	34,865,240
Borrowings and other financial liabilities - Other	15	9,099,752	6,300,818
Operating liabilities	16		
Accounts payable		946,695	523,261
Tax and social liabilities		1,859,671	1,632,447
Other liabilities	17		
Liabilities or non-current assets and related accounts		-	-
Miscellanous liabilities		19,147,124	15,981,172
Deferred income		10,500	-
Cash management instruments		-	-
Total liabilities		**168,913,676**	**59,302,937**
Unrealised translation losses	18	5,119,294	2,041,324
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**1,116,190,589**	**645,803,069**

INCOME STATEMENT AS AT 31 MARCH 2008

In euros	Notes	**From 01/04/2007 through 31/03/2008**	From 01/04/2006 through 31/03/2007
Income transactions			
Operating income transactions			
Operating income	19	2,304,633	572,682
Operating expense	20	(9,667,716)	(7,926,211)
Net operating income		**(7,363,084)**	**(7,353,529)**
Other income transactions			
Income from participating interests and portfolio holdings	21	18,161,645	20,432,305
Other financial income	22	6,960,892	4,606,165
Capital gains (losses) on disposals of marketable securities	23	3,728,909	497,163
Recoveries of provisions on other income transactions	24	457,290	675,395
Financial expenses	25	(2,799,461)	(3,035,072)
Charges to provisions for financial risks	24	(1,682,240)	(457,290)
Income from other income transactions		**24,827,035**	**22,718,665**
Income from joint ventures			
Share of profit (loss)		-	-
Current income before tax		**17,463,951**	**15,365,136**
Capital transactions			
Capital gains on disposals of participating interests and portfolio holdings	26	140,927,406	42,768,805
Recoveries of impairment of participating interests and portfolio holdings	27	409,774	8,902,842
Capital losses on disposals of participating interests and portfolio holdings	28	(3,440)	(6,978,995)
Charges for impairment of participating interests and portfolio holdings	29	(1,774,299)	(466,484)
Income from capital transactions		**139,559,441**	**44,226,169**
Income tax	30	4,567,594	6,204,154
NET INCOME		**152,455,798**	**53,387,151**

NOTES TO THE ACCOUNTS

(All figures are in thousands of euros, unless otherwise indicated)

I. Highlights of the financial year

Highlight of the 2007/2008 financial year, which ended on 31 March 2008, was Paris Orléans taking control of 100% of Concordia BV, the ultimate holding company of Rothschild Group banking activities. Acquiring control was achieved through a series of transactions during the second half of the 2007/2008 financial year. These followed the announcement on 17 July 2007 of an agreement based on the incorporation of a family company (Rothschild Concordia SAS) to unify, in Paris Orléans, the stakes in Concordia BV held by the French and English branches of the Rothschild family.

In this context, on 13 November 2007, Paris Orléans contributed its existing interest of 50% in Concordia BV to its subsidiary Paris Orléans Holding Bancaire (formerly known as SFIR), with a valuation of €441.6 million, which generated a gross capital gain of €129.2 million. Strictly speaking, it was actually Paris Orléans Holding Bancaire (POHB) which – as it did not participate in the restricted offer to repurchase its capital by Concordia BV (which then reduced its capital, in unequal shareholder proportions, for the benefit of Sir Evelyn de Rothschild) – took majority control of Concordia BV on 20 November 2007, with its holding increased from 50% to 57.5%.

In a second step, on 22 January 2008 Paris Orléans acquired 551,077 Concordia BV shares for €106.3 million from Sir Evelyn de Rothschild and affiliated companies. This acquisition was financed through bank loans totalling €125 million, of which €111 million were out standing at 31 March 2008. At the same time, Paris Orléans carried out a capital increase of €44.1 million by issuing 646,308 new shares for the benefit of Eranda Foundation, Rothschild Trust AG and Integritas Investments BV as consideration for contributions of 938,294 Concordia BV shares and 351,581,663 Integritas BV shares (the latter constitute 100% of the capital of Integritas BV, a company whose sole asset is a holding of 228,956 Concordia BV shares). On 23 January 2008, following the aforementioned operations, these 1,489,371 Concordia BV shares and 351,581,663 Integritas BV shares that were newly acquired or received in the form of a capital contribution, were contributed in turn to the subsidiary POHB at their net book value (€328.1 million), which also was their actual value. On completion of all these operations, the banking activities of the Paris Orléans Group were all grouped under the subsidiary POHB, whose shares had a net book value of €773.9 million in the accounts of Paris Orléans as at 31 March 2008.

At the same time as taking 100% control of Concordia BV, Paris Orléans contributed €77.7 million in a capital increase for its wholly-owned subsidiary K Développement, the owner of its private equity activities. These activities once again showed strong growth in the 2007/2008 financial year and therefore needed additional investment resources.

In terms of income, in addition to the above-mentioned capital gain on the Concordia BV shares, there was a pre-tax capital gain of €11.7 million from disposals, mainly in relation to investment funds, particularly “*fonds communs de placements à risques*” (“FCPR”), the main private equity vehicle in France. The dividend received from Concordia BV was €11.7 million.

II. Subsequent events (post-closing)

There have been no significant events at the start of financial year 2008/2009. Paris Orléans continued to support its subsidiaries, which have continued to invest actively.

III. Accounting principles and valuation methods

To ensure 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 appropriate 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 ancillary 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:

	Useful 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	Reducing-balance
Office furniture	10 years	straight-line

- Non-current financial assets are valued at their historical acquisition cost. The values of holdings denominated in foreign currencies are translated into euros at the exchange rate in effect at transaction date. All loans and receivables denominated in foreign currencies, and classified in non-current financial assets, are translated at the closing rate of the financial year.

Participating interests and portfolio holdings are recognised at their acquisition cost. An impairment loss is recognised when fair value is below acquisition cost.

The fair values of participating interests 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 shares: last price of the financial year;
- listed securities: last quoted price of the financial year.

Dividends are recorded in the month in which it is decided to distribute them.

FCPR-type venture capital funds, in line with market practices, since 2002 only amounts actually disbursed are recognised, while all remaining commitments are recorded as off-balance sheet commitments.

- Receivables are recognised at their nominal value. An impairment loss is recognised when the fair 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 fair value is lower than their acquisition cost, an impairment loss is recognised. The inventory value is equal to the last price of the financial year for listed shares and bonds, investment trusts and mutual funds.
- 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 translated at the closing rate. For items covered by an exchange rate hedge, these are offset so that only the net balances are shown.
- Impairment 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 impairment.

Recognition of foreign currency-denominated securities and assets covered by hedging

Paris Orléans uses foreign currency-denominated loans to hedge certain of its acquisitions of securities and other assets denominated in foreign currencies. 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 €56 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	01/04/2007	Acquisitions	Sales/Disposals	**31/03/2008**
Intangible assets				
Software	156	1		157
Other intangible assets	-			-
Total gross values	**156**	**1**	**-**	**157**
Amortisation		Increases	Decreases	
Software	134	9		143
Other intangible assets	-			-
Total amortisation	**134**	**9**	**-**	**143**
TOTAL NET VALUES	**22**	**(8)**	**-**	**14**

Note 2. Property, plant and equipment

Changes in property, plant and equipment during the financial year:

In thousands of euros	01/04/2007	Acquisitions	Sales/Disposals	**31/03/2008**
Property, plant and equipment				
I - Land	89			89
II - Other				
- buildings	193	-	178	15
- plant and improvements	2	8		10
- vehicles	187	167	52	302
- office equipment	46	16		62
- office furniture	113	21		134
Total gross values	**630**	**212**	**230**	**612**
Depreciation		Increases	Decreases	
II - Other				
- buildings	152	8	145	15
- plant and improvements	-	1		1
- vehicles	82	41	42	81
- office equipment	37	12		49
- office furniture	12	12		24
Total depreciation	**283**	**74**	**187**	**170**
TOTAL NET VALUES	**347**	**138**	**43**	**442**

The main movements during the financial year were due to transport equipment, with the acquisition of four vehicles and the disposal of another.

Note 3. Participating interests

The movements for the 2007/2008 financial year are summarised in the table below; acquisitions/increases and disposals/decreases are then broken down into two separate tables:

In thousands of euros	01/04/2007	Acquisitions/ Increases	Sales/Disposals/ Reclassifications	**31/03/2008**
Gross value	390,925	1,178,188	643,368	925,745
		Increases	Decreases	
Impairment	-			-
NET VALUE	**390,925**	**1,178,188**	**643,368**	**925,745**

Analysis of acquisitions/increases

In thousands of euros	
POHB	769,699
Concordia BV	287,120
K Développement	77,685
Integritas BV	43,502
Alexanderplatz	175
Les Domaines Barons de Rothschild (DBR)	8
	1,178,188

Analysis of sales/disposals/reclassifications

In thousands of euros	
Concordia BV	596,971
Integritas BV	43,502
Alexanderplatz	2,849
Les Domaines Barons de Rothschild (DBR)	46
	643,368

Most movements during the financial year relate to Paris Orléans taking control of Concordia BV. As stated in Part I of these notes, this transaction was conducted in several steps.

First, Paris Orléans contributed its existing stake of 50% of the capital of Concordia BV to its subsidiary Paris Orléans Holding Bancaire (POHB) in consideration for a contribution price of €441,632 thousand. In a second step, on 22 January 2008, Paris Orléans bought 551,077 Concordia BV shares (around 13.63% of the capital) from Sir Evelyn de Rothschild and from affiliated companies (233,900 shares bought directly from Sir Evelyn de Rothschild for €45,517 thousand, 204,112 shares from Integritas Investments BV for €39,108 thousand, 106,870 shares from Eranda Foundation for €20,476 thousand and 6,195 shares from 1982 Trust for €1,187 thousand). The same day, Paris Orléans received, as part of a reserved capital increase, a total contribution of 938,294 Concordia BV shares, representing 23.21% of its capital (213,739 shares contributed by Eranda Foundation for €40,610 thousand, 107,672 contributed by Rothschild Trust AG for €20,458 thousand and 616,883 contributed by Integritas Investments BV for €117,208 thousand) and a contribution by Rothschild Trust AG of 351,581,663 shares (€43,502 thousand) in Integritas BV (whose sole asset was 228,956 Concordia BV shares, which represented around 5.66% of this company's capital). These Concordia BV and Integritas BV shares acquired or received in the form of a contribution were then contributed in turn for their book value to the subsidiary POHB, where all Group banking assets are now concentrated and whose shares held by Paris Orléans have a net book value of €773,846 thousand.

The €2,849 thousand decrease of the participating interest in AlexanderPlatz Voltaire Strasse (APVS) corresponds to a capital reduction.

As at 31 March 2008, the gross values of the company's participating interests are analysed as follows:

In thousands of euros	
POHB	773,846
K Développement	108,448
Les Domaines Barons de Rothschild (DBR)	17,285
Finatis	12,287
Francarep Inc	11,182
Paris Orléans' investment certificates	2,676
AlexanderPlatz Voltaire Strasse (APVS)	20
TOTAL	**925,745**

As at 31 March 2008, no impairment had been incurred on any participating interest.

Note 4. Receivables related to participating interests

Analysis of changes during financial year 2007/2008:

In thousands of euros	01/04/2007	Acquisitions	Sales/Disposals/ Repayment/ Reclassifications	**31/03/2008**
GROSS AND NET VALUE	**2,981**	**1,698**	**4,642**	**37**

At 31 March 2008, this item reflects only the advances granted to AlexanderPlatz Voltaire Strasse (APVS) plus interest. All the advances granted to Alexa were repaid during the financial year.

Note 5. Portfolio holdings

This heading includes all non-current strategic portfolio investments (TIAP) that cannot be classified as participating interests. The changes during financial year 2007/2008 are analysed as follows:

Portfolio holdings *(in thousands of euros)*	01/04/2007	Acquisitions/ Increases	Sales/Disposals/ Reclassifications	**31/03/2008**
Gross value	60,106	3,310	16,229	47,187
		Increases	Decreases	
Impairment	12,896	1,774	410	14,260
NET VALUE	**47,210**	**1,536**	**15,819**	**32,927**

Details of acquisitions/increases

In thousands of euros

Financière Providence (convertible bonds)	2,267
Terra Firma Capital Partners 2	666
Interclean (convertible bonds)	340
Interclean (shares)	227
Banexi Ventures 3 - parts A	140
DFJ Eplanet Ventures	129
Financière Providence (shares)	116
Carlyle Asia Partners	102
Other securities < 100k€	371
Translation gains (losses) on US dollar investments	(1,048)
	3,310

Details of sales/disposals/reclassifications

In thousands of euros

Financière Providence (convertible bonds)	2,267
Financière Providence (bonds with equity warrants)	2,050
Financière Frères Blanc (bonds with equity warrants)	2,000
Thermocoax Holding (bonds with equity warrants)	2,000
SI (bonds with equity warrants)	1,400
Mediascience (bonds with equity warrants)	1,300
Euromezzanine	943
Terra Firma Capital Partners 2	770
Banexi Ventures	595
Access Capital	542
Ripplewood Partners II	423
Pequot Private Equity Fund II	355
PAI III - C2	345
Interclean (convertible bonds)	340
Interclean (shares)	227
Other securities < 200k€	1,358
Translation gains (losses) on investments in US dollars	(687)
	16,229

At 31 March 2008, the estimated value of the portfolio holdings was €60,291 thousand.

Note 6. Receivables related to portfolio holdings

At 31 March 2008, this item reflected only investments in mezzanine debt, nearly all of which were transferred to PO Mezzanine during the 2007/2008 financial year.

Note 7. 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 2008 rate to a net present value of €370 thousand. Other non-current financial assetscomprise solely of security deposits. All loans and other non-current financial assets mature in less than one year.

Note 8. Accounts receivable

The €135,066 thousand total consisted nearly entirely of:

- Group and associated companies' advances and current accounts (€131,557 thousand), primarily in connection with the cash pooling programme, and current accounts related to the tax consolidation group (€812 thousand, details of which are provided below);

In thousands of euros	Principal	Interest	**Total**
Group			
Current accounts			
K Développement	75,662	955	76,617
PO Fonds	13,288	423	13,711
PO Mezzanine	9,589	282	9,871
PO Capinvest 2	8,512	140	8,652
APVS	6,505	91	6,596
Verseau	4,539	164	4,703
Manufaktura	4,162	181	4,343
PO Capinvest 3	2,210	37	2,247
Centrum Jonquille	2,192	59	2,251
PO Capinvest 1	1,004	51	1,055
Narcisse Investissements	1,001	7	1,008
Hi Trois	457	26	483
Fin PO	20		20
Sub-total	**129,141**	**2,416**	**131,557**
Tax consolidation			
POHB (former SFIR)	129	-	129
SPCA Deux	488	-	488
Chaptal Investissements	195	-	195
Sub-total	**812**	-	**812**
Associated companies' current accounts			
SEP Financière Bagatelle	36	-	36
Ixel International S.A.	2	-	2
Sub-total	**38**	-	**38**
	129,991	**2,416**	**132,407**
Other receivables			2,659
			135,066

- repayments of withholding taxes to be obtained (€186 thousand),
- various accounts receivable (€365 thousand),
- an account with a debit balance relating to the joint venture Jardine Rothschild Asia (€251 thousand),
- a corporate income tax debtor balance to be collected from the French Treasury (€1,853 thousand).

None of these receivables are in doubt.

Note 9. Marketable securities

Marketable securities consist of:

- treasury shares (held in accordance with a liquidity contract) in the amount of €3,969 thousand for which a provision of €351 thousand was booked at 31 March 2008,
- the other securities (€17,723 thousand) consist solely of mutual funds and short-term liquid investments. As at 31 March 2008 the fair value of these securities amounted to €16,938 thousand, giving an unrealised capital gain of €373 thousand and an unrealised loss of €1,158 thousand for which a provision was made.

Note 10. Prepaid expenses

These relate solely to operating expenses (insurance, rent, maintenance, etc.).

Note 11. Unrealised translation losses

Unrealised translation gains are recognised on differences between the equivalent value in euros (at the closing rate) of portfolio holdings and other non-current financial assets denominated in dollars, and covered by a foreign currency and their historical value. As at 31 March 2008, these amounted to €1,328 thousand.

Note 12. Shareholders'equity

Changes in shareholders' equity during financial year 2007/2008 are analysed as follows:

In thousands of euross	Share capital	Additional paid-in capital	Legal reserves	Other reserves	Retained earnings	Regulated provisions	Net income for the period	Total share-holders' equity
OPENING BALANCE AS AT 31/03/2008	**19,179**	**317,644**	**1,816**	**153,044**	**38,884**	**47**	**53,387**	**584,001**
Capital increase	44,085	173,855	-	-	-	-	-	217,940
Appropriation of net income for FY 2007/2008	-	-	102	-	53,285	-	(53,387)	-
Distribution of dividends*	-	-	-	-	(12,251)	-	-	(12,251)
Net income for FY 2007/2008	-	-	-	-	-	-	152,456	152,456
Change in investment provision	-	-	-	-	-	11	-	11
CLOSING BALANCE AS AT 31/03/2008	**63,264**	**491,499**	**1,918**	**153,044**	**79,918**	**58**	**152,456**	**942,157**

** The dividends distributed during financial year 2007/2008 in respect of the previous year were €333 thousand lower than the amount approved in the second resolution proposed to the Combined General Meeting of 25 September 2007, as no dividends were paid on treasury shares (investment certificates).*

The contributions of Concordia BV and Integritas BV shares referred to in note 3 and elsewhere, which were carried out as part of a capital increase, were satisfied by allotment of 646,308 newly issued Paris Orléans shares (118,348 shares allotted to Eranda Foundation, 186,391 to Rothschild Trust AG and 341,569 to Integritas Investments BV). These newly issued shares gave rise to a capital increase of €4,924 thousand and generated a gross contribution premium of €216,853 thousand, from which contribution expenses were deducted of €3,837 thousand (consisting entirely of fees) net of theoretical tax, in accordance with the regulations in force.

Furthermore, the Extraordinary General Meeting of 21 January 2008 decided to capitalise part of the merger premium, amounting to €39,161 thousand, to allow a 10-for-1 share split. This transaction was carried out on 28 January 2008 and resulted in each shareholder being awarded 10 new shares for each old share held. Accordingly, at 31 March 2008, the capital stood at 30,965,360 shares and 666,720 investment certificates with a par value of €2.

Holding of treasury shares by the company

At 31 March 2008, Paris Orléans held 666,720 treasury investment certificates (i.e. all the securities issued in this category). During the 2007/2008 financial year, treasury share movements were limited to the disposal of six investment certificates (before the 10-for-1 split).

Note 13. Provisions for contingencies and charges

All existing provisions at the start of the financial year had been reversed in full as at 31 March 2008:

In thousands of euros	Opening balance	Charge for the period	Reco-very for the period (provision used)	Recovery for the period (provision unused)	Change of method	Other changes	Closing balance
Provisions for contingencies	457	-	457	-	-	-	-
- insufficient hedging of foreign currency risk	457	-	457	-	-	-	-
- Translation charges on USD funds						-	-
Provisions for charges	-	-	-	-	-	-	-
TOTAL PROVISIONS FOR CONTINGENCIES AND CHARGES	**457**	**-**	**457**	**-**	**-**	**-**	**-**

Preferential method: the preferential method of accounting for retirement commitments, as recommended by French General Chart of Accounts, was not adopted and did not have a material impact on the total assets or current income of the company.

Note 14. Borrowings and financial liabilities – banks

This line may be analysed as follows:

		Maturity		
In thousands of euros	Total	Less than 1 year	Between 1 and 5 years	> 5 years
Medium-term loan	11,000	8,300	32,800	69,900
US-dollar denominated loan	23,842	-	23,842	-
Bank overdrafts	2,279	2,279	-	-
Accrued interests	729	729	-	-
TOTAL BORROWINGS AND FINANCIAL LIABILITIES	**137,850**	**11,308**	**56,642**	**69,900**

These loans have a variable rate of interest. The US dollar-denominated loan is used to hedge the exchange rate risk on USD investments.

The significant year-on-year increase in this item as at 31 March 2008 was due, as explained in Part I of these notes, to the financing of the transaction to take control of 100% of Concordia BV. At 31 March 2008, a total de €111 million had actually been borrowed in relation to this from three banks (Société Générale, Crédit Agricole Nord-Est and BNP Paribas, at €46 million, €40 million and €25 million respectively) out of a total €125 million in loan commitments received.

Note 15. Borrowings and financial liabilities – other

Nearly all of this €9,100 thousand line relates to advances from the Francarep Inc subsidiary, including accrued interest. These advances mature in less than one year.

Note 16. Operating liabilities

These include accounts payable of €947 thousand and tax and social liabilities of €1,860 thousand for FY 2007/2008. All amounts are due in less than one year.

Note 17. Other liabilities

This item, which totals €19,147 thousand, mainly consists of:

- advances and current account balances and related accounts granted to Group entities by subsidiaries as part of the "cash pooling" scheme (€17,697 thousand), and current account balances linked to the consolidated tax group (€648 thousand) (see details below);
- various liabilities amounting to €802 thousand, including €519 thousand and €127 thousand respectively of premiums received from PO Gestion and PO Gestion 2, which represent options granted in respect of "carried interest" (see Part VI – E. Off-Balance Sheet Commitments).

All of these liabilities are due.

In thousands of euros	Principal	Interest	**Total**
Advances and current accounts balances granted by the group or related parties			
Advances and current account balances			
SPCA Deux	8,330	329	8,659
Paris Orléans Holding Bancaire (POHB former SFIR)	4,948	202	5,150
Ponthieu Ventures	3,574	37	3,611
Chaptal Investissements	274	3	277
Sub-total			**17,697**
Tax consolidation			
K Développement	646	-	646
Manufaktura	2	-	2
Sub-total			**648**
TOTAL	**17,774**	**571**	**18,345**
Miscellanous liabilities			**802**
OTHER LIABILITIES			**19,147**

Note 18. Unrealised translation losses

A €3,251 thousand unrealised translation loss on the US dollar loan from BNP Paribas used to hedge the company's assets in US dollars accounted for the majority of the losses; fair value adjustments on advances from the Francarep Inc subsidiary as at 31 March 2008 accounted for the remaining €1,868 thousand.

V. Notes to the income statement

Having reached €152,456 thousand, the net income of the 2007/2008 financial year has strongly increased (it has almost trebled) compared with the one of the previous year (€53,387 thousand). As explained before, that is largely the result of the capital gain (€129,224 thousand) generated when Paris Orléans contributed its Concordia BV shares to its subsidiary POHB.

Note 19. Operating income

Operating income consist primarily of expenses recharged to related companies.

Note 20. Operating expense

This line may be analysed as follows:

Actual operating expenses, excluding any expenses charged to the subsidiaries, amounted to €7,707 thousand (0.82% of shareholders' equity).

In thousands of euros	**Financial year 2007/2008**	Financial year 2006/2007
Purchases and external charges	2,783	2,977
Taxes other than those on income	722	406
Salaries and payroll taxes	5,937	4,113
Depreciation and amortisation	84	97
Other expenses	104	156
TOTAL	**9,630**	**7,749**

Note 21. Income from participating interests and portfolio holdings

Details regarding income from participating interests and portfolio holdings during financial year 2007/2008 are provided in the table below:

In thousands of euros	**Financial year 2007/2008**	Financial year 2006/2007
Dividends/ Participating interests		
Concordia BV	11,738	9,646
SGIM	-	2,072
POHB (former SFIR)	82	692
DBR	474	237
K Développement	-	1,569
Finatis	1,415	1,415
Total	**13,709**	**15,631**
Dividends/Portfolio holdings		
Total E&P Cameroun	2,936	2,297
Rallye	939	667
Chaptal Investissements	1	-
Publicis	27	121
Norsea Pipeline	62	108
DAB Bank	62	-
Idi	58	-
Interest and other income	367	1,608
Total	**4,452**	**4,801**
TOTAL INCOME FROM PARTICIPATING INTERESTS AND PORTFOLIO HOLDINGS	**18,161**	**20,432**

The 21.68% year-on-year increase in the dividend received from Concordia BV (an increase of €2,092 thousand) is particularly significant. In addition, the dividend received from Total E&P Cameroun increased by 27.82% and that from Rallye increased by 40.77%, whereas that received from Finatis remained the same. K Développement did not pay a dividend in 2007/2008, in contrast to the previous financial year.

Note 22. 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 (€2,388 thousand), PO Fonds (€1,644 thousand), PO Mezzanine (€1,534 thousand) and PO Capinvest 2 (€499 thousand). Other financial income also included €219 thousand in underwriting commissions.

Note 23. Income, expenses and gains from cash management activities

This line includes €3,779 thousand in capital gains and €50 thousand in capital losses on disposals of marketable securities.

Note 24. Charges to and recoveries of provisions on other income transactions

The €457 thousand recovery of provisions arises from the provisions set aside as at 31 March 2007 to cover the risk of foreign exchange losses on the unhedged portion of the company's US dollar-denominated assets.

Note 25. Financial expenses

In thousands of euros	**Financial year 2007/2008**	Financial year 2006/2007
Medium-term borrowings	1,322	482
Foreign exchange losses	99	341
Expenses on sales of options	-	978
Other interest expense	1,378	1,234
TOTAL	**2,799**	**3,035**

The significant increase in interest on medium-term borrowings (+€840 thousand) largely resulted from the debt increase (+€93 million) incurred at the end of the financial year to finance the transaction to take control of Concordia BV. Exchange rate losses fell by 71% during the financial year, as the previous financial year included two significant non-recurring amounts arising from capital returns from investment funds. The "Other interest expense" item comprises interest on current accounts in the amount of €736 thousand (including €329 thousand related to SPCA Deux) and €642 thousand in bank overdrafts.

Note 26. Capital gains on disposals of participating interests and portfolio holdings

Capital gains on the disposal of participating interests (a total of €129,242 thousand) consisted almost entirely of the capital gain (€129,224 thousand) recorded by Paris Orléans on its contribution of all its Concordia BV securities to Paris Orléans Holding Bancaire (POHB) in November 2007.

In addition, Paris Orléans generated €11,686 thousand in capital gains through the disposal of portfolio holdings, compared to €19,107 thousand during the previous financial year. The principal amounts include capital gains related to hedge funds (total amount of €7,772 thousand, including €4,094 thousand for PAI Europe 3 and €2,015 thousand for White Knight 6) and to US and European investment funds (a total of €3,264 thousand, including €1,338 thousand for Carlyle Partners 3).

Note 27. Recoveries of impairment of participating interests and portfolio holdings

Total recoveries of impairment of portfolio holdings came to €410 thousand, including the Pequot Private Equity Fund 2 (€157 thousand), Ripplewood Partners II (€99 thousand), Lexington Capital Partners I (€76 thousand), Co-Investissement Casop (€73 thousand) et Lone Star Fund II (€5 thousand).

Note 28. Capital losses on disposals of participating interests and portfolio holdings

Capital losses on the disposal of portfolio holdings (€3 thousand on a sale of Onet shares) were not significant during this financial year.

Note 29. Provisions for impairment of participating interests and portfolio holdings

The only impairment losses booked concerned portfolio holdings, and more specifically DAB Bank (€610 thousand), Publicis (€498 thousand), Waterford Wedgwood (€309 thousand), Idi (€128 thousand), US Sofinnova Ventures Partners (€178 thousand) and FCPR Banexi Ventures 3 (€51 thousand).

Note 30. Income tax

The corporate income tax expense of €4,568 thousand for the 2007/2008 financial year can be analysed into the corporate income tax charge for the consolidated tax group headed by Paris Orléans, in the amount of €5,580 thousand (including €1,918 thousand that corresponds to theoretical tax on the expenses related to the contribution of shares, which was deducted from the merger premium – see note 12) and a tax reassessment of €17 thousand for a non-trading real estate partnership in which the consolidated subsidiary Verseau has a stake, offset by corporate income tax revenue credit of €1,030 thousand received from the subsidiaries within the scope of the tax consolidation (€436 thousand for SPCA Deux, €227 thousand for Chaptal Investissements, €221 thousand for K Développement and €146 thousand for POHB).

VI. Other information

A. Employee data

The average headcount of 19 people in financial year 2007/2008 included 17 executives and 2 other employees.

B. Compensation of management bodies

The members of the Supervisory Board will receive €102,000 in directors' fees in respect of financial year 2007/2008.

The members of the Executive Board were paid total compensation of €12 thousand by Paris Orléans in their role as corporate officers (excluding any salary payments related to other services provided).

C. Tax consolidation

Paris Orléans is the head of a tax group that includes the following companies, all of which are domiciled at 23 bis avenue de Messine 75008 Paris:

- K Développement
- SPCA Deux
- Paris Orléans Holding Bancaire (POHB – former SFIR)
- PO Fonds
- Manufaktura
- Verseau
- Chaptal Investissements

The option of filing as a consolidated tax group, which first began from 1 April 2004, covered a five-year period ending 31 March 2009.

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 Paris Orléans Group, drew up consolidated financial statements as of 31 March 2008. Its own financial statements are consolidated with those of Rothschild Concordia S.A.S. Group.

E. Off-balance sheet commitments

The off-balance sheet commitments as at 31 March 2008 are presented in the table below:

In thousands of euros	Total	Executive managers	Subsidia-ries	Investments	Other related companies	Other
Commitments given						
Termination benefits [1]	-	-	-	-	-	-
Guarantee in favour of Société Générale for 50% of the Centrum Luxembourg NS subsidiary's commitments on its €20 million line of credit	10,000	-	-	-	-	10,000
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	1,707	-	-	-	-	1,707
TOTAL COMMITMENTS GIVEN	**30,142**	**-**	**-**	**-**	**-**	**30,142**
Retirement commitments [2]	3,476	-	-	-	-	3,476
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
Line of credit from Société Générale usable by loan / revolving credit. Expires 22/01/2015	14,000	-	-	-	-	14,000
Line of credit in dollars from BNP Paribas. Expires 15/01/2010	7,769	-	-	-	-	7,769
TOTAL COMMITMENTS RECEIVED	**36,772**	**-**	**-**	**-**	**-**	**36,772**
Reciprocal commitments	**None**	**-**	**-**	**-**	**-**	**None**

(1) Termination benefits

This commitment is outsourced to an insurance company.

(2) Supplemental retirement for managers

All managers are 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 become 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 than 5 years, and aged 60. The average annual contribution amounts to €1,530.5 thousand until late 2009, when it will fall to €759.2 thousand for two years. The present value of the capital to be set aside amounted to €3,476 thousand (net of all payments already made), as at 31 March 2008. The commitments relating to 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, whereby they will receive a portion of any net capital gain Paris Orléans makes on the sale of securities it had acquired.

The implementation of this programme gave rise to the creation of a two non-trading companies including both the Managers and Paris Orléans (PO Gestion and PO Gestion 2), whose relationships are governed by an associates' agreement.

PO Gestion and PO Gestion 2 also signed an investment contract with Paris Orléans that establishes the terms and conditions under which the Managers may, through PO Gestion and PO Gestion 2, share in the profits and risks associated with the Paris Orléans securities portfolio.

The carried interest programmes are applicable to all investments made by PO Gestion and PO Gestion 2 respectively between 1 April 2006 and 31 March 2009 and between 1 April 2007 and 31 March 2010 (the "Reference Period"), and Paris Orléans' total investment is limited to €100 million for each programme.

Accordingly, Paris Orléans provided PO Gestion and PO Gestion 2 with sales agreements that allow both of them to acquire, during the Reference Period, at the initial payback value for Paris Orléans, a share of these securities or units or shares of the direct or indirect holding companies. These sales agreement could represent up to 10% of the investments carried out during this period.

In exchange for Paris Orléans' commitments under the agreements, PO Gestion and PO Gestion 2 are required to pay a premium corresponding to the value of the options resulting from said agreements, on the date each agreement is executed.

When securities acquired during the Reference Period are sold, or should the control of Paris Orléans change, and in any event on 31 March 2014 at the latest as for PO Gestion and 30 June 2015 as for PO Gestion 2, the rights of the parties under the terms of the investment contract will be liquidated. Accordingly, PO Gestion and PO Gestion 2 will receive a share of any net capital gain made, subject to a 7% preferential payout for said period set aside for Paris Orléans.

Nearly all of the most significant changes in off-balance sheet commitments given related to the transfer of holdings in investment funds to the PO Fonds subsidiary, which assumed the associated investment commitments. Among the commitments received, it is worth noting the increase in the unused bank line of credit and the reduction of €8,750 thousand in guarantees on the bonds with equity warrants issued which were sold during the financial year.

Changes in financial commitments during financial year 2007/2008

Commitments given	**As at 31/03/2008**	As at 31/03/2007
- Guarantees given and other commitments	28,435	28,435
- Investment commitments*	1,707	3,286
TOTAL	**30,142**	**31,721**

Commitments received	**As at 31/03/2008**	As at 31/03/2007
- Undrawn BNP Paribas and Société Générale lines of credit	21,769	30,925
- Pledges of shares and equity warrants in our favour	10,435	19,185
- Counter-guarantees received	4,568	4,568
TOTAL	**36,772**	**54,678**

* *The last line corresponds to our total commitment to invest in funds. It should be noted that in practice, however, the Group is rarely called upon to release all of the funds committed.*

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 as at 31 March 2008

In thousands of euros

Companies or groups of companies	Share capital	APIC, reserves and retained earnings excluding net income for the period (**)	Share of capital held (in %)	Carrying value of shares held: Gross	Carrying value of shares held: Net	Outstanding loans and advances from the company	Guarantees given by the company	Gross revenues (excluding VAT) for the last financial year (or net banking income)	Net income for the last financial year (**)	Dividends received by the company during the financial year	Comments
Detailed information:											
A. Subsidiaries (company holds at least 50% of capital)											
Paris Orléans Holding Bancaire POHB (Paris)	497,498	147,218	100.00	773,846	773,846	-	-	-	771	82	
K Développement (Paris)	99,000	(156)	100.00	108,448	108,448	-	-		18,073		
Francarep Inc (USA)	8	15,588	100.00	11,182	11,182	-	-	-	614	-	1€ = 1.5812 USD
B. Participating interests (company holds 10% to 50% of capital											
Les Domaines Barons de Rothschild (Paris) (*)	18,573	44,878	24.14	17,285	17,285	-	-	76,523	8,141	474	
Alexanderplatz (Germany)	200	(1,071)	10.00	20	20	-	-	274	33,724		
Finatis (Paris) (*) (***)	85	457	5.00	12.3	12.3	-	-	25,759	141	1.4	

(*) Consolidated figures.
(**) Reserves and net income (group share).
(***) In € millions.

STATUTORY AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

Year ended 31 March 2008

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 financial statements and includes an explanatory paragraph discussing the auditor's 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 captions or on information taken outside of the financial statements.

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,

Following our appointment as Statutory Auditors by your Annual General Meeting, we hereby report to you, for the year ended March 31, 2008, on:

- the audit of the accompanying financial statements of Paris Orléans SA;
- the justification of our assessments;
- the specific verifications and information required by law.

These financial statements have been approved by your Executive Board. Our role is to express an opinion on these financial statements based on our audit.

I. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements give a true and fair view of the company's financial position and its assets and liabilities, as of 31 March 2008, and of the results of its operations for the year then ended in accordance with the accounting rules and principles applicable in France.

Without qualifying our opinion, we draw your attention to the point mentioned in Note 3 to the financial statements concerning the terms of the acquisition of the Concordia BV shares not held by your company at the beginning of the financial year followed by the contribution of all Concordia BV shares to Paris Orléans Holding Bancaire, a subsidiary of your company.

II. Justification of our assessments

In accordance with the requirements of article L. 823-9 of the French Company Law *(Code de commerce)* relating to the justification of our assessments, we bring to your attention the following matters:

Accounting policies

Part III "Accounting principles and valuation methods" of the notes to the financial statements describes the accounting rules and methods used for presentation and valuation. In assessing the accounting principles applied by your company, we verified the appropriateness and the accurate application of the accounting methods above-mentioned and of the disclosures in the notes to the financial statements.

Accounting estimates

As it uses to be every financial year, your company carried out significant accounting estimates concerning in particular the valuation of shares held as investments and of fixed assets in portfolio activity. We have verified the methods applied and ascertained that these methods were complying with the principles set out in part III "Accounting principles and valuation methods" of the notes to the financial statements.

The assessments were made in the context of our audit of the financial statements, taken as a whole, and therefore contributed to the formation of the opinion expressed in the first part of this report.

III. Specific verifications and information

We have also performed the specific verifications required by law in accordance with professional standards applicable in France.

We have no matters to report regarding:

- 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 the shareholders with respect to the financial position and the financial statements,
- the fair presentation of the information given in the management report of the Executive Board in respect of remunerations and benefits granted to the relevant directors and any commitments given to them in connection with, or after, their appointment, termination or change in function.

In accordance with French law, we ascertained that the information relating to the acquisition of shares and controlling interests and the identity of shareholders were given in the management report of the Executive Board.

Paris and Paris-La Défense, 31 July 2008

The Statutory Auditors

Cailliau Dedouit et Associés

Jean-Jacques Dedouit

KPMG Audit
Department of KPMG S.A.

Fabrice Odent
Partner

STATUTORY AUDITORS' REPORT
ON REGULATED AGREEMENTS AND COMMITMENTS

Year ended 31 March 2008

This is a free translation into English of a report issued in the French language 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.

1. Agreements and commitments entered into by the company during the financial year

In accordance with article L. 225-88 of the French Company Law *(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 Company Law *(Code de commerce)*, to evaluate the benefits arising from these agreements and commitments prior to their approval.

We conducted our work in accordance with professional standards applicable in France; those standards require that we perform the procedures deemed necessary so as to verify that the information provided to us is in agreement with the underlying documentation from which it was extracted.

Nature and purpose of the agreement or of the commitment	Disposal of 6 non voting shares to the company Ponthieu Rabelais at the price of €1,836.
Person concerned	Mr Éric de Rothschild, President of the Supervisory Board.
Nature and purpose of the agreement or of the commitment	Investment agreement with PO Gestion 2: association of the investment teams to the possible gains made by Paris Orléans on its private equity activity. For this agreement, your company did not support any expense during the financial year.
Persons concerned	Mr Georges Babinet, member of the Executive Board and Managing Director, Mr Emmanuel Roth, member of the Executive Board, Mr Michele Mezzarobba, member of the Executive Board.
Nature and purpose of the agreement or of the commitment	Agreement between Paris Orléans and Rothschild & Cie Banque for consulting services on the occasion of the take-over of the company Concordia BV by your company. Pursuant to this agreement, your company recorded a €2,990,000 expense (VAT included).

Persons concerned	Mr Éric de Rothschild, President of the Supervisory Board, Mr David de Rothschild, Vice President of the Supervisory Board, Mr Christian de Labriffe, member of the Supervisory Board, Mr Édouard de Rothschild, member of the Supervisory Board, Mr Philippe de Nicolay, member of the Supervisory Board, Mr Marc-Olivier Laurent, member of the Supervisory Board (permanent representative of Rothschild & Cie Banque).
Nature and purpose of the agreement or of the commitment	Repurchase of Paris Orléans shares to the company Rothschilds Continuation Holdings companies for an amount of €3,975,000.
Persons concerned	Mr Éric de Rothschild, President of the Supervisory Board, Mr David de Rothschild, Vice President of the Supervisory Board, Mr Édouard de Rothschild, member of the Supervisory Board.
Nature and purpose of the agreement or of the commitment	Liquidity agreement with the company Rothschild & Cie Banque. Pursuant to this agreement, your company recorded a €5,500 expense (VAT included).
Persons concerned	Mr Éric de Rothschild, President of the Supervisory Board, Mr David de Rothschild, Vice President of the Supervisory Board, Mr Christian de Labriffe, member of the Supervisory Board, Mr Édouard de Rothschild, member of the Supervisory Board, Mr Philippe de Nicolay, member of the Supervisory Board, Mr Marc-Olivier Laurent, member of the Supervisory Board (permanent representative of Rothschild & Cie Banque).
Nature and purpose of the agreement or of the commitment	Disposal of an apartment located in Boulogne-Billancourt to Mr Matthieu Babinet and his wife. Your company recorded a €400,000 income.
Person concerned	M. Georges Babinet, member of the Executive Board and Managing Director.

2. Continuing agreements and commitments which were entered into in prior years

Moreover, in accordance with the French Company Law *(Code de commerce)*, we have been informed that the following agreements and commitments, approved in prior financial years, remained effective during the year ended March 31, 2008.

Nature and purpose of the agreement or of the commitment	Sub-renting to Rothschild & Compagnie of the buildings located at 23 bis, avenue de Messine. Pursuant to this agreement, your company recorded a €328,415.27 rent expense (maintenance service charge and VAT included) during the financial year.
Persons concerned	Mr David de Rothschild, Vice-President of the Supervisory Board, Mr Christian de Labriffe, member of the Supervisory Board.
Nature and purpose of the agreement or of the commitment	Assistance agreement between Paris Orléans et Bero. Pursuant to this agreement, your company recorded a €197,340 expense (VAT included) during the financial year.
Person concerned	Mr Éric de Rothschild, President of the Supervisory Board.
Nature and purpose of the agreement or of the commitment	Service agreement between Paris Orléans and Rothschild & Cie Banque. Pursuant to this agreement, your company recorded a €34,294.87 expense (VAT included) during the financial year.
Persons concerned	M. Éric de Rothschild, President of the Supervisory Board M. David de Rothschild, Vice-President of the Supervisory Board, M. Édouard de Rothschild, member of the Supervisory Board, M. Christian de Labriffe, member of the Supervisory Board, M. Philippe de Nicolay, member of the Supervisory Board, M. Marc-Olivier Laurent, member of the Supervisory Board (permanent representative of Rothschild & Cie Banque).
Nature and purpose of the agreement or of the commitment	Investment agreement with PO Gestion: association of the investment teams to the possible gains made by Paris Orléans on its private equity activity. For this agreement, your company did not support any expense during the financial year.
Persons concerned	M. Georges Babinet, member of the Executive Board and Managing Director, M. Emmanuel Roth, member of the Executive Board, M. Michele Mezzarobba, member of the Executive Board.

Paris and Paris-La Défense, 31 July 2008

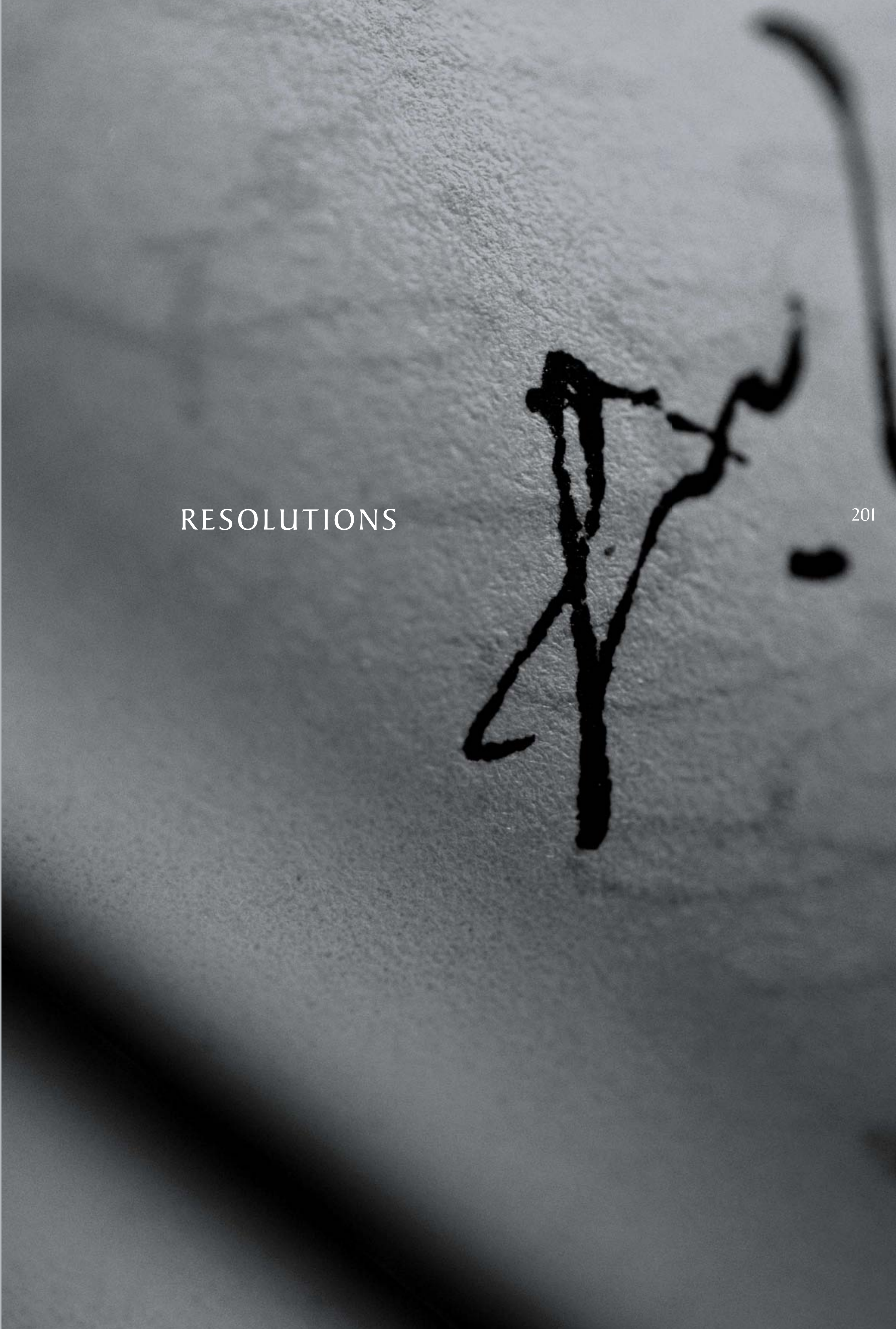
The Statutory Auditors

Cailliau Dedouit et Associés

Jean-Jacques Dedouit

KPMG Audit
Department of KPMG S.A.

Fabrice Odent
Partner



RESOLUTIONS

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RESOLUTIONS

Some of the resolutions submitted for your approval by the Executive Board are ordinary, others are extraordinary.

ORDINARY RESOLUTIONS

Where ordinary resolutions are concerned, in light of the management report by the Executive Board, the report by the Supervisory Board and the general report by the Statutory Auditors on the individual and consolidated financial statements for the financial year ended 31 March 2008, the individual and consolidated financial statements, we request that you approve the payment of a dividend of €0.55 per share and approve the special report by the Statutory Auditors on the agreements referred to under Article L. 225-86 of the French Commercial Code.

EXTRAORDINARY RESOLUTIONS

Report by the Executive Board on the various authorisations to be given to it to increase the share capital

As regards the extraordinary resolutions, we propose that you renew, before the deadline of 29 November 2008, the previous authorisations granted to the Executive Board by your Combined Ordinary and Extraordinary General Meeting of 29 September 2006, to increase the share capital in accordance with the terms and conditions described below. All pertinent information on the conduct of corporate business is provided to you in the management report by the Executive Board.

- ***Authorisation to be given to the Executive Board, pursuant to the provisions of Articles L. 225-129 et seq. of the French Commercial Code, to issue securities granting immediate or deferred access to the capital, with maintenance of the preferential subscription right***

We request that you authorise the Executive Board to issue securities granting immediate or deferred access to the capital, with maintenance of the preferential subscription right.

The maximum nominal amount of the capital increases that can be carried out pursuant to this delegation, immediately or in the future, is €50 million or the equivalent value thereof 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 autonomous warrants) that grant an entitlement to company shares.

This delegation of powers is proposed for a term of twenty-six months as from this General Meeting.

- ***Authorisation to be given to the Executive Board, pursuant to the provisions of Articles L. 225-129 et seq. of the French Commercial Code, to issue securities granting immediate or deferred access to the capital, with cancellation of the preferential subscription right***

We also request that you authorise the Executive Board to issue securities granting immediate or deferred access to the capital, with cancellation of the preferential subscription right.

The purpose of this authorisation is to allow the Executive Board to take advantage of opportunities offered by the financial markets by issuing securities that grant immediate or deferred access to the capital, with cancellation of the preferential subscription right. Such a resolution is designed to enable the Board to raise fresh capital on the markets. It thus necessarily entails you cancelling the shareholders' preferential subscription right to the shares or securities to be issued pursuant to this delegation.

The maximum nominal amount of the capital increases that can be carried out pursuant to this delegation, immediately or in the future, is €50 million or the equivalent value thereof 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 autonomous warrants) that grant entitlement to company shares. This maximum nominal amount of the capital increases that can be carried out pursuant to this delegation shall be deducted from the available balance of the limit on authorised capital increases set pursuant to the resolution granted to the Executive Board to issue securities with maintenance of the preferential subscription right.

This delegation is proposed for a term of twenty-six months as from this General Meeting.

The Executive Board or, in the event of sub-delegation, the Chairman, shall, at the time it/he makes use of this authorisation, prepare an additional report describing the definitive terms and conditions of the operation, in accordance with Article R. 225-116 of the French Commercial Code.

- ***Authorisation to be given to the Executive Board, pursuant to the provisions of Articles L. 225-129 et seq., in particular the provisions of Article L. 225-136 of the French Commercial Code, to issue, freely setting the issue price thereof, securities granting immediate or deferred access to the capital, with cancellation of the preferential subscription right***

We request that you authorise the Executive Board to issue securities with cancellation of the preferential subscription right and free setting of the issue price.

The purpose of this authorisation, as of the previous one, is to allow the Executive Board to take advantage of opportunities offered by the financial markets by issuing securities granting immediate or deferred access to the capital, with cancellation of the preferential subscription right. Such a resolution is designed to enable the Board to raise fresh capital on the markets. It thus necessarily entails you cancelling the shareholders' preferential subscription right to the shares or securities to be issued pursuant to this delegation.

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 in order to preserve the rights of the 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 set pursuant to the resolution granted to the Executive Board to issue securities with cancellation of the preferential subscription right.

In accordance with paragraph 2 of Article L. 225-136 1° of the French Commercial Code, the Executive Board shall have full 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.

This delegation is proposed for a term of twenty-six months as from this General Meeting.

The Executive Board or, in the event of sub-delegation, the Chairman, shall, at the time it/he makes use of this authorisation, prepare an additional report describing the definitive terms and conditions for the operation, in accordance with Article R. 225-116 of the French Commercial Code.

- ***Authorisation to be given to the Executive Board, pursuant to the provisions of Articles L. 225-129-6 et seq. of the French Commercial Code, to issue securities granting immediate or deferred access to the capital that are reserved for members of the salaried personnel***

We propose that you authorise the Executive Board to issue securities granting immediate or deferred access to the capital that are reserved for members of the salaried personnel.

This resolution meets the statutory requirement laid down by Article L. 225-129-6 of the French Commercial Code. In this respect, at the time of any decision to increase the capital through a cash contribution, you must vote on a draft resolution to grant authorisation to issue securities granting immediate or deferred access to the capital that are reserved for members of the salaried personnel.

The maximum nominal amount of any capital increases that may be carried out pursuant to this delegation, immediately or in the future, is €1 million or its equivalent value in any other authorised currency.

This delegation necessarily entails you cancelling the shareholders' preferential subscription right to the shares or securities to be issued pursuant to this delegation, in favour of the members of the salaried personnel.

The Executive Board may provide for the granting of bonus shares or other securities that grant access to company capital, it being understood that the total benefit that results from this grant and, where applicable, the discount on the subscription price, cannot exceed statutory or regulatory limits.

This delegation is proposed for a term of eighteen months as from this General Meeting.

STATUTORY AUDITORS' SPECIAL REPORT ON CAPITAL INCREASES, BY ISSUES OF SHARES OR OTHER SECURITIES WITH AND WITHOUT PRE-EMPTIVE SUBSCRIPTION RIGHTS FOR EXISTING SHAREHOLDERS

Combined General Meeting of 29 September 2008 (10th and 11th resolutions)

This is a free translation into English of a report issued in the French language 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.

Year ended 31 March 2008

To the Shareholders,

In our capacity as Statutory Auditors of Paris Orléans SA, and in accordance with Articles L. 225-135, L. 225-138 and L. 228-92 of French Company Law *(Code de commerce)*, we hereby submit to you our report on the project of delegat-ing to the Executive Board the competence to decide one or several capital increases by issue of shares or other securities, including warrants, giving right, immediately or subsequently, to shares of the company, with and without pre-emptive subscription for the existing shareholders, which you are being asked to approve.

The maximum amount of capital increases resulting from these issues will be €50,000,000 (par value).

Based on its report, the Executive Board proposes that you delegate him, for a period of 26 months, the competence to decide one or several capital increases and approve their terms and conditions and to cancel, possibly, your pre-emptive subscription rights.

It is the Executive Board's responsibility to issue a report in compliance with Articles R. 225-113 and R. 225-114 of French Company Law *(Code de commerce)*.

It is our responsibility to give our opinion on the accuracy of the figures with the financial statements, on the proposal of cancellation of the pre-emptive subscription rights for existing share-holders and on information related to the issue, given in this report.

We conducted our work in accordance with professional standards applicable in France. Those standards require that we perform the necessary procedures to verify the content of the Executive Board's report related to this operation and the methods used to determine the issue price.

Subject to the further review of the conditions of the capital increases that would be decided, we have no matters to report on the methods used to determine the issue price, as described 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 capital increases and, consequently, on the proposed cancellation of the pre-emptive subscription rights for existing shareholders submitted to your approval.

In accordance with Article R. 225-16 of French Company Law *(Code de commerce)*, we will issue a supplementary report when the issues are carried out by the Executive Board.

Paris and Paris-La Défense, 31 July 2008

The Statutory Auditors

Cailliau Dedouit et Associés

Jean-Jacques Dedouit

KPMG Audit
Department of KPMG S.A.

Fabrice Odent
Partner

STATUTORY AUDITORS' SPECIAL REPORT ON CAPITAL INCREASES, BY ISSUES OF SHARES OR OTHER SECURITIES WITHOUT PRE-EMPTIVE SUBSCRIPTION RIGHTS FOR EXISTING SHAREHOLDERS

Combined General Meeting of 29 September 2008 (12th resolution)

This is a free translation into English of a report issued in the French language 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 SA, and in accordance with Article L. 225-136 1° of French Company Law *(Code de commerce)*, we hereby submit to you our report on the project of delegating to the Executive Board the competence to decide one or several capital increases, by issue of shares or other securities including warrants, giving right, immediately or subsequently, in shares of the company, without pre-emptive subscription rights for existing shareholders and free fixing of the issue price, on which you are being asked to approve.

The maximum amount of capital increases resulting from these issues will be 10% of the existing capital per year.

Based on its report, the Executive Board proposes that you delegate him, for a period of 26 months, the competence to decide one or several capital increases and approve their terms and conditions and to cancel your pre-emptive subscription rights.

It is the Executive Board's responsibility to issue a report in compliance with Articles R. 225-113 and R. 225-114 of French Company Law *(Code de Commerce)*. It is our responsibility to give our opinion on the accuracy of the figures with the financial statements, on the proposal of cancellation of the pre-emptive subscription rights for existing shareholders and on information related to the issue, given in this report.

We conducted our work in accordance with professional standards applicable in France. Those standards require that we perform the necessary procedures to verify the content of the Executive Board's report related to this operation and the methods used to determine the issue price.

Subject to the further review of the conditions of the capital increases that would be decided, we have no matters to report on the methods used to determine the issue price, as described 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 capital increases and, consequently, on the proposed cancellation of the pre-emptive subscription rights for existing shareholders submitted to your approval.

In accordance with Article R. 225-116 of French Company Law *(Code de Commerce)*, we will issue a supplementary report when the issues are carried out by the Executive Board.

Paris and Paris-La Défense, 31 July 2008

The Statutory Auditors

Cailliau Dedouit et Associés

Jean-Jacques Dedouit

KPMG Audit
Department of KPMG S.A.

Fabrice Odent
Partner

STATUTORY AUDITORS' SPECIAL REPORT ON CAPITAL INCREASES, BY ISSUES OF SHARES OR OTHER SECURITIES, RESERVED FOR COMPANY EMPLOYEES, WITHOUT PRE-EMPTIVE SUBSCRIPTION RIGHTS FOR EXISTING SHAREHOLDERS

Combined General Meeting of 29 September 2008 (13th resolution)

This is a free translation into English of a report issued in the French language 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 SA, and in accordance with Articles L. 225-138 and L. 228-92 of French Company Law *(Code de commerce)*, we hereby submit to you our report on the project of delegating to the Executive Board the competence to decide one or several capital increases reserved for company employees, by issue of shares or other securities for a maximum amount of €1,000,000, which you are being asked to approve.

Shareholders are asked to approve this capital increase pursuant to Articles L. 225-129-6 of the French Company Law *(Code de commerce)* and Article L. 3332-21 of the French Labor Law *(Code du travail)*.

Based on its report, the Executive Board proposes that you delegate him, for a period of 18 months, the competence to decide one or several capital increases and approve their terms and conditions and to cancel your pre-emptive subscription rights.

It is the Executive Board's responsibility to issue a report in compliance with Articles R. 225-113 and R. 225-114 of French Company Law *(Code de commerce)*. It is our responsibility to give our opinion on the accuracy of the figures with the financial statements, on the proposal of cancellation of the pre-emptive subscription rights for existing shareholders and on information related to the issue, given in this report.

We conducted our work in accordance with professional standards applicable in France. Those standards require that we perform the necessary procedures to verify the content of the Executive Board's report related to this operation and the methods used to determine the issue price.

Subject to the further review of the conditions of the capital increases that would be decided, we have no matters to report on the methods used to determine the issue price, as described 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 capital increases and, consequently, on the proposed cancellation of the pre-emptive subscription rights for existing shareholders submitted to your approval.

In accordance with Article R. 225-16 of French Company Law *(Code de commerce)*, we will issue a supplementary report when the issues are carried out by the Executive Board.

Paris and Paris-La Défense, 31 July 2008

The Statutory Auditors

Cailliau Dedouit et Associés

Jean-Jacques Dedouit

KPMG Audit
Department of KPMG S.A.

Fabrice Odent
Partner

DRAFT RESOLUTIONS

Remit of the Ordinary General Meeting

First resolution: Approval of the annual financial statements for the fiscal year ended 31 March 2008

The General Meeting, after consulting:

- the report by the Executive Board on the running and management of the company during the 2007/2008 fiscal year and on the financial statements for the fiscal year ended 31 March 2008;
- the report by the Supervisory Board;
- the report by the Statutory Auditors on the annual financial statements;

the terms of which it approves in full;

approves the annual financial statements for the fiscal year ended 31 March 2008, as they are presented to it, as well as the transactions evidenced in these statements and summarised in these reports.

The General Meeting notes the presentation made to it of the report on group management that is included in the report by the Executive Board.

Second resolution: Appropriation of the income for the fiscal year and dividend distribution

The General Meeting, having consulted the report by the Executive Board and the report by the Supervisory Board, decides to appropriate the profit for the fiscal year, of an amount of €152,455,797.51 as follows:

Profit for the fiscal year of	€152,455,797.51
Increased by deferred income of	€79,918,247.58
i.e. a total of	**€232,374,045.09**
amount credited to the statutory reserve	€4,408,538.20
amount allocated to a unit dividend of EUR 0.55 per share	€17,397,644.00
deferred income	€210,567,862.89

The dividend distributed to natural persons whose tax domicile is in France 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.

In accordance with the provisions of the law, we remind you that the dividends distributed in respect of the last three fiscal years are as follows:

Fiscal year	2004/2005	2005/2006	2006/2007
Number of shares and investment certificates	2,516,900	2,516,900	2,516,900
Net dividend per share (in euros)	3.50 (1)	3.80 (2)	5.00 (2)
Total amount distributed (in euros)	8,809,150	9,564,220	12,584,500

(1) *Eligible for the 50% deduction provided for in Article 158-3-2°of the French Tax Code for natural persons whose tax domicile is in France.*

(2) *Eligible for the 40% deduction provided for in Article 158-3-2°of the French Tax Code for natural persons whose tax domicile is in France.*

Third resolution: Approval of the consolidated financial statements for the fiscal year ended 31 March 2008

The General Meeting, after consulting the management report prepared by the Executive Board, the report by the Supervisory Board and the report by the Statutory Auditors on the Group consolidated financial statements for the fiscal year ended 31 March 2008, approves said statements, as they are presented, which show consolidated net income of €125 million and consolidated net income (excluding minority interests) of €109 million, as well as the transactions evidenced in these statements or summarised in these reports.

Fourth resolution: Approval of an agreement referred to under Articles L. 225-86 et seq. of the French Commercial Code

The General Meeting, after hearing the reading of the special report by the Statutory Auditors on the agreements referred to in Articles L. 225-86 et seq. of the French Commercial Code, approves the agreement concluded on 9 November 2007 with SAS Ponthieu-Rabelais concerning the assignment of 6 investment certificates without voting rights.

Fifth resolution: Approval of an agreement referred to under Articles L. 225-86 et seq. of the French Commercial Code

The General Meeting, after hearing the reading of the special report by the Statutory Auditors on the agreements referred to in Articles L. 225-86 et seq. of the French Commercial Code, approves the agreement concluded on 9 November 2007 with PO Gestion 2 concerning the implementation of a profit-sharing system reserved for managing executives in the Paris Orléans investment team.

Sixth resolution: Approval of an agreement referred to under Articles L. 225-86 et seq. of the French Commercial Code

The General Meeting, after hearing the reading of the special report by the Statutory Auditors on the agreements referred to in Articles L. 225-86 et seq. of the French Commercial Code, approves the agreement concluded on 10 December 2007 with Rothschild & Cie concerning the provision of counsel, in particular financial counsel for the Spinoza file (link-up of the activities of the English and French branch).

Seventh resolution: Approval of an agreement referred to under Articles L. 225-86 et seq. of the French Commercial Code

The General Meeting, after hearing the reading of the special report by the Statutory Auditors on the agreements referred to in Articles L. 225-86 et seq. of the French Commercial Code, approves the liquidity contract signed with Rothschild & Cie Banque on 23 January 2008.

Eighth resolution: Approval of an agreement referred to under Articles L. 225-86 et seq. of the French Commercial Code

The General Meeting, after hearing the reading of the special report by the Statutory Auditors on the agreements referred to in Articles L. 225-86 et seq. of the French Commercial Code, approves the agreement concluded with Rothschilds Continuation Holdings for the purchase of a block of Paris Orléans shares.

Ninth resolution: Approval of an agreement referred to under Articles L. 225-86 et seq. of the French Commercial Code

The General Meeting, after hearing the reading of the special report by the Statutory Auditors on the agreements referred to in Articles L. 225-86 et seq. of the French Commercial Code, approves the agreement concluded for the sale of an apartment located in Boulogne Billancourt to Mr Matthieu Babinet (son of Mr Georges Babinet, member of the Executive Board and Managing Director of Paris Orléans) and his wife.

Remit of the Extraordinary General Meeting

Tenth resolution: Authorisation to be granted to the Executive Board, pursuant to the provisions of Articles L. 225-129 et seq. of the French Commercial Code, in order to issue securities that grant access to the capital, immediately or in the future, with maintenance of the preferential subscription right

The General Meeting, voting under the quorum and majority conditions required for Extraordinary General Meetings, after consulting the report by the Executive Board and the special report by the Statutory Auditors, and in accordance with the provisions of Articles L. 225-129 et seq. of the French Commercial Code:

- delegates to the Executive Board its authority and the powers required in order to proceed with, on one or more occasions, in the proportions and at the times it sees fit, both in France and abroad, in euros or in foreign currency or an accounting unit determined with reference to several currencies, the issue, with maintenance of the preferential subscription right of the company shareholders, of shares and all securities of any kind whatsoever, including warrants issued autonomously, 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;
- decides that the nominal maximum amount of the capital increases that are liable to be performed, immediately or in the future pursuant to this delegation, cannot exceed 50 million euros or the equivalent value thereof in any other authorised currency, which amount shall be increased by, where applicable, the amount of the additional shares to be issued to preserve the rights of the holders of securities, including warrants issued autonomously, which grant entitlement to company shares;
- decides that, under the conditions provided for by law, the shareholders may exercise their preferential right to subscribe for new shares as of right. Moreover, the Executive Board shall have the option of granting shareholders the right to subscribe for excess shares, for a number of securities that is higher than that for which they may subscribe as of right, in proportion to the subscription rights they hold and, in any event, within the limit of their application; if subscriptions for new shares as of right 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 and/or the other of the following options:
  - limit the issue to the amount of the subscriptions received, provided that such amount at least reaches three-quarters of the issue decided on,
  - freely allocate all or part of the unsubscribed securities,
  - offer the public all or part of the unsubscribed securities;
- records, where applicable, that this delegation automatically entails, for the benefit of the holders of securities that grant future access to company shares, that are liable to be issued, the waiver by the shareholders of their preferential right to subscribe for the shares to which these securities grant entitlement;
- decides that the Executive Board shall have full powers to implement this delegation, in order to:
  - determine the dates and terms for the issues, as well as the form and characteristics of the securities to be created,
  - determine the prices and conditions for the issues,
  - set the amounts to be issued and the date of dividend entitlement 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 the rights to share allocation attached to the securities to be issued during a timeframe that may not exceed three months,
  - set the conditions according to which the preservation of the rights of the holders of securities that grant future access to the capital will be upheld, in compliance with the provisions of the law and regulations,
  - set the allocation and exercise conditions for autonomous warrants,
  - take all measures and have all formalities carried out that are required for the 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 thereof,
  - carry out, where applicable, all appropriation of the issue premium(s) and, in particular, offset the costs incurred through the implementation of the issues,
  - in general, implement all measures that are useful and conclude all agreements to achieve the successful completion of the contemplated issues,
  - record the capital increase(s) that result from all issues performed through use of this delegation and make correlative amendments to the bylaws;
- records, in accordance with Article L. 225-129-4 b) of the French Commercial Code, that the Executive Board can delegate to its chair, or in agreement with its chair, to one of its members, the power to decide on the implementation of an issue, as well as the power to defer such a decision;
- decides that this delegation voids all prior delegations concerning the immediate and/or future issue of securities that grant access, immediately or in the future, to the company's capital, with maintenance of the preferential subscription right.

This delegation is granted for a term of twenty-six months as from the date of this General Meeting.

Eleventh resolution: Authorisation to be granted to the Executive Board, pursuant to the provisions of Articles L. 225-129 et seq. of the French Commercial Code, in order to issue securities that grant access to the capital, immediately or in the future, with cancellation of the preferential subscription right

The General Meeting, voting under the quorum and majority conditions required for Extraordinary General Meetings, after consulting the report by the Executive Board and the special report by the Statutory Auditors, and in accordance with the provisions of Articles L. 225-129 et seq. of the French Commercial Code:

- delegates to the Executive Board its authority and the powers required in order to proceed with, on one or more occasions, in the proportions and at the times it sees fit, both in France and abroad, in euros or in foreign currency or an accounting unit determined with reference to several currencies, the issue, with cancellation of the preferential subscription right of the company shareholders, of company shares and all securities of any kind whatsoever, including warrants issued autonomously, free of charge or in return for payment, that give access to company shares immediately or in the future, which may be subscribed for in cash or through the offsetting of receivables;
- decides that the nominal maximum amount of the capital increases that are liable to be performed, immediately or in the future pursuant to this delegation, cannot exceed 50 million euros or the equivalent value thereof in any other authorised currency, which amount shall be increased by, where applicable, the amount of the additional shares to be issued to preserve the rights of the holders of securities that grant entitlement to company shares;
- decides that the nominal amount of the capital increases that are liable to be performed pursuant to this delegation shall be deducted from the available balance of the limit for authorised capital increases determined under the preceding resolution;
- decides that this delegation can be used in order to issue shares or securities, including warrants issued autonomously free of charge and 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;
- decides to cancel the preferential subscription right of shareholders to the securities to be issued pursuant to this delegation, it being understood that the Executive Board may grant the shareholders an option for priority subscription for excess shares or as of right for new shares for all or part of the issue, during the timeframe and under the conditions it shall determine, in compliance with the provisions of the law and regulations that are applicable 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;

- records, where applicable, that this delegation entails as of right, for the benefit of the holders of securities that grant future access to company shares, which are liable to be issued, the waiver by shareholders of their preferential right to subscribe for the shares to which said securities grant entitlement;
- decides that the amount that is received by or that should be received by the company for each of the shares issued or to be issued within the scope of this delegation, other than in the cases referred to in Article L. 225-148 of the French Commercial Code, shall at least be equal to the minimum value set by the provisions of the law or regulations that are applicable on the date on which the Executive Board decides to use this delegation;
- decides that the Executive Board shall have full powers to implement this delegation, in order to, in particular:
  - determine the dates and terms for the issues, as well as the form and characteristics of the securities to be created,
  - determine the prices and conditions for the issues,
  - set the amounts to be issued and the date of dividend entitlement for the securities to be issued,
  - determine how the shares or other securities to be issued will be paid in, and provide for the possibility of suspending the exercise of the rights to share allocation attached to the securities to be issued during a timeframe that may not exceed three months,
  - set the conditions according to which the preservation of the rights of the holders of securities that grant future access to the capital will be upheld, in compliance with the provisions of the law and regulations,
  - take all measures and have all formalities carried out that are required for the admission to trading on a regulated market of the rights, shares, securities or warrants created,
  - set the allocation and exercise conditions for autonomous warrants,
  - carry out, where applicable, all appropriation of the issue premium(s) and, in particular, offset the costs incurred through the implementation of issues,
  - in general, implement all measures that are useful and conclude all agreements to achieve the successful completion of the contemplated issues,
  - record the capital increase(s) that result from all issues performed through use of this delegation and to make correlative amendments to the bylaws;
- records, in accordance with Article L. 225-129-4 b) of the French Commercial Code, that the Executive Board can delegate to its chair, or in agreement with its chair, to one of its members, the power to decide on the implementation of an issue, as well as the power to defer such a decision;
- decides that this delegation voids all prior delegations concerning the immediate or future issue of securities that grant access to the company's capital, immediately or in the future, with cancellation of the shareholders' preferential subscription right implemented pursuant to Articles L. 225-129 et seq. 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. 443-5 of the French Employment Code.

This delegation is granted for a term of twenty-six months as from the date of this General Meeting.

Twelfth resolution: Authorisation to be granted to the Executive Board pursuant to the provisions of Articles L. 225-129 et seq. and in particular the provisions of Article L. 225-136 of the French Commercial Code, in order to issue, by freely setting the issue price thereof, securities that grant access to the capital, immediately or in the future, with cancellation of the preferential subscription right

The General Meeting, voting under the quorum and majority conditions required for Extraordinary General Meetings, after consulting the report by the Executive Board and the special report by the Statutory Auditors, and in accordance with the provisions of Articles L. 225-129 et seq. and in particular the provisions of Article L. 225-136 of the French Commercial Code:

- delegates to the Executive Board its authority and the powers required in order to proceed with, on one or more occasions, in the proportions and at the times it sees fit, both in France and abroad, in euros or in foreign currency or an accounting unit determined with reference to several currencies, the issue, with cancellation of the preferential subscription rights of the company shareholders, of shares and all securities of any kind whatsoever, including warrants issued autonomously, free of charge or in return for payment, that give access to company shares immediately or in the future, which may be subscribed for in cash or through the offsetting of receivables;
- decides that the capital increases that are liable to be performed, immediately or in the future, pursuant to this delegation, cannot exceed 10% of the share capital per year, which amount shall be increased by, where applicable, the amount of the additional shares to be issued to preserve the rights of the holders of securities that grant entitlement to Company shares;
- decides that the nominal amount of the capital increases that are liable to be performed pursuant to this delegation shall be deducted from the available balance of the limit for authorised capital increases determined under the preceding resolution;
- decides that this delegation can be used in order to issue shares or securities, including warrants issued autonomously free of charge and 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;
- decides to cancel the preferential subscription right of shareholders to the securities to be issued pursuant to this delegation, it being understood that the Executive Board may grant the shareholders an option for priority subscription for excess shares or as of right for new shares for all or part of the issue, during the timeframe and under the conditions it shall determine, in compliance with the provisions of the law and regulations that are applicable 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;
- records, where applicable, that this delegation entails as of right, for the benefit of the holders of securities that grant future access to company shares, which are liable to be issued, the waiver by shareholders of their preferential right to subscribe for the shares to which said securities grant entitlement;
- decides that, in accordance with paragraph two of Article L. 225-136 1° of the French Commercial Code, that the Executive Board has full 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.
- decides that the Executive Board shall have full powers in order to implement this delegation, in order to, in particular:
  - determine the dates and terms for the issues, as well as the form and characteristics of the securities to be created,
  - determine the prices and conditions for the issues,
  - set the amounts to be issued and the date of dividend entitlement for the securities to be issued,
  - determine how the shares or other securities to be issued will be paid in, and provide for the possibility of suspending the exercise of the rights to share allocation attached to the securities to be issued during a timeframe that may not exceed three months,
  - set the conditions according to which the preservation of the rights of the holders of securities that grant future access to the capital will be upheld, in compliance with the provisions of the law and regulations,
  - take all measures and have all formalities carried out that are required for the admission to trading on a regulated market of the rights, shares, securities or warrants created,
  - set the allocation and exercise conditions for autonomous warrants,
  - carry out, where applicable, all appropriation of the issue premium(s) and, in particular, allocate the costs incurred through the implementation of issues,
  - in general, implement all measures that are useful and conclude all agreements to achieve the successful completion of the contemplated issues,
  - record the capital increase(s) that result from all issues performed through use of this delegation and to make correlative amendments to the bylaws;

- records, in accordance with Article L. 225-129-4 b) of the French Commercial Code, that the Executive Board can delegate to its chair, or in agreement with its chair, to one of its members, the power to decide on the implementation of an issue, as well as the power to defer such a decision;
- decides that this delegation voids all prior delegations concerning the immediate or future issue of securities that grant access to the company's capital, immediately or in the future, with cancellation of the shareholders' preferential subscription right implemented pursuant to Articles L. 225-129 et seq. 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. 443-5 of the French Employment Code.

This delegation is granted for a term of twenty-six months as from the date of this General Meeting.

Thirteenth resolution: Authorisation to be granted to the Executive Board, pursuant to the provisions of Articles L. 225-129-6 et seq. of the French Commercial Code, in order to issue securities that grant access to the capital, immediately or in the future, that are reserved for members of the salaried personnel

The General Meeting, voting under the quorum and majority conditions for an Extraordinary General Meeting, after consulting the report by the Executive Board and the special report by the Statutory Auditors, and in accordance with the provisions of Articles L. 225-129-6 and L. 225-138-1 of the French Commercial Code and the provisions of Article L. 443-1 et seq. of the French Employment Code, in particular Article L. 443-5 of said Code, regarding the capital increases that could result from the preceding resolutions:

- delegates to the Executive Board its authority and the powers required in order to increase the share capital by a maximum nominal amount of one million euros or the equivalent value thereof, on one or more occasions, pursuant to its decisions alone, through the issue of shares or other securities that grant access to the Company capital and that are reserved for members of the Company's salaried personnel, in the proportions and at the times it sees fit and within the limits stipulated above;
- decides to cancel the shareholders' preferential subscription right for the benefit of the members of the Company's salaried personnel;
- decides that the Executive Board may provide for the granting of bonus shares or other securities that grant access to the company capital, it being understood that the total benefit that results from this award and, where applicable, from the subscription price discount, cannot exceed the legislative and/or regulatory limits;
- decides that the characteristics of the other securities that grant access to the company capital shall be determined by the Executive Board under the conditions determined by law;
- decides that the Executive Board shall have full powers in order to implement this delegation and, in particular:
  - to grant the timeframes for the paying in of the shares and, where applicable, the other securities that grant access to the company capital, which cannot exceed three (3) years,
  - to determine the terms and conditions for the issues that will be performed pursuant to this authorisation,
  - to set the opening and closing dates for subscriptions, the dates for dividend entitlement, the paying in terms and conditions for the shares and the other securities that grant access to the company capital and, where applicable, to request Stock Market admission for the securities created wherever notified by the Executive Board;
- decides that the Executive Board shall also have full powers to record the implementation of the capital increases for the amount of the shares that are effectively subscribed, to make correlative amendments to the bylaws and to carry out, directly or via an authorised representative, all operations

and formalities linked to the share capital increases and, through its decision alone and solely if the Executive Board deems it appropriate, to offset 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 be credited to the statutory reserve, so that the amount thereof stands at one-tenth of the new capital after each increase, and to carry out all formalities and other declarations vis-à-vis all organisations and otherwise to do what is necessary;

- records, in accordance with Article L. 225-129-4 b) of the French Commercial Code, that the Executive Board can delegate to its chair, or in agreement with its chair, to one of its members, the power to decide on the implementation of an issue, as well as the power to defer such a decision;
- decides that this delegation voids all prior delegations concerning the issue of securities that grant access to the company capital, immediately or in the future, that is reserved for members of the salaried personnel.

This delegation is granted for a term of eighteen months as from the date of this General Meeting.

Fourteenth resolution: Powers for formalities

The General Meeting confers full powers on the Chair 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, in order to carry out all requisite filings, formalities and publications.

PERSONS RESPONSIBLE FOR THE REFERENCE DOCUMENT AND THE AUDIT OF THE FINANCIAL STATEMENTS

Persons responsible for the annual financial report

Sylvain Hefes
Chairman of the Executive Board

Michele Mezzarobba
Member of the Executive Board

Statements by the persons taking responsibility for the report

We hereby certify, having taken all reasonable measures in this regard, that the information contained in this reference document is, to the best of our knowledge, accurate and that no information has been omitted that would be likely to alter its substance.

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, 31 July 2008

Sylvain Hefes
Chairman of the Executive Board

Michele Mezzarobba
Member of the Executive Board

Persons responsible for the audit of the financial statements

Statutory Auditor

Cailliau Dedouit et Associés
19, rue Clément Marot
75008 Paris

Alternate Auditor

Stéphane LIPSKI
19, rue Clément Marot
75008 Paris

Statutory Auditor

KPMG Audit
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92923 Paris - La Défense Cedex

Alternate Auditor

SPC de Commissaires aux comptes
Jean-Claude ANDRE & Autres
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French public limited company (société anonyme) with a Executive Board
and a Supervisory Board, and share capital of €63,264,160
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