Annual report
2008/2009

PARIS ORLÉANS

Annual report 2008/2009

Message from the Chairman of the Executive Board

Sylvain Hefes
Chairman of the Executive Board

To the shareholders,

The 2008/2009 financial year developed against a backdrop of an increasing financial crisis and global recession. Under these conditions it was inevitable that earnings would fall from the exceptional levels achieved the previous year, but nonetheless they remained at levels that emphasise the strength of our core businesses.

For Concordia BV, which contains all the Rothschild group's banking activities, it was the first full year of operation (1 April 2008 to 31 March 2009) since Paris Orléans took control. A comparison of this year's key figures with the pro forma figures for the previous year show that, despite a 21% drop in net banking income (€752.8 million versus €948 million in 2007/2008), operating profit, at €158.3 million, compares well with the €156 million recorded the previous year. This result was attributable mainly to a reduction in operating expenses and the reclassification to equity of certain perpetual subordinated debt issued by this group.

Above all, our corporate and government advisory services – the core of our expertise – were in strong demand. Our financing advisory services and capital markets activities also developed particularly strongly despite the difficult financial and economic conditions. Lastly, we continued to expand across the world, enabling us to take better advantage of the opportunities that arise in strongly developing countries.

None of this could have been achieved without the great skill and expertise of our staff, to whom the Group's strong reputation and stable family ownership offer long-term visibility.

Despite the present troubled climate and uncertain outlook, we are confident our Group can adapt to circumstances, withstand negative pressure and be well placed to take advantage of the upturn.

For its part, Paris Orléans' private equity business went into wait-and-see mode as a consequence of the uncertain outlook in economic markets, the difficulties encountered by businesses in raising the capital for development and the scarcity of genuine opportunities. Although we remain cautious, we nonetheless are very much on the look out to identify and take advantage of any opportunities that arise. On the whole, the investments made in prior years remained stable. It is worth remembering that a substantial portion of the portfolio is invested in bond instruments indexed to rising performance, which are less exposed than equity investments.

The private equity business continues to be one of stability and growth for the Paris Orléans group. The sale at the beginning of the year of the Group's holding in the Manufaktura shopping centre in Poland contributed €50.3 million to Paris Orléans' consolidated net income.

Against the exceptional economic background, and after taking into account a prudent level of provisions, income before tax and minority interests came to €98.8 million compared with €146.5 million for the previous year.

In these circumstances, it is sensible to recommend a dividend of €0.35 per share compared with €0.55 the previous year, bearing in mind that you can choose between payment of the dividend in cash or in new shares in your company.

Sylvain Hefes

PARIS ORLÉANS,
THE CORNERSTONE OF THE ROTHSCHILD GROUP

In the tradition of the Rothschild family culture, Paris Orléans is the Group's flagship holding company with banking and private equity businesses.

Shareholders' equity attributable to equity holders of the parent stood at €501 million at 31 March 2009, Paris Orléans exercises its knowledge and expertise through:

- **Banking activities**, comprising investment banking, in particular merger and acquisition advisory services, and third party asset management.

  These activities are held by Rothschilds Continuation Holdings AG and carried out mainly by two operating entities, Rothschild & Cie Banque in France and NM Rothschild & Sons in the United Kingdom.

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

HISTORY

1838
Creation of Paris Orléans, a French rail company

1937
Paris Orléans discontinues its 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
Acquired control of the banking activities at global level

Profile

Our businesses

BANKING ACTIVITIES

€749 million *net banking income*

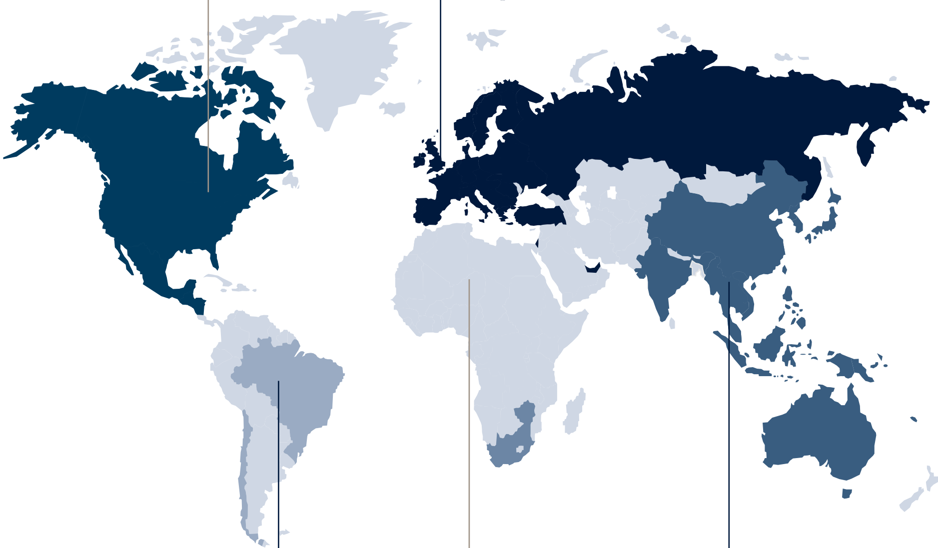
1,950 *employees around the world*

NORTH AMERICA

British Virgin Islands
Cayman Islands
Mexico City
Montréal
New York
Toronto
Washington

EUROPE AND THE MIDDLE EAST

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



SOUTH AMERICA

Santiago
São Paulo

AFRICA

Harare
Johannesburg

ASIA PACIFIC

Mumbai
Hong Kong
Jakarta
Kuala Lumpur
Melbourne
New Delhi
Beijing
Shanghai
Singapore
Sydney
Tokyo

3 Businesses

Corporate and Investment Banking	Private Banking and Asset Management	Merchant Banking

PRIVATE EQUITY

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

€492 million in assets *at 31 March 2009*

€340 million *invested in around* **100 deals** *in 5 years*

Investment strategy

Investment policy	• Opportunist investments in all sectors • Investment in minority shareholdings • Flexibility in the structure of the deal
Type of investment	• Investment in equity • Investments in mezzanine financing • Listed and non-listed
Investment size	• Investment amounts of between €5 million and €15 million • Investments focused essentially on small and medium sized businesses
Investment horizon	• Fewer constraints than with conventional private equity funds • Between 4 and 10 years depending on the type of investment
Investment vehicles	• K Développement SAS, a 99.9%-owned holding company for the private equity activity and several subsidiaries specialised by type of investment

Breakdown of shareholdings

By investment type*

- 27% LBO/mezzanine debt
- 23% LBO/equity
- 15% Property
- 11% Others
- 9% Listed companies
- 8% Long term holdings
- 7% Growth capital

By investment size

- 36% < €5.0 million
- 38% < €10.0 million
- 26% > €10.0 million

** Based on the value at 31 March 2009.*

Key figures

€753 million
in consolidated net banking income

€28.3 billion
of assets under management

€492 million
worth of assets in the investment portfolio

€80 million
of assets sold during the financial year

€47 million
in net income attributable to equity holders of the parent

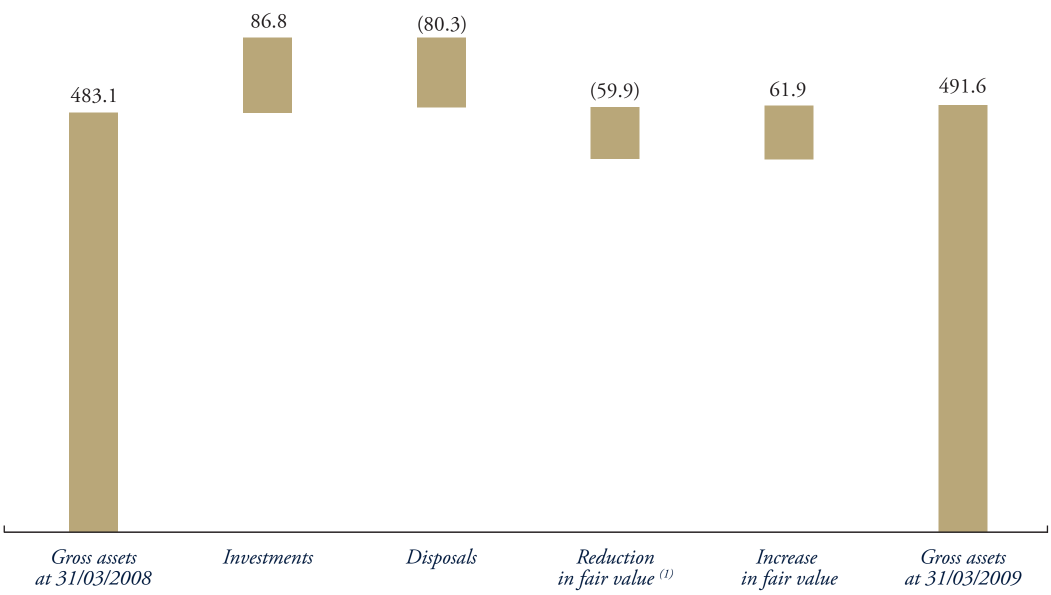
€501 million
of shareholders' equity attributable to equity holders of the parent

PRIVATE EQUITY PORTFOLIO VALUATION
(EXCLUDING BANKING ACTIVITIES) AS AT 31 MARCH 2009

In thousands of euro	**31/03/2009**	31/03/2008	Change
LBO/equity	89.9	87.6	2.3
LBO/mezzanine debt	109.2	84.1	25.1
Property	42.0	61.6	(19.6)
Growth capital	37.1	32.4	4.7
Long-term holdings	30.8	23.2	7.6
Investments in listed companies	36.0	61.9	(25.9)
Private equity funds	113.7	116.7	(3.0)
Treasury stock	15.4	15.6	(0.2)
Other*	17.5	-	(17.5)
Total gross assets	**491.6)**	**483.1**	**8.5**
Total debt and other liabilities	**(198.2)**	**(172.8)**	**(25.4)**

** Treasury shares, cash etc.*

CHANGES IN THE INVESTMENT PORTFOLIO (In € m)



(1) *Including a fall in share values of €7.7 million for Finatis and of €14.3 million for Rallye, and a reduction of €8.4 million in the value of private equity funds.*

Paris Orléans' corporate governance

CORPORATE GOVERNANCE

In 2004, Paris Orléans opted for an administration and management structure governed by an Executive Board and a Supervisory Board, thereby clearly separating management powers from supervisory powers.

As required under Article L. 225-102-1, paragraph 4 of the French Commercial Code, the list of offices held and functions exercised in 2008/2009 by each member of the Executive and Supervisory Boards is provided in pages 58 and seq. of the Report of the Executive Board.

Executive Board

Sylvain HEFES
Chairman of the Executive Board since 2005. He was formerly a General Partner with Goldman Sachs & Co and Chairman of the Board of Directors of Goldman Sachs Bank AG.

Mr Hefes is based in London and has several other functions within the Group. In particular, he is a member of the Board of Directors of Rothschilds Continuation Holdings AG, a Senior Advisor to NM Rothschild & Sons Ltd and a member of Five Arrows' Principal Investments Investment Committee, the Group's merchant banking structure.

He also sits on the Board of Directors of NYSE Euronext in New York.

Georges BABINET
Executive Board member and Managing Director of Paris Orléans since 2004. He joined the Group in 1980 as Administrative Director of Francarep, where he subsequently became a member of the Executive Board and then Managing Director in 1994. Francarep was merged with Paris Orléans in October 2004.

Mr Babinet holds several other positions at direct and indirect subsidiaries of the private equity division.

David de ROTHSCHILD
Director of Paris Orléans from 1972 to 2004 and Vice-Chairman of the Supervisory Board from 2005 to 2009.

As part of the reorganisation of the banking group in 2008, he joined the Paris Orléans Executive Board on 29 September 2008, with responsibility for the Group's banking division. He holds several other management and operational positions within the banking group.

In particular, he is Chairman of Rothschild Concordia SAS, General Partner of Rothschild & Cie Banque, and of Rothschild & Cie and Chairman of NM Rothschild & Sons Ltd in London.

Michele MEZZAROBBA
Member of the Executive Board since 2004 when he joined the Group as Administrative and Finance Director. He was formerly a director of Rothschild & Cie's merger and acquisitions department in Paris.

In addition to his position as Administrative and Finance Director, he holds several other positions within Paris Orléans' private equity division.

Supervisory Board

Chairman and Vice-Chairman

Éric de ROTHSCHILD
Chairman of the Paris Orléans Board of Directors from 1974 to 2004, he has been Chairman of the Supervisory Board since 2004.

He holds several other positions within the Group. In particular, he is Director and Managing Director of Rothschild Concordia SAS and General Partner of Rothschild & Cie Banque.

André LÉVY-LANG
Independent member of the Paris Orléans Supervisory Board since 2004 and Vice-Chairman of the Supervisory Board since 29 September 2008.

He was Chairman of Paribas Management Board until 1999. He is a director of Dexia, Scor and several foundations.

Members of the Supervisory Board

Martin BOUYGUES
An independent member of the Paris Orléans Supervisory Board since 2007.

He has been Chief Executive Officer of Bouygues since 1989 and Director of TF1 since 1987.

Robert de ROTHSCHILD
Director of Paris Orléans from 1984 to 2004, he became a member of the Supervisory Board in 2004.

He is a director of Rothschild Concordia SAS.

Claude CHOURAQUI
A member of the Paris Orléans Supervisory Board since 2004.

He was Chief Executive Officer of Siaci Saint-Honoré until 2001 and is now Chairman of the said company's Supervisory Board.

Philippe de NICOLAY
A member of the Paris Orléans Supervisory Board since 2007.

He holds numerous other positions within the Rothschild Group. In particular, he is General Partner of Rothschild & Cie Banque and Chairman of the Supervisory Board of Rothschild & Cie Gestion.

RUSSELL EDEY
A member of the Paris Orléans Supervisory Board since 2004.

He started his career with Anglo American Corporation in South Africa and joined N.M. Rothschild & Sons Limited in London in 1977, where he was Managing Director and Chairman of the Investment Banking division from 1990 to 1996.

He holds numerous positions within the Rothschilds Continuation Holdings group.

He is currently Chairman of AngloGold Ashanti Limited and Director of Old Mutual plc.

Philippe SEREYS
A Director of Paris Orléans from 1999 to 2004, he joined the Supervisory Board as an independent member in 2004.

He started his career in 1987 at Lazard Frères' mergers and acquisitions division in New York. In 1991, he joined Compagnie Générale des Eaux as General Management representative and went on to become Finance Director of Dalkia Italy in 1995. In 1998 he joined SLP Infoware as Finance Director, where he became Managing Director in 1999. He joined Natexis Private Equity in 2004.

Christian de LABRIFFE
A Director of Paris Orléans from 1996 to 2004, he became a member of the Supervisory Board in 2004.

He occupies several other positions within the banking group in Paris. In particular, he is a General Partner of Rothschild & Cie Banque and of Rothschild & Cie and is Chairman of Transaction R SAS.

He is a director of Christian Dior and sits on the Supervisory Board of Groupe Bénéteau.

Marc-Olivier LAURENT
Permanent representative of Rothschild & Cie Banque on the Paris Orléans Supervisory Board since 7 December 2007.

He is a General Partner of Rothschild & Cie Banque and heads the merchant banking activities within the Group. He is also a director of Caravelle and a member of the Supervisory Board of Manutan and of Financière Inea.

Non-voting board members

Michel CICUREL
A non-voting member of the Supervisory Board since 2005.

After working at the government Treasury Department from 1979 to 1982, he held various senior management positions at banks between 1983 and 1999.

He has been Chairman of the Executive Board of La Compagnie Financière Edmond de Rothschild Banque and Compagnie Financière Saint-Honoré since January 1999.

He sits on the Supervisory Board of Publicis, and on the Board of Directors of Société Générale and of Bouygues Telecom.

Jean-Philippe THIERRY
A non-voting member of the Supervisory Board since 2002.

He was Chairman of GPA Assurances from 1989 to 2000. A General Partner of Worms & Cie (later Athéna Assurances) from 1989 to 1997, he was appointed Chairman of the Management Board in 1997. He was Chairman and then Vice-Chairman of the French insurance association FFSA from 1996 to 2008, Chairman of Generali France from 1999 to 2000 and Chief Executive Officer of AGF from 2001 to 2007.

He is currently Chairman of the Board of Directors of AGF and of Tocqueville Finance and sits on the Management Board of Allianz.

He is also Chairman of the Supervisory Board of Euler Hermès and of Mondial Assistance AG, and is a non-voting member of the boards of Eurazeo and Baron Philippe de Rothschild. He is also a director of PPR, Atos Origin and Rothschild Concordia SAS.

Audit Committee

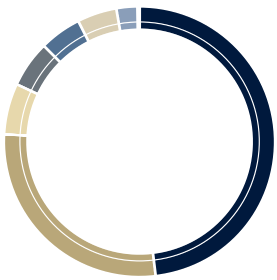
Christian de LABRIFFE, Chairman of the Audit Committee.

André LÉVY-LANG, independent member.

Philippe SEREYS, independent member.

Shareholders' guide

SHARE OWNERSHIP AS AT 31 MARCH 2009



48.22% Rothschild Concordia SAS (51.78% vr*)
27.89% Free float (30.43% vr*)
5.88% Asset Value Investors (6.31% vr*)
5.69% NM Rothschild & Sons Ltd (0% vr* - treasury shares)
5.00% AGF Vie (5.37% vr*)
4.60% Other members of the family (6.101% vr*)
2.72% Paris Orléans (0% vr* - treasury shares)

* vr: voting rights

SHARE INFORMATION

Listing information

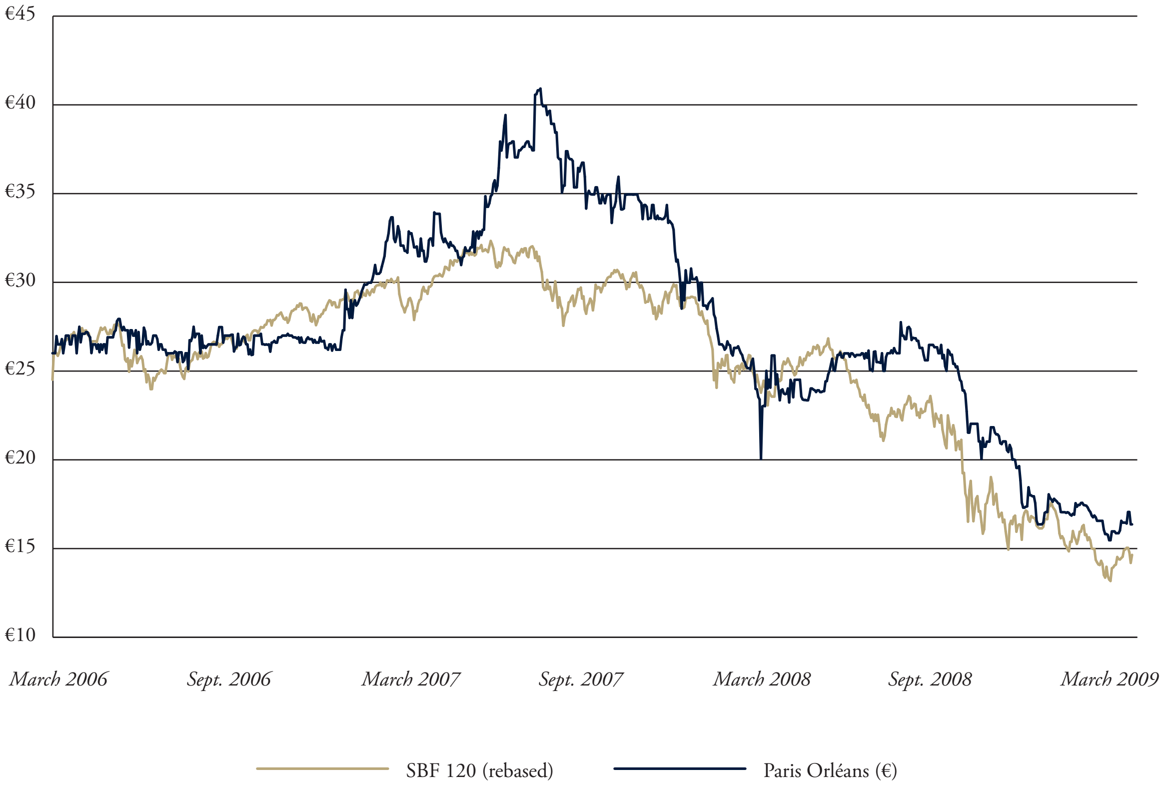
ISIN code	FR0000031684
Identification code	PAOR
Market	Eurolist Compartment B (France)
Listing place	Euronext Paris

Share price

In €	**31/03/2009**	31/03/2008	31/03/2007*	31/03/2006*	31/03/2005*
Highest	27.8	41.0	33.8	29.0	20.5
Lowest	15.1	20.0	25.1	20.1	15.4
Closing price at end of period	16.3	23.9	32.5	26.6	20.2
Net dividend	0.35	0.55	0.50	0.38	0.35

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

Paris Orléans share price performance



Liquidity

In early 28 January 2008, Paris Orléans completed a 10-for-1 split and 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, the purpose of which was to improve liquidity of transactions and the frequency of 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. On implementation of the contract, 150,000 shares were transferred to the liquidity account, and a cash contribution of €3 million was made.

As at 31 March 2009, 192,300 shares were held of the liquidity account.

Dividends

The payment of a dividend of €0.35 per share, i.e. a total dividend of €11,071,228.00 million, will be proposed to the General Meeting.

Shareholders will be able to choose between payment of this dividend in cash or in new shares of the company between 6 October and 23 October 2009 inclusive. The dividend will be paid from 3 November 2009.

FINANCIAL COMMUNICATION AND SHAREHOLDER INFORMATION

Financial notices and press releases

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

Website: www.paris-orleans.com

In 2008, Paris Orléans launched a new version of its website. The structure of the website has been improved so that visitors can find information quickly and easily.

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

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

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

All Group information is available on the global website: www.rothschild.com

Financial calendar

Annual results: 3 July 2009

2009/2010 Q1 revenues: 14 August 2009

Combined Ordinary and Extraordinary General Meeting:
29 September 2009

Dividend payment: from 3 November 2009

2009/2010 half-year results:
30 November 2009

2009/2010 Q3 revenues:
15 February 2010

2009/2010 full year revenues:
28 May 2010

2009/2010 full year results: July 2010

Contacts

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75008 Paris

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Investor Relations:
investors@paris-orleans.com

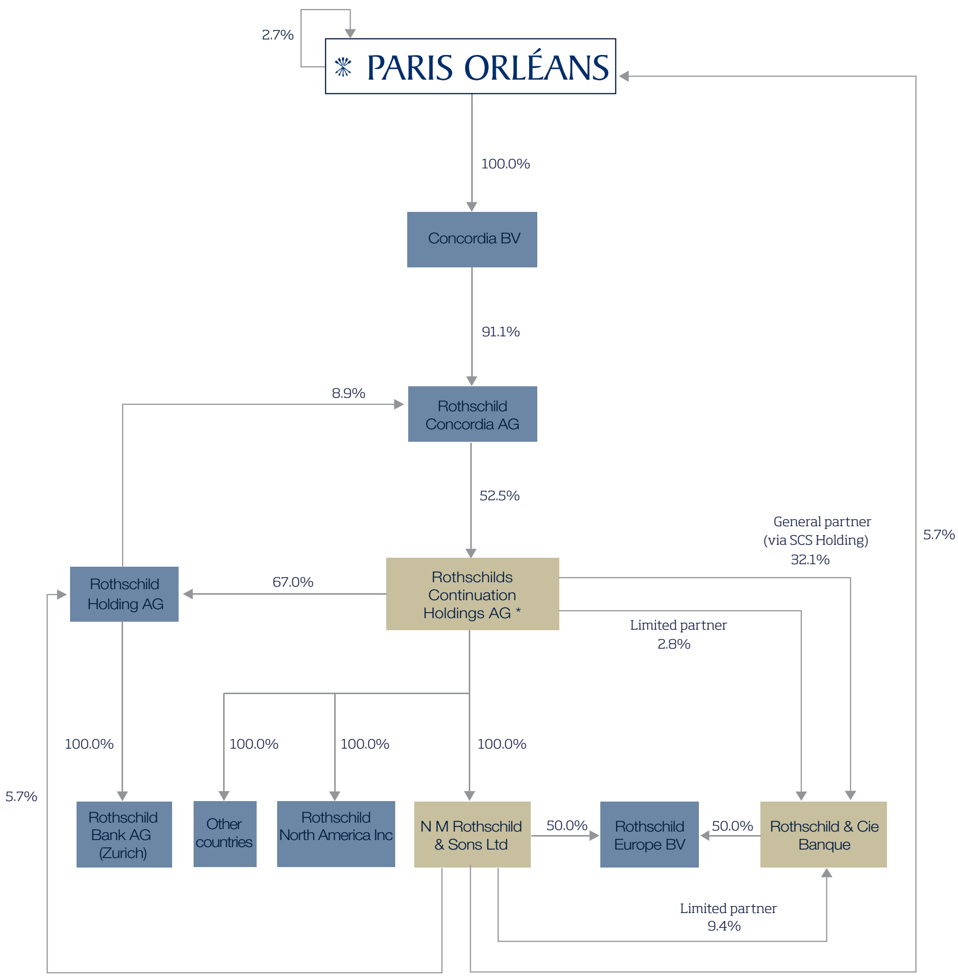
Phone: +33 (0)1 53 77 65 10
Fax: +33 (0)1 45 63 85 28

Banking activities

The Rothschild banking group is present in more than 35 countries and employs more than 2,860 [(1)] people around the world. Through its network of subsidiaries and affiliates, the Group provides corporate and investment banking, treasury, merchant banking, fund management, private banking and trust management services to governments, corporations and individuals worldwide.

The Rothschild group's banking activities are divided into three 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, direct lending and the structuring of financing packages;
- Private banking, including trust services, third-party asset management, wealth planning and an institutional asset management activity based in Paris;
- Private equity: this recently launched business closed its first fund in June 2009 (€380 million).



* Other main shareholders of Rothschilds Continuation Holdings AG are:

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

(1) Includes 910 people located in non fully consolidated subsidiaries and associates (Rothschild & Cie Banque and European offices).

Analysis of net banking income and profit after tax for Banking activities

Banking activities results are presented at Concordia BV's level, and include:

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

in millions of euro	31/03/2009 Net banking income	31/03/2009 Income before tax	31/03/2008 Net banking income	31/03/2008 Income before tax
By activity				
Investment and corporate banking	589.8	242.1	782.9	394.0
Private banking	161.7	62.4	155.6	58.3
Merchant banking	(2.3)	(3.0)	0.9	(0.7)
Total	**749.2**	**301.4**	**939.4**	**451.5**
By region				
Europe and United Kingdom	555.3	191.4	703.2	331.8
North and South America	135.6	76.0	174.7	110.3
Australia and Asia	49.8	17.1	53.7	4.1
Other	8.5	16.9	7.8	5.3
Total	**749.2**	**301.4**	**939.4**	**451.5**
Variable compensation		**(239.5)**		**(337.2)**
Income before tax		**62.0**		**114.3**
INCOME AFTER TAX		**52.9**		**99.1**

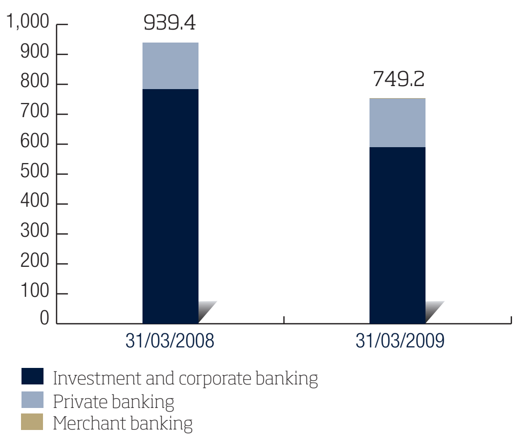
For information purposes and to provide a global view of the size of the Group's banking activities, the aggregate net banking income of the operating entities is presented here on a proforma basis. This comprises 100% of the RCH sub-group at 31 March 2009, 100% of RCB (accounted for using the equity method in the table presented below) at 31 December 2008 and 100% of the European offices (also accounted for using the equity method).

The aggregate net banking income on this proforma basis for the financial year came to €1,205 million, of which €299 million was contributed by RCB and €132 million by the European subsidiaries.

Analysis of net banking income over the last two years

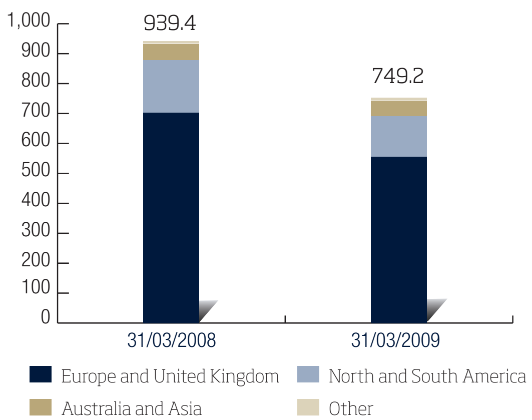
By activity

(in € million)



By region

(in € million)



Presentation of results

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

ROTHSCHILDS CONTINUATION HOLDINGS AG (RCH)

As an international business, RCH's results and balance sheet are impacted by fluctuations in currency exchange rates. The majority of the Group's balance sheet is based in the UK, which has seen sterling fall by 17% against the euro during the most recent reporting period. A significant proportion of the Group's results are also earned in sterling, and to a lesser extent in euros, Swiss francs (4% gain on the euro) and the US dollar (16% gain on the euro).

The RCH's income before tax for the year ended 31 March 2009 was €108 million, compared with €165 million last year. This result has been achieved in spite of the turbulent financial market conditions experienced as a result of the global "credit crunch" and its progression into a general economic recession.

The Investment Banking business has seen declining revenues in most regions due to the global fall-off in M&A activity, but this has been partly compensated by improved revenues from emerging markets and debt advisory services. The Investment Banking business has suffered falling net revenues as interest rates have reduced and an increased level of impairment losses, as explained below, due to the spreading economic recession.

The Private Banking & Trust business saw only a slight decline in profitability despite the difficult environment and significant investment in people, systems and infrastructure.

Other operating income benefits from a €91 million surplus (€54 million in the consolidated accounts at Paris Orléans level) arising on the reclassification from liabilities to equity interests of US dollar perpetual securities issued by the Group. In effect, this surplus represents the capitalised value of past funding arrangements which locked in very low cost regulatory capital in perpetuity.

Total operating income for the year was €906 million, €238 million or 21% lower than the record level of €1,144 million achieved last year, due to the decrease in commissions.

The major proportion of fee income is derived from Investment Banking, which saw a reduction in M&A revenues as global corporate activity declined, partially offset by a strong performance from debt advisory services. Net fee and commission income for the year to March 2009 was €681 million (2008: €993 million), a 31% fall. The Private Banking & Trust business also saw a small decrease in fee income from the prior year due to weaker markets.

A combination of a reduction in loans and advances to customers and debt securities, and reduced income on free funds as general interest rates have fallen, contributed to a 21% decrease in net interest income to €97 million (2008: €123 million).

Operating profit was €107 million versus €140 million the previous year. This is mainly due to:

- fair value movements of €28 million (2008: €44 million) in respect of synthetic collateralised debt obligations (CDOs). These CDOs take on credit exposure in the form of credit derivatives and under international accounting rules, changes in their fair value are recognised in the consolidated income statement. The reduction in fair value is a reflection of the poor liquidity in the market for these assets and, subject to economic conditions, is expected to reverse over time; and

- €135 million of impairment losses (2008: €98 million), including an additional €37 million of unallocated collective impairment provisions. The increase in collective impairment provision is a prudent reaction to the enhanced uncertainty in the current economic environment.

General administrative expenses have decreased by €243 million to €650 million. This 27% fall from the €893 million incurred in 2008 is primarily a result of lower staff costs, in particular profit share. Profit share payments reflect the performance of the Group's businesses and provide a significant degree of flexibility in the cost base.

Staff costs account for €513 million (79%) of the total general administrative expenses versus 81% the previous year.

Headcount has decreased by 1% year on year, with a fall in Corporate Banking partially offsetting a modest increase in headcount in Investment Banking as the business has taken advantage of the recruitment opportunities.

Total assets at 31 March 2009 stood at €7,459 million, a reduction of €2,178 million, 23% from the prior year. The reduction is largely a result of asset disposals (primarily property loans and the disposal of the UK invoice discounting business) and movements in exchange rates as the investment banking assets are mainly denominated in sterling which has weakened against the euro.

As a result, the overall leverage of the balance sheet has been reduced to a very low level as a prudent reaction to the uncertain economic conditions.

The Group has maintained high levels of liquidity since the onset of the credit crisis in 2007. It has been successful in reducing balance sheet footings, and increased the duration and diversity of the funding base. Cash at central banks and other banks represents 34% (2008: 30%) of the balance sheet footings.

Shareholders' equity attributable to equity holders of the parent has decreased to €620 million (2008: €789 million), due primarily to downward revaluations of securities through reserves and to actuarial losses on defined benefit pension schemes.

The Group has an overall solvency or risk asset ratio of 15.0% (2008: 15.5%) which is well above the minimum required by regulatory authorities.

Of growing significance in the current economic climate is the Group's overall leverage ratio, which is low compared with other banking institutions. The ratio of total assets (excluding cash) to total equity interests is an indication of overall leverage risk and stands at 5.1x (a much lower level than many other institutions).

ROTHSCHILD & CIE BANQUE (RCB)

The financial crisis, and the accompanying scarcity of credit for large-scale transactions and reduced level of activity by investment funds, was reflected in a marked decline in merger and acquisition advisory services, which pulled RCB's net banking income back to the level of 2005.

In recent years, RCB has significantly increased its involvement in the Group's international investment banking activities. RCB holds 50% of the Group's investments in European companies, and is working with the Group's business in London to develop new business in Turkey and in the United Arab Emirates. RCB's asset management activities were not spared from the market trends but, unlike many other players in the sector, capital collections remained positive even though significantly lower than in previous years.

Despite the adverse market conditions, RCB's three client segments – private banking, institutions and the Sélection R distribution network – held up well during this particularly difficult period.

In 2008, RCB generated (net of privileged allocation "préciput") pre-tax current income of €36.4 million, against €57.2 million more than the previous year.

Net banking comes to €299 million, compared with €410 million the previous year.

Investment banking contributed 66% of RCB's consolidated pre-tax income, and asset management 34%.

The Group reported total consolidated assets of €865 million, versus €1,216 million the previous year.

Shareholders' equity (group share), excluding net income for the period, increased from €123 million to €140 million.

Review of operations

1. 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 in depth 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 the Group's relationship driven approach, free from potential balance sheet conflicts of interest.

Ranking of Rothschild group banks by country or region

Country / Region	Rank by number	Rank by value
Worldwide	8	11
Europe	1	9
UK	1	8
France	1	2
Germany	4	9
Italy	2	2
Iberia	4	4
Central & Eastern Europe	7	12
United States	11	20
Latin America	7	7
India	9	18
Asia	11	14
Australia	9	20
Middle East & Africa	2	13
South Africa	3	15

Completed deals
Source: Thomson Reuters/Dealogic

Our business has grown significantly in recent years and now represents a truly global network. We employ nearly 1,300 bankers worldwide, with over 300 outside of Europe.

After a record performance last year, global M&A revenues were down during 2008, against the backdrop of significantly lower market activity. The impact of the downturn was, however, partly mitigated by strong performance in some of our emerging markets businesses and an increase in activity in our financing advisory activities (including our debt advisory, restructuring and equity advisory teams).

During 2008, we were ranked eighth for global M&A advisory by number of transactions, having advised on 262 completed deals worldwide totalling USD282 billion in value.

Despite the challenging market environment, the Group has continued to grow the business.

Notable developments have included:

- a global co-operation with Rabobank for M&A and Equity Advisory services in the food, drink and agriculture sectors;
- entering into new alliances in Ukraine, New Zealand, Korea and Japan;
- opening new offices in New Delhi, Stockholm and Tel Aviv; and
- completing a number of key senior hires, particularly in financing advisory and other growth sectors and geographies.

M&A review of the year

Europe

In Europe, during each of the last seven years Rothschild teams have worked on more M&A transactions than any other investment bank.

Rothschild was the leading investment bank for European M&A advice in 2008 in the business services, consumer products, retail, healthcare, technology, telecoms, and transport sectors by number of deals. We were also ranked in the top five positions by number of deals in the financial institutions, hotels & leisure, industrials, property, and oil & gas sectors. Rothschild received awards from Euroweek magazine for Best LBO Advisory Bank of the year and from Private Equity International for Best M&A Adviser in Europe.

In the UK, Rothschild received awards from the FT & Mergermarket for UK Financial Adviser of the Year, and UK Mid-Market Adviser of the Year for the second consecutive year; from Acquisitions Monthly magazine for the Cross Border Deal of the year (Scottish & Newcastle); and from The Banker for European Deal of the Year for British Energy on the £12.5 billion recommended sale to EDF.

The UK team advised on many of the highest profile deals during the last year, including:

- Vattenfall on the €8.5 billion acquisition of Nuon;
- Xstrata regarding a fairness opinion to its Board of Directors, on the USD2 billion acquisition of the Prodeco thermal coal assets from Glencore International;
- Government of the Netherlands on its €10 billion subscription of new capital in ING Groep;
- Alliance & Leicester on its £1.3 billion recommended takeover by Banco Santander; and
- Enodis on the £1.4 billion recommended cash acquisition by The Manitowoc Company.

In France, Rothschild was ranked first by number and second by value based on completed transactions. Notable projects during 2008 included:

- Suez on the €103.7 billion merger of equals with Gaz de France;
- Groupe Banque Populaire on its merger with Groupe Caisse d'Épargne;
- LBO France on the €1.7 billion acquisition of Converteam from Barclays Private Equity France; and
- L'Oréal in relation to its €1.2 billion offer to PPR Group for YSL Beauté.

In Germany, the corporate finance team is one of the largest in the country and was recognised by Acquisitions Monthly with the award for 2008 M&A Adviser of the Year and advised on a number of notable transactions during the year, including:

- CVC Capital Partners on the €2.4 billion acquisition of a 25.01% stake in Evonik Industries;
- TDK (Japan) on the €1.2 billion public takeover offer for EPCOS; and
- BMW on the sale of a 72.9% stake in BMW's IT subsidiary Cirquent to NTT Data.

In Italy, Rothschild was among the leading advisers on both large and mid-size transactions, consolidating its leadership position in advice to financial institutions and increasing significantly its presence in the consumer, industrials and oil & gas sectors. Rothschild also received from Milano Finanza magazine the award for Best International Investment Bank in Italy. The italian team advised on the following keynote deals:

- Crédit Agricole on the merger of Agos and Ducato, consumer credit subsidiaries of Crédit Agricole and Banco Popolare respectively, for €2.6 billion;
- ERG on the disposal of 49% of its coastal refining business to Lukoil for €2 billion;

- The Extraordinary Commissioner of Alitalia on the sale of the company's flight operations for €1 billion to the CAI Consortium; and
- Unilever on the disposal of Bertolli's olive oil business to SOS Cuetara for €600 million.

Revenues from advisory work in Central & South Eastern Europe were at record levels in the period. In particular, there was a significant growth in activity in the Czech Republic, Greece and Ukraine, building on performance in well-established markets such as Hungary, Poland and Romania. Notable advisory mandates in the year comprised:

- In Poland, Mid Europa Partners, a leading regional private equity house, on its acquisition of the DISA industrial polishing business;
- In the Czech Republic, the Board of Zentiva, the generic pharma company, on its €2.3 billion sale to Sanofi Aventis;
- In Ukraine, Pravex Bank on the sale to Intesa Sanpaolo and currently advising two leading Ukrainian banks in the restructuring of their international debt; and
- In Romania, Asiban insurance on its €350 million sale to Groupama.

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 ranked fourth by number of completed cross border M&A transactions. Amongst others, we advised:

- Finmeccanica on its USD1.2 billion strategic partnership with Sukhoi Holding; and
- Whitehall Holding on the disposal of a 49.9% voting interest and 75% economic interest in Whitehall to Central European Distribution Company for a consideration of USD300 million.

Rest of world

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

In North America, during 2008 we continued to build momentum and enhance the visibility of our franchise having advised on a variety of high profile transactions during the year. We were particularly active in the power, mining and industrial segments, including advisory mandates for:

- Constellation Energy in connection with the offer by Électricité de France (EDF) to acquire a 49.99% interest in Constellation's nuclear generation business for USD4.5 billion, and a USD1 billion cash investment in Constellation by EDF through the purchase of non-convertible cumulative preferred stock. The EDF transaction resulted in the termination of Constellation's previously announced merger agreement with MidAmerican Energy Holdings, a majority owned subsidiary of Berkshire Hathaway;
- Rio Tinto in connection with its sale of a 40% interest in the Cortez gold mine in Nevada to Barrick Gold Corporation for consideration of USD1.7 billion, and the sale by Rio Tinto of a 70% interest in its Greens Creek silver and zinc mines located in Alaska to Hecla Mining Company for USD750 million; and
- Antofagasta in connection with the sale of a 30% interest in each of its Minera Esperanza and Minera El Tesoro mining projects to Marubeni Corporation for a cash consideration of USD1.3 billion and an agreement by Marubeni to fund its pro rata share of the Esperanza development costs estimated at USD1.9 billion.

In Brazil, Rothschild advised on a number of high profile deals announced during 2008:

- Exclusive financial advisor to Unibanco on its USD14 billion merger with Itaú to form the largest bank in the Southern Hemisphere, which was the largest transaction so far in the Brazilian financial institutions sector; and
- Exclusive financial advisor to BM&F on its USD10 billion merger with Bovespa, creating the world's third largest exchange. This deal earned the Latin Finance Deal of the Year Award.

In India, Rothschild continues to benefit from working with our other offices around the world, in particular during 2008 in the utilities and financial institutions sectors. Rothschild advised GMR (along with Rothschild offices in the UK, Singapore, Australia, Mexico, New York and Malaysia) on its USD1.1 billion acquisition of a 50% stake in InterGen. This transaction won the Infrastructure Deal of the Year Award 2008 from Infrastructure Journal.

In China and Hong Kong, recognition that our position is free from conflicts of interest and cross-selling pressure allowed us to win a number of high-profile mandates despite the economic downturn. Key mandates successfully completed included advice to:

- the independent board committee of China Netcom on the terms of the USD56 billion merger with China Unicom Limited. This transaction has been awarded Asia M&A Deal of Year 2008 by FT & mergermarket;
- Lehman Brothers on the sale of its Asia Pacific businesses to Nomura Securities; and
- the independent board committee of PCCW Limited regarding a USD2.1 billion privatisation offer.

In South East Asia, we have significantly improved the quality of our geographic and sector coverage with key hires throughout the six countries that make up the focus of Rothschild in the region (Singapore, Indonesia, Malaysia, Vietnam, Philippines and Thailand). Our debt advisory capabilities have also been increased to meet the greater demand for restructuring and refinancing advice. These improvements helped us to deliver record revenues in South East Asia during 2008, resulting from a number of landmark transactions, including advice to:

- Power Sector Assets & Liabilities Corporation, the Philippines government entity, on the completion of a USD3.95 billion privatisation by way of concession of The National Transmission Corporation of the Philippines;
- PTT Exploration & Production, the Thai national oil & gas company, on the USD413 million acquisition of Coogee Resources in Australia;
- Providence Equity and the Ayala Group on their USD246.6 million acquisition of eTelecare Global Solutions; and
- Garuda Indonesia on the sale and leaseback of eight new Boeing 737-800 aircraft to Dubai Aerospace.

In Australia, Rothschild continues to focus on specific industry sectors where we believe we can combine global knowledge with expertise of the local market, primarily industrials, consumer products, natural resources and utilities.

In the Middle East, we continued to build the business in its second full year of operations. We now have a team of 18 professionals on the ground in Dubai and Abu Dhabi, covering the GCC countries as well as the wider Middle East region. During the year, we built our capital markets advisory capabilities in the region to complement our sector expertise and relationships. This has helped us secure prestigious mandates and relationships across the region. Notable activity during the year included giving advice to:

- the Government of Dubai on the establishment of a USD20 billion support fund;
- Dnata (Emirates Group) on its on-market acquisition of a 20% stake in Hogg Robinson Group; and
- LBO France on the €1.7 billion disposal of Cegelec to Qatari Diar.

Rothschild in South Africa continues to develop its activities, producing record revenues for the year. During the year, in addition to a number of non-public advisory mandates, the Johannesburg office was active in the mining and resources sector – advising (amongst others) Anglo American Corporation, Anglo Platinum, Mvelaphanda Resources, Tharisa Minerals, Xstrata and Palabora Mining. In addition, mandates were undertaken (inter alia) in Energy (CIC Energy and Keaton Energy), Property (Transnet), Media (MTN and Telkom Media), FIG (Old Mutual) and for key parastatal organisations (Eskom and Transnet).

Rothschild opened a new office in Israel during 2008. The business has focused initially on leveraging the Group's strong government and business connections, as well as its global network to bring cross-border opportunities to key Israeli players and to overseas clients interested in entering the Israeli market. Since entering the market, we have already completed two key cross-border transactions, namely advice to:

- Electra on its sale of Enerco Enterprises to Von Roll Holdings; and
- Thales on the proposed cash offer for CMT Medical Technologies.

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.

In Debt Advisory, teams determine the right debt objectives and strategy, select the right products and providers and transact on the best terms, on behalf of our clients. This countercyclical activity increases whenever there is a decline in the number of mergers and acquisitions.

In current markets, teams are actively supporting many CFOs and Treasurers in new and roll-over facility negotiations and covenant resets.

In Restructuring, Rothschild has unparalleled visibility on the restructuring deals being done today, based on the team's global scale, market leading position and integration with the most active M&A team in Europe.

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

In Europe, significant debt advisory mandates successfully completed during the year included advising on negotiating covenants (Yell Group, Baratt Development), on new bank facilities (FirstGroup, Northern Foods), on structuring and funding (Dublin Airport City Development), and on debt restructuring (Kaufman & Broad, Autodistribution, Ferretti, Pininfarina, Taylor Wimpey).

In North America, the financial crisis led to a significant increase in activity for restructuring practice this year including in-court Chapter 11 filings, out-of-court negotiated restructuring and recapitalisation transactions and distressed M&A mandates.

In addition to a substantial increase in active mandates, teams have continued to focus on larger, high profile transactions that have improved the strength and visibility of Rothschild. The Group were particularly active in the industrial, financial, consumer, and mining sectors.

Mandates were signed with various agencies of the United States Government, including the US Department of the Treasury, The Department of Commerce, National Economic Council, Auto Task Force and Pension Benefit Guarantee Corporation in connection with the evaluation, structuring and negotiation of the comprehensive restructuring plans of the US automotive manufacturers.

In Latin America, the Brazilian team advised on the USD400 million debt restructuring and pre-packaged sale of Sementes Selecta to Los Grobo, one of the first successful deals under the new Brazilian bankruptcy code. In a joint effort with our US office, Rothschild Mexico is currently advising Controladora Comercial Mexicana on the restructuring of over USD3 billion in creditor obligations.

In Russia, over the past six months, Rothschild has won two important mandates, advising Rusal on the debt restructuring and refinancing options on its USD14 billion of outstanding debt and Nutritek on the debt restructuring and refinancing options on its USD220 million of outstanding debt.

In Asia, significant progress has been made with the development of debt advisory and restructuring practice. Rothschild has participated in significant corporate distress sale transactions, with notable mandates during the year including providing advice to Lehman Brothers on the USD225 million sale of its Asia Pacific businesses.

Equity advisory review of the year

Following the discontinuation during 2007 of the partnership with ABN AMRO, the Group has continued to build on 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.

Equity Advisory bankers possess extensive experience in initial public offerings, capital raising, dual track exits, block trades, convertible and exchangeable bonds.

Teams keep close to the market through a direct dialogue with institutional investors and other market participants, via the corporate brokerage desk in Paris for continental European investors, and via independent analysis of equity transactions as they happen and analysis of sell-side research received from numerous brokers.

In Europe, the Equity Advisory team advised on a number of significant transactions, including:

- Government of the Netherlands on the €3 billion recapitalisation of Aegon in the form of 8.5% equity linked core tier one capital instruments; and on the €10 billion recapitalisation of ING;
- Government of Sweden, on its 19.9% stake in Nordea and participation in its €2.5 billion rights issue, acting as adviser;
- Premier Foods, on its fully underwritten £404 million capital raising which included private equity participation from Warburg Pincus, acting as joint adviser and joint sponsor; and
- British Land on its £767 million rights issue, acting as adviser.

Outside Europe, teams advised on the following notable projects:

- Little Sheep on its USD100 million IPO on the main board of the Hong Kong Stock Exchange;
- Indika Energy on its USD330 million IPO on the Indonesian Stock Exchange. This was the first equity advisory deal Rothschild has completed in South East Asia and was awarded Best Indonesia Deal in 2009 by Finance Asia; and
- Australian Pipeline Trust on its USD111 million underwriting of a 2:5 non renounceable rights issue by Envestra.

2. CORPORATE BANKING

Rothschild's corporate 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.

In common with other corporate banking businesses largely based in the UK, 2008 proved to be a challenging year as the dislocation in financial markets spread to the wider economy. Despite rising impairment costs, the portfolio of assets, being largely secured, has performed to expectations in the difficult market conditions.

The Property team arranges and provides funding for secured commercial property investment throughout the UK.

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 develop further its specialist debt fund management business.

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. The business is a leading financier of precious and base metal mining companies.

In October 2008, a securitisation of a £447 million portfolio of UK commercial property loans was completed (Real Estate Capital No 7 Limited). This transaction created a £245 million AAA rated Note, of which Rothschild was the sole purchaser. The Note will be available as collateral for both committed and uncommitted funding lines and is in keeping with the Group's strategy of minimising reliance on inter-bank wholesale markets.

Rothschild's corporate banking activities also include those of Rothschild Bank International ("RBI") based in Guernsey. RBI provides deposit taking services to private clients depositing £100,000 and upwards and also provides a range of lending products to private clients and their structures focused on residential mortgages and loans secured on investments. RBI recorded a strong performance in the face of challenging economic and financial market conditions.

3. PRIVATE BANKING

The Private Banking business has more than 4,000 clients in 90 countries, predominantly entrepreneurs, senior business leaders and wealthy families. The target amount of investable assets is in excess of €3 million. Private banking has more than 400 private bankers and 170 staff dedicated to trust services. The principal offices are in Paris, London, Zurich and Guernsey. The funds under management finished the year at €28.3 billion, split between France for €18.1 billion and Switzerland / UK for €10.2 billion.

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

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

The past year has been one of successful development and consolidation for Private Banking, particularly when viewed against a backdrop of significant market turmoil. Prudent management and conservative risk policies have ensured that the business has not suffered unduly in the financial crisis.

Despite the very difficult environment and significant financial investments in people, systems and infrastructure during the year, income from the Private Banking business is only slightly lower than for the corresponding period last year.

The Group has continued to attract new clients, thanks to the establishment of new private banking teams and to its ongoing stability and commitment to providing objective advice. The Group's generally cautious asset allocation has also proved to be the right strategy in a volatile market environment.

Over the year, much of the activity has been focused on laying the foundations for future growth and refining existing business. The Trust division has continued its transition to an integrated global structure, providing a unity of operations and focus. Following a global review of operational centres, the Trust office in Bermuda was closed and the administrative capabilities in Singapore were enhanced. Also during the year, our private banking offices in Spain (Madrid and Barcelona) were closed as it became apparent that they were unlikely to succeed in the current environment.

For the combined Swiss and UK business, net new assets were high at €1.1 billion and, after taking into account market and foreign exchange movements, gross assets under management were broadly unchanged, at €10.2 billion. This is a very respectable performance in a difficult market environment, particularly given the sharp fall of sterling against the Swiss franc.

Links with the Private Banking business in Paris continued to develop. Funds under management in Rothschild & Cie Banque at the year end totalled €18.1 billion, spread across all three businesses, namely Private Banking, Institutional Investors and the "Sélection R" network.

Clients benefit from access to a global network of experts, including international trust lawyers and leading investment specialists.

4. MERCHANT BANKING

During the financial year under review, the Group confirmed its determination to strengthen its private equity activity with a joint initiative by Paris Orléans and Rothschilds Continuation Holdings.

Launched in 2007, the Merchant Banking business draws on the private-equity expertise of Paris Orléans and of the rest of the Group to invest directly in medium-sized companies, unlisted for the most part.

Private equity investment is not aimed at acquiring majority shareholdings. The aim is to work on investment proposals in partnership with other investors (entrepreneurs, families, industrial groups, etc.), investing in minority shareholdings, structured products such as mezzanine debt, preference shares or convertible securities.

The corporate and investment banking division is expected to be one of the main sources of investment opportunities, together with the investment team's own network of contacts.

Between March 2007 and September 2008, the Merchant Banking activity's private equity teams invested €120 million in various companies in Europe on behalf of the Rothschild group. These have demonstrated the investment team's capacity to identify quality deals through its network, paving the way for the launch of the Group's first European private equity fund, Five Arrows Principal Investments (FAPI).

FAPI aims to raise around €500 million, of which €300 million from third parties, €100 million from Paris Orléans and its subsidiary Rothschilds Continuation Holdings, and €100 million through a co-investment plan open to certain Group executives, which is in the process of being finalised.

At the date of this report, fund raising was very advanced with a first closing held in June 2009. The investment team was confident that it could achieve its target of €500 million by the end of the year.

FAPI and the existing portfolio is managed from Paris and London by a dedicated team.

As provided for in Article 18 (b) of the company's Articles of Association and in accordance with its internal rules, the Supervisory Board on 1 December 2008 approved the launch of this activity with a 40% shareholding for Paris Orléans and 60% for RCH in the private equity fund management companies.

FAPI

The business will aim to invest no less than 75% of this fund in Western Europe, of which no less than 10% in each of the strategic markets for Rothschild's Investment Banking business i.e. in the UK, France, Italy and Germany.

European Investment Portfolio

Since the end of 2007, the investment team has achieved momentum by making eight investments corresponding to FAPI's strategy on behalf of sponsors, Paris Orléans and RCH, corresponding to a total investment of €120 million, of which €26 million was refinanced by bank loans.

Paris Orléans' share, amounting to €46 million, is included in the figures provided in the description of investments in private equity funds on page 41.

These investments were made taking a cautious approach:

- About half the amount invested has been invested in structured investments such as mezzanine debt, with strong protection against a fall in value and a share of capital gains; and
- the balance is made up of minority shareholdings in robust and efficient companies.

The most significant investments are described below. Their positioning is in line with FAPI's future investment strategy.

Altice

In March 2008, we invested €27.0 million in the equity of Altice, a French company that, along with sponsors Cinven and Carlyle, owns the Ypso group and Completel.

Ypso owns Numericable, the leading provider of broadband cable services in France, Brussels and Luxembourg, and was formed as a result of the consolidation of the cable sector in the European French speaking regions with the merger of France Télécom Cable and NC Numéricâble (March 2005) and Noos (July 2006).

Completel is a leading alternative infrastructure-based telecoms services provider for business customers in France.

The Altice group performed well during 2008, increasing sales and EBITDA in comparison to the prior year. A decision to accelerate its capital expenditure programme led to investors injecting further funds in July 2008, of which the Group and Paris Orléans SA's combined share amounted to €0.9 million.

Continued growth is also expected in 2009.

Ileos Group

In December 2007, €20.2 million was invested in the mezzanine debt of the Ileos group, a French company that manufactures and distributes customised packaging in the luxury, beauty and healthcare markets.

Ileos performed strongly during 2008, growing revenues and EBITDA, and deleveraged significantly as a result of its high level of cash generation.

Etanco Group

In March 2008, we invested €14.7 million in a mixture of mezzanine debt and equity in the Etanco group, a French company that designs, manufactures and supplies fastening systems.

This was a primary leveraged buyout in which Rothschild Paris advised Industri Kapital, the sponsor. Etanco grew its sales and EBITDA during 2008 but is likely to see a slowdown in 2009 as the building industry suffers in the downturn.

The company's strong cash generation and our investment in Etanco's mezzanine debt offer significant downside protection.

Paprec

In July 2008, we invested €16.4 million in the equity of Paprec, a French recycling and waste management company. Rothschild Paris advised Financière Agache Private Equity on its €100 million investment in the company, enabling the Merchant Banking activity to participate in the financing round.

Paprec is a leading player in the French waste sorting and recycling market. The company has adjusted well to the market downturn partly via strong control of its costs and is reviewing several potential acquisition targets.

Buffalo Grill

In September 2008, we invested €13.2 million in the mezzanine debt of Buffalo Grill, the leading French grill restaurant chain.

The French grill restaurant market is highly dynamic and Buffalo Grill, with its significant brand recognition, has an estimated 50% market share. The company has demonstrated good resilience in past downturns. Buffalo Grill grew during 2008 and is expected to grow further in 2009.

Alfa Private Equity Partners

In addition to these investments, Rothschild and Paris Orléans SA have committed USD25 million to a Russian private equity fund (Alfa Private Equity Partners). By the end of March 2009 USD11.2 million had been drawn down and invested in three portfolio companies – a fitness group, an automotive retailer and a restaurant chain.

Private equity

LBO/PRIVATE EQUITY

Paris Orléans participates in leveraged buyouts (LBO).

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

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

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

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

Some examples of equity investments:

SIACI SAINT HONORE	COFFEE NATION	CADUM&IBA
Primary, secondary and tertiary LBOs for the insurance broker SIACI 2000, 2003 & 2007	Co-investment alongside Milestone in the UK leader in up-market coffee dispensing machines 2008	Co-investment alongside Milestone in the takeover of the Cadum and IBA groups (personal hygiene and air products) 2008

Description of a selection of deals:

Siaci Saint-Honoré

Investment date: April 2007
Amount invested: €26.9 million
Estimated value: €32.8 million

The merger between Siaci and Assurances et Conseils Saint-Honoré (ACSH) in April 2007 created France's fifth-largest insurance brokerage firm, which was renamed Siaci Saint-Honoré. The capital of the holding company created at that 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%).

Paris Orléans is a longstanding shareholder in Siaci. The performance generated from this holding with regard to the first two LBOs carried out in 2000 and 2003 far exceeded expectations, with a multiple of above 11x for an initial investment of €10 million.

The newly merged entity benefits from each individual entity's expertise in its respective sector and from substantial synergies at operating and geographic levels. Siaci is the group's main Property & Casualty and Transport insurance provider, in particular for complex risks, whereas ACSH – number three in France in personal protection insurance – is the main skill centre in personal protection/healthcare, group retirement plans and expatriate insurance.

On the international front, the new group can draw on the support of Siaci's equity ties and cooperation agreements with Jardine Lloyd Thomson, one of its main shareholders, which makes it one of the few integrated international brokerage networks. It also benefits from ACSH's international reach in expatriate insurance (three management centres located in Europe, the Middle East and North America). The group can thus assist its customers' development anywhere in the world.

The highlights of 2008 were:

- the acquisition in March 2008 of the transport insurance broker and underwriter, Cauvin et Palle;
- the sale of life insurance broker ACSH-P to LCF Rothschild, enabling repayment of the debt arranged at the time of the tertiary LBO in April 2007;
- the group's expansion in South-East Asia with the creation of subsidiaries in Hong Kong and Shanghai.

The Siaci-ACSH merger in 2008 makes it difficult to compare the two financial years. The analysis below is therefore based on the pro-forma 2007 financial statements.

The economic environment remained unfavourable for Siaci Saint-Honoré in 2008. The insurance market continued its downward cycle, with a contraction in premiums for the sixth year running. Despite this backdrop, financial performances were globally in line with the budget. Revenues came to €154.8 million, corresponding to an increase of 6.6% versus 2007 of which around half was due to acquisitions made by the group.

At the level of the subsidiaries, revenues from Property & Casualty excluding Transport grew by 6.8% accounting for more than 40% of the group's gross revenues.

Revenues from the Transport business declined by only 1.8% in spite of the negative market conditions in the second half.

The Personal Insurance business (retirement and personal protection) recorded slight growth in revenues (particularly in retirement insurance) as companies continued to invest for the long term, although more cautiously towards the end of 2008.

Operating income came to €36.0 million, down by 3.5% from €37.3 million in 2007. Operating expenses increased by €9.9 million due to an increase in rental charges (sale of the head office), the payroll harmonisation required following the merger between the two groups and additional expenses linked to the acquisition of Cauvin et Palle.

Newstone Courtage, the holding company for Siaci and ACSH, has managed to reduce its debt by more than 60% in two years, down from €189 million to €75 million at the end of 2008. This reduction was made possible by the sales of Siaci's head office, ACSH-P and some of the European subsidiaries, as well as by the company's performance, which was in line with projections.

Coffee Nation

Investment date: July 2008
Amount invested: €5.0 million
Estimated value: €3.7 million

Paris Orléans invested alongside the Milestone fund in the takeover of Coffee Nation, the UK leader in up-market coffee dispensing machines. The company benefits from an increasingly well-known brand name and had close to 750 coffee dispensers at the end of 2008, mainly located in motorway rest areas and some supermarket chains.

The investment was made in sterling. The difference between the estimated value and the amount invested reflects solely the weakening of sterling against the euro.

Cadum/IBA

Investment date: July 2008
Amount invested: €3.5 million
Estimated value: €4.2 million

Paris Orléans co-invested alongside the Milestone fund in the takeovers of two consumer goods companies, Cadum and IBA.

Cadum is strongly positioned in the French soap and cosmetics market (shower gels and soap bars in particular) through its portfolio of three brands (Cadum, Donge and Cleopatra).

IBA, taken over along with Cadum, specialises in air products, such as air fresheners, scented candles and moth repellents.

The merger has enabled the group to develop its own sales and marketing platform. Efforts during the year were focused on improving its product listings at the main retail chains.

LBO/MEZZANINE DEBT

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

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

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

Some examples of mezzanine investments:

Club Med Gym	GOËMAR	RÉPONSE GROUPE
Mezzanine financing for the LBO led by 21 Centrales on the Paris network of fitness clubs	Mezzanine financing for the acquisition by Chemineau of Laboratoires de la Mer	Mezzanine financing for the delisting led by Abénex for the leading commercial space designer
2008	2008	2008

Description of a selection of deals:

Groupe Réponse

Investment date: May 2008
Amount invested: €11.0 million
Estimated value: €11.5 million

Paris Orléans participated alongside Abénex Capital (formerly ABN AMRO Capital France) in the delisting of Réponse, the leading commercial space designer in France and Italy, in particular for distribution networks (store chains, restaurants, banking networks, etc.).

Réponse generated revenues of nearly €100 million in 2008, of which roughly one third in Italy. It has strong potential for development by strengthening its positions in a highly fragmented market.

Marine (Laboratoire Chemineau/ Laboratoire de la Mer)

Investment date: September 2008
Amount invested: €9.2 million
Estimated value: €9.5 million

Paris Orléans invested in mezzanine debt alongside TCR Capital in the takeover of Laboratoire de la Mer by Laboratoire Chemineau, which has been one of the fund's portfolio companies since 2005.

Laboratoire Chemineau is one of the leading European pharmaceutical manufacturers of liquid and semi liquid products (bottles, gels, ointments, sprays). In 2008, the company generated revenues of nearly €45 million with a workforce of around 280 people.

Laboratoire de la Mer is a marine biotechnology company and is the European leader in over-the-counter nasal and auricular healthcare products.

The merger of these two companies will generate synergies (manufacturing process and procurement) and enable them to combine their sales forces. Laboratoire de la Mer has strong expertise in export markets.

Club Med Gym

Investment date: July 2008
Amount invested: €5.0 million
Estimated value: €5.2 million

Paris Orléans co-invested with 21 Centrale Partners in mezzanine debt in the context of the leveraged buyout of Club Med Gym. The company operates around 80 well-known fitness centres, managed and supervised by fitness experts:

- a network of 22 clubs, including five "Waou" clubs (a premium brand) and 10 clubs with swimming pools;
- 20 Club Med Gym facilities within Club Méditerranée resorts worldwide;
- Club Med Gym Corporate: 35 gyms at 28 corporate locations (Danone, Canal +, SFR, Areva, Sanofi Aventis, Capital 8, etc.)
- as well as clubs at hotels: Accor (Sofitel, Pullman), Starwood (Crillon, Palais de la Méditerranée, Martinez, Louvre), Kempinski in Geneva.

Club Med Gym generated revenues of around €50 million in 2008. The company is an acknowledged player in a promising market and offers significant growth potential, in particular through opening new clubs in prestige locations in Paris and by the continuing development of CMG Corporate.

Decotec

Investment date: January 2008
Amount invested: €4.0 million
Estimated value: €4.2 million

Paris Orléans invested, alongside the manager/buyer, in the mezzanine and equity financing of the takeover of Decotec, an up-market bathroom furniture manufacturer. This LBO is aimed at supporting the development the brand has experienced in recent years.

Armatis

Investment date: February 2008
Amount invested: €4.0 million
Estimated value: €4.2 million

Paris Orléans invested in the mezzanine debt issued by IDI Mezzanine in the secondary LBO of Armatis, a leading French call centre operator, by CIC LBO.

The company employs more than 3,500 people at six call centres in France and has a customer base composed of major companies in the telecom (Orange and Neuf télécom) and energy (GDF) sectors among others.

Armatis is reputed for its service quality and has a strong reputation that puts it in a good position for the main outsourcing tender bids (follow-up of existing customers, sales canvassing, etc.).

Armatis continued to grow in 2008, both in terms of sales and earnings. Following on from the successful opening of new centres at Caen and Nevers at the end of 2007 and in mid 2008, Armatis is planning to open a centre in Auxerre before the end of 2009.

Balitrand

Investment date: August 2008
Amount invested: €3.5 million
Estimated value: €3.6 million

Paris Orléans invested in the mezzanine debt issued by IDI Mezzanine in the context of Weinberg CP's leveraged buyout of Balitrand, a multi-specialist distributor of building materials with a network of 22 outlets in the south of France.

The strategy agreed by management, the shareholders and the financial backers is to continue to expand in neighbouring regions by opening new outlets or acquiring existing stores.

Balitrand is reputed for quality in terms of opening hours, product range, efficient logistics and competitive pricing. Its performance in 2008 was on budget.

PROPERTY

Property investments consist mainly of shareholdings in property development projects.

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

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

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

Some examples of property investments:

le nouveau BEAUGRENELLE	ALEXA	LOOP 5
Total reconstruction of the Beaugrenelle shopping centre in Paris alongside Foncière Euris and Apsys	Development of a shopping centre in Alexanderplatz, Berlin	Development of a shopping centre in Weiterstadt
2003	2004	2006

Description of a selection of deals:

Beaugrenelle shopping centre (Paris XV^e^)

Investment date: 2003
Amount invested: €16.9 million
Estimated value: €16.9 million

Renewal of a commercial centre in Paris

In January 2003, SCI Pont de Grenelle (a non-trading property company), owned by Foncière Euris (40%), Apsys International (30%) and Paris Orléans (30%), won the bid organised by Gecina for the total redevelopment of the Beaugrenelle centre.

SCI Pont de Grenelle acquired 50% of the shares in SCI Beaugrenelle, the structure that holds the assets. Gecina owns the remaining 50%.

The objective is to take part in the total reconstruction of the Beaugrenelle centre.

With floorspace of 45,000 square metres, Beaugrenelle is one of the three largest shopping centres in Paris. Its catchment area includes some of the wealthiest neighbourhoods in the city (the VIIe, XVe, XVIe arrondissements, among others). It has spectacular views of the banks of the Seine river, which will be made the most of.

This reconstruction will enable it to be brought up to modern ecological, commercial and architectural standards.

All the necessary permits (demolition permit, building permit and commercial building permits) have already been obtained.

The centre is divided into three lots: Pégase and Verseau which face the Seine and Charles Michel which faces inner Paris.

Work on the Charles Michels site has been completed and this part opened in September 2008.

The other two sites are still at the cleaning/asbestos decontamination and heavy demolition stages.

Marketing of the centre is at an advanced stage, with firm leases for 40% of the rental space and 55% of commercial space, with leases to Virgin, Galeries Lafayette, Mexx, Esprit, Celio Gap, Swarovski and a Gaumont cinema.

The opening of the centre is scheduled for 2012.

From 2003, the quality of the project enabled it to obtain refinancing with a non-recourse loan covering the greater part of the cost of acquiring the shares and the expenses of the development phase of SCI Pont de Grenelle, which at the time limited the equity investment required from the shareholders.

At present, preliminary discussions with specialised financing bodies reveal a trend toward tighter credit conditions, involving a larger equity investment than initially provided for.

Alexa shopping centre (Berlin, Alexanderplatz)

Investment date: 2004
Amount invested: €6.5 million
Estimated value: €7.8 million

Development of a shopping centre in Berlin

The project developer is Sonae Sierra, a subsidiary of the Sonae group. Bank financing having been obtained for 70% of the cost of the project, Paris Orléans' share of the total investment is €6.5 million, which has been fully paid. The shopping centre was opened in 2007 with an occupancy rate of close to 100%.

The 2.8 hectare site on which the shopping centre has been built is located in the centre of Berlin, close to Alexanderplatz. The catchment area is estimated to include more than 1.8 million people, on one of the city's main arteries.

The centre has 55,000 square metres of floorspace made up of a commercial area of 45,000 square metres and a leisure/restaurant area of 10,000 square metres.

With a 1930s Art Deco style and 180 points of sale on four floors, Alexa houses well-known names such as Esprit, Zara, H&M, Media Markt, etc. It also has a children's play area on the top floor and a giant model of Berlin, Loxx.

Alexa also leases 3,400 square metres of commercial premises under the railway arches and has 1,600 parking spaces.

Its appeal to customers has not waned, with 14 million visitors per year versus 9 million budgeted in the business plan, repositioning Alexanderplatz as the centre of Berlin and it has generated variable rental revenues from its first year in operation.

Loop 5 shopping centre (Weiterstadt, south of Frankfurt)

Investment date: 2006
Amount invested: €10.2 million
Estimated value:€10.2 million

Development of a shopping centre on the south side of Frankfurt

As for the Alexa shopping centre, the property developer is Sonae Sierra. Paris Orléans' total investment is expected to amount to €10.5 million, of which €9.8 million has already been advanced. Bank financing was obtained for close to 60% of the project's cost.

The site on which the shopping centre is being built is located beside the A5 motorway to Frankfurt airport – 10 minutes away – in the Weiterstadt neighbourhood thirty kilometres to the south of Frankfurt. The catchment area is estimated to include 700,000 people.

The project provides for the creation of more than 56,000 square metres of floorspace and parking facilities for close to 3,000 vehicles.

The acquisition of the site was completed at the end of 2006. All the administrative authorisations, notably the building permits, have been obtained and construction work started at the beginning of 2007. Construction of the shell is now complete.

The shopping centre is scheduled to open in September 2009.

Marketing of the centre is on track, with more than 90% of the floorspace already taken by well-known retailers (Edeka, H&M, Douglas, New Yorker).

GROWTH CAPITAL

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

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

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

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

Some examples of growth capital investments:

Co-investment alongside UGFIII in the Ukrainian cable operator	Subscription to the company's capital increase to finance its development	Subscription to the capital increase by LDR, the specialist in spinal devices
2007	2006	2006

Description of a selection of deals:

Volia Cable / Oisiw

Investment date: July 2007
Carrying amount: €2.1 million
Estimated value: €3.4 million

In July and August 2007, Paris Orléans co-invested €4.5 million in two cable operators in Ukraine, Volia Cable and Oisiw, alongside a Ukrainian fund.

Volia Cable is the leading cable operator in Ukraine, with around 600,000 subscribers, and covers the main cities (essentially Kiev and Lvov). It offers both digital TV and Internet access. The number of subscribers has grown ten-fold since 2005. Oisiw is the second-largest cable operator in Ukraine and mainly targets large provincial towns. Oisiw has 550,000 subscribers.

Both companies have grown strongly since 2005, with an increase in subscribers linked to the takeover of smaller rivals.

In July 2008, Oisiw and Volia merged to form Volia Ltd, thereby achieving numerous synergies, in particular at back office, IT, sales and marketing levels. On this occasion, the long-standing shareholder, the Providence fund, raised its shareholding to 35% by buying shares from the Ukrainian fund with which Paris Orléans had co-invested, thereby reducing exposure from €4.5 million to €2.1 million. The new entity has 2.4 million households connected and has 1.8 million RGU (revenue generating units).

The strong depreciation of the Ukrainian currency has not stifled the company's growth. EBITDA came to USD41 million in 2008 compared with USD22.6 million in 2007.

In 2009, Volia will focus on the switchover from analogue to digital TV (resulting in a strong rise in revenues per subscriber), on high value added services, on cost savings generated by the merger, on developing the network and on gaining market share through targeted acquisitions. For 2009, Volia is forecasting growth in revenues and earnings in local currency terms and a stable performance in dollar terms.

An initial public offering could take place within the next three to four years.

Co-investments in Asia

Amount invested: €11.0 million
Estimated value: €15.2 million

Paris Orléans co-invested with a local fund in several projects in Asia through dedicated investment vehicles:

- Beijing Jade Bird Educational for USD5.7 million (€4.1 million);
- Masterskill for USD1.5 million (€1.2 million);
- a copper mining company in the Philippines for USD6.5 million (€4.8 million);
- other projects for USD1.2 million (€0.9 million).

Beijing Jade Bird Educational

Investment date: July 2006 and June 2007

Beijing Jade Bird Educational is an IT training institute. Three courses are provided at 239 training centres in China, of which 77% are operated under franchise agreements:

- Software publishing;
- Network engineering;
- Software assessment.

Registrations increased by 18% in 2008, with 175,400 students at end-2008, and revenues grew by 24%. Despite the present economic difficulties, management remains very confident about 2009 and has implemented some strategic measures (expanding the franchise network, refocusing on the best performing centres, acquisitions favoured by a substantial cash position).

Masterskill

Investment date: November 2006

Masterskill is a Malaysian medical staff training institute that delivers diplomas that are recognised both in Malaysia and internationally.

The company is recording strong and steady growth. Annual growth in student numbers and revenues has exceeded respectively 70% and 81% for the period since 2006 (13,500 students at end-2008). In 2008, Masterskill opened three new campuses and obtained the status of "University College" from the Department of Education, which gives it greater independence in the management of its training courses and enables it to offer longer and more reputed courses.

All the students speak English as Masterskill's aim is to enable its students to work abroad.

Masterskill intends to expand its network of campuses in 2009, in particular by taking advantage of international opportunities.

Copper mine in the Philippines

Investment date: November 2006

Paris Orléans has co-invested in a company that owns a copper mine in the Philippines.

This company is currently restoring a copper mine that has not been in operation since the 1993 typhoon and which was at the time one of the five largest copper mines in the world.

All the studies required for re-launching the mine have been successfully completed and the mine resumed production in the summer of 2008. It is scheduled to be running at full speed by the end of 2009.

The restoration work on the infrastructure (transport) is also nearly complete.

The mine's global production capacity has been raised from 20 years to 48 years, following the identification of additional uncovered resources.

Bank of Qingdao

Investment date: September 2008
Carrying amount: €6.8 million
Estimated value: €6.8 million

In September 2008, Rothschild took a 5% stake in Bank of Qingdao (BoQ) jointly with Italian bank Intesa San Paolo. Paris Orléans' indirect investment in this deal amounted to €6.8 million.

The deal had been identified by Rothschild Italy which advised Intesa Sanpaolo in the context of its acquisition of a 20% shareholding in BoQ.

BoQ is a retail bank operating in the Province of Shandong in northern China, which is the second wealthiest province in the country. With a population of 2.7 million, Qingdao is the largest town in the province.

Oil and gas assets

Investment date: before1990
Carrying amount: €1.6 million
Estimated value: €9 million

These assets comprise a 4.2% share of the capital of Total's exploration and production subsidiary in Cameroon and two very minor shareholdings in two small companies active in the processing and storage of North Sea oil and gas.

In 2008/2009, Paris Orléans received dividends amounting to €2.8 million (USD4.6 million) in respect of 2007 from Total E&P Cameroun. The revenues from the other oil and gas assets do not exceed €0.2 million a year. The dividend from Total E&P Cameroun in respect of 2008 will be cut to USD1.5 million, corresponding to around €1.1 million for Paris Orléans' share, due to the major investments required (USD124 million) to maintain oil production.

Revenues increased by more than 36% to USD362 million in 2008 thanks to higher crude oil prices, which rose from an average of USD67/bbl in 2007 to USD92/bbl in 2008. Net income for 2008 came to USD76 million, down 30% compared with 2007 due to higher depreciation and amortisation expense and a higher tax charge.

Oil production is expected to drop from 21.6 million barrels in 2007 and 2008 to 18 million in 2009 in view of the postponement of some drilling projects. Other projects are underway in the framework of the major reinterpretation of seismic data begun in 2004 for Total E&P Cameroun's entire exploration area.

Despite generating substantial dividends for Paris Orleans, this investment is valued prudently given the lack of long-term visibility and the present context of sharply falling oil prices.

LONG TERM HOLDINGS

Long-term holdings are strategic investments with no set investment horizon.

Some investments may call for a long-term holding period, either for reasons inherent to the company's activity or for strategic reasons. This 'long-term' horizon means Paris Orléans can assist the company and its management over an indefinite period that can last for several decades.

It is in this spirit that the investment in Domaines Barons de Rothschild (DBR) was made.

Les Domaines Barons de Rothschild (Lafite)

Investment date: before 1990
Carrying amount: €10.4 million
Estimated value: €30.8 million

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

Owner of Château Lafite Rothschild for five generations, the Rothschild family has had deep ties with Bordeaux vineyards since 1868. This prestigious wine is managed and marketed by DBR, which is majority-owned by the Rothschild family, and in which Paris Orléans has a 24% stake.

In 1962 DBR invested in Château Duhart-Milon (Pauillac), followed by Château Rieussec (Sauternes), Château l'Évangile (Pomerol), Château Paradis Casseuil (Entre Deux Mers) and Château Peyre-Lebade (Haut Médoc).

DBR has also extended its skills to wines abroad with Los Vascos in Chile in 1988 followed by Caro in Argentina. In 1999, DBR added a Corbière vineyard Château d'Aussières to its portfolio.

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

2008 was mixed with a globally robust activity marred by a sharp slowdown in some markets at the end of the year.

The "Primeurs du millésime 2007" campaign featured generally lower prices, with the exception of the Sauternes wines. Prices nonetheless remained at historically high levels. This trend came to an abrupt halt in September with the financial and economic crisis.

The foreign vineyards recorded a drop in volumes sold, mainly due to the downturn in the North American market, despite significant growth in Asia and firm resistance in Europe.

Domaine d'Aussières continues to develop commercially and sales volumes increased. Lastly, DBR Distribution recorded a slight downturn in 2008 after the significant rebound in sales of Collector wines in 2007. However, it took advantage of the strong market for fine wines at the beginning of the year to sell part of its stock.

From an operating standpoint

Weather conditions varied widely at DBR's different vineyards.

In the Bordeaux region, the Sauternes region and the right bank suffered particularly from the hailstorms in the spring. The wines were nonetheless interesting with nicely expressed tannins and fruit aromas that promise good ageing potential.

In Languedoc, the 2008 vintage promises to be excellent. In Chile, it is reported to the best year ever for the wines produced by the Los Vascos vineyard, celebrating DBR's 20th year of activity there.

Conditions were more difficult in Argentina (ice and hail). However, the varied locations of the vineyards across different terrains, and selection and sorting of the grapes ensured good quality wines, although in smaller quantities.

From a financial standpoint

DBR reduced its share capital in 2008 in the context of a €17.5 million share repurchase programme.

Consolidated sales came to €86 million in 2008 compared with €77 million in 2007. The increase was due mainly to the invoicing of the Château Lafite 2005 vintage. Net income attributable to equity holders of the parent came to €14.7 million (including a gain of €5.6 million on the disposal of Quinta Do Carmo) compared with €8.1 million in 2007.

Marketing of the 2008 vintage has not begun but it is likely to take place in difficult conditions (unfavourable exchange rates, global economic recession, more difficult access to credit, etc.) and feature significant price cuts.

INVESTMENTS IN LISTED COMPANIES

Paris Orléans has holdings in listed companies mainly for reasons linked to growth capital investments in companies that have subsequently been floated (Publicis, Inea, DAB).

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

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

Euris group (Finatis/Rallye)

Finatis

Investment date: before 2000
Carrying amount: €12.3 million
Estimated value: €18.4 million

Rallye

Investment date: before 2000
Carrying amount: €7.3 million
Estimated value: 7.3 million

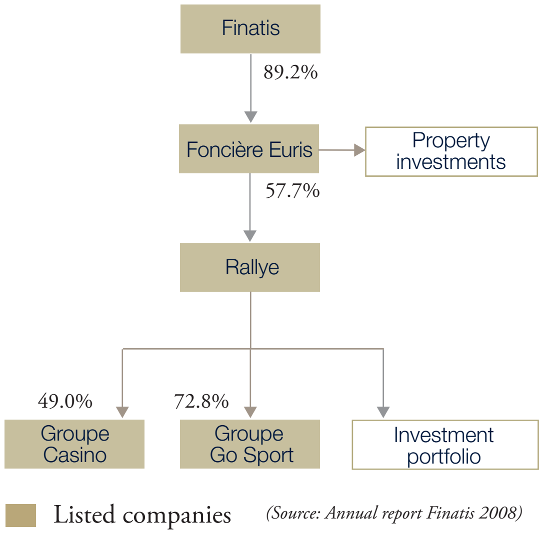
The Euris group has two main activities:

- property, 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 €1.1 million in dividends from Finatis and €0.9 million in dividends from Rallye.

Foncière Euris is Finatis' main asset. Finatis posted stable operating income of €1.3 billion.



(Source: Annual report Finatis 2008)

Euris group is present in several business sectors:

- **food retail and specialised retail, through Rallye's majority shareholdings in Casino and Go Sport:**
  - in 2008, Casino recorded an excellent performance in France and abroad with sales of €28.7 billion, corresponding to an increase of 14.9% (5.8% organic growth). Operating income came to €1.3 billion, up by 7.3%;
  - Go Sport suffered from the deteriorated economic conditions, with sales down by 3.6% to €727 million and an operating loss of €13.8 million. However, management is implementing the action plan drawn up at the end of 2007 (closing unprofitable stores, lowering the cost structure and reducing inventories, productivity gains, etc.). This plan began to bear fruit in the second half of 2008.
- **management of a portfolio:**
  - property investments (mainly shopping centres). The value of these property investments amounted to €226 million at the end of December 2008, compared with €69 million a year earlier, of which €53 million corresponds to unrealised gains. No new project was entered into in 2008 and the strong increase in property assets is explained by the transfer of property assets from Foncière Euris to Rallye;
  - varied financial investments. Rallye has begun a programme of disposal of its financial assets and 70 holdings with a total value of €233 million have been sold. This portfolio now contains 150 holdings and is worth €379 million compared with €545 million a year earlier.

Key figures for the Rallye group

In millions of euro	2008	2007
Rallye group		
Gross revenues	29,448	25,736
EBITDA	1,975	1,883
Current operating income	1,283	1,261
Net income attributable to equity holders of the parent	(86)	288
Casino		
Gross revenues	28,704	24,972
EBITDA	1,952	1,799
Current operating income	1,283	1,196
Net income attributable to equity holders of the parent	497	814
Go Sport		
Gross revenues	727	754
EBITDA	11	16
Current operating income	(14)	(3)
Net income attributable to equity holders of the parent	(12)	9

Source: Rallye 2008 Annual Report

INVESTMENTS IN PRIVATE EQUITY FUNDS

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

Paris Orléans has chosen to invest in this asset class to spread risk and to invest in areas to which it does not have direct access.

Investment through private equity funds

€231.9 million total commitment
€190.9 million capital called
€130.6 million distributions
€41.1 million uncalled commitment

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. local funds).

Over the past few years, the Group has focused on direct investments in companies rather than investing via private equity funds.

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

The Group has confirmed its determination to strengthen its private equity businesses with an initiative taken jointly by Paris Orléans and Rothschilds Continuation Holdings. An investment portfolio has been created in the form of a closed fund reserved to PO and RCH. Details of this fund can be found on page 29. Paris Orléans has invested €46 million in this fund.

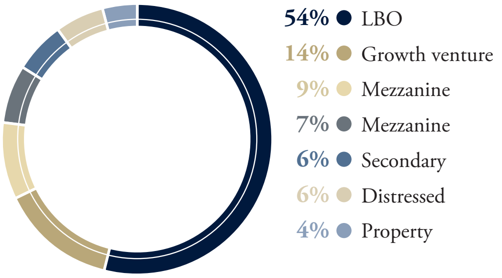
During financial year 2008/2009, Paris Orléans:

- committed an additional €70 million to 5 new funds, including €46 million in the closed fund (fully paid in);
- received calls for €55.6 million; and
- and received distributions of €7.4 million.

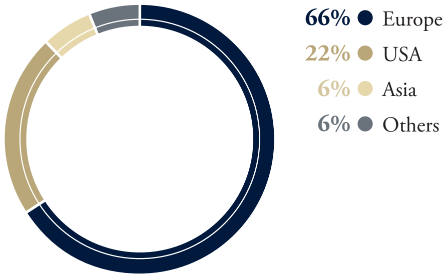
In addition, two funds were sold – without any significant loss or gain – in an over-the-counter transaction (commitment of €3.7 million) and four funds were liquidated over the period (commitment of €5 million) whose overall performance was satisfactory.

Analysis of the portfolio (based on total commitment)

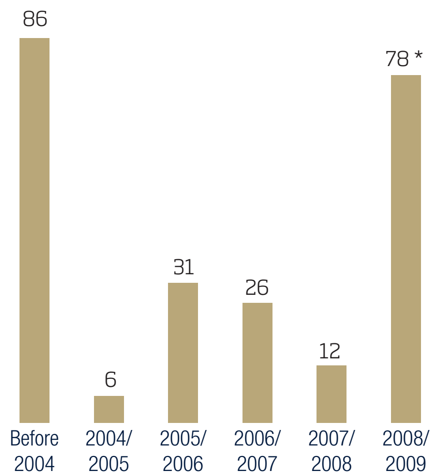
By type of funds (in %)



By region (in %)

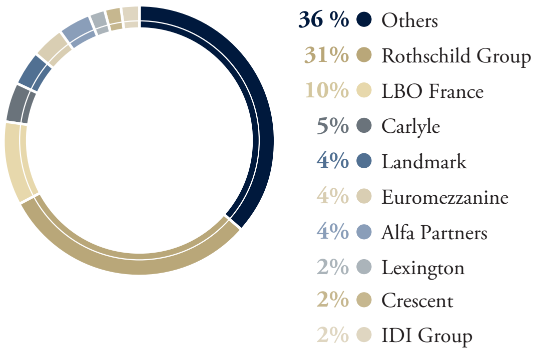


By investment year (in millions of euro)



** Of which €46.0 thousand for PO-RCH.*

By management company (in %)



Report of the Executive Board and financial and legal information

Paris Orléans consolidated earnings

Highlights of the financial year ended 31 March 2009

The Group now analyses its performance by three business sectors corresponding to its new operating organisation: corporate and investment banking, private banking and asset management, and private equity.

The decline in mergers and acquisitions advisory business, particularly in Europe, was partly offset by the performance achieved in emerging countries and by debt restructuring advisory business. Lower operating costs and a non-recurring gain of €54.2 million arising from the reclassification under equity of a subordinated debt enabled the Group to post operating income of €158.3 million compared with €156 million pro-forma in 2007/2008.

In this context, the Group modified its policy for managing liquidity in the banking activities, giving deposits with central banks a more predominant place. This represented 9.4% of the balance sheet at 31 March 2009 compared with 0.4% the previous year. This change reflects more positive liquidity and the search for more secure placements.

The private banking and asset management activities held firm with a net increase in managed assets that more than offset the negative impact of foreign exchange rates and market trends.

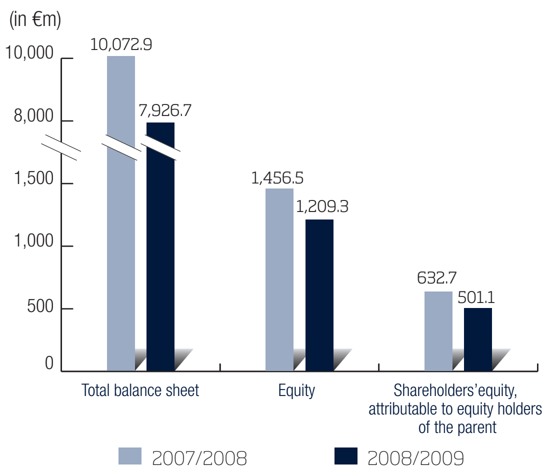
In the private equity business, the highlight of the year was the sale of the 40% shareholding in the Manufaktura shopping centre at Lodz in Poland. This sale contributed €50.3 million to net income attributable to equity holders of the parent. In terms of investment, the robust pace of the early months of the year was followed by a strong slowdown, in terms both of amounts invested and the number of projects in which the Group invested.

Impairment charges and loan provisions came to €140.0 million in 2008/2009, including €29 million in respect of the exposure to Lehman Brothers, as well as impairment charges on structured products, loans granted in respect of LBO deals and in the property and mining resources sectors, and an impairment charge of €7.2 million on the private equity portfolio. The overall figure includes €37 million of collective provisions, reflecting the Group's prudent policy in the current difficult environment.

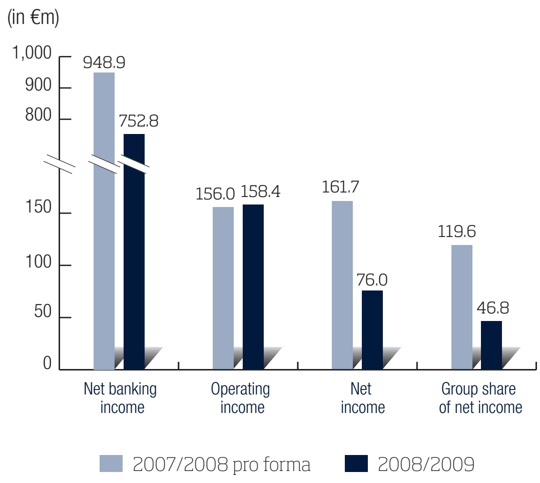
Consolidated financial statements : key figures

(in millions of euro) at 31 March	**2008/2009 Financial year**	2007/2008 Financial year	2007/2008 Financial year pro forma
Results			
Net banking income	**752.8**	**349.7**	**948.9**
Operating expenses	576.6	240.2	771.8
Operating income	**158.4**	**100.6**	**156.0**
Net income	**76.0**	**126.0**	**161.7**
Of which attributable to equity holders of the parent	46.8	109.1	119.6
Of which minority interests	29.3	16.8	42.1
Activity			
Balance sheet total	**7,926.7**	**10,072.9**	
Cash and balances at central banks	744.7	36.0	
Available-for-sale financial assets	2,261.4	3,666.0	
Loans and advances to banks	1,708.5	2,743.8	
Loans and advances to customers	2,246.0	2,633.1	
Equity	**1,209.3**	**1,456.5**	
Of which attributable to equity holders of the parent	501.1	632.7	
Of which minority interests	708.2	823.9	

Balance sheet



Results



Comments on the key consolidated figures

To give a better picture of the Group's financial performance over the past two years, the key figures of the income statements for the two years have been presented with the pro-forma figures for the financial year ended 31 March 2008. The pro-forma presentation is based on full ownership of the banking activities via Concordia BV as from the beginning of the year, whereas full ownership was in fact acquired in two stages: a 57.5% controlling stake was taken in November 2007 followed by the buyout of the remaining minority interests in Concordia BV in January 2008.

Net banking income for the year was down by 20.6% compared with the pro-forma figures for the previous year. Analysed by component, interest income declined by 20.8% to €111.3 million whereas net fee and commission income contracted by 27.9% to €565.3 million. Corporate and investment banking revenues were down by around 25% at comparable scope due to lower volumes of merger and acquisitions business. In contrast, fee and commission income from private banking held firm with stable volumes of assets under management despite the negative foreign exchange and financial market trends. Lastly, net banking income includes a non-recurring gain of €54.2 million arising from the reclassification to equity of certain subordinated perpetual debt.

Still at comparable scope, operating expenses were down by 25.3% relative to the previous year mainly due to the reduction in the variable portion of compensation paid to staff. As a result of this efficient control of general expenses, gross operating income remained stable relative to the previous year on a pro-forma basis.

The net income attributable to equity holders of the parent came to €46.8 million, down by €119.6 million compared with the pro-forma 2007/2008 figure due to the exceptional market conditions. The private equity business made a positive contribution as a result of the consolidated gain of €50.3 million generated on the sale in May 2008 of the 40% shareholding in the Manufaktura shopping centre in Lodz (Poland).

Also, the Group's share of the earnings of associates came to €25.7 million compared with €72.2 million the previous year. This change mainly reflects the exceptional earning levels recorded by banking activities in France and continental Europe in the previous year.

In terms of balance sheet assets, the most significant changes concerned available-for-sale financial assets, loans and advances to banks and loans and advances to customers. About half of the €1.4 billion decrease in available-for-sale financial assets can be explained by the sale of commercial paper and negotiable debt securities, the proceeds of which were deposited with central banks in keeping with the aforementioned change in the banking activities' liquidity management policy. In addition, €438 million of debt securities were reclassified under loans and advances to customers with effect from 1 July 2008 following the adoption of the amendment to IAS 39 in the second half of 2008. This item also suffered from the negative change in the fair value of securities, which had an impact of €208 million on equity, and impairment losses amounting to €56 million.

The drop in loans and advances to customers reflects the Group's policy of refocusing on advisory and private banking activities. Stripping out the reclassification under this heading of debt amounting to €438 million, loans and advances to customers declined by €909 million due to the combined effects of the sale of the Invoice Discounting activity in the United Kingdom, which had a portfolio of outstanding loans of around €250 million, a reduction in the property loans portfolio, a decrease in corporate lending and the weakness of sterling during the year.

The Group's decision to give greater weight to deposits with central banks in its interbank transactions resulted in an increase of €709 million in these deposits and a parallel decrease in loans and advances to banks.

After taking income for the year into account, shareholders' equity was down by €247 million compared with the previous year, with the main changes being revaluation reserves (€172 million), actuarial differences on pension plans (€54.6 million) and translation differences (€54.8 million).

Paris Orléans parent company earnings

Individual financial statements: key figures

(in millions of euro) at 31 March	**2008/2009 Financial year**	2007/2008 Financial year
Balance sheet figures		
Balance sheet total	1,111.4	1,116.2
Non-current assets	941.8	959.0
Current assets	167.0	155.3
Borrowing and financial liabilities	164.1	146.9
Shareholders' equity	923.7	942.2
Income statement figures		
Income before tax	2.3	17.5
Revenue from capital transactions	(12.6)	139.6
Net income	(1.5)	152.5

At the Paris Orléans company level, the main balance sheet headings had changed little at 31 March 2009 compared with the previous year.

The change in long-term investments relates mainly to a decrease of €12.6 million in the Rallye investment, resulting from the negative results of capital transactions and a net loss for the year.

The €17.2 million increase in borrowings and other financial liabilities was largely used to finance current account advances to investment subsidiaries, which were very active up to the autumn of 2008.

The €18.5 million fall in equity is explained by the dividends distributed in respect of the previous year and the loss recorded for the 2008/2009 financial year.

Paris Orléans' income statement now resembles that of a pure holding company, with mainly indirect holdings. From now on, Paris Orléans' company earnings will be composed mainly of dividends distributed by the underlying structures.

Pre-tax current income came to €2.3 million compared with €17.5 million the previous year, affected principally by the impact over a full year of the interest expense on borrowings used to finance the acquisition in January 2008 of the remaining capital of Concordia BV, by the lack of revenues from cash placements and by the impact of the risk of foreign exchange losses on exposure to the US dollar.

The net loss for 2008/2009 is stated after a tax gain of €8.8 million, of which €7.5 million related to deferred tax losses brought forward. The net loss for the year was €1.5 million and cannot be compared with the earnings recorded the previous year, which were mainly due to an exceptional gain of €129.2 million on the transfer of Concordia BV securities to a subsidiary.

Controlled companies

Controlled companies as of 31 March 2009, 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 2008/2009

In accordance with the provisions of Articles L. 233-6 and L. 247-1 of the French Commercial Code, the table below lists the companies having their registered offices in France in which Paris Orléans took a significant shareholding or acquired the control of during the financial year ended.

Name	Registered office	Type	Purpose	Number of securities comprising the capital	Holding at 31 March 2009
Messine Managers Investissements	23 bis, avenue de Messine 75008 Paris	French simplified limited company (SAS)	Holding and management of investments	One share of €1	100% (direct)
Five Arrows Managers	23 bis, avenue de Messine 75008 Paris	French simplified limited company (SAS)	Management company	2,000,000 shares of €1	100% (indirect)

Messine Managers Investissements SAS (MMI) was created on 30 January 2009 to group the members of the investment team that Paris Orléans wishes to associate with the gains or losses generated by the management of the investment portfolio held indirectly through K Développement SAS. At 31 March 2009, Paris Orléans was MMI's sole associate.

Five Arrows Managers SAS is a fund management company incorporated on 15 December 2008 as part of the development of the Group's merchant banking activity. Its first European fund, Five Arrows Principal Investments, is present on page 29 of this report. Its capital is owned for 40% through the subsidiary K Développement SAS with the remaining 60% held by a subsidiary of Rothschilds Continuation Holdings AG.

Proposed allocation of income and dividends

The Executive Board proposes that the €1,520,224.36 loss in FY 2008/2009 should be allocated as follows:

Loss for the year	(€1,520,224.36)
Deducted from retained earnings amounting to	€211,003,275.89
Corresponding to total distributable income of	€209,483,051.53
To the payment of a dividend of €0.35 per share*	€11,071,228.00
To "retained earnings"	€198, 411,823.53

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 from 3 November 2009.

In the Third Resolution to be submitted to the Annual General Meeting of 29 September 2009, it will be proposed to offer the choice of receiving the dividend in the form of shares in the company.

* *On 31,632,080 shares and investment certificates.*

Dividends paid in respect of the last three financial years

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 share's par value):

Financial year	**2007/2008 (1)**	2006/2007	2005/2006
Number of shares and investment certificates	31,632,080	2,516,900	2,516,900
Net dividend per share (in euro)	0.55 (2)	5.00 (2)	3.80 (2)
Total paid (in euro)	17,397,644	12,584,500	9,564,220

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

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 of the company during the last five financial years

(in euro)	2004/2005	2005/2006	2006/2007	2007/2008	**2008/2009**
1. Capital at the end of the financial year					
a) Share capital	19,178,778	19,178,778	19,178,778	63,264,160	63,264,160
b) Number of shares or investment certificates issued	2,516,900	2,516,900	2,516,900	31,632,080	31,632,080
c) Number of shares and investment certificates (excluding treasury shares and investment certificates)	2,450,222	2,450,222	2,450,222	30,814,642	30,773,060
d) Number of shares and investment certificates with dividend rights as of the date of the General Meeting	2,516,900	2,516,900	2,516,900	31,632,080	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)	28,786,029	27,561,723	35,725,252	31,698,622	28,384,137
b) Income before tax, amortisation and provisions	9,139,735	35,700,117	51,029,036	159,707,524	(5,414,728)
c) Corporate income tax *	(1,112,125)	6,239,254	6,204,154	4,567,594	(8,792,342)
d) Income after tax, amortisation and provisions	16,385,260	34,982,939	53,387,151	152,455,798	(1,520,224)
e) Distributed income, excluding treasury shares	7,490,777	9,564,220	12,251,110	16,948,053	11,071,228
3. Operating results per share					
a) Income after tax, but before amortisation and provisions	3.87	11.71	17.81	4.90	(0.11)
b) Income after tax, amortisation and provisions	6.51	13.90	21.21	4.82	(0.05)
c) Dividend allocated to each share	3.50	3.80	5.00	0.55	0.35
4. Personnel					
a) Average employee headcount	14	15	15	19	25
b) Total of the payroll	3,626,721	2,049,208	2,476,250	3,580,150	4,007,256
c) Total employee benefits (social security, welfare, etc.)	1,749,019	1,366,619	1,636,325	2,356,922	3,110,028

* *Negative amounts correspond to tax benefits.*

Paris Orléans and its shareholders

Share ownership structure

As provided for in Article L. 233-13 of the French Commercial Code, the table below lists the shareholders of Paris Orléans that held, at 31 March 2009, a percentage of the capital or of the voting rights above the legal limit for disclosure:

	31/03/2009				31/03/2008		
	Number of shares and Investment certificates	**% of capital**	**Number of voting rights certificates**	**% of voting rights**	Number of shares and Investment certificates	% of capital	Number of voting rights certificates
Rothschild Concordia SAS	15,252,480	48.22%	-	51.78%	15,252,480	48.22%	51.39%
NM Rothschild & Sons Ltd (treasury shares with no voting rights)	1,800,000	5.69%	-	-	1,800,000	5.69%	-
Other members of the family	1,456,890	4.61%	340,190	6.10%	1,456,890	4.60%	6.67%
Total family grouping (1)	**18,509,370**	**58.52%**	**340,190**	**57.88%**	**18,509,370**	**58.51%**	**58.05%**
Asset Value Investors	1,859,933	5.88%	-	6.31%	1,768,137	5.59%	5.96%
AGF Vie	1,582,640	5.00%	-	5. 37%	1,582,640	5.00%	5.33%
Paris Orléans (2)	859,020	2.72%	-	-	817,438	2.58%	-
Free Float	8,821,117	27.88%	145,040	30.43%	8,954,495	28.31%	30.66%
TOTAL	**31,632,080 (3)**	**100.00%**	**485,230**	**100.00% (4)**	**31,632,080 (3)**	**100.00%**	

(1) Agreement between Rothschild Concordia SAS, its associates (David de Rothschild branch, Éric de Rothschild branch, English branch of the Rothschild family) and the other members of the Rothschild family (Edouard de Rothschild branch, Philippe de Nicolay, NMR – assumed grouping – and the Eranda foundation) disclosed by the French financial markets regulator, the AMF, on 25 January 2008 (Decision and Information Notice No. 208C0180).

(2) Treasury shares held by Paris Orléans, including 192,300 shares allocated to a liquidity contract.

(3) Including 485,230 investment certificates at 31/03/2009 and 666,720 at 31/03/2008.

(4) Total voting rights: 29,458,290, after exclusion of the voting rights attached to shares held by Paris Orléans and NMR.

Paris Orléans is controlled by Rothschild Concordia SAS, which has been registered as a financial company with the French Banking Commission since June 2008. At 31 March 2009, the ownership of the capital and voting rights was divided between the David de Rothschild branch (25.64%), the Éric de Rothschild branch (38.41%) – i.e. a total of 64.05% for the French branch of the family - and Integritas (English branch of the family) with 35.95%. The clauses of the Rothschild Concordia SAS shareholders' agreement were communicated to the AMF and published by it on 25 January 2008 (Decision and Information Notice No. 208C0180).

No change in thresholds, whether in application of Article L. 233-7 of the French Commercial Code or in application of Article 8 of the company's Articles of Association, was communicated to Paris Orléans during the financial year.

Information about capital structure

In addition to ordinary shares in Paris Orléans, the company issues investment certificates (with no voting rights) and voting right certificates. The whole share is recomposed by combining an investment certificate and a voting right certificate.

At 31 March 2009, Paris Orléans' share capital amounted to €63,264,160, consisting of 31,146,850 shares with a par value of €2 each and 485,230 investment certificates with a par value of €2 each.

There were no changes in the share capital during the financial year.

On 30 March 2009, following the sale of voting right certificates to Paris Orléans as described on page 53 of this report as required by Article 223-26 of the AMF's General Regulations, 181,490 full shares were created by combining 181,490 investment certificates with 181,490 voting right certificates.

Buyback of own shares

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

The Combined Ordinary and Extraordinary General Meeting of 21 January 2008 authorised the Executive Board to purchase or arrange the purchase of shares of Paris Orléans, within the limit of 10% of the company's capital, in accordance with Articles L. 225-209 et seq. of the French Commercial Code.

This authorisation was granted for a period of 18 months expiring on 21 July 2009.

As required under Article L. 225-211 of the French Commercial Code, the table below summarises the transactions in own shares carried out by the company under this authorisation during the financial year.

Number of shares purchased	94,465
Number of shares sold	52,883
Number of shares cancelled	-
Average trading price	Purchases €20.56 / Sales €26.60
Number of shares held under the liquidity contract at 31 March 2009	192,300
Number of shares held by Paris Orléans at 31 March 2009	373,790 shares at a price of €2 (ie 1.18 % of capital)
Value of the shares held by Paris Orléans at 31 March 2009	**€4,527,665.04**

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

Description of share buyback programme submitted to the General Meeting of 29 September 2009

You will be requested to authorise the Executive Board to trade in the company's shares on the following terms and condition:

- Maximum percentage of the capital that may be repurchased by the company: 10% of the total number of shares comprising the capital on the acquisition date.

For information, based on the capital at 30 June 2009 (date of this report), after the deduction of the 859,020 own shares and investment certificates held by Paris Orléans at that date, the maximum number of ordinary shares that could be acquired under this repurchase programme was 3,077,306 shares. The total number of own shares held on a given date may not exceed 10% of the share capital on that same date, with the 10% threshold calculated based on the number of shares purchased after deduction of the number of shares sold during the duration of the repurchase programme.

- Maximum purchase price of €30 per share, subject to adjustments linked to any transactions relating to the company's capital.
- The maximum amount of funds allocated to the programme is €94,896,240.

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

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

Treasury shares

At 31 March 2009, NM Rothschild & Sons Ltd, which is indirectly controlled by Paris Orléans via Concordia BV and Rothschilds Continuation Holdings AG, owned 1,800,000 Paris Orléans shares, corresponding to 5.69% of the capital. Paris Orléans held 373,790 whole shares (of which 192,300 shares allocated to a liquidity contract) and 485,230 investment certificates, representing a total of 2.72% of the capital.

Unexpired authorisations granted by the General Meeting

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

Purpose	Resolution no.	Amount	Period	Use during the financial year
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	None

The combined General Meeting of 25 September 2007 granted the following powers:

Purpose	Resolution no.	Amount	Period	Use during the financial year
Capital increase by issuance of marketable securities with preemptive rights (Article L. 225-129-6, 2nd paragraph, of the French Commercial Code)	23	€381,000	36 months	None

The combined General Meeting of 29 September 2008 granted the following powers

Purpose	Resolution no.	Amount	Period	Use during the financial year
To issue transferable securities with maintenance of preferential subscription rights (Article L. 225-129 et seq. of the French Commercial Code)	10	Limited to a nominal amount of €50 million	26 months	None
To issue transferable securities with waiver of preferential subscription rights (Article L. 225-129 et seq. of the French Commercial Code)	11	Limited to a nominal amount of €50 million or to the available balance within the limit set for the issue of securities with preferential subscription rights	26 months	None
To issue transferable securities with waiver of preferential subscription rights and free fixing of issue price (Article L. 225-136 et seq. of the French Commercial Code)	12	Limited to 10% of the share capital per year	26 months	None
To increase the capital by issuing new shares reserved to employees (Article L. 225-129-6, 1st paragraph, of the French Commercial Code)	13	€1,000,000	18 months	None

Employee share ownership

As required under Article L. 225-102 of the French Commercial Code, we report on employee share ownership of the company, at 31 March 2009, 42,555 shares in the company were held by a Company Savings Plan, corresponding to 0.13% of the capital.

Note that in accordance with paragraph 2 of Article L. 225-129-6 of the French Commercial Code, the Ordinary and Extraordinary General Meeting of 25 September 2007, having taken note that the company shares owned by employees of Paris Orléans and associated companies represented less than 3% of the capital, approved a resolution authorising the Executive Board to carry out a capital increase reserved to employees.

The Executive Board did not make use of this authorisation during the financial year under review.

Summary statement of operations involving company securities (Article L. 621-18-2 of the French Monetary and Financial Code)

In application of the provisions of Article 223-26 of the AMF's General Regulations, we inform you of the transactions referred to in Article L. 621-18-2 of the French Monetary and Financial Code carried out during the financial year under review.

On 27 March 2009, Supervisory Board member Philippe de Nicolay sold the company 181,490 Paris Orléans voting right certificates at a price of €2.55 each, corresponding to a total amount of €462,799.50.

Information that could have an impact on a takeover bid

In accordance with the provisions of Article L. 225-100-3 of the French Commercial Code, we inform you of any elements that could have an impact in the event of a bid for the company's securities.

Restrictions on voting rights

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

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

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

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

Without prejudice to the provisions of the law, any individual or legal entity, acting alone or with others, that holds bearer capital 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 timeframe provided for in Article L. 233-7 of the French Commercial Code, by recorded delivery mail or facsimile with recorded delivery, stating whether the number of shares or voting rights are or are not held on behalf of, under the control of or in 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 drops below 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 French financial markets regulator, 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's capital, the shares that exceed the fraction that should have been declared shall be deprived of voting rights at all General Meetings held for a period of two years following the date on which a threshold declaration is sent to the company's registered office by recorded delivery mail."

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

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

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

The first agreement concerns relations between the family members acting in concert composed of shareholders' in Rothschild Concordia SAS, Paris Orléans' parent company. This agreement covers all the issues relating to the transfer of Paris Orléans' shares and the exercise by Rothschild Concordia SAS of its voting rights at Ordinary and Extraordinary General Meetings of Paris Orléans shareholders.

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

As required under Article L. 233-11 of the French Commercial Code, the two agreements were published by the AMF on 25 January 2008 (Decision and Information Notice No. 208CO180).

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

Please see the Chairman of the Supervisory Board's Report on Corporate Governance and Internal Control on pages 70 and following of the Appendix to this report.

Other information regarding the company

Issuer risk

We invite you to consult the notes to the consolidated financial statements for the 2008/2009 financial year in which the risks to which Paris Orléans is exposed are detailed.

Social information

Company headcount at 31 March 2009

At 31 March 2009, Paris Orléans employed 26 people as follows: three people at general management level, six people responsible for private equity investments and 17 people engaged in support functions (finance, accounting, legal, insurance, internal control, cash management, middle office and general administration). Three new employees were hired during the financial year under review.

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

Consolidated companies of the Group headcount at 31 March 2009

The headcount at the fully consolidated Group level came to 1,954 at 31 March 2009 compared with 2,029 at 31 March 2008.

By country	March 2009	March 2008
United Kingdom	903	1,007
Switzerland	453	458
North America	245	242
Rest of the world	320	290
France	33	32
	1,954	**2,029**

The headcount at the Group's main companies has changed as follows over the past two financial years.

By business	March 2009	March 2008
Corporate and investment banking	1,077	1,156
Private banking	486	487
Merchant banking	33	32
	1,954	**2,029**

For information, non-consolidated banking activities also employ 629 people in France and 280 people at the European offices.

Company research and development activity

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

Major events since the close of the financial year

No significant event that could have an impact on the company's activities occurred between 31 March 2009 and the date of this report.

Foreseeable developments and future prospects

To deal with the present economic climate, Paris Orléans can draw on the Group's capacity to respond rapidly and its diversification, both in terms of activities and geographic location.

The Group will continue to expand its banking activities outside Europe, in particular in so-called emerging countries. Two other significant development moves promise strong growth in the short term. The first is the strategic partnership concluded with Rabobank in food, beverages and farming. The second concerns the private equity activity – the developing Merchant Banking activity – which should enable the Group to raise funds alongside international partners in order to invest selectively in unlisted companies offering excellent investment opportunities in Europe.

The radical change in the competitive environment has resulted in a change of ownership for many financial institutions. Paris Orléans stable share ownership structure will enable the Group to continue to invest in human resources by recruiting talented professionals in its core businesses such as mergers and acquisitions advisory and private banking.

The outlook for Paris Orléans' own private equity business continues to depend on the outcome of the present financial crisis. However, the quality of its investment teams will enable it seize any opportunities it considers attractive, when the time comes, in keeping with the set strategy.

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

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

Corporate governance

Organisation and operation of the Supervisory and Executive Boards

Please see the Chairman of the Supervisory Board's report on corporate governance and internal control appended to this report (pages 71 and following) for further information on the conditions for the preparation and organisation of the Supervisory Board's work.

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:

Members of the Supervisory Board

Name **Position** **Last appointed** **Date of birth**	Other positions and main directorships held by the members of the Supervisory Board
Eric de Rothschild Chairman of the Supervisory Board 25.09.2007 03.10.1940 Number of Paris Orléans shares held: 10	**Chairman of:** Rothschild Asset Management Holding AG (Switzerland) Rothschild Bank AG (Switzerland) Rothschild Holding AG (Switzerland) **Managing Director of:** Continuation Investments NV (Netherlands) Rothschild Europe BV (Netherlands) **Chairman and General Manager of:** Rothschild Concordia SAS **Managing Partner of:** Société de Participation Viticole SCA Béro SCA **Standing representative of Béro SCA, Manager of:** Société civile du Château Duhart Milon Rothschild **Standing representative of Béro SCA, Chairman of:** Société du Château Rieussec SAS **Supervisory Board member of:** Newstone Courtage SA Siaci Saint-Honoré SA **Director of:** Christie's France SA Fédération Continentale SA N.M. Rothschild & Sons Limited (United Kingdom) Rothschild North America Inc. (United States) 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
André Lévy-Lang Vice-Chairman of the Supervisory Board (since 29 September 2008) 25.09.2007 26.11.1937 Number of Paris Orléans shares held: 4,000	**Chairman of:** La Fondation du Risque (Association) **Director of:** SCOR SA DEXIA SA (Belgium) Hôpital Américain de Paris (Association) Institut Europlace de Finance (Association) Institut des Hautes Études Scientifiques (Association) Institut Français des Relations Internationales (Association) Institut Louis Bachelier (Association)
Martin Bouygues Supervisory Board member Since 07.12.2007 03.05.1952 Number of Paris Orléans shares held: 5,000	**Chairman and Managing Director of:** Bouygues SA **Chairman of:** SCDM SAS **Director of:** TF1 SA SODECI (Ivory Coast) CIE SA (Ivory Coast) **Permanent representative of SCDM SAS, Chairman of:** Actybi SAS SCDM Participations SAS
Claude Chouraqui Supervisory Board member 25.09.2007 12.02.1937 Number of Paris Orléans shares held: 100	**Chairman of the Supervisory Board of:** Siaci Saint-Honoré SA Newstone Courtage SA **Director of:** A.R.T. (Assurances et Réassurances Techniques) SAS
Russell Edey Supervisory Board member 25.09.2007 02.08.1942 Number of Paris Orléans shares held: 100	**Chairman of:** NM Rothschild & Sons (Hong Kong) Pty Limited (China) until 15 September 2008 Anglogold Ashanti Limited (South Africa) NM Rothschild & Sons (Singapore) Limited (Singapore) until 15 September 2008 **Vice-Chairman of:** NM Rothschild Corporate Finance Limited (United Kingdom) **Director of:** NM Rothschild & Sons South Africa Pty Ltd (South Africa) NM Rothschild China Holding AG (Switzerland) Rothschild Australia Limited (Australia) Rothschilds Continuation Limited (United Kingdom) Shield MBCA Limited (United Kingdom) Shield Trust Limited (United Kingdom) Southern Arrows (Pty) Limited (South Africa) Old Mutual PLC (United Kingdom)
Christian de Labriffe Supervisory Board member 25.09.2007 13.03.1947 Number of Paris Orléans shares held: 300	**Chairman of:** Transaction R SAS Financière-Rabelais SAS **Chairman of the Management Board of:** Montaigne-Rabelais SAS **General partner of:** Rothschild & Cie Banque SCS Rothschild & Cie SCS **Supervisory Board member of:** Groupe Beneteau SA **Director of:** Christian Dior SA Christian Dior Couture SA

Name Position Last appointed Date of birth	Other positions and main directorships held by the members of the Supervisory Board
Philippe de Nicolay Supervisory Board member 07.12.2007 01.08.1955 Number of Paris Orléans shares held: 100	**Chairman of the Supervisory Board of:** Rothschild & Cie Gestion SCS **Chairman of:** Rothschild Japan KK (Japan) Wichford PLC (Isle of Man) **Managing Partner of:** Rothschild & Cie Banque SCS **Director of:** Elan R SICAV Financière de Reux SAS Blackpoint Management (Guernsey) Rothschild Holding AG (Switzerland) **Supervisory Board member of:** Les Domaines Barons de Rothschild (Lafite) SCA **Managing Director of:** Hunico SC Polo & Co SARL
Robert de Rothschild Supervisory Board member 25.09.2007 14.04.1947 Number of Paris Orléans shares held: 100	**Director of:** Rothschild Concordia SAS
Philippe Sereys Supervisory Board member 25.09.2007 28.05.1963 Number of Paris Orléans shares held: 100	**Executive Board member of:** NEM Partners SA **Supervisory Board member and Vice-Chairman of:** Baron Philippe de Rothschild SA **Supervisory Board member of:** GT Finances SA PC30 SA **Permanent representative of:** NEM Partners on behalf of NACS to the Board of: Micropole Univers SA **Managing Director of:** Baronne Philippine de Rothschild GFA
Rothschild & Cie Banque Registered office: 29, avenue de Messine 75008 Paris Supervisory Board member 25.09.2007 Number of Paris Orléans shares held: 100	**Chairman of:** Bastia-Rabelais SAS **Chairman and Member of the Management Board of:** Montaigne-Rabelais SAS
Name of the permanent representative of Rothschild & Cie Banque Marc-Olivier Laurent 07.12.2007 04.03.1952	**Chairman of:** Five Arrows Managers SAS (since 15 December 2008) **Managing Partner of:** Rothschild & Cie Banque SCS **Executive Director of:** Caravelle **Supervisory Board member of:** Manutan SA Foncière Inea SA **Member and Chairman of the Supervisory Board of:** R Capital Management SAS (since 14 November 2008) **Member of the Audit Committee of:** Manutan SA

Non-voting members

Name Position Last appointed Date of birth	Other positions and main directorships held by the members of the Supervisory Board
Michel Cicurel Non-voting member 26.07.2005 05.09.1947	**Executive Board member of:** La Compagnie Financière Edmond de Rothschild La Compagnie Financière Saint-Honoré **Supervisory Board member of:** Publicis **Director of:** Bouygues Telecom La Société Générale
Jean-Philippe Thierry Non-voting member 29.10.2004 16.10.1948	**Executive Board member of:** Allianz SE (Germany) **Chairman of the Management Board, not General Manager of:** AGF SA Tocqueville Finance SA **Chairman of:** Allianz Holding France SAS Tocqueville Finance Holding SAS **Supervisory Board member of:** Euler Hermès SA Mondial Assistance AG (Switzerland) **Director of:** Société Financière Foncière et de Participations (FFP) PPR AGF International Atos Origin

Executive Board members

Name Position Last appointed Date of birth	Other positions and main directorships held by members of the Executive Board
Sylvain Hefes Chairman of the Executive Board 29.09.2008 28.03.1952	**Senior advisor of:** NM Rothschild & Sons (United Kingdom) **Chairman of:** Francarep, Inc. (United States) **Director of:** Five Arrows Capital Limited (British Virgin Islands) Rothschild Holding AG (Switzerland) Rothschilds Continuation Holdings AG (Switzerland) NYSE Euronext Inc (United States) **Member of the Advisory Committee of:** Five Arrows Managers SAS (since 15 December 2008)

Name Position Last appointed Date of birth	Other positions and main directorships held by members of the Executive Board
David de Rothschild Executive Board member responsible for the banking activites since 29 September 2008 Vice-President of the Supervisory Board (until 29 September 2008) 15.12.1942	**Chairman and Director of:** Rothschild Concordia SAS **Managing Director of:** Rothschild Europe BV (Netherlands) **Statutory Managing Director of:** Rothschild & Cie Banque SCS Rothschild & Cie SCS **Managing Partner of:** Rothschild Gestion Partenaires SNC Financière-Rabelais SCA **Chairman of:** N.M. Rothschild & Sons Ltd (United Kingdom) Rothschilds Continuation Holdings AG (Switzerland) Rothschild North America (United States) Financière de Reux SAS Financière de Tournon SAS SCS Holding SAS **Director of:** Casino-Guichard-Perrachon SA La Compagnie Financière Martin-Maurel SA De Beers SA (Luxembourg) **Supervisory Board member of:** Compagnie Financière Saint-Honoré SA Euris SAS
Georges Babinet Executive Board member and General Manager 29.09.2008 11.03.1947	**Supervisory Board member of:** Les Domaines Barons de Rothschild (Lafite) SCA Newstone Courtage SA Siaci Saint-Honoré SA **Director of:** Five Arrows Capital AG (Switzerland) **Chairman of:** K Développement SA (until 3 March 2009) K Développement SAS (since 13 March 2009) **Legal Representative of K Développement, Chairman of the Management Board of:** Chaptal Investissements SAS **Legal Representative of K Développement SAS, Chairman of:** Alexanderplatz Investissement SAS Clarifilter SAS Franinvest SAS HI Trois SAS Manufaktura SAS Narcisse Investissements SAS PO Capinvest 1 SAS PO Capinvest 2 SAS PO Capinvest 3 SAS PO Fonds SAS PO Mezzanine SAS SPCA Deux SAS Verseau SAS **Chairman and Director of:** Francarep Inc. (United States) **Permanent Representative of:** Paris Orléans SA on the Board of: Total E & P Cameroun (Cameroon)

Name Position Last appointed Date of birth	Other positions and main directorships held by members of the Executive Board
Michele Mezzarobba Executive Board member 29.09.2008 25.09.1967	**Chairman of the Management Board and Director of:** Concordia BV (Netherlands) **Chairman of:** Messine Managers Investissements SAS (since 30 January 2009) Paris Orléans Holding Bancaire SAS Ponthieu Ventures SAS **Vice-Chairman and Director of:** Francarep, Inc. (United States) **Supervisory Board member of:** EuropaCorp. SA Ubiqus **Director of:** Chaptal Investissements SAS FIN PO SA (Luxembourg) PO Invest 1 SA (Luxembourg) PO Invest 2 SA (Luxembourg) (since 12 December 2008) PO Investimmo Sàrl (Luxembourg) (since 10 April 2008) PO Participations Sàrl (Luxembourg) PO Titrisation Sàrl (Luxembourg) **Managing Director:** Centrum Orchidée Sàrl (Luxembourg) Centrum Jonquille Sàrl (Luxembourg) Centrum Narcisse Sàrl (Luxembourg) Centrum Iris Sàrl (Luxembourg) **Permanent representative of Paris Orléans at the Supervisory Board of:** Santoline SAS (since 6 March 2009) **Legal Representative of Ponthieu Ventures, Chairman of:** Rivoli Participation SAS **Permanent representative of Rivoli Participation on the Board of:** Affiches Parisiennes SA Claude et Goy SA **Permanent representative of PO Participation Sàrl on the Board of:** Five Arrows Managers Sàrl (Luxembourg) (since 19 December 2008) **General Manager of:** Alexanderplatz Investissement SAS K Développement SA (until 13 March 2009) K Développement SAS (since 13 March 2009) Narcisse Investissements SAS PO Capinvest 1 SAS PO Capinvest 2 SAS PO Capinvest 3 SAS PO Fonds SAS PO Mezzanine SAS **Managing Partner of:** PO Gestion (association) (until 15 April 2009) PO Gestion 2 (association) (until 15 April 2009) **Managing Director of :** Central Call International SARL

Name Position Last appointed Date of birth	Other positions and main directorships held by members of the Executive Board
Emmanuel Roth Member of the Executive Board until 29 September 2009 01.04.2006 30.10.1968	**Chairman and General Manager of:** Treilhard Investissements SA **Chairman of the Management Board of:** SICAV Elisée **Chairman and Executive Vice-President of:** K Développement SA (until 18 September 2008) **Managing Director of:** Five Arrows Investments Sàrl (Luxembourg) Five Arrows Managers Sàrl (Luxembourg) (since 19 December 2008) Five Arrows Mezzanine Investments Sàrl (Luxembourg) (since 30 April 2008) **Director of:** Francarep, Inc. (United States) (until 2 June 2008) PO Invest 1 SA (Luxembourg) (until 31 March 2008) PO Invest 2 SA (Luxembourg) (until 31 March 2008) **General Director of:** Paris Orléans Holding Bancaire SAS Five Arrows Managers SAS Alexanderplatz Investissement SA Narcisse Investissements SAS PO Capinvest 1 SAS PO Capinvest 2 SAS PO Fonds SAS PO Mezzanine SAS Ponthieu Ventures SAS **Co-administrator of:** PO Gestion (association) (until 15 April 2009) PO Gestion 2 (association) (until 15 April 2009)

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

Note that under the Articles of Association of Paris Orléans' parent company, Rothschild Concordia SAS, it must have prior authorisation from its Board of Directors before exercising its voting rights at the Ordinary General Meetings of Paris Orléans shareholders, which covers the resolutions relating to the appointment of Supervisory Board members.

Moreover, under these regulations, the Chairman of Rothschild Concordia SAS must obtain the consensus of Rothschild Concordia SAS's Board of Directors before Paris Orléans' Supervisory Board can appoint anyone to the Executive Board.

Compensation of corporate officers

In compliance with the provisions of Article L. 225-102-1 of the French Commercial Code, the total compensation and benefits in kind paid to each corporate officer in office at 31 March 2009 by Paris Orléans, by the companies it controls within the meaning of Article L. 233-16 of the French Commercial Code and by the companies that control the company in which the office is held, are listed below.

As indicated in the Chairman of the Supervisory Board's report on the conditions for the preparation and organisation of the Board's work and on internal control and risk management procedures, the Supervisory Board, meeting on 1 December 2008 to give its view of the 6 October 2008 AFEP-MEDEF recommendations relating to the compensation of corporate and executive officers, noted that these recommendations were in line with the company's corporate governance approach and approved them.

In line with AFEP-MEDEF recommendations, the information relating to the compensation of corporate officers is provided below in keeping with the AMF recommendation dated 22 December 2008.

Table 1 – Compensation paid to each Executive Board member

As the Chairman of the Executive Board occupies numerous positions in London within the Rothschilds Continuation Holdings (RCH) sub-group and at its subsidiaries, his compensation is borne entirely by the RCH sub-group. In the same way, given David de Rothschild's numerous management and operating positions within the RCH sub-group, and in particular at NM Rothschild & Sons Ltd in London, his compensation is borne by these companies. Their respective compensation packages have therefore been converted into euro at the exchange rate prevailing at the closing date each year.

The compensation paid by Paris Orléans to other members of the Executive Board in office at 31 March 2009 comprised a fixed portion and a variable portion. The variable portion is determined by the Chairman of the Executive Board based on the Group's performance and that of each of the Board members.

Note that Paris Orléans has not allocated directors and corporate officers any securities granting access to the company's capital immediately or in the future (share options and bonus shares).

Taking the above into account, the table below summarises the compensation of each Executive Board member during the financial year under review and the previous financial year.

Sylvain Hefes – Chairman of the Executive Board

In thousands of euro	**FY 2008/2009 Amounts paid**	FY 2007/2008 Amounts paid
Fixed compensation	161.8	188.6
Variable compensation (1)	426.6	942.9
Extraordinary compensation	-	-
Attendance fees	-	-
Benefits in kind (2)	1.6	1.9
TOTAL	**590.0**	**1,133.4**

(1) The variable compensation due in respect of a given year is paid in the same year.
The variable portion due in respect of 2008/2009 was down by 47.3% in local currency terms compared with 2007/2008.
(2) Health insurance.

David de Rothschild – Executive Board member in charge of the banking activities

In thousands of euro	**FY 2008/2009 Amounts paid**	FY 2007/2008 Amounts paid
Fixed compensation	-	409.0
Variable compensation (1)	356.8	628.6
Extraordinary compensation	-	-
Attendance fees (2)	7.5	8.3
Benefits in kind	-	-
TOTAL	**364.3**	**1,045.1**

(1) The variable compensation due in respect of a given year is paid in the same year.
The variable portion due in respect of 2008/2009 was down by 43.2% compared with 2007/2008.
(2) Attendance fees paid in respect of his office as Supervisory Board member up to 29 September 2008.

Georges Babinet – General Manager

In thousands of euro	**FY 2008/2009 Amounts paid**	FY 2007/2008 Amounts paid
Fixed compensation	300.0	218.0
Variable compensation (1)	400.0	400.0
Extraordinary compensation	-	-
Attendance fees	-	-
Benefits in kind (2)	4.2	4.2
TOTAL	**704.2**	**622.2**

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

Michele Mezzarobba – Executive Board member in charge of the private equity activities – Chief financial officer

In thousands of euro	**FY 2008/2009 Amounts paid**	FY 2007/2008 Amounts paid
Fixed compensation	250.0	187.0
Variable compensation (1)	267.0	400.0
Extraordinary compensation	-	-
Attendance fees	-	-
Benefits in kind (2)	4.2	4.2
TOTAL	**521.2**	**591.2**

(1) The variable compensation due in respect of a given year is paid in the same year.
The variable portion due in respect of 2008/2009 was down by 33.3% compared with 2007/2008.
(2) Company car.

Emmanuel Roth – Executive Board member until 29 September 2008

In thousands of euro	**FY 2008/2009 Amounts paid**	FY 2007/2008 Amounts paid
Fixed compensation	57.7	95.0
Variable compensation (1)	-	296.1
Extraordinary compensation	-	-
Attendance fees	-	-
Benefits in kind (2)	-	5.5
TOTAL	**57.7**	**396.6**

(1) The variable compensation due in respect of a given year is paid in the same year. No variable portion was paid in respect of 2008/2009 given the termination during the year of his office as Executive Board member.
(2) Company car.

Table 2 – Attendance fees and other compensation paid to members of the Supervisory Board

Supervisory Board members	**FY 2008/2009 Amounts paid in thousands of euro**		FY 2007/2008 Amounts paid in thousands of euro	
	Attendance fees	Other compensation	Attendance fees	Other compensation
Eric de Rothschild (1) and (2)	7.5	-	8.3	Fixed: - Variable: 953.2
André Lévy-Lang (1) and (3)	10.8	-	5.5	-
Claude Chouraqui (1)	6.1	-	6. 9	-
Russell Edey (1) and (2)	7.5	Fixed: 95.0 Variable: 706.7 Benefits in kind: 1.1	4.1	Fixed: 94.3 Variable: 989.1
Christian de Labriffe (1) and (3)	12.0	-	12.0	-
Robert de Rothschild (1)	4.8	Fixed: 22.6	4.1	-
Philippe Sereys (1) and (3)	12.0	-	12.0	-
Martin Bouygues (1) and (4)	3.8	-	-	-
Philippe de Nicolay (1) and (4)	5.1	-	-	-
Marc-Olivier Laurent for Rothschild & Cie Banque (1) and (4)	3.8	-	-	-
Edouard de Rothschild (1, 2) and (5)	3.8	-	2.8	Variable: 95.6
Gérard Worms (1) and (5)	3.8	-	8.3	-
Bernard Fraigneau for Rothschild & Cie Banque (1) and (5)	6.0	-	12.0	-
Michel Cicurel (6)	3.4	-	4.1	-
Jean-Philippe Thierry (6)	3.4	-	5.5	-
Jacques Getten (5) and (6)	3.8	-	6.9	-

(1) Attendance fees received as a member of the Paris Orléans Supervisory Board or those of associates.
(2) Compensation converted at the EUR/GBP or EUR/CHF exchange rates prevailing on 31 March 2008 and 31 March 2009.
(3) Attendance fees received as a member of the Paris Orléans Supervisory Board and member of the Audit Committee.
(4) In office from 7 December 2007 (2007/2008).
(5) In office until 7 December 2007 (2007/2008).
(6) Non-voting members.

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

Executive Board members	Employment contract	Supplementary pension scheme	Compensation or benefits due or that could become due in the event of termination of office or change of function	Compensation in respect of a non-competition clause
Syvain Hefes Chairman of the Executive Board Date of appointment: 2008 Term of appointment ends: 2010	No	No	No	No
David de Rothschild Executive Board member in charge of the banking activities Date of appointment: 2008 Term of appointment ends: 2010	No	No	NA	NA
Georges Babinet (1) General Manager Date of appointment: 2008 Term of appointment ends: 2010	Yes	Yes	No	No
Michele Mezzarobba Executive Board member in charge of the private equity activities – Chief executive officer Date of appointment: 2008 Term of appointment ends: 2010	Yes	Yes	No	No
Emmanuel Roth Executive Board member Date of appointment: 2008 Term of appointment ends: 29 September 2008	Yes	Yes	No	No

(1) The Supervisory Board concluded that the employment contract and appointment to executive corporate officer took place before the October 2008 AFEP-MEDEF recommendations were published and decided to examine the possibilities of termination when the contract comes up for renewal.

No commitment falling within the scope of Article L. 225-90-1 of the French Commercial Code and corresponding to an element of compensation, indemnification or benefits due or likely to become due as the result of termination or change in the functions of an Executive Board member, or subsequent to such events, was entered into in 2008/2009.

One member of the Paris Orléans Executive Board is covered, in the same way as other management staff, by a defined benefit retirement scheme designed to provide an annual supplementary pension equal to 20% of the average gross salary received over the past three full years of the company's activity.

Total off balance sheet commitments relating to this scheme amounted to €1,918,000 at 31 March 2009.

The conditions under which this benefit is granted are described in the notes to the Paris Orléans parent company accounts on page 175 of this report.

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

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

Chairman of the Supervisory Board's report on the conditions under which the Board's work is prepared and organised and on internal control and risk management procedures

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

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

After careful analysis by Paris Orléans' Audit Committee, the report was presented to and approved by the Supervisory Board, meeting on 30 June 2009.

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

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

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

1. Presentation of the Supervisory Board

Composition

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

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

At 31 March 2009, three of the ten members of the Board qualified as independent members: André Lévy-Lang, Martin Bouygues and Philippe Sereys.

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

Michel Cicurel and Jean-Philippe Thierry attend Supervisory Board meetings as non-voting members.

Powers of the Supervisory Board

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

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

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

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

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

Organisation and operation

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

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

The Supervisory Board's internal rules were adopted on 5 July 2006 and amended in 2007 to allow the use of new telecommunication methods – such as video conferencing – for holding Board meetings. The internal rules were further amended on 21 January 2008 in the framework of changes to the Articles of Association following the takeover of the Concordia BV group. On 30 June 2009, they were again amended to take into account the new requirements pursuant to Order n° 2008-1278 of 8 December 2008 relating to the statutory audit of financial statements and the legal framework for audit committees.

At least forty-eight hours before each Board meeting, each member receives a file containing a detailed description of the items on the agenda, and containing at least the following:

- the draft minutes of the previous meeting;
- detailed analysis of the company's asset valuation;
- as required by law, the Executive Board's quarterly report on the company's activities (both banking and private equity activities);
- commented accounting financial statements;
- proposed budgets (if any) accompanied by comments; and
- depending on events, any draft press releases.

2. Review of the Supervisory Board's activity in 2008/2009

The Supervisory Board met five times in 2008/2009. In addition to reviewing the usual documents listed above, these meetings dealt with the following specific subjects:

Meeting of 14 April 2008 (attendance rate: 81.82%)

Review of the 2008/2009 budget.

Meeting of 30 June 2008 (attendance rate: 90.91%)

Preparation of the Ordinary General Meeting of 29 September 2008. In particular, the Supervisory Board:

- reviewed the company and consolidated financial statements approved by the Executive Board; and
- reviewed the Report of the Executive Board and the draft resolutions proposed to the General Meeting.

At this meeting, the Supervisory Board also took note of the agreements covered by Article L. 225-87 of the French Commercial Code ("ordinary agreements").

Meeting of 29 September 2008 (attendance rate: 100%)

At this meeting, the Supervisory Board decided on the renewal of the Executive Board members' terms of office and renewed the appointments of the Chairman of the Executive Board and of the Managing Director for a term of two years. It appointed André Lévy-Lang as Vice-Chairman of the Board to replace David de Rothschild who joined the Executive Board.

This meeting was held at the end of the Annual General Meeting of Shareholders, which was attended by all the members of the Board.

Meeting of 1 December 2008 (attendance rate: 100%)

The agenda for this meeting included:

- review of the work carried out within the Group with a view to putting in place an internal control and risk management system at consolidated level following the takeover of the banking group in January 2008;
- prior approval of the regulated agreements described in the Auditors' Special Report;
- review and approval, as required by the Articles of Association, of the development of the Group's merchant banking activity through Five Arrows Principal Investments; and
- AFEP-MEDEF recommendations of October 2008 relating to the compensation of corporate officers.

Meeting of 27 March 2009 (attendance rate: 100%)

Review of the budget and prior authorisation of a regulated agreement described in the Auditors' Special Report.

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

On 30 June 2009, the Supervisory Board performed a self-assessment as recommended by the AFEP-MEDEF Code of Corporate Governance.

The three objectives of this self-assessment were to:

- review the Board's operating methods;
- check that important issues are properly prepared and discussed; and
- assess each member's and non-voting member's contribution to the Board's work in the light of his or her competencies and involvement.

With regard to the above, the Board's members and non-voting members had a universal positive view of the information provided to them, the way in which meeting was organised and the debates chaired by professionals of strong reputation, in particular in the financial and banking fields.

4. Specialised Committees – Audit Committee

The Audit Committee is the sole specialised committee. This committee as the Board members fulfil their functions on a collective basis.

Under the provisions of Order n° 2008-1278 of 8 December 2008 transposing 8th directive 2006/43/EC of 17 May 2006 relating to the statutory audits of accounts and setting the legal framework for audit committees, companies whose shares are listed on a regulated market must put in place an Audit Committee.

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

All the Audit Committee members, two of whom are independent members, have financial or accounting skills.

Composition

The Supervisory Board determines the Audit Committee's composition, bearing in mind that it may only be composed of Supervisory Board members and cannot include any member with management functions.

At 31 March 2009, the Audit Committee was composed of three members: Christian de Labriffe (Chairman), André Lévy-Lang (independent member) and Philippe Sereys (independent member).

Audit Committee – Responsibilities, resources and scope

The Audit Committee is responsible for monitoring all issues relating to the preparation and control of financial and accounting data. In particular, it is responsible for monitoring:

- the preparation of financial information;
- the efficiency of the internal control and risk management systems;
- the statutory audit of the company and consolidated accounts by the Statutory Auditors; and
- the independence and the objectiveness of the Statutory Auditors.

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

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

Activity

The Audit Committee met three times in the 2008/2009 financial year (three times in 2007/2008) with an attendance rate of 100%: on 28 November 2008 to review the half-yearly financial statements, on 5 May 2009 for a preliminary review of the consolidated financial statements and on 29 June 2009 to examine the company and consolidated financial statements for the financial year ended 31 March 2009.

In addition, in the context of strengthening the Group's internal control and risk management system at consolidated level, all the Audit Committee members attended the meetings of the Rothschilds Continuation Holdings sub-group's audit committee held on 17 March 2009 and 2 June 2009.

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

1.2. Corporate governance

Companies can now refer to the AFEP-MEDEF Corporate Governance Code for Listed Corporations published in December 2008, which consolidates the recommendations issued in the October 2003 report and the recommendations relating to compensation of corporate officers issued in January 2007 and October 2008.

In accordance with the law of 3 July 2008, the Chairman of the Supervisory Board confirms that the company refers to this corporate governance code.

Furthermore, at the Board meeting of 30 June 2009, the Supervisory Board noted that the company had already implemented most of the recommendations contained in this code, and approved this report.

The Board nonetheless noted that there were no specialised committees other than the Audit Committee created in 2004, on the basis that the Supervisory Board members perform their duties on a collective basis.

At the 1 December 2008 Board meeting, the Supervisory Board, asked to give its view of the AFEP-MEDEF recommendations relating to the compensation of corporate and executive officers, noted that these recommendations were in line with the company's corporate governance approach and approved them. The Board also noted that the company has not issued stock options or bonus shares to its corporate officers, has not consented golden parachutes nor given any commitment that falls within the application scope of Article L. 225-90-1 of the French Commercial Code. This article applies and which corresponds to any element of compensation, indemnification or benefits due, or likely to become due, on termination of office or change in function of any Executive Board member or subsequently to such event.

The information relating to the compensation of corporate and executive officers is provided in the Report of the Executive Board in the section dealing with this subject (pages 64 and following).

The Board noted that one of the executive corporate officers was tied to the company by an employment contract. The work contract and his appointment as an executive officer were concluded before the October 2008 recommendations were published. The Board decided to examine the possibility of termination when his term comes up for renewal.

Lastly, the Code recommends that all members of the Supervisory Board perform an annual self-assessment of the Board's operation and that a formal assessment be carried out at least once every three years. The Board performed a self-assessment at its meeting on 30 June 2009 and has decided to set an appropriate schedule for performing this procedure in line with the frequency recommended by the Code.

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

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

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

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

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

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

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

1.4. Information provided for in Article L. 225-103-3 of the French Commercial Code

The information required pursuant to Article L. 225-103-3 of the French Commercial Code is provided on page 56 of the Report of the Executive Board and forms an integral part of this report.

Section 2 – Internal control and risk management procedures

2.1. Definition and objectives of internal control

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

Within the general framework and standards described below, the system implemented within the Paris Orléans group is adapted to the various different business lines and risks at each level of the Group. The internal standards and procedures are designed to ensure the following:

- effectiveness and efficiency of the company's operations;
- prevention and detection of fraud;
- compliance with laws and regulations, internal standards and rules;
- reliability of accounting and financial information; and
- protection of the Group's assets.

The framework for internal control and risk management within the Group is as follows:

- Paris Orléans group guidelines at consolidated level;
- the regulations governing 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" (French financial markets regulator, known as the AMF) and the principles and standards established by the French Accounting Council (Conseil National de la Comptabilité);

- internal standards and procedures: the company's Articles of Association, the Supervisory Board's internal rules, the Audit Committee's charter, the guidelines for delegation of powers, the definition of each department's responsibilities and functions in the form of an organisation chart, and the accounting standards and principles for Group consolidation; and
- the AFEP-MEDEF recommendations contained in the code published in 2008.

Framework for the Group's banking activities

External framework

- European directives;
- French laws and regulations that apply to Rothschild & Cie Banque (RCB) in Paris, particularly with regard to internal control (CRBF 97-02 and 2001-01), and reporting obligations to the French Banking Commission;
- laws and regulations applying to Rothschild Concordia SAS, in its capacity as a financial holding company, in particular with regard to the banking group's internal control and risk management at consolidated level; and
- rules and regulations issued by local regulatory authorities, particularly the principles and regulations laid down by the Financial Services Authority (FSA) in London for the Rothschilds Continuation Holdings group (RCH) and NM Rothschild & Sons Ltd (NMR), by the Guernsey Financial Services Commission (GFSC) for Rothschild Bank International Ltd (RBI) and by Swiss Financial Market Supervisory Authority (FINMA) for Rothschild Bank AG in Zurich (RBZ).

Internal framework at local level

- The instructions and recommendations of the existing local internal control and risk management committees; and
- the collection of internal policies and procedures governing the Bank's activities, in particular loan commitment procedures, guidelines for delegation of powers, limitations on management powers, etc.

Internal framework at consolidated level

- The recommendations issued by Group committees.

2.2. Scope of internal control and Chairman's work

1. Scope of internal control

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

The Paris Orléans group has two main activities:

- the banking activities grouped within the operational holding company Rothschilds Continuation Holdings AG which is majority owned by Paris Orléans through Concordia BV. The main entities in the RCH group are NMR, RCB, RBI and RBZ;
- the private equity activities carried out directly by Paris Orléans and indirectly through its subsidiaries outside the banking group.

The internal control system described in this report covers all the operations carried out within the Paris Orléans group.

The Paris Orléans group nonetheless continues to be a decentralised group, including in terms of choice of organisation rules and internal control mechanisms, which vary by company to meet differing requirements due to variations in size, activity and location. This means that the scope and characteristics of each entity's internal control system may be different. It should be noted that each company establishes and implements its own internal control mechanism under the responsibility of its management, in keeping with the Group's philosophy and organisation.

2. Work providing the basis for this report

Under the supervision of the Chairman of the Supervisory Board, this report was prepared based on work carried out throughout the 2008/2009 financial year by the Paris Orléans group's internal control and risk management staff. The Supervisory Board Chairman used the documentation relating to the risk management system, the available management charts and financial statements, and the minutes and reports of the Group's various committees. The preparation of this report required regular contact with all the various parties involved in internal control and risk management so as to acquire a comprehensive view of the system. The report was reviewed by the Audit Committee and approved by the Supervisory Board meeting of 30 June 2009.

2.3. Principles of organisation of the internal control system

1. At consolidated level and at the Paris Orléans level

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

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

The Audit Committee assists the Supervisory Board in overseeing the company and consolidated financial statements. The Audit Committee also assesses the quality of the Group's internal control based on the observations formulated by the Statutory Auditors.

In the case of the private equity activities, the internal control system is centralised at the parent company level and is based on:

- the Supervisory Board, which exercises permanent control of the Executive Board's management of the company;
- the Executive Board, which must unanimously approve each new investment;
- the Audit Committee, which oversees the company and consolidated financial statements; and
- the Investment and Monitoring Committee to which investment proposals are submitted and which monitors all the assets held in the portfolio.

The Investment Committee meets once a fortnight and is composed of members of the Executive Board, members of the investment team, the Middle Office manager and the Deputy Finance Director. The Committee's main functions are to analyse the new deals examined by the investment team, monitor existing shareholdings, discuss the possible development of the shareholdings and propose the disposal of part or all of the investments in the portfolio.

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

Monitoring of the existing portfolio is based on:

- a monthly operating report; and
- contacts and meetings with the managers of portfolio companies whenever necessary.

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

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

2. At the level of the banking activities

The banking activities comprise two business divisions:

- the "World – excluding France" division grouped under RCH ;
- the "France" division grouped under Rothschild & Cie Banque (RCB).

Executive Board member David de Rothschild co-ordinates and oversees the Group's banking activities given his general management and operational functions at the levels of RCH, NMR and RCB.

The control system for the banking activities is based on a strict division of responsibilities between Paris Orléans and its subsidiaries. Each subsidiary retains the responsibility for all operating, business and risk management decisions within its scope and for audits of the financial statements and consolidation package transmitted to Paris Orléans. At each entity, the internal control function is organised around specific internal audit units and risk management and compliance departments that are independent from operating activities.

At the “World – excluding France” division, internal control is organised around three bodies:

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

The Group Risk Framework defines the global risk management policy. This is based on three levels of control: the first at operating level, the second at the risk management and compliance department levels and the third at the level of the Internal Audit units. In addition there is a specific control system at the level of RCH, required by the Swiss Code of Obligations, covering the preparation of accounting and financial information. In the case of the “France” division, the internal control system implemented by RCB and its subsidiaries is organised around two main bodies based on separation of the different types of control within distinct structures:

- the Audit Committee confirms the recommendations arising from periodic reviews;
- the Compliance and Operational Risk Committee co-ordinates the supervision and measurement of risk;
- four special committees have been created to enhance communication and information exchange with operating managers: the Internal Control Committee, the Corrective Action Committee, the Operational Risk Committee and the Capital Requirements Internal Models Committee (dedicated to preparing internal models for calculating capital requirements); and
- the Members Committee is the body that confirms and approves the allocation of capital, approves the financial statements, the budget for the year, the business situation and the reports on internal control and risk measurement and supervision submitted to the French Banking Commission each year (pursuant to Articles 42 and 43 of CRBF Regulation 97-02).

2.4. Summary description of the internal control systems

1. Preparation of Paris Orléans’ accounting and financial information

a) Procedure for the preparation of the consolidated financial statements

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

The consolidated accounting unit manages the chart of accounts and associated frameworks, centralises the Group consolidation work, verifies the consistency and completeness of the data, and draws up the related consolidated accounts and financial statements. In this context, it implements two half-yearly procedures:

- a process for gathering individual accounting data from all Group entities. This process is semi-automatic using the Group’s worldwide consolidation software at all Group subsidiaries. A mixed data supply solution has been implemented:
  - for banking subsidiaries that are sub-consolidated at the level of Concordia BV, an initial consolidation is performed at the Concordia BV level. The accounting data is transmitted automatically and is prepared according to International Financial Reporting Standards (IFRS);
  - for Paris Orléans: an initial sub-consolidation is performed at this level 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 prepared according to French GAAP. The consolidation principle is based on restated accounts. The data input is provided through an interface between the two accounting information systems; and

- for the private equity subsidiaries located outside France, the individual accounts are re-entered in the consolidation software by the accounting department;
- a process for preparing and verifying the consolidated financial statements. Once the data has been input to the application, "blocking" checks – defined by the Group – are performed to verify the consistency of the accounting data, the validity of the flows and the integrity of allocations. In addition to these checks, the preparation of the consolidated financial statements includes a review of the following four elements:
  - consistency of the translation from parent company financial statements to consolidated financial statements;
  - reconciliation of inter-company transactions and analysis of capital holdings of companies within the Group;
  - the balance of shareholders' equity; and
  - consistency check by an analysis of changes in the consolidated balances between the two financial years.

b) Accounting control

Accounting control is based on a combination of the control systems implemented at each level of the Group: i.e. at the level of each business line (private equity and banking) for the preparation of company financial statements and at the level of the Central Finance Department for the preparation of the consolidated financial statements.

Accounting control framework for the private equity business line

To the extent that these activities are directly or indirectly carried out by Paris Orléans, essentially through the fully-owned subsidiary K Développement SAS, the Central Finance Department is responsible for validating the financial statements. The control system includes the following levels of control:

- a first level of auto-control that is performed as part of the accounting process. These checks are performed daily by the Paris Orléans accounting department for the subsidiaries located in France, and by accounting firms for the foreign subsidiaries located in Luxembourg and the United States;
- a second level of consistency checks performed by the accounting department to ensure the reliability and completeness of the accounting and financial information;
- a third level, involving the Statutory Auditors in the context of the half-yearly and annual audits of the financial statements; and
- a final level of control is ensured by the Audit Committee, whose task is to review the Paris Orléans sub-consolidated and consolidated financial statements.

Accounting control framework for the banking business line

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

The accounts are sub-consolidated at the level of Concordia BV using the consolidation software. Accounting information is transmitted automatically from the local entities. Once the data has been fed into the application, "blocking" controls are applied.

For consolidation at the Paris Orléans level, the main banking subsidiaries in the Concordia BV subgroup draw up a standardised "representation letter" at the end of each financial year. This document describes the qualitative conditions governing accounts preparation and enables the Chairman of the Paris Orléans Executive Board and the Central Finance Department to sign the representation letter that is presented to Paris Orléans' Statutory Auditors. The following structures are covered by this procedure:

- RCH (Switzerland);
- NMR (London);
- RBI (Guernsey);
- Rothschild Holding AG (Switzerland);
- Rothschild North America Inc. (New York);
- Rothschild Australia Limited (Sydney);
- NM Rothschild & Sons (Hong Kong) Limited; and
- NM Rothschild & Sons (Singapore) Limited.

Accounting control at consolidation level

In addition to the control procedures described above, the consolidation process includes checks of the integrity of consolidated accounting data. These are performed by:

- the Paris Orléans Central Finance Department, and in particular by the Consolidated Accounting unit, which manages the aspects related to controls performed by the Statutory Auditors;
- the Statutory Auditors as part of their audit of the financial statements. The work is performed in accordance with professional standards.

Financial communication

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

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

2. Other internal control mechanisms implemented by the Group

Information system security and Business Continuity Plans (BCP)

Information systems security rules 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 operating systems and the development and management of applications.

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

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

Prevention and control of non-compliance risks

For the banking activities, a specific framework has been put in place to control the risk of non-compliance that could arise at the "France" and "World" banking divisions.

This system is based on a division of responsibilities between:

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

The non-compliance risk framework is consolidated by a system of existing procedures and actions taken to heighten staff awareness at banking subsidiaries, in all regions. Moreover, the permanent monitoring of these risks is based on regular reports, which contribute to the gathering of information at each level of the organisation (from the subsidiary to its direct parent company).

2.5. Summary description of risk management system

1. Organisation

As stated previously, the risk management system is based on a decentralised organisation of risk functions at each entity according to their business scope. The Group implements procedures for measuring, monitoring and managing risks.

Risk management is organised around the Group's two principal business lines, as follows:

- the Private Equity division's Risk department, under the responsibility of the Paris Orléans Executive Board, is responsible for global risk monitoring and management. It helps draft and implement the investment policy, and the risk management policy, in particular through the Investment and Monitoring Committee; and
- the Banking Activity's Risk function comprises the Risk functions at the level of the local entities, which are in most cases supervised by the Banking Group Risk Department.

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

At consolidated level, the Group Risk Committee, created in 2009, is responsible for measuring and supervising risk at Group level.

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

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

2. Risk measurement and monitoring

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

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

- As part of Basel 2 regulations, the Group's banking subsidiaries implemented operational risk management systems. Operational risk is measured and supervised based on a series of guidelines and methodologies for calculating capital requirements in respect of these risks. The systems implemented locally have involved all the staff.
- Other risks relate, in particular, to reputation and image risk, legal risk and the risk linked to pension commitments.

2.6. Action plan

Paris Orléans' takeover of Concordia BV in January 2008 puts it as the Group's controlling body. Tasked by the Executive Board and Audit Committee, work is underway at the Paris Orléans company level and at the level of the RCH sub-group to adapt the organisation of internal control and risk management to the Group's new scope.

The reorganisation at Paris Orléans is being carried out in accordance with the regulatory requirements in terms of internal control, risk management and reporting.

The structure of the report in respect of the 2008/2009 financial year is based on the AMF's Reference Framework and the accompanying Application Guide. In 2009/2010, a review of the internal control system relating to the production of accounting and financial information will be performed. It is intended to base this review on the AMF's Application Guide.

At the same time, work begun in 2008 to update Paris Orléans' manual of procedures will continue throughout 2009 to take into account the changes in the Group's organisation and practices.

Lastly, further efforts will be made in terms of risk management methodology, in particular enhancing the documentation of the structure and processing of major risks.

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

STATUTORY AUDITORS' REPORT, PREPARED IN ACCORDANCE WITH ARTICLE L. 225-235 OF THE FRENCH COMMERCIAL CODE *(CODE DE COMMERCE)*, ON THE REPORT PREPARED BY THE PRESIDENT OF THE SUPERVISORY BOARD OF THE COMPANY PARIS ORLÉANS S.A.

Year ended 31 March 2009

To the Shareholders,

In our capacity as Statutory Auditors of Paris Orléans S.A., and in accordance with Article L. 225-235 of the French Commercial Code *(Code de commerce)*, we hereby report on the report prepared by the President of the Supervisory Board of your company in accordance with Article L. 225-68 of the French Commercial Code for the year ended 31 March 2009.

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

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

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

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

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

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

Other disclosures

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

The Statutory Auditors

Paris La Défense, 31 July 2009

KPMG Audit
A division of KPMG S.A.

Fabrice Odent
Partner

Paris, 31 July 2009

Cailliau Dedouit & Associés

Jean-Jacques Dedouit

Financial statements

Consolidated financial statements

CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2009

ASSETS

In thousands of euro	Notes	**31/03/2009**	31/03/2008
Cash and amounts due from central banks	4	744,734	35,977
Financial assets at fair value through profit or loss	1	44,804	46,805
Hedging derivatives	2	6,024	10,342
Available-for-sale financial assets	3	2,261,428	3,665,980
Loans and receivables to banks	4	1,708,526	2,743,768
Loans and receivables to customers	5	2,245,976	2,633,106
Current tax assets		21,848	28,585
Deferred tax assets	18	110,993	80,344
Other assets	6	226,400	274,427
Non-current assets held for sale	19	42,520	48,882
Investments accounted for by equity method	7	130,607	140,674
Investment property		47	138
Tangible fixed assets	8	142,355	118,452
Intangible fixed assets	9	174,044	179,426
Goodwill	10	66,399	66,033
TOTAL ASSETS		**7,926,705**	**10,072,939**

LIABILITIES AND SHAREHOLDERS' EQUITY

In thousands of euro	Notes	31/03/2009	31/03/2008
Due to central banks		-	73
Financial liabilities at fair value through profit or loss	1	118,458	111,142
Hedging derivatives	2	56,348	28,042
Due to banks	11	1,570,681	2,462,021
Due to customers	12	3,015,936	3,375,521
Debt securities in issue	13	1,070,471	1,573,898
Current tax liabilities		9,884	16,651
Deferred tax liabilities	18	49,796	57,109
Other liabilities, accruals and deferred income	14	541,742	642,273
Liabilities related to non-current assets held for sale	19	31,065	34,434
Provisions	15	93,137	61,163
Subordinated debt	16	159,845	254,098
Shareholders' equity		1,209,342	1,456,514
Shareholders' equity - attributable to equity holders of the parent		**501,115**	**632,655**
Share capital		63,264	63,264
Share premium		491,499	491,499
Unrealised or deferred gains or losses		(156,093)	(26,301)
Available-for-sale financial assets' revaluation reserves		*(70,332)*	*11,998*
Cash flow hedge reserves		*(8,414)*	*267*
Translation reserves		*(77,347)*	*(38,566)*
Consolidated reserves		55,686	(4,939)
Net income - attributable to equity holders of the parent		46,759	109,132
Minority interests		**708,227**	**823,859**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		7,926,705	10,072,939

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2009

In thousands of euro	Notes	**2008/2009**	2007/2008	**2007/2008 Pro forma***
+ Interest income	20	441,268	224,841	607,025
- Interest expense	20	(329,944)	(170,535)	(466,399)
+ Fee income	21	576,167	264,031	822,402
- Fee expense	21	(10,832)	(5,385)	(38,124)
+/- Net gain/(loss) on financial instruments at fair value through profit or loss	22	4,088	(2,799)	(24,902)
+/- Net gain/(loss) on available-for-sale financial assets	23	9,955	35,973	40,859
+ Other operating income	24	68,754	6,828	15,063
- Other operating expenses	24	(6,618)	(3,220)	(7,069)
Net banking income		**752,838**	**349,734**	**948,855**
- Operating expenses	25	(576,596)	(240,218)	(771,771)
- Amortisation, depreciation and impairment of tangible and intangible fixed assets	26	(17,872)	(8,883)	(21,089)
Gross operating income		**158,370**	**100,633**	**155,995**
- Impairment charges and loan provisions	27	(139,965)	(73,135)	(104,749)
Operating income		**18,405**	**27,498**	**51,246**
+/- Net income from companies accounted for by the equity method	7	25,667	57,773	72,223
+/- Net income/expense from other assets	28	54,771	61,217	62,054
- Impact of goodwill		-	-	-
Income before tax		**98,843**	**146,488**	**185,523**
- Income tax expense	29	(22,792)	(20,538)	(23,836)
+/- Net income from discontinued activities and assets held for sale		-	-	-
Consolidated net income		**76,051**	**125,950**	**161,686**
MINORITY INTERESTS		**29,292**	**16,818**	**42,076**
NET INCOME - ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		**46,759**	**109,132**	**119,610**

Basic earnings per share - attributable to equity holders of the parent (in euro)	31	1.61	4.42	
Diluted earnings per share - attributable to equity holders of the parent (in euro)	31	1.61	4.42	
Basic earnings per share - continuing operations (in euro)		1.61	4.42	
Diluted earnings per share - continuing operations (in euro)		1.61	4.42	

* *Pro-forma consolidated financial data presented in application of AMF Instruction No. 2007-05 dated 2 October 2007 following Paris Orléans' takeover of Concordia BV in 2007/2008.*

CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSES

In thousands of euro	**31/03/2009**	31/03/2008
Actuarial gains/(losses)	(73,890)	(5,690)
Gain/(losses) from changes in fair value of available-for-sale assets	(190,009)	(128,191)
Interest on subordinated debt	-	(3,818)
Changes in value of hedging derivatives	(17,430)	823
Exchange differences on translation	(49,826)	(58,223)
Net income tax expense recognised directly in equity	54,438	-
Income and expenses directly recognised as shareholders' equity*	**(276,717)**	**(195,099)***
Net income for the period	76,051	125,950
Total recognised income and expenses for the period	**(200,666)**	**(69,149)**
Of which attributable to equity holders of the parent	*(97,329)*	*4,050*
Of which minority interests	*(103,337)*	*(73,199)*

* *Net of tax.*

RECONCILIATION OF MOVEMENTS IN CONSOLIDATED SHAREHOLDERS' EQUITY

	Capital and associated reserves				Unrealized or deferred capital gains or losses (net of tax)							
	Ordinary shares	Capital associated reserves	Treasury shares	Consolidated reserves	Related to translation differences	Related to revaluations	Changes in value of financial instruments		Net income, attributable to equity holders of the parent	Shareholders' equity, attributable to equity holders of the parent	Shareholders' equity, minority interests	**Total consolidated shareholders' equity**
In thousands of euro							Available for sale assets	Hedging derivatives				
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**
Capital increase	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	-	-	-	(158,362)	-	-	-	-	-	(158,362)	-	(158,362)
Subtotal 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
Change in accounting methods	-	-	-	-	-	-	-	-	-	-	-	-
Change in consolidation scope	-	-	-	(17,212)	(99)	-	2,964	(6)	-	(14,353)	829,397	815,044
Translation differences and other changes	-	-	-	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**
Allocation of profit				109,132					(109,132)			-
SHAREHOLDERS' EQUITY AT 1 APRIL 2008	**63,264**	**491,499**	**(10,273)**	**114,466**	**(38,566)**	**-**	**11,998**	**267**	**-**	**632,655**	**823,859**	**1,456,514**
Capital increase	-	-	-	-	-	-	-	-	-	-	-	-
Elimination of treasury shares	-	-	(1,006)	-	-	-	-	-	-	(1,006)	-	(1,006)
Share-based payment transactions	-	-	-	-	-	-	-	-	-	-	-	-
2009 dividends paid	-	-	-	(16,021)	-	-	-	-	-	(16,021)	(19,354)	(35,375)
Effect of acquisitions and disposals on minority interests	-	-	-	5,403	(14,428)	-	(4,321)	(1,260)	-	(14,605)	19,953	5,348
Subtotal of changes linked to relations with shareholders	**-**	**-**	**(1,006)**	**(10,618)**	**(14,428)**	**-**	**(4,321)**	**(1,260)**	**-**	**(31,632)**	**599**	**(31,033)**
Changes in value of financial instruments and fixed assets having an impact on equity	-	-	-	-	3,956	-	(103,483)	(8,757)	-	(108,284)	(85,224)	(193,508)
Changes in value of financial instruments and fixed assets recognized in income	-	-	-	-	-	-	11,995	-	-	11,995	11,247	23,242
Actuarial gains/ (losses) on defined benefit funds				(29,391)	-	-	-	-	-	(29,391)	(25,208)	(54,599)
Interest on undated subordinated debt	-	-	-	-	-	-	-	-	-	-	(12,130)	(12,130)
Net income for the period	-	-	-	-	-	-	-	-	46,759	46,759	29,292	76,051
Change in accounting methods	-	-	-	-	-	-	-	-	-	-	-	-
Change in consolidation scope	-	-	-	(467)	2,308	-	363	207	-	2,411	(1,071)	1,340
Translation differences and other changes	-	-	-	(7,026)	(30,616)	-	13,116	1,129	-	(23,397)	(33,138)	(56,535)
SHAREHOLDERS' EQUITY AT 31 MARCH 2009	**63,264**	**491,499**	**(11,279)**	**66,965**	**(77,347)**	**-**	**(70,332)**	**(8,414)**	**46,759**	**501,114**	**708,227**	**1,209,342**

CASH FLOW STATEMENT

In thousands of euro	2008/2009	2007/2008
Net income	76,051	125,950
+/- Depreciation and amortisation expense on non-current assets	19,828	5,009
- Amortisation of consolidated goodwill and other non-current assets	-	-
+/- Depreciation and net allocation to provisions	6,436	(241)
+/- Net income/loss from companies accounted for by the equity method	(25,667)	(34,498)
+/- Net loss/(gain) from investing activities	103,498	(4,013)
+/- Net loss/(gain) from financing activities	9,816	3,487
- Gain on reclassification to equity of a subordinated debt	(53,527)	-
+/- Other movements	2,570	(3,818)
Deferred tax (expense)/benefit	(29,197)	(14,231)
Total Non-monetary items included in net income and other adjustments	**109,808**	**77,645**
+/- Interbank transactions	81,998	(2,084,391)
+/- Customers transactions	384,708	746,938
+/- Transactions related to other financial assets and liabilities	43,246	56,088
+/- Transactions related to other non-financial assets and liabilities	(113,593)	54,100
Net decrease/(increase) in cash related to operating assets and liabilities	**396,359**	**(1,227,265)**
Net cash inflow (outflow) related to operating activities (A)	**506,167**	**(1,149,621)**
+/- Inflow (outflow) related to financial assets and long-term investments	244,504	715,746
+/- Inflow (outflow) related to investment property	-	350
+/- Inflow (outflow) related to non-current assets	(45,536)	(1,960)
Net cash inflow (outflow) related to investment activities (B)	**198,968**	**714,136**
+/- Cash flows from/(to) shareholders	(35,070)	(131,292)
+/- Other net cash flows from financing activities	15,234	122,893
Net cash inflow (outflow) related to financing activities (C)	**(19,836)**	**(8,399)**
Impact of exchange rates changes on the cash and cash equivalents (D)	**116**	**(168)**
Net inflow (outflow) in cash and cash equivalents (A) + (B) + (C) + (D)	**685,415**	**(444,052)**
Change of scope	71	921,865
Net cash and cash equivalents at the beginning 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 cash and cash equivalents at the end of the period	**1,147,138**	**461,652**
Cash and amounts due/from central banks	744,730	35,904
Accounts (assets and liabilities), demand deposits and loans with banks	402,408	425,748
NET INFLOW (OUTFLOW) IN CASH	**685,415**	**(444,052)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Part I: Highlights of the financial year

The first and second halves of 2008/2009 featured contrasting trends, with marked differences for the Group's different activities.

The banking activities, particularly the corporate and investment banking activity, suffered from the credit crunch in the sector, which worsened following the collapse of Lehman Brothers in September 2008, and which was followed by a wide-scale economic recession in the more economically developed countries. Revenues remained satisfactory in spite of this particularly unfavourable environment. The decline in merger and acquisitions advisory business, in particular in Europe, was partly offset by the performances achieved in emerging markets and in debt restructuring and recapitalisation advisory businesses. Impairment charges and loan provisions in the banking activities came to €132.7 million in 2008/2009, including €37 million in non-allocated collective provisions and €29 million in respect of the Group's exposure to Lehman Brothers, comprising impairments recorded on structured products, on loans granted in the framework of LBO arrangements, and on property and mining assets.

In addition, the corporate and investment banking activity benefited from a net non-recurring gain of €54.2 million arising from the reclassification to equity of certain subordinated debt.

For the private equity activities the highlight of the year was the sale in May 2008 of its 40% stake in the Manufaktura shopping centre in Lodz, Poland. This transaction contributed €50.3 million of capital gain attributable to the Group. After starting the year at a strong pace, investment then slowed sharply in terms of both amount invested and the number of deals in which the Group invested.

For the preparation of these financial statements, the Group opted to apply the amendment to IAS 39 as adopted by the European Commission on 15 October 2008. This enabled it to reclassify under loans and advances, with effect from 1 July 2008, €437.5 million of available-for-sale financial assets, which already included a gross unrealised capital loss of €15.2 million at that date. This reclassification had no impact on the income statement for the year.

Part II: Preparation of the financial statements

A. Company information

The Paris Orléans group's consolidated financial statements for the 2008/2009 financial year have been prepared in accordance with the International Financial Reporting Standards (IFRS) in force on the closing date, as adopted by the European Union under EC Regulation No. 1606/2002.

They cover the period from 1 April 2008 to 31 March 2009 and are expressed in thousands of euro, unless indicated otherwise. For the preparation of the income statement for the previous year, Paris Orléans consolidated Concordia BV using the equity method for the period from 1 April 2007 to 20 November 2007, and using the full consolidation method for the rest of the financial year. A pro-forma income statement for 2007/2008 is also presented. It was prepared based on a hypothetical takeover of Concordia BV on 1 April 2007.

The consolidated financial statements were approved by the Executive Board on 30 June 2009.

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 2009, 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).

B. General principles

Given the absence of models for bank summary statements under IFRS, the format used for the summary statements is that proposed by the French accounting standards setting body, Conseil National de la Comptabilité, in recommendation 2004-R03 dated 27 October 2004.

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

The financial statements have been prepared under the historical cost convention, with the exception of some categories of assets and liabilities in accordance with IFRS.

These notes have been prepared taking into account the clarity, relevance, reliability, comparability and materiality of the data provided.

C. New standard applied by the Group

On 15 October 2008, the European Union adopted the amendments to IAS 39 “Financial instruments: recognition and measurement” and IFRS 7 “Financial instruments: disclosure”.

The amendment to IAS 39 offers the possibility, in certain conditions, of reclassifying non-derivative financial assets:

- reclassifying “financial assets at fair value through profit or loss” under other categories; and
- reclassifying “available-for-sale financial assets” under “loans and advances”.

The amendment to IFRS 7 requires additional disclosures in respect of these reclassifications.

The Group used the reclassification possibility offered by IAS 39, as amended, with effect from 1 July 2008. The impact of these amendments is described in Note 3.

D. Standard not adopted early

The Group did not opt for early application of IFRS 8, which was adopted by the EU under EC Regulation No. 1358/2007 of 21 November 2007 and which is applicable as from 1 January 2009.

Part III: Accounting principles and valuation methods

A. Consolidation methods

1. Financial year end of the consolidated companies and sub-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 2009, while Francarep Inc, Les Domaines Barons de Rothschild (DBR), Continuation Investments NV (CINV), Rivoli Participation, the Rothschild & 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 2008 year end.

If a subsequent event occurs between the closing date of the subsidiary and 31 March 2009 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 at 31 March 2009.

2. Consolidation principles

The financial statements of the Group are made up to 31 March 2009 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 equity method.

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

Some of the joint ventures are limited partnerships (*Sociétés en Commandite Simple* - SCS). The percentages of interest reported in the consolidated financial statements are calculated in accordance with the statutory provisions applicable to limited partnerships.

3. Business combinations and goodwill

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

Any negative goodwill is recognised immediately in the income statement.

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

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

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

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

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

These commitments are recognised as follows:

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

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

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

Until these options lapse or are exercised, the results relating to the minority interests to which the put has been granted are recorded in the consolidated income statement under net income attributable to equity holders of the parent.

5. Segment reporting

For the application of IAS 14 "Segment reporting", the Group has opted for the following reporting segments:

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

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

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

B. Accounting principles and valuation methods

1. 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, available-for-sale financial assets, accrued profit share, pension assets and liabilities, recognition of deferred tax assets and provisions.

2. Exchange rate transactions

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

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

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

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

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

3. 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 initially 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.

4. 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.

5. 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.

6. 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.

7. Financial assets and liabilities

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

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

Financial assets at fair value through profit or loss

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

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

Loans and receivables

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

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

Available-for-sale financial assets

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

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

8. Reclassification of financial assets

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

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

9. 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.

10. 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.

11. 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).

12. 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.

In the event of a sale followed immediately by the repurchase of the financial asset, the Group considers that it has retained virtually all the risks and benefits inherent in ownership thereof and it is not derecognised.

13. Securitisation operations

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

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

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

14. 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;
- 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.

15. 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.

Perpetual subordinated debt securities

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

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

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

16. 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.

17. Investment property

Investment property corresponds to property 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 property assets; this value constitutes the deemed cost for these assets.

18. 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.

19. 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.

20. 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 non-current 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.

21. 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.

22. 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.

23. Share-based transaction payment

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.

24. 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.

25. 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.

26. 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.

27. 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.

28. 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.

29. Non-current assets destined for sale

Non-current assets or disposal groups are classified as held for sale if the carrying amount will be recovered principally through sale rather than continuing use. This condition is regarded as met only when the sale is highly probable, the assets or disposal group are available for immediate sale in their present condition and management is committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of the classification, and the disposal group is actively marketed for sale at a price that is reasonable in relation to its fair value.

Immediately prior to being classified as held for sale, the carrying amount of assets and liabilities are measured in accordance with the applicable standard. On classification as held for sale, the asset or disposal group is measured at the lower of the carrying amount and fair value less costs to sell. An impairment loss is recognised in profit or loss for any initial and subsequent write-down of the asset or disposal group to fair value less costs to sell. Any gain for a subsequent increase in fair value less costs to sell is recognised in profit or loss to the extent that it is not in excess of the cumulative impairment loss previously recognised.

Part IV: Financial risk management

In accordance with IFRS 7 “Financial instruments: Disclosures”, the risk relating to financial instruments and the way in which these are managed by the Group are described below:

A. Governance

To facilitate risk management within the Paris Orléans group and its principal subsidiaries, the Executive Committee and the Supervisory Board have delegated certain functions and responsibilities to several committees of which some are at a Group level, and others are at the level of the principal subsidiary, RCH, the legal holding company of the Group’s banking activities.

Group Committees:
- Group Audit Committee
- Group Risk Committee
- Group Compliance Committee

RCH Committees:
- Group Management Committee
- Banking Management Committee
- Global Investment Banking Committee
- Private Banking and Trust Executive Board
- Global Assets and Liabilities Committee
- Group Remuneration and Nominations Committee

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

As a financial holding company, Paris Orléans, with the support of the Group Risk Director of the RCH group, ensures that the systems implemented in Group companies are consistent with each other so that exposure to risk can be measured, monitored and controlled on a consolidated basis.

The compliance director of Paris Orléans, with the compliance director of the RCH subgroup, monitors compliance with laws and regulations of activities on a consolidated basis.

Responsibility for monitoring risks rests with individual businesses supported by separately constituted committees, which approve policies, set limits, monitor exceptions and make recommendations on operational, liquidity, credit and market risk decisions. Liquidity in the Group’s banking entities is also monitored at RCH level within prudent limits set at individual company level.

The risks faced by the Group’s principal operating subsidiaries can be categorised as follows:

Credit Risk arises from the potential failure of counterparties and customers to meet their obligations. This risk is managed and mitigated through loan documentation, credit policies, including credit approval, and monitoring and review processes which are independent of the relationship managers.

Market Risk arises from changes in the market value of assets and liabilities. Financial instruments, including derivatives, are used to provide clients with solutions to meet their commercial objectives.

Financial instruments are also used to manage the Group's exposure to market risk arising from movements in 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 arises from the funding of our lending and trading activities. Liquidity is measured by classifying assets, liabilities and other cashflows into future time bands using a series of prudent assumptions and calculating the resultant surplus or deficit in each period.

Operational Risk, which is inherent in all business activities, is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Key to the management of operational risk is the maintenance of a strong framework of internal controls.

Independent external audits of operating subsidiaries are carried out annually and these are supported by testing of the internal control framework by the internal auditors who report their findings to the audit committees of the companies concerned.

The use of financial instruments is fundamental to the Group's banking and treasury activities. The Group provides a range of lending products to its clients and funds these activities by means of deposit taking, medium term note issuance and other borrowings.

The Group invests in debt securities in order to profit from the interest margin over its cost of funds and to provide a portfolio of liquid assets to assist in the management of liquidity risk and to hedge forecast cash flows. The Group uses derivative financial instruments to meet clients' requirements, for proprietary trading and to manage its exposure to interest rate and currency risk. Further information on derivative contracts and the Group's hedging strategies is set out in notes 1 and 2.

The key risks arising from the Group's activities involving financial instruments are as follows:

- Credit risk;
- Market risk;
- Liquidity risk.

B. Credit risk

Credit risk arises from all exposures to clients and counterparties relating to the Group's lending, trading and investment activities.

Limits on credit risk are set in Paris Orléans for private equity activities by the Executive Board and in NMR, which is the Group's largest subsidiary, by the Group Management Committee and by the Credit Committee of NMR. The Credit Committee reviews concentrations and makes recommendations on certain credit decisions to the Executive Committee of NMR. Credit risk limits are set, where appropriate, in respect of exposures to individual clients or counterparties, to industry sectors and to countries.

Exposure to credit risk is managed by detailed analysis of client and counterparty creditworthiness prior to entering into an exposure, and by continued monitoring thereafter. A significant proportion of the Group's lending exposures is secured on property or other assets; the Group monitors the value of any collateral obtained. The Group also uses netting agreements to restrict credit exposure to counterparties. For internal monitoring purposes, credit exposure on loans and debt securities is measured as the principal amount outstanding plus accrued interest. Credit exposure on derivatives is measured as the current replacement value plus an allowance for the potential change in replacement value.

The Paris Orléans' Executive Board and NMR Credit Committee review credit exposures on loans and debt securities on a quarterly basis and for this purpose they are classified as follows:

Category 1	Exposures where the payment of interest or principal is not in doubt and which are 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 provision against of the loan. Some recovery is expected to be made.
Category 5	Exposures that are considered to be impaired and which carry a full provision. No significant recovery of value is expected.

Other Group companies map their own credit monitoring to these categories for the purposes of Group reporting.

Category 2 and 3 exposures have increased since last year as a result of poor economic conditions across all business areas, accompanied by falling asset and commodity prices and weak corporate performance. Property exposures have been included where there is evidence of high LTV ratios, although in most cases these exposures are supported by rental income generated by the underlying property. Where interest is not being fully paid, a provision is considered. Corporate exposures are included where there is evidence of significant underperformance which is often accompanied by actual or anticipated breaches of loan covenants.

Available for sale financial assets – debt securities include valuations of synthetic CDOs, which are accounted in financial liabilities at fair value through profit and loss.

At 31 March 2008, the amount was €41.7 million.

The tables below disclose the maximum exposure to credit risk at 31 March 2009 and at 31 March 2008 for financial assets with significant exposure to credit risk, without taking account of collateral held or other credit risk mitigation.

In thousands of euro	Category 1	Category 2	Category 3	Past due but not impaired assets	Categories 4 and 5	Impairment allowance	**31/03/2009**
Financial assets at fair value through profit and loss (excluding equity)	41,661	-	-	-	-	-	41,661
Hedging derivatives	6,024	-	-	-	-	-	6,024
Loans and receivables to banks	1,708,526	-	-	-	-	-	1,708,526
Loans and receivables to customers	1,830,855	264,053	120,145	14,320	119,448	(102,845)	2,245,976
Available for sale financial assets - debt securities	1,614,820	65,300	51,582	-	106,869	(64,276)	1,774,295
Other financial assets	148,666	685	-	4,658	8,426	(6,102)	156,333
Subtotal Assets	**5,350,552**	**330,038**	**171,727**	**18,978**	**234,743**	**(173,223)**	**5,932,815**
Commitments and guarantees	220,811	14,447	19,108	-	2,409	-	256,775
TOTAL	**5,571,363**	**344,485**	**190,835**	**18,978**	**237,152**	**(173,223)**	**6,189,590**

In thousands of euro	Category 1	Category 2	Category 3	Past due but not impaired assets	Categories 4 and 5	Impairment allowance	31/03/2008
Financial assets at fair value through profit and loss (excluding equity)	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 - debt securities	3,126,671	34,230	-	-	41,963	(32,791)	3,170,073
Other financial assets	192,683	-	-	2,505	8,117	(7,490)	195,815
Subtotal Assets	**8,565,001**	**169,632**	**17,640**	**35,585**	**118,459**	**(106,408)**	**8,799,909**
Commitments and guarantees	466,290	33,624	-	-	-	-	499,914
TOTAL	**9,031,291**	**203,256**	**17,640**	**35,585**	**118,459**	**(106,408)**	**9,299,823**

1. Past due but not impaired assets

The table below analyses amounts past due but not impaired by how far they are past their due date:

	31/03/09					31/03/08				
	Past due but not impaired					Past due but not impaired				
In thousands of euro	**< 90 days**	**> 90 days <180 days**	**> 180 days < 1 year**	**> 1 year**	**TOTAL**	< 90 days	> 90 days <180 days	> 180 days < 1 year	> 1 year	TOTAL
Loans and receivables to banks	-	-	-	-	-	5	-	-	-	5
Loans and receivables to customers	8,836	2,100	3,384	-	14,320	24,821	5,902	2,352	-	33,075
Other financial assets	-	2,566	1,647	445	4,658	-	1,336	920	249	2,505
TOTAL	**8,836**	**4,666**	**5,031**	**445**	**18,978**	**24,826**	**7,238**	**3,272**	**249**	**35,585**

The following table presents financial assets with the following carrying values that would have been classified as past due or impaired if they had not had their terms renegotiated in the year.

In thousands of euro	**31/03/2009**	31/03/2008
Loans and advances to customers	30,037	25,805
Debt securities	-	478
TOTAL	**30,037**	**26,283**

2. Collateral

The Group holds collateral against loans to customers and debt securities. Estimates of fair value of collateral are made when a loan is approved, and are updated when a loan is individually assessed for impairment.

Collateral takes various forms.

Property exposures are typically secured by fixed charges on the underlying property, with 85% of the committed property loan book benefiting from first ranking charges (93% at 31 March 2008). They may also be supported by other security or guarantees. All property is subject to a professional valuation at inception and may be revalued periodically through the life of the loan.

Leveraged finance exposures are typically secured by fixed and floating charges over material assets of the borrower. The value of this security will vary over time and is dependent on the types of asset secured, the jurisdiction of the borrowers and the ability to dispose of the company as a going concern.

Exposures in the natural resources sector are almost all secured. Security may take the form of corporate debentures, fixed charges on assets or charges on the cash flows arising out of commodity finance and export proceeds.

Asset finance exposures are secured on assets including invoices, plant and equipment, stock and property.

The table below gives an estimate of the fair value of collateral held by the Group as security against its loans to customers that are individually impaired and past due but not impaired.

	31/03/2009		31/03/2008	
In thousand of euro	Past due but not impaired	Individually impaired	Past due but not impaired	Individually impaired
Property	4,725	22,701	11,607	2,426
Guarantees and fixed/floating charges	-	6,568	-	-
Commercial vehicles and other equipment	8,217	21,265	9,760	23,706
TOTAL	**12,942**	**50,534**	**21,367**	**26,132**
FAIR VALUE	**14,320**	**119,448**	**33,075**	**68,379**

3. Credit risk analysis

The Group monitors concentrations of credit risk by geographic location and industrial sector. The tables below show an analysis of credit risk by location and by sector.

a) Credit risk by location

Location for loans and advances is measured by reference to the location of the borrower. Debt securities are recorded based on the location of the issuer of the security.

In thousands of euro	UK and Channel Islands	Rest of Europe	USA and Canada	Latin America	Australia and Asia	Other	31/03/2009
Financial assets at fair value through profit and loss (excluding equity)	18,233	23,352	68	-	8	-	41,661
Hedging derivatives	6,024	-	-	-	-	-	6,024
Loans and receivables to banks	959,215	571,298	133,975	14,606	26,027	3,405	1,708,526
Loans and receivables to customers	1,183,326	815,021	71,393	88,834	36,213	51,189	2,245,976
Available for sale financial assets – debt securities	330,219	1,164,145	205,210	9,430	65,291	-	1,774,295
Other financial assets	43,893	52,441	28,933	1,410	23,623	6,033	156,333
Subtotal Assets	**2,540,910**	**2,626,257**	**439,579**	**114,280**	**151,162**	**60,627**	**5,932,815**
Commitments and guarantees	80,286	111,499	52,902	1,185	3,481	7,422	256,775
TOTAL	**2,621,196**	**2,737,756**	**492,481**	**115,465**	**154,643**	**68,049**	**6,189,590**

In thousands of euro	UK and Channel Islands	Rest of Europe	USA and Canada	Latin America	Australia and Asia	Other	31/03/2008
Financial assets at fair value through profit and loss (excluding equity)	24,833	17,589	1,088	2,657	637	1	46,805
Hedging derivatives	10,042	-	300	-	-	-	10,342
Loans and receivables to banks	1,588,357	945,414	164,774	19,642	23,798	1,783	2,743,768
Loans and receivables to customers	1,369,305	866,248	104,999	189,728	59,126	43,700	2,633,106
Available for sale financial assets – debt securities	645,405	2,026,152	310,302	8,355	100,865	78,994	3,170,073
Other financial assets	26,041	143,239	7,220	375	11,567	7,373	195,815
Subtotal Assets	**3,663,983**	**3,998,642**	**588,683**	**220,757**	**195,993**	**131,851**	**8,799,909**
Commitments and guarantees	194,859	172,280	98,293	1,677	25,320	7,485	499,914
TOTAL	**3,858,842**	**4,170,922**	**686,976**	**222,434**	**221,313**	**139,336**	**9,299,823**

b) Credit risk by sector

The sector analysis is based on Global Industry Classification Standards.

In thousands of euro	31/03/2009	31/03/2008
Financial	3,453,335	5,710,032
Property	719,563	827,519
Private persons	529,776	647,799
Industrials	338,744	429,799
Materials	280,905	429,502
Consumer discretionary	232,488	386,091
Energy	145,398	167,404
IT and telecoms	119,871	139,253
Consumer staples	98,064	188,323
Utilities	67,658	64,041
Government	37,167	61,654
Healthcare	28,042	50,131
Other	138,579	198,275
TOTAL	**6,189,590**	**9,299,823**

Financial and Property sector exposures may be analysed as follows:

In thousands of euro	31/03/2009	31/03/2008
Financial sector		
Short term interbank exposures	1,726,790	3,209,927
Treasury marketable securities - investment grade	1,201,179	2,206,034
Other marketable securities	134,794	-
Cash/ investment backed lending	179,554	4,399
Finance companies	39,772	68,699
Insurance	-	8,082
Other	171,246	212,891
TOTAL financial sector	**3,453,335**	**5,710,032**

Short term interbank lending and marketable securities are held for liquidity management purposes.

In thousands of euro	**31/03/2009**	31/03/2008
Property sector		
Senior loans	585,097	761,340
Subordinated/ mezzanine	97,581	59,122
Other	36,885	7,057
TOTAL Property sector	**719,563**	**827,519**

Property exposures are supported by income generated by a large number of tenants from a wide variety of industry sectors. Exposures are, broadly, evenly split between the major property types and are located predominantly within the UK. There is minimal exposure to speculative development, and development facilities are provided in respect of pre-sold or pre-let properties or with access to additional security and/or guarantees. Exposures with an element of development financing represented 5.4% of senior loans (€30.6 million) at 31 March 2009 (March 2008: 14%). Of these, €6.2 million are related to speculative developments (2008: €7.5 million).

C. Market risks

Market risks arise as a result of the Group's activities in interest rate, currency and equity and debt markets and comprise interest rate, foreign exchange and equity and debt position risk.

During the year, exposure to market risk has continued to be small in relation to capital, as trading activities have been focused on servicing client requirements rather than on proprietary risk-taking.

Limits on market risk exposure in NM Rothschild & Sons Limited (NMR), which is the Group's largest subsidiary, are set by its Executive Committee. Monitoring of market risk limits and determination of trading profits are undertaken daily, independently of the dealing area. Risk limits are complemented by other measures and controls, including stress testing to estimate the losses that could occur when markets behave in unusually volatile ways and with little liquidity.

Market risks associated with treasury and equity positions are described below with a description of risk management and the levels of risk.

1. Value at risk

Value at risk measures the potential losses that could be incurred on positions at risk from changes in interest rates and market prices over a given period of time and with a given confidence interval.

Market risk in treasury activities arises from interest rate and foreign exchange positions. Foreign exchange and interest rate contracts are used for trading and for hedging purposes. Risk is monitored daily using a sensitivity-based value at risk approach, which determines the effect of changes in market price factors, including currency prices, interest rates and volatilities, on positions. Shifts in market price factors and correlations are calculated weekly, or more frequently in turbulent markets, using the industry standard of 99% probability over a ten day holding period for all risks except currency position risk, which is measured using a 99% probability over a one day holding period.

The market risk figures below are derived from weekly figures and arise from NMR and RBI, which are the only Group entities to use a Value at Risk calculation in their internal management reporting.

NMR

	12 months to 31 March 2009			12 months to 31 March 2008		
In thousands of euro	**Average**	**Low**	**High**	Average	High	Low
Interest rate risk	1,429	990	2,486	1,429	765	2,409
Foreign exchange risk	33	3	165	5	-	14
TOTAL VALUE AT RISK	**1,462**	**993**	**2,651**	**1,434**	**765**	**2,423**

RBI

	12 months to 31 March 2009			12 months to 31 March 2008 (*)		
In thousands of euro	**Average**	**Low**	**High**	Average	High	Low
Interest rate risk	298	123	719	-	-	-
Foreign exchange risk	-	-	-	-	-	-
TOTAL VALUE AT RISK	**298**	**123**	**719**	**-**	**-**	**-**

(*) The value at risk at RBI in the year ended March 2008 was not material.

The main assumption used in the calculation is that price factors are normally distributed. This is a common assumption in value at risk calculations but is known to be tenuous, particularly for interest rates and volatilities, and is one of the reasons for the use of a high probability over a long holding period.

2. Price risk related to equity investments

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

If the price of these equities and of the equities on which derivative instruments are dependent were to fall by 5%, then there would be a post-tax charge to the income statement of €1 million (€0.2 million at 31 March 2008) and a charge to equity of €28.6 million. (€21.4 million at 31 March 2008).

The Group, moreover, is exposed through its investments to the risks affecting the companies in which it invests.

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

In thousands of euro	UK and Channel Islands	Other Europe	US and Canada	Latin America	Australia and Asia	Other	**31/03/2009**
Equity investments and securities	7,960	345,992	14,702	6,344	24,481	19,829	419,308
Warrants and other equity derivatives	-	(975)	-	-	-	-	(975)

In thousands of euro	UK and Channel Islands	Other Europe	US and Canada	Latin America	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)

3. Currency risk

The Group takes on exposure to the effects of fluctuations in foreign currency exchange rates on its financial position and cash flows. The table below summarises exposure to foreign currency exchange rate risk. 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 euro	**31/03/2009**	31/03/2008
US $	21,510	17,693
Euro	(21,487)	(4,673)
English £	3,547	(2,908)
Swiss Franc	(10,706)	(5,068)
Australian $	1,231	1,664
Other	8,432	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 €1.3 million (€0.2 million in 2008).

The main exchange rates used at 31 March 2008 and 2009 were as follows:

	31/03/2009	31/03/2008
€/US $	1.3267	1.5800
€/English £	0.9268	0.7954
€/Swiss Franc	1.5096	1.5680
€/Australian $	1.9124	1.7320

4. Interest rate risk

The table below summarises the banking sub-group's exposure to interest rate risk. It shows the impact on the fair value of interest-bearing assets and liabilities and of interest bearing derivatives if base interest rates in each currency shown moved up or down by 100 basis points. The table includes all interest rate risk arising from financial instruments including that within the treasury and banking businesses. The Group also holds £125 million and $200 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.

	31/03/2009		31/03/2008	
In thousands of euro	**+100 bps**	**-100 bps**	+100 bps	-100 bps
Swiss Franc	(2,528)	2,654	(2,659)	2,811
Euro	(49)	32	1,095	(1,098)
English £	1,304	(1,324)	3,640	(4,354)
US $	(87)	73	330	(339)
Other	(17)	17	199	(6)
TOTAL	**(1,377)**	**1,452**	**2,605**	**(2,986)**

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 €219.4 million at 31 March 2009, are at variable interest rates.

At 31 March 2009, of the fixed income securities held by the Paris Orléans group in the context of its private equity business, a total of €56.5 million was at fixed rates and €159.2 million at floating rates.

D. Liquidity risk

Management of liquidity risk is of fundamental importance to the operating entities of the Group, to ensure that they can meet their liabilities as they fall due.

The liquidity of the Group's three main banking groups is managed independently of each other. This is briefly summarised below.

1. NM Rothschild & Sons Limited ("NMR")

NMR's liquidity is monitored daily independently of the front office Treasury staff responsible for day-to-day liquidity management, and is subject to oversight by the Group Assets and Liabilities Committee (ALCO) and the Executive Committee. The Executive Committee sets cash flow deficit limits for various periods. NMR is also subject to liquidity guidelines set by the Financial Services Authority.

NMR's liquidity is measured by classifying cash flows into future time bands using a series of prudent assumptions and calculating the resultant gap, either surplus or deficit, in each period. The net liquidity gap represents the difference between cash inflows and outflows arising in a particular time period. 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 analysis identifies 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 repaid only at their contractual maturity date. 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.

For regulatory purposes, NMR has measured its liquidity ratio as 19.0% as of 31 March 2009 (31 March 2008: 25.3%). This figure is the cumulative liquidity gap at the 1-month horizon (after certain allowable behavioural adjustments) as a percentage of total deposits. The limit set by the UK's Financial Services Authority's ("FSA") is -5.0%. The ratio is calculated in accordance with FSA guidelines for Liquidity Mismatch reporting.

2. Rothschild Bank International Limited ("RBI")

RBI uses a similar liquidity gap analysis approach as NMR in measuring its liquidity position. Liquidity is monitored daily independently of the front office, and is subject to oversight by the Treasury Committee, which recommends policies and procedures for the management of liquidity risk and has set deficit limits for each period.

The cumulative liquidity gap in the 8 day to 1 month period, as measured for regulatory purposes, was 138% as of 31 March 2009 greater than the limit required by the local regulator (31 March 2008: 121% greater).

3. Rothschild Bank Zurich ("RBZ")

RBZ maintains liquidity facilities in the form of overdraft lines at correspondent banks and secured finance facilities with clearing institutions for the exceptional event that counterparties or clients do not meet their payment obligations punctually. Compliance with the liquidity rules as set out in the Banking Ordinance is constantly monitored.

RBZ is not dependent on long term funding from external banks. Excess cash is mainly placed short term (up to 30 days). Therefore, external bank borrowings are only used to cover short term peaks.

As of 31 March 2009, liquid assets were 306% of liquid liabilities, as measured for regulatory purposes (31 March 2008: 161%). The regulatory limit is 100%.

Contractual maturity

The table below presents contractual maturity for consolidated assets and liabilities at Group level.

In thousands of euro	Demand - 1m	1m - 3m	3m - 1y	1y - 2y	2y - 5y	>5 yr	No contractual maturity	31/03/2009
Cash and balances at central banks	742,970	1,345	419	-	-	-	-	744,734
Financial assets at FVTPL	7,527	4,983	20,692	1,101	1,517	5,841	3,143	44,804
Hedging derivatives	982	148	2,617	2,273	4	-	-	6,024
AFS securities	164,511	105,752	536,862	362,301	227,310	571,012	293,680	2,261,428
Loans and advances to banks	1,554,193	138,586	14,085	-	-	1,662	-	1,708,526
Loans and advances to customers	311,923	111,406	421,964	269,918	712,691	418,074	-	2,245,976
Other financial assets	15,926	59,068	17,838	5,809	6,022	-	51,670	156,333
TOTAL ASSETS	**2,798,032**	**421,288**	**1,014,477**	**641,402**	**947,544**	**996,589**	**348,493**	**7,167,825**
Financial liabilities at FVTPL	5,806	12,152	32,497	4,130	39,498	23,400	975	118,458
Hedging derivatives	7,931	49	2,729	7,139	14,920	23,580	-	56,348
Deposits by banks and central bank	794,203	260,362	174,435	133,791	134,542	73,348	-	1,570,681
Due to customers	2,458,313	310,762	143,195	-	65,563	38,103	-	3,015,936
Debt securities in issue	26,944	106,497	516,897	70,132	350,001	-	-	1,070,471
Subordinated loan capital	-	1,028	-	-	116	33,913	124,788	159,845
Other financial liabilities	11,449	272	1,841	-	2,483	4,700	525	21,270
TOTAL LIABILITIES INCLUDING COMMITMENTS	**3,304,646**	**691,122**	**871,594**	**215,192**	**607,123**	**197,044**	**126,288**	**6,013,009**

Liquidity risk - undiscounted cashflows of liabilities

The following table shows contractual undiscounted cash flows payable by the Group (i.e. including future interest payments) on its financial liabilities and commitments, analysed by remaining contractual maturity at the balance sheet date. This table does not reflect the liquidity position of the Group. Cashflows from undated subordinated debt are shown up to five years only, with the principal balance shown in the "No contractual maturity" column.

In thousands of euro	Demand - 1 m	1m - 3m	3m - 1y	1y - 2y	2y - 5y	>5 yr	No contractual maturity	31/03/2009
Hedging derivatives	7,931	49	2,729	7,139	14,920	23,580	-	56,348
Deposits by banks and central bank	794,860	260,811	176,480	135,389	139,182	77,167	-	1,583,889
Due to customers	2,462,393	312,682	148,311	584	67,318	48,002	-	3,039,290
Debt securities in issue	26,975	110,805	536,214	76,698	353,247	-	-	1,103,939
Subordinated liabilities	-	2,574	5,579	7,092	21,174	34,028	124,789	195,236
Other financial liabilities	17,193	272	5,233	-	2,483	4,967	525	30,673
Gross loan commitments	24,230	891	4,324	39,896	66,727	11,235	-	147,303
TOTAL	**3,333,582**	**688,084**	**878,870**	**266,798**	**665,051**	**198,979**	**125,314**	**6,156,678**

E. Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. For financial instruments carried at fair value, market prices or rates are used to determine fair value where an active market exists (such as a recognised exchange), as it is the best evidence of the fair value of a financial instrument. Market prices are not, however, available for certain financial assets and liabilities held or issued by the Group. Where no active market price or rate is available, fair values are estimated using present value or other valuation techniques, using inputs based on market conditions existing at the balance sheet date. The valuation may be derived from quotations received from various sources. Where the market is illiquid, the quotations may not be supported by prices from actual market transactions.

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

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

- Cash and balances at central banks, loans and advances to banks and deposits by banks. Fair value of these instruments is considered to be the same as their carrying value due to the short term nature of the financial asset or liability.
- 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 cash flows at market interest rates adjusted for appropriate credit spreads.
- Within debt securities, a portfolio of a small number of asset backed securities has been difficult to price due to a lack of liquidity in the market. The fair value of these securities is based on external estimates together with values ascribed to them in repo transactions. As a result of the global credit crunch, there are few underlying transactions against which to calibrate these valuations and quoted prices are significantly below par value although the assets are not considered to be impaired. Nonetheless, where there is a quoted market price, it is 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.
- Amounts due to customers. The fair value of these instruments is determined by discounting the future cash flows at market interest rates adjusted for the appropriate credit spread.
- Debt securities in issue and subordinated liabilities. Fair value is determined using quoted market prices where available, or by discounting the future cash flows at market interest rates adjusted for the appropriate credit spread.
- Other financial assets and liabilities. Fair value is considered to be the same as carrying value for these assets.

The fair value of each class of financial asset and liability held at amortised cost is shown below.

In thousands of euro	31/03/2009 Carrying value	31/03/2009 Fair value	31/03/2008 Carrying value	31/03/2008 Fair value
Financial assets				
Loans and receivables to banks	1,708,526	1,708,526	2,743,768	2,743,646
Loans and receivables to customers	2,245,976	1,823,768	2,633,106	2,621,788
TOTAL	**3,954,502**	**3,532,294**	**5,376,874**	**5,365,434**
Financial liabilities				
Due to banks	1,570,681	1,563,850	2,462,021	2,457,146
Due to customers	3,015,936	3,015,936	3,375,521	3,370,106
Debt securities in issue	1,070,471	1,044,894	1,573,898	1,550,783
Subordinated debt	159,845	65,939	254,098	195,379
TOTAL	**5,816,933**	**5,690,619**	**7,665,538**	**7,573,414**

F. Fiduciary Activities

The Group provides custody and other fiduciary services to customers. Those assets that are held in a fiduciary capacity are not included in these financial statements. At the balance sheet date, these amounted to approximately €2,089,871,000 (31 March 2008: €2,174,332,000).

Part V: Notes to the Balance Sheet

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

In thousands of euro	**31/03/2009**	31/03/2008
Trading instruments	1,970	2,227
Financial assets designated at fair value through profit or loss	1,173	1,725
Derivative financial instruments	41,661	42,853
AT THE END OF THE PERIOD	**44,804**	**46,805**
Of which:		
Financial assets at fair value through profit or loss – Listed	*2,795*	*2,616*
Financial assets at fair value through profit or loss – Unlisted	*42,009*	*44,189*

Trading portfolio

	31/03/2009	31/03/2008
Public bills and similar securities	-	-
Bonds	-	27
Equities	1,970	2,200
Other financial instruments	-	-
AT THE END OF THE PERIOD	**1,970**	**2,227**

Financial assets designated at fair value through profit or loss

	31/03/2009	31/03/2008
Public bills and similar securities	-	-
Bonds	-	-
Equities	1,173	1,725
Other financial instruments	-	-
AT THE END OF THE PERIOD	**1,173**	**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

In thousands of euro	Notional principal 31/03/2009	Notional principal 31/03/2008	Positive fair value 31/03/2009	Positive fair value 31/03/2008	Negative fair value 31/03/2009	Negative fair value 31/03/2008
Interest rate contracts						
- Firm	283,334	416,304	4,948	2,994	(9,447)	(18,648)
- Conditional	114,001	641,824	84	1,583	-	(1,515)
Foreign exchange contracts						
- Firm	1,486,715	1,587,043	31,273	34,576	(36,384)	(45,649)
- Conditional	202,348	323,495	712	2,895	(724)	(2,895)
Equity instruments						
- Firm	-	-	521	-	-	-
- Conditional	975	646	4,123	-	(975)	(646)
Commodity instruments						
- Firm	-	-	-	-	-	-
- Conditional	-	-	-	-	-	-
Credit derivatives						
- Firm	107,147	142,379	-	738	(70,928)	(41,722)
- Conditional	-	-	-	-	-	-
Other instruments	-	150	-	67	-	(67)
AT THE END OF THE PERIOD	**2,194,520**	**3,111,841**	**41,661**	**42,853**	**(118,458)**	**(111,142)**

Note 2. Hedging derivatives

In thousands of euro	Notional principal 31/03/2009	Notional principal 31/03/2008	Positive fair value 31/03/2009	Positive fair value 31/03/2008	Negative fair value 31/03/2009	Negative fair value 31/03/2008
Interest rate contracts						
- Firm	919,959	-	3,007	-	(53,195)	(28,042)
- Conditional	-	-	-	-	-	-
Foreign exchange contracts						
- Firm	597,727	1,478,078	3,017	10,342	(3,153)	-
- Conditional	-	-	-	-	-	-
Equity instruments						
- Firm	-	-	-	-	-	-
- Conditional	-	-	-	-	-	-
Commodity instruments						
- Firm	-	-	-	-	-	-
- Conditional	-	-	-	-	-	-
Other instruments	-	-	-	-	-	-
AT THE END OF THE PERIOD	**1,517,686**	**1,478,078**	**6,024**	**10,342**	**(56,348)**	**(28,042)**

The schedule of cash flows hedged is as follows:

In thousands of euro	< 1 year	> 1 year < 3 years	> 3 years < 5 years	> 5 years < 10 years	> 10 years
Cash inflows (assets)	-	-	-	-	-
Cash outflows (liabilities)	(3,887)	(20,624)	(25,595)	(50,816)	(102,080)
COST AT 31 MARCH 2009	**(3,887)**	**(20,624)**	**(25,595)**	**(50,816)**	**(102,080)**

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 2009, the Group recognised a net gain of €73 thousand (net loss of €37 thousand for 31 March 2008) 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 €23,566 thousand (negative fair value) at 31 March 2009 and €16,557 thousand (negative fair value) 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.

For the year ended 31 March 2009, a gain of €570 thousand was recognised in the income statement in respect of the ineffective portion of cash flow hedges (gain of €470 thousand at 31 March 2008).

The fair value of derivatives designated as cash flow hedges at 31 March 2009 was €26,758 thousand (negative fair value) and €11,485 thousand (negative fair value) at 31 March 2008.

Note 3. Available-for-sale financial assets

In thousands of euro	**31/03/2009**	31/03/2008
AFS debt securities		
Public bills and similar securities	132,455	-
Bonds and similar securities	370,788	396,908
Notes and other securities	1,380,198	2,766,667
Subtotal	**1,883,441**	**3,163,575**
Of which:		
Listed securities	*1,644,708*	*2,257,464*
Unlisted securities	*238,733*	*906,111*
Accrued interest	25,788	39,290
Subtotal	**1,909,229**	**3,202,865**
Impairment	(64,007)	(32,792)
Total of AFS debt securities	**1,845,222**	**3,170,073**
AFS equity securities		
Affiliates and long term securities	248,165	265,131
Other equities	222,288	259,875
Equities and other variable income securities	**470,453**	**525,006**
Of which:		
Listed securities	*148,699*	*208,000*
Unlisted securities	*321,754*	*317,006*
Impairment	(54,247)	(29,099)
Total of AFS equity securities	**416,206**	**495,907**
AT THE END OF THE PERIOD	**2,261,428**	**3,665,980**

Movement in available-for-sale financial assets

In thousands of euro	31/03/2009	31/03/2008
AT THE BEGINNING OF THE PERIOD	3,665,980	328,848
Additions	526,255	888,576
Change of scope	-	4,361,586
Disposals (sale and redemption)	(1,228,616)	(1,567,511)
Reclassifications and changes in consolidation scope (1)	(454,139)	(46,766)
Gains/(losses) from changes in fair value	(208,836)	(157,914)
Impairment	(56,079)	(46,599)
Exchange differences	16,863	(94,240)
AT THE END OF THE PERIOD	2,261,428	3,665,980

(1) Within €437,576 thousand of loans and receivables reclassified in application of the amendment to IAS 39.

In application of the amendments to IAS 39 and IFRS 7 adopted by the European Commission on 15 October 2008, on 1 July 2008 the Paris Orléans group transferred from available-for-sale financial assets to loans and receivables those financial assets to which the definition of loans and receivables would apply on the reclassification date. This reclassification had no effect on the income statement for the period.

On the reclassification date and on 31 March 2009, Paris Orléans had the financial capacity to keep the loans concerned to their maturity date or for the foreseeable future.

The reclassified financial assets are shown in the following table (in thousands of euro):

Fair value at 31 March 2008 of the available-for-sale financial assets to be reclassified as loans and receivables	**417,147**
Changes in fair value of these assets between 1 April 2008 and 1 July 2008	15,250
Translation differences and other movements	5,179
Fair value at 1 July 2008 of financial assets reclassified as loans and receivables	**437,576**
Impairment after reclassification	(10,003)
Disposals or repayments	(19,506)
Translation differences and other movements	9,108
Amortised cost at 31 March 2009 of reclassified loans and receivables	**417,175**
Changes in fair value of reclassified financial assets between 1 July 2008 and 31 March 2009	(137,128)
Other movements	2,578
Fair value at 31 March 2009 of financial assets reclassified as loans and receivables	**282,625**

Changes in fair value of these reclassified financial assets between 1 April 2008 and 31 March 2009, net of tax, increased shareholders' equity by €10,980 thousand.

By way of comparison, changes in fair value of these reclassified financial assets between 1 April 2007 and 31 March 2008, net of tax, decreased shareholders' equity by €13,320 thousand.

Changes in fair value of reclassified financial assets between 1 July 2008 and 31 March 2009, net of tax, would have decreased shareholders' equity by €98,732 thousand if the assets concerned had not been reclassified.

On 1 July, the reclassification date, the average net effective interest rate after taking into account associated funding costs of the reclassified financial assets was 2.97%. The expected future cash flows from these financial assets were €481,174 thousand.

Note 4. Loans and receivables to banks

In thousands of euro	**31/03/2009**	31/03/2008
Interbank demand deposits and overnight loans	579,201	504,242
Interbank term deposits and loans	1,125,906	2,237,042
Reverse repos and loans secured by bills	-	-
Subordinated loans – banks	-	-
Total	**1,705,107**	**2,741,284**
Accrued interest	3,419	2,484
Loans and receivables to banks – Gross amount	**1,708,526**	**2,743,768**
Allowance for credit losses on loans and receivables to banks	-	-
AT THE END OF THE PERIOD	**1,708,526**	**2,743,768**

The change in the Group's cash management policy following the credit crunch has resulted in far greater weight being given to deposits with central banks in interbank transactions.

The decline in term accounts and loans to banks should be viewed against the increase in cash and deposits with central banks, which amounted to €744.7 million at 31 March 2009.

Note 5. Loans and receivables to customers

Loans and receivables to customers

In thousands of euro	**31/03/2009**	31/03/2008
Overdrafts on current accounts – customers	12,298	551
Loans to customers – retail	491,394	373,311
Loans to customers – corporate	1,830,896	2,301,008
Reverse repos and loans secured by bills	-	-
Subordinated loans – customers	-	-
Total	**2,334,588**	**2,674,870**
Accrued interest	13,570	24,362
Loans and receivables to customers – Gross amount	**2,348,158**	**2,699,232**
Allowance for credit losses on loans and receivables to customers	(102,182)	(66,126)
AT THE END OF THE PERIOD	**2,245,976**	**2,633,106**

Allowance for credit losses on loans and receivables

In thousands of euro	**Specific provision 31/03/2009**	**Collective provision 31/03/2009**	**TOTAL 31/03/2009**	Specific provision 31/03/2008	Collective provision 31/03/2008	TOTAL 31/03/2008
Allowance for credit losses on loans and receivables to customers	(67,110)	(35,072)	**(102,182)**	(56,053)	(10,073)	**(66,126)**

Loans and advances to customers include finance lease receivables:

In thousands of euro	Total future receipts	Less unrecognised interest income	Present value of net finance lease assets
Up to 1 year	43,208	(7,375)	35,833
Between 1 and 5 years	69,413	(12,498)	56,915
Over 5 years	912	(107)	805
TOTAL AT 31 MARCH 2009	**113,533**	**(19,980)**	**93,553**

Note 6. Other assets and estimated accounts

In thousands of euro	31/03/2009	31/03/2008
Guarantee deposits paid	553	503
Settlement accounts on securities transactions	-	2,839
Other receivable	167,708	82,260
Other assets	**168,261**	**85,602**
Dividends to allocate	-	679
Prepaid expenses	10,202	11,551
Accrued income	47,937	176,595
Estimated accounts	**58,139**	**188,825**
AT THE END OF THE PERIOD	**226,400**	**274,427**

Note 7. Investments in associates

This heading corresponds to companies consolidated using the equity method, adjusted for their share of revenues and changes in shareholders' equity. The changes in 2008/2009 are presented in a single table summarising the impact of IFRS restatements and the movements during the period.

Centrum Luxembourg, which was previously consolidated using the equity method, exited the consolidation scope following the disposal by the Group of its 40% holding in the Manufaktura shopping centre.

Investments in associates

In thousands of euro	Concordia BV	Les Domaines Barons de Rothschild	Conti-nuation Investment NV	Centrum Luxembourg	Rivoli Participation	Comepar	Franinvest	Partnerships between NMR and Rothschild & Cie Banque	Rothschild & Cie Banque	Rothschild Europe BV	Other	**TOTAL**
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)*
Profit for the period 2008/2009	-	2,484	1,071	-	279	-	-	1,058	11,404	10,677	(1,306)	25,667
Change in percentage ownership	-	-	-	(152)	-	-	-	-	-	-	-	(152)
Exchange differences on translation	-	(563)	192	-	-	-	-	(163)	1,478	(637)	(1,504)	(1,197)
Shareholders' dividends	-	(529)	(979)	-	(2,144)	-	-	(9,776)	(11,880)	(19,934)	(158)	(45,400)
Gains (losses) from changes in fair value	-	-	(980)	-	-	-	-	-	-	-	(143)	(1,123)
Effect of acquisitions and disposals on minority interests	-	-	-	-	(58)	-	-	5,496	-	-	5,893	11,331
Other	-	91	320	-	275	-	-	(3)	(14)	102	36	807
Provisions	-	-	-	-	-	-	-	-	-	-	-	-
At 31/03/2009	**-**	**11,864**	**2,080**	**-**	**-**	**-**	**-**	**2,548**	**72,058**	**25,049**	**17,008**	**130,607**
Of which goodwill	-	*1,267*	-	-	-	*915*	-	-	-	-	-	*2,182*
Of which allowance for impairment	-	-	-	-	-	*(915)*	-	-	-	-	-	*(915)*

Information related to associates

In thousands of euro	Gross assets	Net banking income or net operating income	Net income
Les Domaines Barons de Rothschild (consolidated subgroup)	168,490	86,085	14,686
Continuation Investment NV	16,015	4,092	2,578
Rivoli Participation (consolidated subgroup)	12,193	11,721	1,011
Comepar (consolidated subgroup)	34,309	26,320	3,080
Joint ventures between NMR and Rothschild & Cie Banque (consolidated subgroup)	21,117	22,338	1,964
Rothschild & Cie Banque (consolidated subgroup)	865,373	299,417	111,799
Rothschild Europe BV (consolidated subgroup)	136,441	132,142	23,727

Note 8. Property, plant and equipment

In thousands of euro	01/04/2008	Additions	Disposals	Write offs	Changes in consolidation scope of the period	Depreciation charge	Exchange rate movement	Other movements	31/03/2009
Operating lands and buildings	154,054	802	-	(1)	-	-	(868)	(3,365)	150,622
Assets used to generate lease income	7,166	3,717	(1,399)	-	-	-	(1,325)	1,026	9,185
Other property, plant and equipment	81,191	42,134	(1,791)	(234)	(1,388)	-	(17,876)	3,363	105,399
Total property, plant and equipment – gross amount	**242,411**	**46,653**	**(3,190)**	**(235)**	**(1,388)**	**-**	**(20,069)**	**1,024**	**265,206**
Amortisation and allowances – operating lands and buildings	(63,423)	-	-	-	-	(4,584)	2,880	735	(64,392)
Amortisation and allowances – assets used to generate lease income	(3,989)	-	1,048	-	-	(1,957)	666	(424)	(4,656)
Amortisation and allowances – other property, plant and equipment	(56,547)	-	1,071	225	971	(7,757)	8,920	(686)	(53,803)
Total amortisation and allowances	**(123,959)**	**-**	**2,119**	**225**	**971**	**(14,298)**	**12,466**	**(375)**	**(122,851)**
Total property, plant and equipment – net amount	**118,452**	**46,653**	**(1,071)**	**(10)**	**(417)**	**(14,298)**	**(7,603)**	**649**	**142,355**

Note 9. Intangible assets

In thousands of euro	01/04/2008	Additions	Disposals	Write offs	Changes in consoli-dation scope of the period	Deprecia-tion charge	Exchange rate movement	Other move-ments	31/03/2009
Intangible assets – gross amount	188,155	392	(123)	6	-	-	(355)	-	188,075
Amortisation and allowances – intangible assets	(8,729)	-	123	(6)	-	(5,530)	112	(1)	(14,031)
Total Intangible assets – net amount	**179,426**	**392**	**-**	**-**	**-**	**(5,530)**	**(243)**	**(1)**	**174,044**

Note 10. Goodwill

As at 31 March 2009, the Group carried out an annual impairment test of the cash generating units to which the goodwill arising on the acquisition of a controlling interest in Concordia BV on 21 November 2007 was allocated. This goodwill was allocated to two cash generating units: Rothschilds Continuation Holding AG (RCH) and Rothschild & Cie Banque (RCB).

The recoverable value of the cash generating units was calculated based on multiple criteria: for RCH these included stock market multiples, transaction multiples and discounted forecast cash flows, and for RCB, an independent appraisal based on multiple criteria.

The cash flows used for calculating discounted cash flows correspond to consolidated net income after tax and were estimated based on a business plan drawn up using budget projections for the coming six years.

At 31 March 2009, the recoverable value of the cash generating units was higher than their carrying amount. Accordingly, the Group did not recognise goodwill impairment on Concordia BV.

Note 11. Due to banks

In thousands of euro	**31/03/2009**	31/03/2008
Interbank demand deposits and overnight	178,102	78,494
Interbank term deposits and borrowings	485,863	781,440
Borrowings secured by repurchase agreement	898,559	1,580,067
Due to banks – Subtotal	**1,562,524**	**2,440,001**
Accrued interest	8,157	22,020
AT THE END OF THE PERIOD	**1,570,681**	**2,462,021**

Note 12. Due to customers

In thousands of euro	**31/03/2009**	31/03/2008
Customer demand	1,275,012	1,086,060
Term deposits - customers	1,736,205	2,276,582
Borrowings secured by bills (customers)	-	-
Customer deposits – Subtotal	**3,011,217**	**3,362,642**
Accrued interest	4,719	12,879
AT THE END OF THE PERIOD	**3,015,936**	**3,375,521**

Note 13. Debt securities in issue

In thousands of euro	31/03/2009	31/03/2008
Securities with a short term maturity	292,791	658,326
Securities with a medium term maturity	772,579	904,528
Securities with a long term maturity and bonds	-	-
Debt securities in issue – Subtotal	**1,065,370**	**1,562,854**
Accrued interest	5,101	11,044
AT THE END OF THE PERIOD	**1,070,471**	**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 with variable interest rates and had residual maturities ranging from 11 to 30 months at 31 March 2009. Short-term debt securities correspond to certificates of deposit issued with fixed interest rates and which had a maturity of more than 10 months at 31 March 2009.

Note 14. Estimated accounts and other liabilities

In thousands of euro	31/03/2009	31/03/2008
Settlement accounts on securities transactions	-	2,839
Accounts payable	21,243	36,862
Sundry creditors	105,847	90,302
Other liabilities	**127,090**	**130,003**
Due to employees	358,793	437,784
Other accrued expenses and deferred income	55,859	74,486
Estimated accounts	**414,652**	**512,270**
AT THE END OF THE PERIOD	**541,742**	**642,273**

Note 15. Provisions

In thousands of euro	01/04/2008	Charge	Reversal	Discounting	Exchange rate movement	Other movements	31/03/2009
Allowance for counterparty risk	-	157	(2)	-	11	(10)	156
Provision for claims or litigation	173	136	(3)	-	59	71	436
Reinstatement provisions	11,893	-	-	590	(2,313)	-	10,170
Vacant property provisions	8,928	450	-	13	(1,300)	(97)	7,994
Allowance for counterparty risk	-	-	-	-	-	-	-
Retirement benefit provisions	40,169	-	-	-	2,331	31,881	74,381
TOTAL OF PROVISIONS	**61,163**	**743**	**(5)**	**603**	**(1,212)**	**31,845**	**93,137**

The provision for vacant property relates to costs incurred on some buildings rented by the Group and which remain empty during part of the lease. These leases expire in 2018.

Reinstatement provisions correspond to the present value of renovating some buildings leased by the Group. These leases expire in 2011 and 2018.

Note 16. Subordinated debts

In thousands of euro	**31/03/2009**	31/03/2008
£100,000 Cumulative redeemable preference shares	110	127
€500 Cumulative redeemable preference shares	-	1
Perpetual Floating Rate Subordinated Notes - 2015 (USD45 million)	30,150	28,479
Perpetual Floating Rate Subordinated Notes (€150 million)	128,557	128,557
Perpetual Floating Rate Subordinated Notes (USD200 million)	-	94,927
Subordinated debt	**158,817**	**252,091**
Accrued interest	1,028	2,007
AT THE END OF THE PERIOD	**159,845**	**254,098**

Dated subordinated debt

The issue by Dutch subsidiary Rothschilds Continuation Finance B.V. ("RCF B.V.") of variable-interest subordinated debt amounting to USD45 million maturing in 2015 was guaranteed at subordinated level by Rothschilds Continuation Limited ("RCL"), the Group's main holding company in the United Kingdom.

Perpetual subordinated debt

IAS 32 requires the recognition of financial instruments as equity instruments when there is no contractual obligation to reimburse the capital or pay interest. In the case of perpetual subordinated debt instruments, there is no contractual obligation to repay the capital. Moreover, the terms of these instruments authorise the non-payment of interest unless the issuer has paid a dividend in the preceding six months. The payment of dividends on ordinary shares is not enough to justify their classification under debt as long as the Group controls the payment of dividends on ordinary shares. By contrast, perpetual subordinated debt securities issued by the Group and containing discretionary clauses relating to payment of interest qualify as equity instruments and the related interest is recognised in the income statement under minority interests.

The issue by Guernsey-based subsidiary Rothschilds Continuation Finance (CI) Limited of GBP125 million in guaranteed subordinated debt at 9% was guaranteed at subordinated level by RCL. There is no contractual obligation to repay the capital or to pay interest on this debt, which is therefore recognised in equity and included under minority interests.

Rothschilds Continuation Finance Plc, a UK subsidiary, has issued guaranteed variable-rate perpetual subordinated debt amounting to €150 million, which is guaranteed at subordinated level by the Group's UK banking subsidiary NM Rothschild & Sons Limited ("NMR").

A third issue of perpetual subordinated debt was made by the Group via RCF B.V., a Dutch subsidiary, in an amount of USD200 million, at a variable rate and guaranteed at subordinated level by RCL. The presence of a "linker" (in this case in the form of a legal clause providing for mandatory remuneration attached to preference shares) attached to a perpetual subordinated debt, guaranteeing the payment of interest to the subscriber, means that this debt must be recognised as a liability under IFRS. In March 2009, the linker attached to this subordinated debt of USD200 million was cancelled as the related preference shares had been converted into ordinary shares.

This conversion removed the Group's legal obligation to pay interest on this subordinated debt. The interest on the loan is now payable at the borrower's discretion (payment is mandatory if RCF BV or Rothschilds Continuation Limited distribute a dividend, or can be paid on RCF BV's initiative). This event resulted in the reclassification of the USD200 million subordinated debt to minority interests.

On reclassification, the difference between the carrying amount on the reclassification date (€110.63 million versus €94.93 million on 31 March 2008) and the fair value on the same date (€56.79 million) of this equity instrument was recognised in the income statement. The fair value of the perpetual subordinated debt was determined based on the market value of the debt estimated by major operators. This estimate was supported by the market data observed for similar instruments issued by similar issuers.

Note 17. Impairments

Changes in impairment of assets can be analysed as follows:

In thousands of euro	01/04/2008	Charge	Reversal	Exchange rate movement and other movements	31/03/2009
Loans and receivables to customers	(66,127)	(77,650)	5,257	36,338	(102,182)
Available-for-sale financial assets	(61,890)	(89,788)	34,923	(1,499)	(118,254)
Other assets	(9,709)	(5,631)	5,293	2,128	(7,919)
TOTAL	**(137,726)**	**(173,069)**	**45,473**	**36,967**	**(228,355)**

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 euro	31/03/2009	31/03/2008
Deferred tax assets at the beginning of the period	80,344	119
Deferred tax liabilities at the beginning of the period	57,109	18,158
Net amount (at the beginning of the period)	**23,235**	**(18,039)**
Change of scope	**-**	**31,842**
Recognised in income statement		
Income statement credit	2,598	3,970
Recognised in equity		
Defined benefit pension arrangements	19,351	4,202
Available-for-sale financial assets	27,173	30,371
Cash flow hedges	1,059	(375)
Impact of scope changes	-	(21,438)
Payments/(refunds)	-	1,199
Exchange differences	(14,035)	(8,552)
Other	1,816	55
Net amount (at the end of the period)	**61,197**	**23,235**
Deferred tax assets at the end of the period	110,993	80,344
Deferred tax liabilities at the end of the period	49,796	57,109

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

In thousands of euro	31/03/2009	31/03/2008
Accelerated tax depreciation	11,294	8,727
Deferred profit share arrangements	46,289	36,751
Defined benefit pension liabilities	10,227	5,553
Available-for-sale financial assets	29,072	14,669
Cash flow hedges	1,063	279
Provisions	6,949	2,189
Other temporary differences	6,099	12,176
DEFERRED TAX NET ASSETS AT THE END OF THE PERIOD	**110,993**	**80,344**

In thousands of euro	31/03/2009	31/03/2008
Defined benefit pension liabilities	(807)	(840)
Available-for-sale financial assets	24,967	30,071
Other temporary differences	25,636	27,878
DEFERRED TAX NET LIABILITIES AT THE END OF THE PERIOD	**49,796**	**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 euro	31/03/2009	31/03/2008
Accelerated tax depreciation	(2,516)	1,668
Defined benefit pension liabilities	14,142	(135)
Allowances for loan losses	(5,070)	307
Tax losses carried forward	-	2,795
Deferred profit share arrangements	(10,363)	(3,888)
Available-for-sale financial assets	1,297	976
Other temporary differences	(88)	(4,032)
DEFERRED TAX CHARGE RECOGNISED IN THE INCOME STATEMENT	**(2,598)**	**(2,309)**

Note 19. Non-current assets held for sale and liabilities related to non current assets held for sale

Certain non-investment banking business assets and liabilities meet the definition of a disposal group in IFRS 5 Non-current assets held for sale and discontinued operations and are shown as a disposal group at 31 March 2009.

In thousands of euro	31/03/2009	31/03/2008
Loans and receivables to banks	3,960	8,916
Loans and receivables to customers	-	1,338
Deferred tax assets	620	1,196
Estimated accounts and other assets	37,940	37,432
Non-current assets held for sale at the end of the period	**42,520**	**48,882**
Due to banks	30,915	32,546
Estimated accounts and other liabilities	150	1,888
Liabilities related to non-current assets held for sale at the end of the period	**31,065**	**34,434**

Part VI: Notes to the income statement

Note that in 2007/2008 Concordia BV was consolidated using the equity method for the period from 1 April to 20 November 2007 and fully consolidated from 21 November 2007.

Note 20. Net interest income

Interest income

In thousands of euro	**2008/2009**	2007/2008
Interest income - loans to banks	84,862	30,535
Interest income - loans to customers	171,116	90,484
Interest income - instruments available for sale	120,040	75,413
Interest income - derivatives	61,447	22,954
Interest income - other financials assets	3,803	5,455
TOTAL	**441,268**	**224,841**

Included within interest income is €2,658 thousand in respect of interest income accrued on impaired financial assets at 31 March 2009 (€717 thousand at 31 March 2008).

Interest expense

In thousands of euro	**2008/2009**	2007/2008
Interest expense - loans to banks	(112,885)	(117,401)
Interest expense - loans to customers	(83,833)	(30,194)
Interest expense - debt securities in issue	(67,639)	(19,622)
Interest expense - subordinated borrowings	(10,150)	(2,324)
Interest expense - derivatives	(51,560)	11
Interest expense - other financials assets	(3,877)	(1,005)
TOTAL	**(329,944)**	**(170,535)**

Note 21. Net fee and commission income

Fee and commission income

In thousands of euro	**2008/2009**	2007/2008
Fees for advisory work and other services	430,743	201,626
Portfolio and other management fees	99,809	41,840
Banking and credit-related fees and commissions	7,280	4,260
Other fees	38,335	16,305
TOTAL	**576,167**	**264,031**

Fee and commission expense

In thousands of euro	**2008/2009**	2007/2008
Fees for advisory work and other services	(145)	(540)
Portfolio and other management fees	(2,857)	(4,183)
Banking and credit-related fees and commissions	(1,530)	(1,099)
Other fees	(6,300)	437
TOTAL	**(10,832)**	**(5,385)**

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

In thousands of euro	**2008/2009**	2007/2008
Net income – debt securities and related derivatives – Trading	(1,338)	(17,011)
Net income – equities securities and related derivatives – Trading	2,078	318
Net income – forex operations	32,053	13,551
Net income – other trading operations	(28,158)	469
Net income – financial instruments designated at fair value through profit and loss	(620)	(89)
Net income – hedging derivatives	73	(37)
TOTAL	**4,088**	**(2,799)**

During the year ended 31 March 2009, the net loss on debt securities and related derivatives comprises a loss of €28,723 thousand (€16,401 thousand at 31 March 2008) 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 2009, the fair value of the hedging instruments increased by €12,995 thousand (€1,570 thousand at 31 March 2008) whereas the fair value of the hedged instruments dropped by €12,768 thousand (€1,583 thousand at 31 March 2008).

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

In thousands of euro	**2008/2009**	2007/2008
Gains or losses on sales of long term securities	2,500	13,816
Impairment losses on long term securities	(195)	(548)
Gains or losses on sales of other available-for-sale financial assets	10,716	16,538
Impairment losses on other available-for-sale financial assets	(24,787)	(5,319)
Available-for-sale dividend income	21,721	11,486
TOTAL	**9,955**	**35,973**

Note 24. Income from other activities

Income from other activities

In thousands of euro	2008/2009	2007/2008
Gain on reclassification of subordinated debt	54,225	-
Income from leasing	13,548	6,770
Other income	981	58
TOTAL	**68,754**	**6,828**

On the reclassification as minority interests of USD200 million of subordinated debt, the difference between the net carrying amount of the extinguished debt (€110.63 million) and the fair value of the capital securities thus created (€56.79 million) was recognised in the income statement in an amount of €54.2 million after taking into account exchange rate movements over the period.

Expense on other activities

In thousands of euro	2008/2009	2007/2008
Investment property	(2)	(12)
Expenses from assets used to generate lease income	(1,957)	(3,174)
Other expenses	(4,659)	(34)
TOTAL	**(6,618)**	**(3,220)**

Note 25. Operating expenses

In thousands of euro	2008/2009	2007/2008
Staff costs	(449,942)	(183,490)
Administrative expenses	(126,654)	(56,728)
TOTAL	**(576,596)**	**(240,218)**

At 31 March 2009, the Group employed 1,954 people compared with 2,029 at 31 March 2008.

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

In thousands of euro	2008/2009	2007/2008
Depreciation and amortisation		
Amortisation of intangible assets	(5,530)	(5,814)
Depreciation of property, plant and equipment	(12,342)	(3,069)
Impairment allowance expenses		
Impairment allowance on intangible assets	-	-
Impairment allowance on property, plant and equipment	-	-
TOTAL	**(17,872)**	**(8,883)**

* *Allowances for depreciation of non-current assets given under operating leases are included in expenses relating to other activities (note 24).*

Note 27. Impairment charges and loan provisions

In thousands of euro	Impairment	Impairment written back	Irrecoverable loans	Recovered loans	**2008/2009**	2007/2008
Loans and receivables	(77,650)	5,257	(6,583)	734	(78,242)	(2,025)
Debt securities	(62,830)	28,655	(24,650)	-	(58,825)	(71,988)
Other	(5,631)	5,293	(2,562)	2	(2,898)	878
TOTAL	**(146,111)**	**39,205**	**(33,795)**	**736**	**(139,965)**	**(73,135)**

Impairment charges and loan provisions for the financial year ended 31 March 2009 amounted to €139,965 thousand, of which €132,730 thousand incurred by the Concordia BV sub-group. The totality of Concordia BV's losses related to the corporate and investment banking activity.

Note 28. Net income/expense from other assets

In thousands of euro	**2008/2009**	2007/2008
Gains or losses on sales of non-current assets	(709)	1,413
Gain or loss on sale of subsidiaries	55,480	59,804
TOTAL	**54,771**	**61,217**

The Group has sold its 40% shareholding in the Manufaktura shopping centre at Lodz in Poland for €57.5 million, of which €40 million has already been received. The balance of €17.5 million will be paid in three instalments with the final instalment set for 31 December 2011. This sale resulted in a consolidated gain of €55.4 million.

Note 29. Taxation

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

Current tax

In thousands of euro	**2008/2009**	2007/2008
Tax charges for the current period	17,649	(28,167)
Prior year adjustments	7,779	664
Overseas tax	-	3,002
Relief for double taxation	-	(292)
Prior year losses utilised	-	179
Unrecoverable dividend withholding tax	746	(63)
Other	(784)	169
TOTAL	**25,390**	**(24,508)**

Deferred tax

In thousands of euro	**2008/2009**	2007/2008
Temporary differences	5,826	2,100
Prior year losses utilised	(85)	(1,441)
Changes in tax rates	23	(25)
Prior year adjustment	(8,362)	52
Other	-	3,284
TOTAL	**(2,598)**	**3,970**

Reconciliation of the tax charge

In thousands of euro	Base	Tax at 33 1/3%
Net income	**76,051**	
Reconciling items		
Income (loss) of companies accounted for by the equity method	(25,667)	
Corporate income tax	22,792	
Income of consolidated companies before tax	**73,176**	**24,392**
Consolidation adjustments (deferred tax, fair value adjustments, provisions and reversals of provisions for impairment, other)		4,263
Losses to be carried forward		17,638
Taxation differences (French social contribution, long-term capital gains tax, venture capital companies, US tax)		(6,159)
Permanent differences		(11,186)
Temporary differences and other		(6,156)
Tax on consolidated companies		**22,792**
Effective tax rate		
Net income - attributable to equity holders of the parent	46,759	
Minority interests	29,292	
Corporate income tax	22,792	
GROSS INCOME	**98,843**	
EFFECTIVE TAX RATE	**23.06%**	

In 2007/2008, the effective tax rate was 14.02%.

Note 30. Commitments given and received

Commitments given

In thousands of euro	31/03/2009	31/03/2008
Loan commitments	**147,303**	**389,844**
Given to banks	-	-
Given to customers	147,303	389,844
Guarantee commitments	**1,471,064**	**1,945,204**
Given to banks	1,411,973	1,848,152
Given to customers	59,091	97,052
Other commitments	**77,574**	**108,299**
Underwriting commitments	39,341	69,498
Other commitments given	38,233	38,801

Commitments received

In thousands of euro	31/03/2009	31/03/2008
Loan commitments	**47,450**	**-**
Received from banks	47,450	-
Received from customers	-	-
Guarantee commitments	**154,834**	**233,451**
Received from banks	2,291	96,830
Received from customers	152,543	136,621
Other commitments	**10,484**	**10,596**
Other commitments received	10,484	10,596

During the year, a deferred compensation plan was put in place at several entities. In accordance with the plan, certain bonuses will be deferred and be paid to employees in equal proportions only on condition that they are still employed by the Group. Other commitments given comprise €28.7 million in respect of commitments to employees in connection with deferred compensation plan that will be paid to them on condition that they are still effectively employed by the Group on each anniversary date (€34.9 million at 31 March 2008). 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 euro	Land and Buildings 31/03/2009	Other 31/03/2009	Land and Buildings 31/03/2008	Other 31/03/2008
Up to 1 year	17,059	71	56,396	258
Between 1 and 5 years	54,142	157	17,993	120
Over 5 years	32,392	-	45,369	-
TOTAL	**103,593**	**228**	**119,758**	**378**

Note 31. Earnings per share

At 31 March 2009, Paris Orléans' share capital comprised 31,1465,850 shares and 485,200 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 97.51% of its own capital.

These shareholdings were as follows:

- 3.44% 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); and
- lastly, treasury shares held by Paris Orléans corresponding to 2.72% of the capital in the form of 192,300 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 28,971,560 shares.

Earnings per share are calculated by dividing net income attributable to equity holders of the parent by the weighted average number of ordinary shares in issue during the year. There are no instruments that could in the future dilute the capital (share warrants, etc.).

Therefore, diluted earnings per share are the same as basic earnings per share. Earnings per share attributable to equity holders of the parent for the year ended 31 March 2009 came to €1.61 compared with €4.42 in respect of the previous year. As there were no gains or losses on activities discontinued or held for sale, the earnings per share on continuing activities is the same as earnings per share.

Note 32. Related parties

In thousands of euro	**2008/2009 Companies accounted for by the equity method**	2007/2008 Companies accounted for by the equity method
Assets		
Loans and advances to banks	8,395	-
Loans and advances to customers	669	-
Other assets	31,933	18,944
TOTAL	**40,997**	**18,944**
Liabilities		
Due to banks	1,195	-
Due to customers	-	-
Debt securities in issue	-	-
Other liabilities	5,774	3,020
TOTAL	**6,969**	**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	584	517
Interest paid	(299)	(353)
Commissions received	1,008	-
Commissions paid	(104)	(9)
Other income	2,990	931
TOTAL	**4,179**	**1,086**
Other expenses	(7,437)	(4,652)
TOTAL	**(7,437)**	**(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 compensation in 2008/2009:

• Fixed compensation	€875.1 thousand
• Variable compensation	€2,157.2 thousand
• Directors' fees	€91.7 thousand
• Payment in kind	€11.1 thousand
Total short-term benefits	**€3,136.1 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 €1,918 thousand at discounted value.

• Post-employment benefits €1,918 thousand

No more long-term benefits were allowed to Directors.

Corporate officers did not benefit from payments in shares in respect of 2008/2009 and no severance benefits were 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 an Employee Share Option Plan administered by a subsidiary undertaking, RCH. On first time adoption of IFRS, the Group took the exemption in IFRS 1, whereby the requirements of IFRS 2 were not applied to share options granted prior to 7 November 2002.

Certain directors of the Group have options over 8,410 shares in RCH, which were granted between 1995 and 2002. The options vested after being held for 3 years. An independent professional valuation of the underlying shares is performed annually and vested options may be exercised during the three month period following the valuation. The options have a contractual life up to 13 years.

Movements in the number of share options

	2008/2009		2007/2008	
	Number	**Weighted Average Exercise Price in CHF**	Number	Weighted Average Exercise Price in CHF
At the beginning of the period	8,410	1,350	8,410	1,350
Forfeited	-	-	-	-
Expired	-	-	-	-
Cancelled	-	-	-	-
Exercised	-	-	-	-
At the end of the period	**8,410**	**1,350**	**8,410**	**1,350**
Exercisable at 31 March	8,410	1,350	8,410	1,350

Share options outstanding at 31 March were as follows:

Exercise price in Swiss Franc	2008/2009 Number of options outstanding	2008/2009 Weighted average contractual life (years)	2007/2008 Number of options outstanding	2007/2008 Weighted average contractual life (years)
501 – 750	-	-	-	-
751 – 1,000	-	-	-	-
1,001 – 1,250	3,160	4.1	3,160	3.0
1,251 – 1,500	5,250	3.6	5,250	2.1
TOTAL / AVERAGE	**8,410**	**3.8**	**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.

Shares purchased by employees were funded in part by an interest-free limited recourse loan provided by RCH with the balance funded by the employees. Employees must use the proceeds from selling their shares in the first instance to repay the loan. Under the scheme rules, they would normally sell their shares upon leaving the Group; if they remain with the Group, they may sell their shares once they have held them for 3 years. The loans have a limited recourse feature (“the floor”): this means that if the proceeds from selling the shares are insufficient for an employee to repay their loan to RCH, the remaining balance will be forgiven by the Group. While the risks and rewards of owning the RCH shares lie substantially with the employees, the floor is a benefit to the employees, and, in accordance with IFRS 2, it has the characteristics of a cash settled share-based payment. The fair value of the loans’ floor is measured using a Black-Scholes option pricing model.

In 31 March 2009, all but two employees sold their shares in RCH and repaid their loans to the Group. Through this action, the value relating to these shares held in the floor was extinguished.

The cost of these arrangements charged/(credited) to the income statement in the year was:

In thousands of euro	**2008/2009**	2007/2008
Discount on fair value of shares sold	-	-
Valuation of floor	(484)	(1,506)
TOTAL	**(484)**	**(1,506)**
Carrying value of the liability arising under these arrangements	90	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.

The benefits of this arrangement were paid out on 1 October 2008.

In thousands of euro	**2008/2009**	2007/2008
The cost of these arrangements charged to the income statement	479	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

The Group supports various pension schemes for the directors and employees of operating subsidiaries. Where material, these are described below.

Schemes specific to the subgroup Concordia BV

The NMR Pension Fund (NMRP) is operated by NM Rothschild & Sons Limited for the benefit of employees of certain Rothschild group companies in the United Kingdom. The Fund comprises a defined benefit section, which closed to new entrants in April 2003, and a defined contribution scheme, established with effect from April 2003.

The NMR Overseas Pension Fund (NMROP) is a defined benefit scheme operated for the benefit of employees of certain Rothschild group companies outside the United Kingdom.

The latest formal actuarial valuations of the NMRP and the NMROP have been updated to 31 March 2009. As required by IAS 19, the value of the defined benefit obligation and current service cost have been measured using the projected unit credit method.

Rothschild North America Inc maintains an unfunded qualified non-contributory defined benefit pension plan and other pension agreements constituting retirement benefit obligations covering designated employees (RNAP). Neither the plan nor the pension agreements provide for health or other benefits for employees or retirees.

Rothschild Bank AG, Zurich (RBZ), operates a pension scheme for the benefit of employees of certain Rothschild group employees in Switzerland (RBZP). This scheme has been set up on the basis of the Swiss method of defined contributions but does not fulfill all the criteria of a defined contribution pension plan according to IAS 19. For this reason, the pension plan is disclosed as a defined benefit pension plan. The pension obligations are covered through pension plan assets of the pension fund “Pensionskasse der Rothschild Bank AG”. The organization, management and financing of the pension plan comply with the legal requirements and the foundation charter. Current employees and pensioners (former employees or their survivors) receive statutorily determined benefits upon leaving the company or retiring as well as in the event of death or invalidity. These benefits are financed through statutorily determined employer and employee contributions.

Certain companies in the Group have unfunded obligations in respect of pensions and other post-employment benefits.

The principal actuarial assumptions used at the balance sheet date were as follows:

	2008/2009			2007/2008		
	NMRP & NMROP	**RBZP**	**RNAP**	NMRP & NMROP	RBZP	RNAP
Discount rate	**7.0%**	**3.3%**	**6.5%**	**6.5%**	**3.3%**	**5.7%**
Retail price inflation	**3.2%**	**-**	**-**	**3.6%**	**-**	**-**
Expected return on plan assets	7.0%	3.8%	-	6.8%	3.8%	-
Expected rate of salary increases	4.2%	2.3%	-	4.6%	2.3%	-
Expected rate of pensions increases in payment:	-	0.6%	-	-	0.6%	-
Capped at 5.0%	3.1%	-	-	3.5%	-	-
Capped at 2.5%	2.2%	-	-	2.3%	-	-
Life expectancy of:						
male pensioner aged 60	27.1	-	21.0	26.4	21.0	21.0
female pensioner aged 60	29.1	-	-	28.9	24.0	-
male pensioner aged 60 in 20 years time	29.3	-	-	27.7	-	-
female pensioner aged 60 in 20 years time	30.3	-	-	29.9	-	-

Amounts recognised in the balance sheet

In thousands of euro	NMRP & NMROP	RBZP	RNAP	Other	**Total 2008/2009**
Present value of funded obligations	413,850	126,957	-	-	540,807
Fair value of plan assets	(389,529)	(120,089)	-	-	(509,618)
Subtotal	**24,321**	**6,868**	**-**	**-**	**31,189**
Present value of unfunded obligations	-	-	32,256	6,150	38,406
Total (recognised)	**24,321**	**6,868**	**32,256**	**6,150**	**69,595**
Unrecognised plan assets	-	2,057	-	-	2,057
Total (recognised and unrecognised)	**24,321**	**8,925**	**32,256**	**6,150**	**71,652**
Liability	**24,756**	**8,925**	**32,256**	**6,150**	**72,087**
Asset	**435**	**-**	**-**	**-**	**435**

The asset recognised on the balance sheet in connection with RBZP at March 2008 is limited to the level of the employer's contribution reserves of €381 thousand. There was no asset recognised at March 2009. Changes in the assets of non-recognised plans are recognised in the deferred income.

In thousands of euro	NMRP & NMROP	RBZP	RNAP	Other	**Total 2007/2008**
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)
Subtotal	**(12,771)**	**(4,557)**	**-**	**(263)**	**(17,591)**
Present value of unfunded obligations	-	-	29,379	7,696	37,075
Total (recognised)	**(12,771)**	**(4,557)**	**29,379**	**7,433**	**19,484**
Unrecognised plan assets	-	4,176	-	-	4,176
Total (recognised and unrecognised)	**(12,771)**	**(381)**	**29,379**	**7,433**	**23,660**
Liability	**-**	**-**	**29,379**	**7,697**	**37,076**
Asset	**12,771**	**381**	**-**	**264**	**13,416**

Movement in defined benefit obligation

In thousands of euro	**2008/2009**	2007/2008
AT THE BEGINNING OF THE PERIOD	**721,131**	**-**
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)	14,206	6,342
Current service cost relating to other plan participants	-	(958)
Interest cost	40,835	15,053
Actuarial losses/(gains) through equity	(82,150)	(42,046)
Benefits paid	(22,107)	(8,817)
Past service costs	(23,336)	-
Settlements	(2,740)	2,447
Reclassifications	-	-
Exchange and other adjustments	(66,626)	(64,033)
AT THE END OF THE PERIOD	**579,213**	**721,131**

During the year the Group revised the terms of two of its employee retirement schemes by introducing a cap on the compensation taken into account. The actuarial impact of this change is reflected in the income statement by a reduction in personnel costs of €23,336 thousand in respect of past service costs.

Movement in plan assets

In thousands of euro	**2008/2009**	2007/2008
AT THE BEGINNING OF THE PERIOD	**701,647**	**-**
Change in scope	-	791,750
Recognition of new scheme	-	360
Adjustments to new scheme	-	17,108
Expected return on plan assets	39,834	23,912
Actuarial (losses)/gains through equity	(158,384)	(61,554)
Contributions by the Group	17,832	13,159
Contributions by other plan participants	-	(743)
Benefits paid	(19,195)	(14,184)
Settlements	(2,739)	196
Exchange and other adjustments	(69,377)	(68,357)
AT THE END OF THE PERIOD	**509,618**	**701,647**

At 31 March, the major categories of plan assets as a percentage of total plan assets are as follows:

	2008/2009			2007/2008		
	NMRP	**NMROP**	**RBZP**	NMRP	NMROP	RBZP
Equities	38%	54%	16%	47%	54%	34%
Bonds	19%	14%	70%	17%	14%	35%
Cash	23%	21%	6%	19%	22%	20%
Hedge funds and private equity	16%	7%	9%	6%	6%	4%
Property and others	4%	4%	-	11%	4%	7%

The actual return on plan assets in the year was a loss of €118,550 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 euro	**2008/2009**	2007/2008
Change of scope	-	7,282
Current service cost (net of contributions paid by other plan participants)	14,206	6,342
Interest cost	40,835	15,053
Expected return on plan assets	(39,834)	(17,297)
Past service cost / (credit)	(23,336)	-
(Gains) / losses on curtailment or settlement	(1)	2,251
TOTAL (included in the staff charges)	**(8,130)**	**13,631**

The experience adjustments arising on the plan assets and liabilities were as follows:

In thousands of euro	**2008/2009**	2007/2008
Actual less expected return on assets	(158,384)	(61,554)
Experience gains and losses arising liabilities	82,150	(42,046)

Amounts recognised in statement of recognised income and expense

In thousands of euro	2008/2009	2007/2008
Actuarial gains / (losses) recognised in the year	(76,234)	(18,291)
Cumulative actuarial losses recognised in the statement of recognised income and expense	(105,692)	(18,291)

Scheme specific to Paris Orléans

At 31 March 2009, 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 €5,976 thousand. The liabilities recognised by the Group to cover this commitment, after deduction of the assets entrusted to an insurance company, are €3,369 thousand.

Defined contribution schemes

In thousands of euro	2008/2009	2007/2008
Social security charges on employee compensation	-	-
Social security charges and payroll taxes	31,384	18,352
Retirement expenses - defined benefit plans	8,017	2,567
AT THE END OF THE PERIOD	**39,401**	**20,919**

These amounts represent contributions to the defined contribution section of the NMR Pension Fund and other defined contribution pension arrangements in the Group.

Note 36. Segmented information

Segmental split by business

In thousands of euro	Corporate and Investment Banking	Private Banking & Trust	Private equity	Intersegment eliminations	2008/ 2009
Income					
External sales	579,686	158,383	10,876	-	748,945
Inter-segment revenues	18,603	3,348	(4,165)	(13,893)	3,893
Net banking income	**598,289**	**161,731**	**6,711**	**(13,893)**	**752,838**
Operating income by segment before non analysed expenses	225,500	59,079	(18,640)	(8,059)	257,880
Expenses not analysed	-	-	-	-	(239,475)
Operating income					**18,405**
Results of companies accounted for by the equity method before non analysed expenses	18,509	3,324	3,834	-	25,667
Net income/expense from other assets	-	-	-	-	-
Results of companies accounted for by the equity method	-	-	-	-	-
Net gains or losses on other assets	(621)	-	55,392	-	54,771
Taxes	-	-	-	-	(22,792)
Consolidated net income					**76,051**
Other segment information					
Segment assets	5,454,847	2,052,538	604,273	(315,560)	7,796,098
Equity method securities	104,316	12,347	13,944	-	130,607
Total consolidated assets					**7,926,705**
Segment liabilities	5,043,874	1,570,984	271,359	(168,854)	6,717,363
Total consolidated liabilities					**6,717,363**

Segmental split by geography

In thousands of euro	France	United Kingdom and Channel Islands	Switzerland	North America	Asia and Australia	Other	Intersegment eliminations	2008/ 2009
Net banking income	(2,467)	407,148	141,796	118,173	49,802	38,386	-	752,838
Segment assets	535,756	5,139,038	2,529,484	218,181	107,700	462,788	(1,066,242)	7,926,705

Segmental split by business

In thousands of euro	Corporate and Investment Banking	Asset management	Private Banking & Trust	Private equity	Other	Intersegment eliminations	2007/ 2008
Income							
External sales	260,693	8,380	47,171	33,220	-	-	349,734
Inter-segment revenues	(2,552)	14	(2,525)	698	-	4,365	-
Net banking income	**258,141**	**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
Net income/expense from other assets	-	-	-	-	-	-	(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

In thousands of euro	France	United Kingdom and Channel Islands	Switzerland	North America	Asia and Australia	Other	2007/ 2008
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	10,072,940

Note 37. Consolidation scope

		31/03/2009		31/03/2008		Consolidation method	
Company names	Country of activity	**% of control**	**% of interest**	% of control	% of interest	31/03/2009 (a)	31/03/2008 (a)
CORPORATE AND INVESTMENT BANKING							
3 Dis Surveillance Systems Pty Limited	Australia	-	-	100.00	50.89	-	F.C.
338 East LLC	United States	100.00	57.51	100.00	50.89	F.C.	F.C.
Arcan NV (sous-groupe consolidé)	Netherlands Antilles	-	-	50.00	25.45	-	E.M.
Arrow Capital Limited	Australia	100.00	57.51	100.00	50.89	F.C.	F.C.
Arrow Cardinia Pty Limited	Australia	-	-	100.00	50.89	-	F.C.
Arrow Custodians Pty Limited	Australia	100.00	57.51	100.00	50.89	F.C.	F.C.
Arrow Finance Pty Limited	Australia	-	-	100.00	50.89	-	F.C.
Arrow Investment Pty Limited	Australia	100.00	57.51	100.00	50.89	F.C.	F.C.
Arrow Private Equity Management Pty Limited	Australia	-	-	100.00	50.89	-	F.C.
Arrow Resources Management Pty Limited	Australia	-	-	100.00	50.89	-	F.C.
Arrow SUT Pty Limited	Australia	100.00	57.51	100.00	50.89	F.C.	F.C.
Belegging- en Exploitatiemij. Brine B.V.	Netherlands	100.00	57.51	100.00	50.89	F.C.	F.C.
Bice Chileconsult Asesorías Financieras SA	Chile	-	-	49.00	24.94	-	E.M.
Capital Professions Finance Limited	United Kingdom	100.00	57.51	100.00	50.89	F.C.	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.
Casselmuir No. 4 Limited	United Kingdom	-	-	100.00	50.89	-	F.C.
Charter Oak Group Limited	United States	100.00	57.51	100.00	50.89	F.C.	F.C.
Concordia BV	Netherlands	100.00	97.51	100.00	97.13	F.C.	F.C.
Continuation Computers Limited	United Kingdom	100.00	57.51	100.00	50.89	F.C.	F.C.
Cosec Holdings Limited	United Kingdom	100.00	57.51	100.00	50.89	F.C.	F.C.
Court Nominees Limited	Channel Islands	-	-	100.00	50.89	-	F.C.
Davyhurst Project Pty Limited	Australia	-	-	100.00	50.89	-	F.C.
E.L.J Nominees Limited	United Kingdom	100.00	57.51	100.00	50.89	F.C.	F.C.
Eight Arrows Limited	United Kingdom	-	-	100.00	50.89	-	F.C.
Elsinore Part. e Serv. Limeteda.	Brazil	100.00	57.51	100.00	50.89	F.C.	F.C.
ESOP Services AG	Switzerland	100.00	92.53	100.00	91.78	F.C.	F.C.
Fineline Holdings Limited	United Kingdom	100.00	57.51	100.00	50.89	F.C.	F.C.
Fineline Media Finance Limited	United Kingdom	100.00	57.51	100.00	50.89	F.C.	F.C.
Five Arrows Capital Markets LLC	United States	100.00	57.51	-	-	F.C.	-
Five Arrows Commercial Finance Limited	United Kingdom	100.00	57.51	100.00	50.89	F.C.	F.C.
Five Arrows Films Pty Limited	Australia	100.00	57.51	100.00	50.89	F.C.	F.C.
Five Arrows Finance Limited	United Kingdom	100.00	57.51	100.00	50.89	F.C.	F.C.
Five Arrows International Holdings Inc.	United States	100.00	57.51	100.00	50.89	F.C.	F.C.
Five Arrows International Inc.	United States	100.00	57.51	100.00	50.89	F.C.	F.C.
Five Arrows Leasing Group Limited	United Kingdom	100.00	57.51	100.00	50.89	F.C.	F.C.
Five Arrows Leasing Holdings Limited	United Kingdom	100.00	57.51	100.00	50.89	F.C.	F.C.

Company names	Country of activity	31/03/2009 % of control	31/03/2009 % of interest	31/03/2008 % of control	31/03/2008 % of interest	Consolidation method 31/03/2009 (a)	Consolidation method 31/03/2008 (a)
CORPORATE AND INVESTMENT BANKING (Continued)							
Five Arrows Leasing Limited	United Kingdom	100.00	57.51	100.00	50.89	F.C.	F.C.
Five Arrows Mangement Limited	United Kingdom	100.00	57.51	100.00	50.89	F.C.	F.C.
Hestak Pty Limited	Australia	-	-	100.00	50.89	-	F.C.
International Property Finance (Spain) Limited	United Kingdom	100.00	57.51	-	-	F.C.	-
Jofran Limited	Channel Islands	100.00	57.51	100.00	50.89	F.C.	F.C.
Jofran NV	Netherlands Antilles	100.00	57.51	100.00	50.89	F.C.	F.C.
Lanebridge Holdings Limited	United Kingdom	51.00	29.33	51.00	25.95	F.C.	F.C.
Lanebridge Investment Management Limited	United Kingdom	100.00	57.51	100.00	50.89	F.C.	F.C.
Lease Portfolio Management Limited	United Kingdom	100.00	57.51	100.00	50.89	F.C.	F.C.
LF Rothschild Inc.	United States	100.00	57.51	-	-	F.C.	-
Maison (CI) Limited	Channel Islands	100.00	57.51	100.00	50.89	F.C.	F.C.
Marinada NV	Netherlands Antilles	100.00	57.51	100.00	50.89	F.C.	F.C.
Marplace (No 480) Limited	United Kingdom	100.00	57.51	100.00	50.89	F.C.	F.C.
MBCA Finance Private Limited	Zimbabwe	18.21	10.47	18.21	9.27	E.M.	E.M.
MBCA Holdings Limited	Zimbabwe	74.96	43.11	74.96	38.15	F.C.	F.C.
MBCA Limited	Zimbabwe	100.00	57.51	100.00	50.89	F.C.	F.C.
Mentor Industrial Trust Limited	United Kingdom	100.00	57.51	100.00	50.89	F.C.	F.C.
Mist Limited	Channel Islands	100.00	57.51	100.00	50.89	F.C.	F.C.
Mist Two Limited	United Kingdom	100.00	57.51	100.00	50.89	F.C.	F.C.
N C Research Limited	United Kingdom	100.00	57.51	100.00	50.89	F.C.	F.C.
NM Rothschild & Sons (Denver) Limited	United Kingdom	100.00	57.51	100.00	50.89	F.C.	F.C.
NM Rothschild & Sons (International) Limited	United Kingdom	100.00	57.51	100.00	50.89	F.C.	F.C.
NM Rothschild & Sons (Leasing) Limited	United Kingdom	100.00	57.51	100.00	50.89	F.C.	F.C.
NM Rothschild & Sons (South Africa) (Proprietary) Limited	South Africa	51.00	29.33	51.00	25.95	F.C.	F.C.
NM Rothschild & Sons Canada Limited	Canada	100.00	57.51	100.00	50.89	F.C.	F.C.
NM Rothschild & Sons Canada Securities Limited	Canada	100.00	57.51	100.00	50.89	F.C.	F.C.
NM Rothschild Asset Management Holdings Limited	United Kingdom	100.00	57.51	100.00	50.89	F.C.	F.C.
NM Rothschild Asset Management Limited	United Kingdom	100.00	57.51	100.00	50.89	F.C.	F.C.
NM Rothschild Australia Services Pty Limited	Australia	-	-	100.00	50.89	-	F.C.
NM Rothschild Banking Limited	United Kingdom	100.00	57.51	100.00	50.89	F.C.	F.C.
NM Rothschild Corporate Finance Limited	United Kingdom	100.00	57.51	100.00	50.89	F.C.	F.C.
NM Rothschild Holdings Limited	United Kingdom	100.00	57.51	100.00	50.89	F.C.	F.C.
NM Rothschild Investment Management Limited	United Kingdom	100.00	57.51	100.00	50.89	F.C.	F.C.
NM Rothschild Services (Bermuda) Limited	Bermuda	100.00	57.51	100.00	50.89	F.C.	F.C.
NM Rothschild Services Limited	United Kingdom	100.00	57.51	100.00	50.89	F.C.	F.C.
NC (Bermuda) Limited	Bermuda	100.00	57.51	100.00	50.89	F.C.	F.C.

		31/03/2009		31/03/2008		Consolidation method	
Company names	Country of activity	**% of control**	**% of interest**	% of control	% of interest	31/03/2009 (a)	31/03/2008 (a)
CORPORATE AND INVESTMENT BANKING (Continued)							
NC Investments (Barbados) Inc	Barbados	100.00	57.51	100.00	50.89	F.C.	F.C.
NC Investments NV	Netherlands Antilles	100.00	57.51	100.00	50.89	F.C.	F.C.
NC Limited	Channel Islands	100.00	57.51	100.00	50.89	F.C.	F.C.
NC Participations NV	Netherlands Antilles	100.00	57.51	100.00	50.89	F.C.	F.C.
NCCF Holdings Limited	United Kingdom	100.00	57.51	100.00	50.89	F.C.	F.C.
NCPS Holdings Limited	United Kingdom	100.00	57.51	100.00	50.89	F.C.	F.C.
New Court & Partners Limited	United Kingdom	100.00	57.51	100.00	50.89	F.C.	F.C.
New Court Fund Managers Limited	United Kingdom	100.00	57.51	100.00	50.89	F.C.	F.C.
New Court Nominees Limited	United Kingdom	100.00	57.51	100.00	50.89	F.C.	F.C.
New Court Nominees Private Limited	Singapore	100.00	57.51	100.00	50.89	F.C.	F.C.
New Court Property Services Limited	United Kingdom	100.00	57.51	100.00	50.89	F.C.	F.C.
New Court Securities Limited	United Kingdom	100.00	57.51	100.00	50.89	F.C.	F.C.
New Court Services Inc.	United States	100.00	57.51	100.00	50.89	F.C.	F.C.
New Court Trust Limited	United Kingdom	100.00	57.51	100.00	50.89	F.C.	F.C.
NM Rothschild & Sons (Singapore) Limited	Singapore	100.00	57.51	100.00	50.89	F.C.	F.C.
NM Rothschild & Sons (Asia) NV	Netherlands Antilles	100.00	57.51	100.00	50.89	F.C.	F.C.
NM Rothschild & Sons (Brasil) Limiteda	Brazil	100.00	57.51	100.00	50.89	F.C.	F.C.
NM Rothschild & Sons (Hong Kong) Limited	Hong Kong	100.00	57.51	100.00	50.89	F.C.	F.C.
NM Rothschild & Sons (India) Private Limited	India	100.00	57.51	100.00	50.89	F.C.	F.C.
NM Rothschild & Sons (Mexico) SA de CV	Mexico	100.00	57.51	100.00	50.89	F.C.	F.C.
NM Rothschild & Sons Canada Holdings Limited	Canada	100.00	57.51	100.00	50.89	F.C.	F.C.
NM Rothschild & Sons Limited	United Kingdom	100.00	57.51	100.00	50.89	F.C.	F.C.
NM Rothschild China Holding AG	Switzerland	100.00	57.51	100.00	50.89	F.C.	F.C.
NMR Capital Markets Limited	United Kingdom	100.00	57.51	100.00	50.89	F.C.	F.C.
NMR Consultants NV	Netherlands Antilles	100.00	57.51	100.00	50.89	F.C.	F.C.
NMR Denver Inc.	United States	100.00	57.51	100.00	50.89	F.C.	F.C.
NMR Directors Limited	United Kingdom	100.00	57.51	100.00	50.89	F.C.	F.C.
NMR Europe	United Kingdom	50.00	28.75	50.00	25.45	E.M.	E.M.
NMR International NV	Netherlands Antilles	100.00	57.51	100.00	50.89	F.C.	F.C.
NMR Limited	United Kingdom	-	-	100.00	50.89	-	F.C.
NMR Secretaries Limited	United Kingdom	100.00	57.51	100.00	50.89	F.C.	F.C.
O C Investments Limited	United Kingdom	100.00	57.51	100.00	50.89	F.C.	F.C.
O C Investments Limited	Channel Islands	100.00	57.51	100.00	50.89	F.C.	F.C.
OC Chile SA	Chile	100.00	57.51	100.00	50.89	F.C.	F.C.
Old Court Limited	United Kingdom	100.00	57.51	100.00	50.89	F.C.	F.C.

Company names	Country of activity	31/03/2009 % of control	31/03/2009 % of interest	31/03/2008 % of control	31/03/2008 % of interest	Consolidation method 31/03/2009 (a)	Consolidation method 31/03/2008 (a)
CORPORATE AND INVESTMENT BANKING (Continued)							
Paninco Corporation NV	Netherlands Antilles	100.00	57.51	100.00	50.89	F.C.	F.C.
Permanance Pty Limited	Australia	-	-	100.00	50.89	-	F.C.
Plusrare Limited	United Kingdom	100.00	57.51	100.00	50.89	F.C.	F.C.
PT Rothschild Indonesia	Indonesia	100.00	57.51	100.00	50.89	F.C.	F.C.
R I T Holdings Limited	United Kingdom	-	-	100.00	50.89	-	F.C.
RAIL Limited	Hong Kong	100.00	57.51	100.00	50.89	F.C.	F.C.
RAL Holdings (Asia) Pte Limited	Singapore	100.00	57.51	100.00	50.89	F.C.	F.C.
RAM Hong Kong Limited	Hong Kong	100.00	57.51	100.00	50.89	F.C.	F.C.
RAM Japan Limited	Japan	100.00	57.51	100.00	50.89	F.C.	F.C.
RAM Singapore Limited	Singapore	100.00	57.51	100.00	50.89	F.C.	F.C.
RAPH Holding AG	Switzerland	100.00	57.51	100.00	50.89	F.C.	F.C.
RCH Employess Share Trust	United Kingdom	100.00	57.51	100.00	50.89	F.C.	F.C.
RCH Finance (Guernsey) Limited	Channel Islands	100.00	57.51	100.00	50.89	F.C.	F.C.
RCIU	Isle of Man	100.00	57.51	100.00	50.89	F.C.	F.C.
Rothschild Asset Management Asia Pacific Limited	Bermuda	90.79	57.51	90.79	50.89	F.C.	F.C.
Rothschild Asset Management Holdings (CI) Limited	Channel Islands	100.00	57.51	100.00	50.89	F.C.	F.C.
Rothschild Asset Management Holdings AG	Switzerland	100.00	57.51	100.00	50.89	F.C.	F.C.
Rothschild Asset Management Inc.	United States	100.00	57.51	100.00	50.89	F.C.	F.C.
Rothschild Australia Aircraft Leasing Pty Limited	Australia	-	-	100.00	50.89	-	F.C.
Rothschild Australia Business Leaders Investors Pty Ltd	Australia	-	-	100.00	50.89	-	F.C.
Rothschild Australia Capital Investors Limited	Australia	-	-	100.00	50.89	-	F.C.
Rothschild Australia Holding Limited	United Kingdom	100.00	57.51	-	-	F.C.	-
Rothschild Australia Limited	Australia	100.00	57.51	100.00	50.89	F.C.	F.C.
Rothschild Australia Petroleum Pty Limited	Australia	-	-	100.00	50.89	-	F.C.
Rothschild Australia Staff Superannuation Pty Limited	Australia	-	-	100.00	50.89	-	F.C.
Rothschild Bank International Limited	Channel Islands	100.00	57.51	100.00	50.89	F.C.	F.C.
Rothschild Concordia AG	Switzerland	91.05	92.53	91.05	91.78	F.C.	F.C.
Rothschild Concordia Limited	United Kingdom	100.00	57.51	100.00	50.89	F.C.	F.C.
Rothschild Continuation Holding (Services) Limited	Channel Islands	100.00	57.51	100.00	50.89	F.C.	F.C.
Rothschild & Cie Banque (consolidated subgroup)	France	44.25	24.32	44.25	7.89	E.M.	E.M.
Rothschild Europe BV (consolidated subgroup)	Netherlands	50.00	28.75	50.00	25.44	E.M.	E.M.
Rothschild Europe Limited	United Kingdom	100.00	57.51	100.00	50.89	F.C.	F.C.
Rothschild Europe SNC	France	50.00	28.75	50.00	25.45	E.M.	E.M.
Rothschild Finance Limited	United Kingdom	100.00	57.51	100.00	50.89	F.C.	F.C.
Rothschild Financial Services Inc.	United States	100.00	57.51	100.00	50.89	F.C.	F.C.

Company names	Country of activity	31/03/2009 % of control	31/03/2009 % of interest	31/03/2008 % of control	31/03/2008 % of interest	Consolidation method 31/03/2009 (a)	Consolidation method 31/03/2008 (a)
CORPORATE AND INVESTMENT BANKING (Continued)							
Rothschild Fund Managers Limited	United Kingdom	100.00	57.51	100.00	50.89	F.C.	F.C.
Rothschild Gold Limited	United Kingdom	100.00	57.51	100.00	50.89	F.C.	F.C.
Rothschild Holdings Limited	United Kingdom	100.00	57.51	100.00	50.89	F.C.	F.C.
Rothschild Inc.	United States	100.00	57.51	100.00	50.89	F.C.	F.C.
Rothschild India Holding AG	Switzerland	100.00	57.51	100.00	50.89	F.C.	F.C.
Rothschild Japan KK	Japan	100.00	57.51	100.00	50.89	F.C.	F.C.
Rothschild Latin America NV	Netherlands Antilles	100.00	57.51	100.00	50.89	F.C.	F.C.
Rothschild Life Limited	United Kingdom	100.00	57.51	100.00	50.89	F.C.	F.C.
Rothschild Limited	Hong Kong	100.00	57.51	100.00	50.89	F.C.	F.C.
Rothschild Limited	United Kingdom	100.00	57.51	100.00	50.89	F.C.	F.C.
Rothschild Malaysia Sendirian Berhad	Malaysia	100.00	57.51	100.00	50.89	F.C.	F.C.
Rothschild Management AG	Switzerland	100.00	92.53	100.00	91.78	F.C.	F.C.
Rothschild Management Services Limited	United Kingdom	100.00	57.51	100.00	50.89	F.C.	F.C.
Rothschild Metals Nominees Limited	United Kingdom	-	-	100.00	50.89	-	F.C.
Rothschild Mexico Guernsey Limited	Channel Islands	100.00	57.51	100.00	50.89	F.C.	F.C.
Rothschild Nominees (Hong Kong) Limited	Hong Kong	100.00	57.51	100.00	50.89	F.C.	F.C.
Rothschild Nominees Limited	United Kingdom	100.00	57.51	100.00	50.89	F.C.	F.C.
Rothschild Nominees Pty Limited	Australia	-	-	100.00	50.89	-	F.C.
Rothschild North America Inc.	United States	100.00	57.51	100.00	50.89	F.C.	F.C.
Rothschild Properties Limited	United Kingdom	100.00	57.51	100.00	50.89	F.C.	F.C.
Rothschild Realty Group Inc.	United States	100.00	57.51	100.00	50.89	F.C.	F.C.
Rothschild Realty Inc.	United States	100.00	57.51	100.00	50.89	F.C.	F.C.
Rothschild Silver Limited	United Kingdom	100.00	57.51	100.00	50.89	F.C.	F.C.
Rothschild Ventures (Guernsey) Limited	Channel Islands	100.00	57.51	100.00	50.89	F.C.	F.C.
Rothschild Ventures Asia Pte Limited	Singapore	100.00	57.51	100.00	50.89	F.C.	F.C.
Rothschild Ventures Inc.	United States	100.00	57.51	100.00	50.89	F.C.	F.C.
Rothschilds & Co Limited	United Kingdom	100.00	57.51	100.00	50.89	F.C.	F.C.
Rothschilds Continuation Finance (CI) Limited	Channel Islands	100.00	57.51	100.00	50.89	F.C.	F.C.
Rothschilds Continuation Finance BV	Netherlands	83.59	61.07	51.09	26.00	F.C.	F.C.
Rothschilds Continuation Finance Holdings Limited	United Kingdom	100.00	57.51	100.00	50.89	F.C.	F.C.
Rothschilds Continuation Finance PLC	United Kingdom	100.00	57.51	100.00	50.89	F.C.	F.C.
Rothschilds Continuation Holdings AG	Switzerland	52.36	57.51	52.36	50.89	F.C.	F.C.
Rothschilds Continuation Limited	United Kingdom	100.00	57.51	100.00	50.89	F.C.	F.C.
Rothschilds Finance (CI) Limited	Channel Islands	100.00	57.51	100.00	50.89	F.C.	F.C.
S y C (International) Limited	Channel Islands	100.00	57.51	100.00	50.89	F.C.	F.C.
Sagitas Development Finance Advisers Limited	United Kingdom	-	-	100.00	50.89	-	F.C.
SCS Holdings	France	100.00	57.51	100.00	50.89	F.C.	F.C.

Company names	Country of activity	31/03/2009 % of control	31/03/2009 % of interest	31/03/2008 % of control	31/03/2008 % of interest	Consolidation method 31/03/2009 (a)	Consolidation method 31/03/2008 (a)
CORPORATE AND INVESTMENT BANKING (Continued)							
Second Continuation Limited	United Kingdom	100.00	57.51	100.00	50.89	F.C.	F.C.
Seven Arrows Limited	United Kingdom	-	-	100.00	50.89	-	F.C.
Shield Trust Limited	United Kingdom	100.00	57.51	100.00	50.89	F.C.	F.C.
Shield Finance Corporation Limited	United Kingdom	-	-	100.00	50.89	-	F.C.
Shield Holdings (Guernsey) Limited	Channel Islands	100.00	57.51	100.00	50.89	F.C.	F.C.
Shield MBCA Limited	United Kingdom	100.00	57.51	100.00	50.89	F.C.	F.C.
Shield Securities Limited	Channel Islands	100.00	57.51	-	-	F.C.	-
Six Arrows Limited	United Kingdom	-	-	100.00	50.89	-	F.C.
Southern Arrows (Pty) Limited	South Africa	100.00	57.51	100.00	50.89	F.C.	F.C.
Specialist Fleet Services Limited	United Kingdom	100.00	57.51	100.00	50.89	F.C.	F.C.
St. Julian's Properties Limited	Channel Islands	50.00	28.75	50.00	25.45	E.M.	E.M.
State Securities Holdings Limited	United Kingdom	97.64	56.15	97.64	49.69	F.C.	F.C.
State Securities Limited	United Kingdom	97.64	56.15	97.64	49.69	F.C.	F.C.
Third New Court Limited	United Kingdom	100.00	57.51	100.00	50.89	F.C.	F.C.
Violet Holdings Limited	Channel Islands	100.00	57.51	100.00	50.89	F.C.	F.C.
Walbrook Assets Limited	United Kingdom	100.00	57.51	100.00	50.89	F.C.	F.C.
PRIVATE BANKING & TRUST							
Anterana Holdings AG Glarus	Switzerland	100.00	41.79	100.00	36.97	F.C.	F.C.
Casquets Limited	Channel Islands	100.00	41.79	100.00	36.97	F.C.	F.C.
Creafin S.A	Switzerland	100.00	41.79	100.00	36.97	F.C.	F.C.
Equitas S.A.	Switzerland	90.00	37.61	90.00	33.27	F.C.	F.C.
First Board Limited	Channel Islands	100.00	41.79	100.00	36.97	F.C.	F.C.
First Court Limited	Channel Islands	100.00	41.79	100.00	36.97	F.C.	F.C.
Fornells Limited	Channel Islands	100.00	41.79	100.00	36.97	F.C.	F.C.
Guernsey Global Trust Limited	Channel Islands	100.00	41.79	100.00	36.97	F.C.	F.C.
Integritas Management Limited	Hong Kong	100.00	41.79	100.00	36.97	F.C.	F.C.
Lizard Limited	Channel Islands	100.00	41.79	100.00	36.97	F.C.	F.C.
Master Nominees Inc.	British Virgin Islands	100.00	41.79	100.00	36.97	F.C.	F.C.
Old Court Ltd	Channel Islands	100.00	57.51	100.00	50.89	F.C.	F.C.
RBZ (Representative) Pte. Limited	Singapore	100.00	41.79	100.00	36.97	F.C.	F.C.
RBZ Fiduciary Limited.	Switzerland	100.00	41.79	100.00	36.97	F.C.	F.C.
Rothschild Bank (CI) Limited	Channel Islands	100.00	41.79	100.00	36.97	F.C.	F.C.

		31/03/2009		31/03/2008		Consolidation method	
Company names	Country of activity	% of control	% of interest	% of control	% of interest	31/03/2009 (a)	31/03/2008 (a)
PRIVATE BANKING & TRUST (Continued)							
Rothschild Bank AG	Switzerland	100.00	41.79	100.00	36.97	F.C.	F.C.
Rothschild Corporate Fiduciary Services Limited	Channel Islands	100.00	41.79	100.00	36.97	F.C.	F.C.
Rothschild Employee Trustees Limited	United Kingdom	100.00	57.51	100.00	50.89	F.C.	F.C.
Rothschild Fund Management AG	Switzerland	100.00	41.79	100.00	36.97	F.C.	F.C.
Rothschild Gestion SA	Spain	-	-	100.00	36.97	-	F.C.
Rothschild Holding AG	Switzerland	72.67	41.79	72.67	36.97	F.C.	F.C.
Rothschild Management (Hong Kong) Limited	Hong Kong	100.00	57.51	100.00	50.89	F.C.	F.C.
Rothschild Private Fund Management Limited	United Kingdom	100.00	41.79	100.00	36.97	F.C.	F.C.
Rothschild Private Management Limited	United Kingdom	100.00	41.79	100.00	25.88	F.C.	F.C.
Rothschild Private Trust Holdings AG	Switzerland	100.00	41.79	57.00	36.34	F.C.	F.C.
Rothschild Switzerland (CI) Trustees Limited	Channel Islands	100.00	41.79	100.00	36.97	F.C.	F.C.
Rothschild Trust (Singapore) Limited	Singapore	100.00	41.79	100.00	36.97	F.C.	F.C.
Rothschild Trust (Switzerland) Limited	Switzerland	100.00	41.79	100.00	36.97	F.C.	F.C.
Rothschild Trust B.V.I. Limited	British Virgin Islands	100.00	41.79	100.00	36.97	F.C.	F.C.
Rothschild Trust Bermuda Limited	Bermuda	-	-	100.00	36.97	-	F.C.
Rothschild Trust Canada Inc	Canada	100.00	41.79	100.00	36.97	F.C.	F.C.
Rothschild Trust Cayman Limited	Cayman Islands	100.00	41.79	100.00	36.97	F.C.	F.C.
Rothschild Trust Corporation Limited	United Kingdom	100.00	41.79	100.00	36.97	F.C.	F.C.
Rothschild Trust Eastern Limited	Channel Islands	51.00	21.31	51.00	18.85	F.C.	F.C.
Rothschild Trust Financial Services Limited	Channel Islands	100.00	41.79	100.00	36.97	F.C.	F.C.
Rothschild Trust Guernsey Limited	Channel Islands	100.00	41.79	100.00	36.97	F.C.	F.C.
Rothschild Trust New Zealand Limited	New Zealand	100.00	41.79	100.00	36.97	F.C.	F.C.
Rothschild Trust Protectors Limited	Channel Islands	100.00	41.79	100.00	36.97	F.C.	F.C.
Rothschild Trustee Services (Ireland) Limited	Ireland	100.00	41.79	100.00	36.97	F.C.	F.C.
Rothschild Vermögensverwaltungs-GmbH	Germany	100.00	41.79	100.00	36.97	F.C.	F.C.
Rotrust Nominees Limited	United Kingdom	100.00	41.79	100.00	36.97	F.C.	F.C.
RTB Trustees Limited	British Virgin Islands	100.00	41.79	100.00	36.97	F.C.	F.C.
RTS Geneva SA	Switzerland	100.00	41.79	100.00	36.97	F.C.	F.C.
Sagitas AG Glarus	Switzerland	100.00	41.79	100.00	36.97	F.C.	F.C.
Sagitas SA Zürich	Switzerland	100.00	41.79	100.00	36.97	F.C.	F.C.
Scar Limited	Channel Islands	100.00	41.79	100.00	36.97	F.C.	F.C.
Second Board Limited	Channel Islands	100.00	41.79	100.00	36.97	F.C.	F.C.
Second Court Limited	Channel Islands	100.00	41.79	100.00	36.97	F.C.	F.C.
Third Board Limited	Channel Islands	100.00	41.79	100.00	36.97	F.C.	F.C.

Company names	Country of activity	31/03/2009 % of control	31/03/2009 % of interest	31/03/2008 % of control	31/03/2008 % of interest	Consolidation method 31/03/2009 (a)	Consolidation method 31/03/2008 (a)
PRIVATE EQUITY							
ACTIV G.P Co.	Cayman Islands	50.00	28.75	50.00	25.45	E.M.	E.M.
Alexanderplatz Investissement SAS	France	100.00	97.51	100.00	97.13	F.C.	F.C.
Centrum Iris	Luxembourg	100.00	97.51	100.00	97.13	F.C.	F.C.
Centrum Jonquille	Luxembourg	100.00	97.51	100.00	97.13	F.C.	F.C.
Centrum Luxembourg	Luxembourg	-	-	40.00	36.91	-	E.M.
Centrum Narcisse	Luxembourg	100.00	97.51	100.00	97.13	F.C.	F.C.
Centrum Orchidée	Luxembourg	100.00	97.51	100.00	97.13	F.C.	F.C.
Chaptal Investissements SAS	France	100.00	97.51	100.00	97.13	F.C.	F.C.
Comepar (consolidated subgroup)	France	25.00	24.38	25.00	24.28	E.M.	E.M.
Continuation Investments NV (CINV)	Netherlands	39.33	34.23	32.91	21.28	E.M.	E.M.
FA International Limited	United Kingdom	100.00	57.51	100.00	50.89	F.C.	F.C.
FAC Carry LP	Channel Islands	100.00	57.51	-	-	F.C.	-
Fin PO	Luxembourg	100.00	97.51	100.00	97.13	F.C.	F.C.
Five Arrows (Scotland) General Partner Limited	United Kingdom	100.00	57.51	-	-	F.C.	-
Five Arrows Capital AG	Switzerland	100.00	57.51	100.00	50.89	F.C.	F.C.
Five Arrows Capital GP Limited	Channel Islands	100.00	57.51	100.00	50.89	F.C.	F.C.
Five Arrows Capital Limited	British Virgin Islands	100.00	57.51	100.00	50.89	F.C.	F.C.
Five Arrows Friends & Family Feeder LP	Channel Islands	100.00	57.51	-	-	F.C.	-
Five arrows Investments	Luxembourg	100.00	77.51	100.00	97.13	F.C.	F.C.
Five Arrows Managers S.à r.l.	Luxembourg	100.00	34.51	-	-	F.C.	-
Five Arrows Managers SAS	France	100.00	34.51	-	-	F.C.	-
Five Arrows Mezzanine Debt Holder SA	Luxembourg	100.00	57.51	-	-	F.C.	-
Five Arrows Mezzanine Holder LP	Channel Islands	100.00	50.60	-	-	F.C.	-
Five Arrows Mezzanine Investments S.à r.l.	Luxembourg	100.00	77.51	-	-	F.C.	-
Five Arrows Partners LP	Channel Islands	100.00	57.51	-	-	F.C.	-
Five Arrows Proprietary Feeder LP	Channel Islands	100.00	57.51	-	-	F.C.	-
Five Arrows Staff Co-investment LP	Channel Islands	100.00	57.51	-	-	F.C.	-
Francarep, Inc	United States	100.00	97.51	100.00	97.13	F.C.	F.C.
Hi Trois SAS	France	100.00	97.51	100.00	97.13	F.C.	F.C.
Jardine Rothschild Asia Capital Limited	Cayman Islands	25.00	14.37	-	-	E.M.	-
JRAC Carry LP Incorporated	Channel Islands	22.72	13.07	-	-	E.M.	-
JRAC Proprietary Investments LP Incorporated	Channel Islands	25.00	14.37	-	-	E.M.	-
K Développement SAS	France	100.00	97.51	100.00	97.13	F.C.	F.C.
Les Domaines Barons de Rothschild (DBR) (consolidated subgroup)	France	24.14	23.53	23.44	22.77	E.M.	E.M.

Company names	Country of activity	31/03/2009 % of control	31/03/2009 % of interest	31/03/2008 % of control	31/03/2008 % of interest	Consolidation method 31/03/2009 (a)	Consolidation method 31/03/2008 (a)
PRIVATE EQUITY (Continued)							
Manufaktura SAS	France	100.00	97.51	95.00	92.27	F.C.	F.C.
Narcisse Investissements SAS	France	100.00	97.51	100.00	97.13	F.C.	F.C.
Paris Orléans	France	100.00	97.51	100.00	97.13	Parent company	Parent company
PO Capinvest 1 SAS	France	100.00	97.51	100.00	97.13	F.C.	F.C.
PO Capinvest 2 SAS	France	100.00	97.51	100.00	97.13	F.C.	F.C.
PO Capinvest 3 SAS	France	100.00	97.51	100.00	97.13	F.C.	F.C.
PO Fonds	France	100.00	97.51	100.00	97.13	F.C.	F.C.
PO Holding Bancaire SAS (POHB)	France	100.00	97.51	100.00	97.13	F.C.	F.C.
PO Invest 1	Luxembourg	62.86	61.29	62.86	61.05	F.C.	F.C.
PO Invest 2	Luxembourg	46.15	45.00	100.00	44.83	F.C.	F.C.
PO Investimmo	Luxembourg	100.00	97.51	-	-	F.C.	-
PO Mezzanine SAS	France	100.00	97.51	100.00	97.13	F.C.	F.C.
PO Participations	Luxembourg	100.00	97.51	100.00	97.13	F.C.	F.C.
PO Titrisation A	Luxembourg	100.00	58.51	100.00	97.13	F.C.	F.C.
PO Titrisation B	Luxembourg	100.00	97.51	100.00	97.13	F.C.	F.C.
PO Titrisation C	Luxembourg	100.00	97.51	100.00	97.13	F.C.	F.C.
PO Titrisation D	Luxembourg	100.00	97.51	100.00	97.13	F.C.	F.C.
Ponthieu Ventures SAS	France	100.00	97.51	100.00	97.13	F.C.	F.C.
Quintus European Mezzanine (GP) Limited	Channel Islands	100.00	57.51	100.00	50.89	F.C.	F.C.
Quintus European Mezzanine Fund Limited partnership	United Kingdom	40.00	23.00	40.00	20.36	E.M.	E.M.
Rivoli Participation (consolidated subgroup) SAS	France	27.62	26.94	29.50	28.65	E.M.	E.M.
SPCA Deux SAS	France	100.00	97.51	100.00	97.13	F.C.	F.C.
Verseau SAS	France	95.00	92.64	95.00	92.27	F.C.	F.C.

(a) F.C.: full consolidation
E.M.: equity method

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.

STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2009

To the Shareholders,

In compliance with the assignment entrusted to us by your Annual General Meeting, we hereby report to you, for the year ended 31 March 2009, on:
- the audit of the accompanying consolidated financial statements of Paris Orléans S.A.;
- the justification of our assessments;
- the specific verification required by law.

These consolidated financial statements have been approved by the Executive Board. Our role is to express an opinion on these consolidated financial statements based on our audit.

1. Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, on a test basis or by selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at 31 March 2009 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Without qualifying our opinion, we draw your attention to note 3 to the consolidated financial statements that describes the change in accounting method relating to the amendment to IAS 39 dated 15 October 2008, authorising the reclassification of some financial assets if specified criteria are met.

2. Justification of our assessments

The accounting estimates used in the preparation of the financial statements as of 31 March 2009 were made in a context of an extreme volatility of the financial markets and of a lack of visibility concerning economic and financial prospects. Such is the context in which we made our own assessments that we bring to your attention in accordance with the requirements of article L. 823-9 of the French Commercial Code *(Code de commerce)*.

Change in accounting method

As explained in note 3 to the financial statements, your Group reclassified a portfolio of financial assets to "Loans and receivables", as allowed by the amendment to IAS 39. We have verified the correct application of this change in accounting method and the appropriateness of the related disclosure.

Accounting estimates

- As stated in note 16 to the financial statements, your Group reclassified a subordinated debt to Equity by removing the mandatory interests payments on a financial instrument classified as debt linked to a perpetual subordinated instrument. We reviewed the information used for the valuation of the subordinated debt and verified the correct application of the accounting principle and the appropriateness of the related disclosure included in the financial statements.
- Your Group accounts for impairments in order to cover for credit risks inherent in its activities.

  Our work consisted, in the specific context of the current financial crisis, in assessing the appropriateness of the processes used by the management, in reviewing the control procedures implemented to identify and measure such exposures and their valuation, in examining data and available documentation used, in assessing the underlying assumptions and make sure appropriate disclosure is included in the notes to the financial statements.

  However, we point out that these estimates are based on forecasts that are therefore uncertain; realized outcomes could differ significantly from these forecasts.

  We also assessed whether these estimates were reasonable.
- Your Group performs accounting estimates related to the assessment of the fair value of available-for-sale financial assets, intangible assets and goodwill.

  Our work consisted, in the specific context of the current financial crisis, in assessing the appropriateness of the processes used by the management, in reviewing, when applicable, independent valuation reports, in examining data and available documentation used, in assessing the underlying assumptions and make sure appropriate disclosure is included in the notes to the financial statements.

  However, we point out that these estimates are based on forecasts that are therefore uncertain; realized outcomes could differ significantly from these forecasts.

  We also assessed whether these estimates were reasonable.

These assessments were made in the context of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

3. Specific verification

As required by law we have also verified 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.

The Statutory Auditors

Paris La Défense, 31 July 2009

KPMG Audit
A division of KPMG S.A.

Fabrice Odent
Partner

Paris, 31 July 2009

Cailliau Dedouit & Associés

Jean-Jacques Dedouit

Individual financial statements

BALANCE SHEET AT 31 MARCH 2009

Assets

In euro	Notes	31/03/2009 Gross value	31/03/2009 Depreciation, amortisation and provisions	31/03/2009 Net carrying amount	31/03/2008 Net carrying amount
Non-current assets					
Intangible assets	1				
Concessions, patents, brand and software		152,946	151,808	1,138	13,799
Other intangible assets		-	-	-	-
		152,946	**151,808**	**1,138**	**13,799**
Property, plant and equipment	2				
Land		1	-	1	88,930
Buildings		15,321	15,321	-	-
Other property, plant and equipment		484,644	191,339	293,305	353,366
		499,966	**206,660**	**293,306**	**442,296**
Non-current financial assets					
Investments in associates	3	923,069,255	-	923,069,255	925,745,196
Receivables related to participating interests		-	-	-	37,250
Portfolio holdings	4	33,261,611	14,996,982	18,264,630	32,927,273
Loans	5	1,445,853	1,004,081	441,772	370,770
Other non-current financial assets	5	3,267	-	3,267	3,091
		957,779,986	**16,001,063**	**941,778,923**	**959,083,579**
Total non-current assets		**958,432,898**	**16,359,531**	**942,073,367**	**959,539,674**
Current assets					
Accounts receivable	6	**157,706,910**	**-**	**157,706,910**	**135,065,970**
Marketable securities	7				
Treasury stock		4,518,203	1,383,713	3,134,490	3,618,739
Other securities		7,921,175	1,862,309	6,058,866	16,564,547
Cash		**33,498**	**-**	**33,498**	**18,314**
Prepaid expenses		**77,727**	**-**	**77,727**	**55,202**
Total current assets		**170,257,513**	**3,246,022**	**167,011,491**	**155,322,772**
Unrealised translation losses	8	2,296,831	-	2,296,831	1,328,142
TOTAL ASSETS		**1,130,987,242**	**19,605,553**	**1,111,381,689**	**1,116,190,589**

Liabilities and shareholders' equity

In euro	Notes	31/03/2009	31/03/2008
Shareholders' equity	9		
Share capital		**63,264,160**	**63,264,160**
Additional paid-in capital		**491,499,251**	**491,499,251**
Reserves			
Legal reserves		6,326,416	1,917,878
Regulated reserves		-	-
Other reserves		153,044,324	153,044,324
Retained earnings		**211,003,276**	**79,918,248**
Net income for the period		**(1,520,224)**	**152,455,798**
Regulated provisions		**73,048**	**57,961**
Total shareholders' equity		**923,690,251**	**942,157,619**
Provisions for contingencies and charges	10		
Provisions for contingencies		2,296,831	-
Total provisions		**2,296,831**	**-**
Liabilities			
Financial liabilities			
Borrowings and other financial liabilities - Banks	11	145,631,557	137,849,935
Borrowings and other financial liabilities - Others	12	18,495,725	9,099,752
Operating liabilities	13		
Accounts payable		1,140,541	946,695
Tax and social liabilities		2,017,570	1,859,671
Other liabilities	14		
Liabilities or non-current assets and related accounts		-	-
Miscellaneous liabilities		18,109,214	19,147,124
Deferred income		-	10,500
Cash management instruments		-	-
Total liabilities		**185,394,607**	**168,913,675**
Unrealised translation gains		-	5,119,294
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**1,111,381,689**	**1,116,190,589**

INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2009

In euro	Notes	31/03/2009	31/03/2008
Income transactions			
Operating income transactions			
Operating income	15	1,794,876	2,304,633
Operating expense	16	(11,980,024)	(9,667,716)
Net operating income		**(10,185,148)**	**(7,363,084)**
Other income transactions			
Income from investments in associates and portfolio holdings	17	18,595,159	18,161,645
Other financial income	18	5,924,372	6,960,892
Capital gains (losses) on disposals of marketable securities	19	(28,971)	3,728,909
Recoveries of provisions on other income transactions	20	506,861	457,290
Financial expenses	21	(7,975,828)	(2,799,461)
Charges to provisions for financial risks	20	(4,553,267)	(1,682,240)
Income from other income transactions		**12,468,325**	**24,827,035**
Income from joint ventures			
Share of profit (loss)		6	-
Current income before tax		**2,283,183**	**17,463,951**
Capital transactions			
Capital gains on disposals of investments in associates and portfolio holdings	22	2,492,852	140,927,406
Recoveries of impairment of investments in associates and portfolio holdings	23	1,089,300	409,774
Capital losses on disposals of investments in associates and portfolio holdings	24	(14,351,767)	(3,440)
Charges for impairment of investments in associates and portfolio holdings	25	(1,826,134)	(1,774,299)
Income from capital transactions		**(12,595,749)**	**139,559,441**
Income tax	26	(8,792,342)	4,567,594
NET INCOME		**(1,520,224)**	**152,455,798**

APPENDIX

(All figures are in thousands of euro, unless otherwise indicated)

Highlights of the financial year

Following on 2007/2008, which was a memorable year featuring Paris Orléans' takeover of the holding company for the Rothschild group's banking activities, 2008/2009 was marked by the slump in the financial markets against a backdrop of financial and economic crisis exacerbated by the fallout from Lehman Brothers' collapse in September 2008.

Paris Orléans' direct investing activity has been reduced and its profile is now closer to that of a pure holding company, whose role is to hold, or control indirectly, the Group's banking activities and its dedicated investment vehicles. From now on, Paris Orléans' income at the company level will be constituted mainly of dividends distributed by underlying structures, which were still limited in the financial year under review.

Current income before tax came to €2.3 million compared with €17.5 million the previous year, affected in particular by the interest expense on the borrowings contracted to finance the acquisition in January 2008 of the 42.5% of Concordia BV's capital that it did not yet own. The impact of this expense came into full play in 2008/2009, which was also affected by the absence of the income from cash placements which the company had benefited from in preceding years.

The company therefore recorded a net loss of €1.5 million for the 2008/2009 financial year. Investments in listed companies had a negative impact of €14.8 million (of which €12.6 million in respect of Rallye) on earnings for the year. In contrast, the company benefited from a net income tax credit of €8.8 million, of which €7.5 million in respect of tax losses carried back

Subsequent events (post-closing)

No significant events at the start of financial year 2009/2010.

Accounting principles and valuation methods

To ensure operating continuity and consistency of methods and to adhere to the principles of prudence and reliability, the financial statements are prepared in accordance with the provisions of French law (1999 General Chart of Accounts) and with the accounting principles generally accepted in France.

To provide pertinent reporting on the company's business, the income statement is presented in accordance with the so-called "TIAP" model for other non-current holdings in the passive investment portfolio ("portfolio holdings") recommended by the French National Accounting Council (CNC) for financial companies.

Income transactions are split in two: operating income transactions (at the top of the income statement) and other income transactions (primarily financial transactions).

Current income corresponds to "income from ordinary activities", i.e. "all activities in which the company engages in the normal course of its business, and any related activities that it carries out on an accessory basis or as an extension of its ordinary activities".

Operating profit does, however, include non-recurring income and expenses from events which are clearly separate from the company's ordinary activities and which are not, therefore, deemed to occur on a frequent or regular basis.

Capital transactions include transactions concerning holdings classified as non-current assets.

The main accounting methods applied are as follows:

- Intangible assets and property, plant and equipment are valued at their acquisition cost and amortised and depreciated in the following manner:

	Depreciable life	Method
Start-up costs	3 years	straight-line
Software	3 years	straight-line
Buildings	20 years	straight-line
Plant and general improvements	8 to 10 years	straight-line
Vehicles	4 to 5 years	straight-line
Office equipment	3 years	declining-balance
Office furniture	10 years	straight-line

- Current financial assets are valued at their historical acquisition cost. The values of holdings denominated in foreign currencies are translated into euros at the exchange rate in effect on the transaction date. All loans and receivables denominated in foreign currencies classified among non-current financial assets are translated at the closing rate of the financial year.

Investments in associates and portfolio holdings are recognised at their acquisition cost. An impairment loss is recognised when inventory value is below acquisition cost.

The inventory values of investments in associates and portfolio holdings are recognised in the following manner:

- Unlisted securities: market value. The latter is obtained using either the company's share of the book or re-appraised net assets of the holding or the price used for a recent transaction on the security;
- Treasury stock: last price of the financial year;
- Listed securities: last quoted price of the financial year.
- Funds: impairment is recognised when the acquisition cost or cumulated investments in the fund exceed the company's share of the fund's adjusted net asset value as certified by the fund's auditors or the redemption value of the product as determined by the issuer. The portion of unrealised capital losses linked to currency effects is recognised separately from impairment, which relates solely to changes in the value of the underlying assets.

  The value of the portfolio at 31 March 2009 was measured using the same method as applied in the preceding financial year, but adjusted to the market conditions and highly uncertain outlook.

Dividends are recorded in the month in which it is decided to distribute them.

Insofar as FCPR-type venture capital funds are concerned, in accordance with the practices of other investors, since 2002 only amounts actually disbursed are recognised, while all remaining commitments are recorded as off-balance sheet commitments.

Sales of shareholdings, long-term portfolio holdings or investment securities are recognised using the first-in first-out (FIFO) method, i.e. the longest-held securities will be deemed to be the first sold.

Receivables are recognised at their nominal value. An impairment loss is recognised when the inventory value is lower than the carrying cost. Receivables denominated in foreign currencies are translated at the closing rate of the financial year.

Marketable securities are recognised at their acquisition cost. When their overall inventory value is lower than their acquisition cost, an impairment loss is recognised. The 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 converted at the closing rate. For items covered by an exchange rate hedge, these are offset so that only the net balances are shown.

Depreciation is recognised to take account of unrealised losses; only the uncovered portions of transactions for which an exchange rate hedge has been set in place are subject to depreciation.

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 dollar. The exchange difference between the historical rate and the weighted average rate on the loans is recognised as the loan principal is repaid. This accounting treatment resulted in a €142 thousand net expense for the period.

Notes to the balance sheet

Note 1. Intangible assets

Changes in gross values and amortisation during the financial year:

In thousands of euro	01/04/2008	Acquisitions	Sales/Disposals	31/03/2009
Intangible assets				
Software	157	1	5	153
Other intangible assets	-	-	-	-
Total gross values	**157**	**1**	**5**	**153**
Depreciation		Increases	Decreases	
Software	143	9	-	152
Other intangible assets	-	-	-	-
Total amortisation	**143**	**9**	**-**	**152**
TOTAL NET VALUES	**14**	**(8)**	**5**	**1**

Note 2. Property, plant and equipment

Changes in property, plant and equipment during the financial year:

In thousands of euro	01/04/2008	Acquisitions	Sales/Disposals	31/03/2009
Property, plant and equipment				
I - Land	89	-	89	-
II - Other				
- buildings	15	-	-	15
- plant and improvements	10	-	-	10
- vehicles	302	54	89	267
- office equipment	63	6	-	69
- office furniture	134	5	-	139
Total gross values	**613**	**65**	**178**	**500**
Depreciation		Increases	Decreases	
II - Other				
- buildings	15	-	-	15
- plant and improvements	1	1	-	2
- vehicles	82	67	55	94
- office equipment	49	9	-	58
- office furniture	24	14	-	38
Total depreciation	**171**	**91**	**55**	**207**
TOTAL NET VALUES	**442**	**(26)**	**123**	**293**

The main movements during the financial year concerned transport equipment, with the acquisition of one vehicle and the disposal of two another one.

Note 3. Investments in associates

The movements for the 2008/2009 financial year are summarised in the table below:

In thousands of euro	01/04/2008	Acquisitions/ Increases	Sales/Disposals/ Reclassifications	**31/03/2009**
Gross value	925,745	-	2,676	923,069
Total Gross value	**925,745**	**-**	**2,676**	**923,069**
		Increases	Decreases	
Impairment	-	-	-	-
Total Impairment	**-**	**-**	**-**	**-**
NET VALUE	**925,745**	**-**	**2,676**	**923,069**

The €2,676 thousand decrease in 2008/2009 related solely to the 666,720 investment certificates held in treasury stock, of which 181,490 were used to reconstitute whole shares in Paris Orléans following the purchase of the same number of voting rights certificates on 27 March 2009.

As at 31 March 2009, the gross values of the company's investments in associates could be analysed in the following manner:

In thousands of euro	
POHB	773,846
K Développement	108,448
Les Domaines Barons de Rothschild (DBR)	17,285
Finatis	12,287
Francarep Inc	11,182
AlexanderPlatz VoltaireStrasse (APVS)	20
TOTAL	**923,069**

As at 31 March 2009, no impairment had been recorded on any participating interest.

Note 4. Portfolio holdings

This heading includes all non-current strategic portfolio investments (TIAP) that cannot be classified as participating interests. The changes during financial year 2008/2009 may be analysed in the following manner:

Portfolio holdings (In thousands of euro)	01/04/2008	Acquisitions/ Increases	Sales/Disposals/ Reclassifications	**31/03/2009**
Gross value	47,187	13,089	27,014	33,262
Total Gross value	**47,187**	**13,089**	**27,014**	**33,262**
		Increases	Decreases	
Impairment	14,260	1,826	1,089	14,997
Total Impairment	**14,260**	**1,826**	**1,089**	**14,997**
NET VALUE	**32,927**	**11,263**	**25,925**	**18,265**

Details of acquisitions/increases:

In thousands of euro	
Rallye	7,978
Paris Orléans (investment certificates)	2,104
IDI	1,151
Paris Orléans (treasury shares)	1,034
DAB	534
Carlyle Asia Partners III + Loews	133
PAI III - C2	115
Doughty Hanson 4	101
Other securities < €100 thousand	173
Translation gains (losses) on investments in US dollars	(235)
	13,089

Details of sales/disposals/reclassifications:

In thousands of euro	
Rallye	19,891
DAB	2,137
IDI	1,988
Ripplewood Partner III	1,146
Doughty Hanson 4	932
Euromezzanine 4 - TR B	613
Casop Cracker series C	416
Access Capital TR A	235
Sofinnova Ventures Partners	211
Other securities < €200 thousand	494
Translation gains (losses) on investments in US dollars	(1,048)
	27,014

Purchases and sales of the listed shares of Rallye, DAB and IDI during the year correspond to buy/sell-back transactions. The €1,034 thousand increase relating to Paris Orléans' shares concerns the reconstitution of whole shares described in note 3.

At 31 March 2009, the estimated value of the portfolio holdings was €38,715 thousand.

Note 5. Loans and other non-current financial assets

"Loans" includes USD1,485 thousand in advances to SEP Financière Bagatelle (half of which has been written down), which was discounted at the 31 March 2009 rate to a net present value of €442 thousand. Other non-current financial assets are comprised solely of margin deposits. All loans and other non-current financial assets mature in less than one year.

Note 6. Accounts receivable

The €157,707 thousand total consisted nearly entirely of:

- Group and associated companies' advances and current accounts (€146,134 thousand), primarily in connection with the cash pooling programme, and current accounts related to the tax consolidation group (€1,293 thousand, details of which are provided below);
- a positive corporate income tax balance to be collected from the French Treasury (€2,663 thousand) and a tax receivable of €7,492 thousand relating to tax losses carried back;
- various accounts receivable (€79 thousand).

All of these receivables are due.

In thousands of euro	Principal	Interest	**Total**
Group			
Current accounts			
K Développement	72,857	334	73,191
PO Mezzanine	21,258	103	21,361
Verseau	18,118	445	18,563
PO Capinvest 2	10,811	50	10,861
Alexanderplatz Investissement	10,024	343	10,367
PO Fonds	6,639	28	6,667
PO Capinvest 3	2,287	72	2,359
Centrum Jonquille	2,221	86	2,307
Hi Trois	430	19	449
SPCA Deux	9	-	9
Tax consolidation			
Manufaktura	763	-	763
Paris Orléans Holding Bancaire (POHB)	365	-	365
K Développement	152	-	152
SPCA Deux	13	-	13
Subtotal Group	**145,947**	**1,480**	**147,427**
Associated companies current accounts			
SEP Financière Bagatelle	36	-	36
Subtotal Associated companies current accounts	**36**	**-**	**36**
Other receivables			**10,244**
TOTAL ACCOUNTS RECEIVABLE	**145,983**	**1,480**	**157,707**

Note 7. Marketable securities

Marketable securities consist of :

- 192,300 treasury shares (held in accordance with a liquidity contract) in the amount of €4,518 thousand for which depreciation of €1,384 thousand was booked at 31 March 2009;
- the other securities (€7,921 thousand) consist solely of mutual funds and short-term liquid investments. As at 31 March 2009 the inventory value of these securities amounted to €6,126 thousand, for an unrealised capital gain of €67 thousand and an unrealised loss of €1,862 thousand for which a provision was made.

Note 8. Unrealised translation losses

Unrealised translation losses are recognised on differences between the equivalent value in euro (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. At 31 March 2009, these amounted to €2,297 thousand, giving rise to recognition of a provision for foreign exchange losses.

Note 9. Shareholders'equity

Changes in shareholders' equity during financial year 2008/2009 may be analysed in the following manner:

In thousands of euro	Share capital	Additional paid-in capital	Legal reserves	Other reserves	Retained earnings	Regulated provisions	Net income for the period	**Total shareholders' equity**
OPENING BALANCE AT 01/04/2008	**63,264**	**491,499**	**1,918**	**153,044**	**79,918**	**58**	**152,456**	**942,157**
Capital increase								-
Appropriation of net income for FY 2007/2008			4,408		148,048		(152,456)	-
Distribution of dividends*					(16,962)			(16,962)
Net income for FY 2008/2009							(1,520)	(1,520)
Change in investment provision						15		15
CLOSING BALANCE AT 31/03/2009	**63,264**	**491,499**	**6,326**	**153,044**	**211,004**	**73**	**(1,520)**	**923,690**

* *The dividends distributed during financial year 2008/2009 in respect of the previous year were €435 thousand lower than the amount approved in the second resolution proposed to the Combined General Meeting of 29 September 2008, as no dividends were paid on treasury stock (investment certificates).*

At 31 March 2009, the company's capital was composed of 31,146,850 shares and 485,230 investment certificates with a nominal value of €2 each.

Treasury shares

After acquiring 181,490 voting rights certificates from Philippe de Nicolay on 27 March 2009 and reconstituting the same number of whole shares using investment certificates it already held, Paris Orléans at 31 March 2009 held 485,230 own investment certificates (i.e. all the securities of this category) and 373,790 own shares of which 192,300 in the context of a liquidity contract.

Note 10. Provisions for contingencies and charges

Provisions during financial year 2008/2009 may be analysed in the following manner:

In thousands of euro	Opening balance	Charge for the period	Recovery for the period (provision used)	Recovery for the period (provision unused)	**Closing balance**
Provisions for contingencies	-	2,297	-	-	2,297
- insufficient hedging of foreign currency risk	-	-	-	-	-
- Translation charges on USD funds	-	2,297	-	-	2,297
Provisions for charges	-	-	-	-	-
TOTAL PROVISIONS FOR CONTINGENCIES AND CHARGES	**-**	**2,297**	**-**	**-**	**2,297**

Non application of the preferential method: the non application of the preferential method of accounting for retirement commitments, as recommended by French General Chart of Accounts, did not have a material impact on the total assets or current income of the company.

The provision for foreign exchange losses booked at 31 March 2009 corresponds to the negative translation difference (see Note 8).

Note 11. Borrowings and financial liabilities – banks

These may be analysed as follows:

In thousands of euro		Maturity		
	Total	Less than 1 year	Between 1 and 5 years	> 5 years
Medium-term loan	111,403	7,444	72,772	31,188
US-dollar denominated loan	33,734	33,734	-	-
Bank overdrafts	124	124	-	-
Accrued interests	371	371	-	-
TOTAL BORROWINGS AND FINANCIAL LIABILITIES	**145,632**	**41,673**	**72,772**	**31,188**

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 balance of the medium-term borrowings totalling €125 million contracted for the acquisition of the rest of the capital of Concordia BV was drawn during 2008. An amount of €13.6 million was repaid during the 2008/2009 financial year.

Note 12. Borrowings and financial liabilities – other

Nearly all of this €18,496 thousand line pertains to advances from the Francarep Inc and AlexanderPlatz (APVS) subsidiaries of respectively €15,075 thousand and €3,392 thousand, including accrued interest. These advances mature in less than one year.

Note 13. Operating liabilities

These include accounts payable of €1,141 thousand and tax and social liabilities of €2,018 thousand for FY 2008/2009. All amounts are due in less than one year.

Note 14. Other liabilities

This item, which totals €18,109 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 (€17,031 thousand), (see details below);
- various liabilities amounting to €1,078 thousand, including €523 thousand and €452 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 euro	Principal	Interests	Total
Advances and current accounts balances garanted by the Group or related parties			
Advances and current accounts balances			
Ponthieu Ventures	7,462	23	7,485
Paris Orléans Holding Bancaire (POHB)	5,207	317	5,524
PO Capinvest 1	1,925	7	1,932
Manufaktura	950	580	1,530
Chaptal Investissements	440	2	442
SPCA Deux	-	118	118
Tax consolidation			
None	-	-	-
Subtotal	**15,984**	**1,047**	**17,031**
Miscellaneous liabilities			**1,078**
TOTAL OTHER LIABILITIES	**15,984**	**1,047**	**18,109**

Notes to the income statement

The net loss of €1,520 thousand for 2008/2009 is in sharp contrast to the net income of €152,456 thousand the previous year. In particular, net income in 2007/2008 had benefited from an exceptional gain of €129,224 thousand on the transfer of Concordia BV shares to POHB. In 2008/2009, Paris Orléans recorded a capital loss of €14,352 thousand on the sale of shares in listed companies. In contrast, the company benefited from a net income tax credit of €8,792 thousand, of which €7,492 thousand in respect of tax losses carried back.

The main changes can be analysed as follows:

Note 15. Operating income

Operating income consist primarily of expenses passed on to related companies.

Note 16. Operating expenses

This line may be analysed in the following manner:

- actual operating expenses, excluding any expenses passed on to the subsidiaries, amounted to €10,125 thousand (1.11% of shareholders' equity).

In thousands of euro	**Financial year 2008/2009**	Financial year 2007/2008
Purchases and external charges	3,810	2,821
Taxes other than those on income	670	722
Salaries and payroll taxes	7,117	5,937
Depreciation and amortization	100	84
Other expenses	283	104
TOTAL	**11,980**	**9,668**

- the auditors' fees came to €1,285 thousand in 2008/2009.

This amount breaks down as follows:

- fees for the statutory audit of the financial statements for the 2008/2009 financial year: €1,285 thousand;
- fees for due diligence work directly linked to the statutory audit of the accounts : None.

Note 17. Income from investments in associates and portfolio holdings

Details regarding income from investments in associates and portfolio holdings during financial year 2008/2009 are provided in the table below:

In thousands of euro	**Financial year 2008/2009**	Financial year 2007/2008
Dividends/Investments in associates		
Concordia BV	-	11,738
POHB (ex SFIR)	12,797	82
Finatis	1,132	1,415
DBR	545	474
Total	**14,474**	**13,709**
Dividends/Portfolio holdings		
Total E&P Cameroun	2,905	2,936
Rallye	988	939
DAB Bank	72	62
IDI	67	58
Norsea Pipeline	53	62
Publicis	33	27
AIG French Property Fund	3	-
Chaptal Investissements	-	1
Interest and other income	-	367
Total	**4,121**	**4,452**
TOTAL INCOME FROM INVESTMENTS IN ASSOCIATES PORTFOLIO HOLDINGS	**18,595**	**18,161**

Note 18. Other financial income

Other financial income includes primarily interest on advances to Group companies, commissions and a foreign exchange gain. The Group companies contributing the most to this line were K Développement (€2,988 thousand), PO Mezzanine (€780 thousand), PO Fonds (€549 thousand), Verseau (€444 thousand), AlexanderPlatz (€343 thousand) and PO Capinvest 2 (€322 thousand).

Note 19. Income, expenses and gains from cash management activities

This heading comprises gains amounting to €536 thousand on disposals of short-term investment securities and losses amounting to €570 thousand on disposals of short-term investment securities.

Note 20. Charges to and recoveries of provisions on other income transactions

The €507 thousand writeback of provisions related to investment securities whereas charges to provisions concerned mainly amounts of €2,297 thousand for foreign exchange losses and €2,244 thousand for impairment of investment securities, of which €1,033 thousand in respect of Paris Orléans shares held in the context of a liquidity contract.

Note 21. Financial expenses

In thousands of euro	Financial year 2008/2009	Financial year 2007/2008
Medium-term borrowings	5,428	1,322
Other interest expense	2,128	1,378
Translation charges	420	99
TOTAL	**7,976**	**2,799**

The three-fold increase in interest expense on medium-term loans essentially reflects the increase in bank loans contracted at the end of 2007/2008 to finance the takeover of Concordia BV. The interest on these loans accrued in full throughout 2008/2009.

Other interest expense relates exclusively to interest amounting to €1,701 thousand paid on current account advances from subsidiaries (respectively €580 thousand, €409 thousand and €317 thousand in respect of Manufaktura, Francarep Inc and POHB) and an amount of €427 thousand on bank overdraft facilities.

Note 22. Capital gains on disposals of investments in associates and portfolio holdings

Paris Orléans generated €2,493 thousand in capital gains through the disposal of portfolio holdings, compared to €11,686 thousand during the previous financial year. The principal amounts include capital gains related to US and European investment hedge funds (total amount of €1,694 thousand, including €936 thousand for Apef 4 Ophélia and €449 thousand for Paul Royalty Fund).

Note 23. Recoveries of impairment of investments in associates and portfolio holdings

Writebacks of impairment provisions totalled €1,089 thousand and related mainly to the holdings in DAB (€961 thousand) and IDI (€128 thousand).

Note 24. Capital losses on disposals of investments in associates and portfolio holdings

Capital losses on disposals of investments in associates and portfolio holdings totalled €14,352 thousand for the year. Paris Orléans recognised substantial losses on investments in listed companies: Rallye (€11,913 thousand), DAB (€1,603 thousand) and IDI (€836 thousand).

Note 25. Provisions for impairment of investments in associates and portfolio holdings

Provisions for impairment of investments in associates and portfolio holdings came to €1,826 thousand and related mainly to the holdings in Rallye (€669 thousand), IDI (€387 thousand) and Publicis (€268 thousand).

Note 26. Income tax

Tax income for the year amounted to €8,792 thousand consisting in part of a tax credit totalling €1,300 thousand for the tax group headed by Paris Orléans (€762 thousand for Manufaktura, €364 thousand for POHB, €148 thousand for K Développement and €13 thousand for SPCA Deux), and, in part, of a tax credit of €7,492 thousand relating to tax losses carried back.

Other information

A. Employee data

The average headcount of 25 people in financial year 2008/2009 included 23 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 2008/2009.

The members of the Executive Committee were paid total compensation of €12 thousand by Paris Orléans in their role as corporate officers (excluding any salary payments related to technical or operational duties).

C. Tax consolidation

Paris Orléans is the head of a tax group that includes the following companies, all of which are domiciled at 23 bis avenue de Messine 75008 Paris:

- K Développement
- SPCA Deux
- Paris Orléans Holding Bancaire (POHB – ex SFIR)
- PO Fonds
- Manufaktura
- Verseau
- Chaptal Investissements

As well as two new companies that were included in the consolidation scope as from 1 April 2008:

- PO Capinvest 3
- Alexanderplatz Investissement

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 the Paris Orléans group, drew up consolidated financial statements as of 31 March 2009. Its own financial statements are consolidated with those of the Rothschild Concordia SAS group.

E. Off-balance sheet commitments

The off-balance sheet commitments at 31 March 2009 are presented in the table below:

In thousands of euro	Executive managers	Subsi-diaries	Investments	Other related companies	Other	**Total**
Commitments given						
Termination benefits (1)	-	-	-	-	-	-
Guarantee in favour of Gecina for 50% of Apsys' commitments on SCI du Pont de Grenelle	-	-	-	-	8,000	8,000
Guarantee in favour of HSBC France on a €10,435 thousand borrowing	-	-	-	-	10,485	10,435
Investment commitments in various funds	-	-	-	-	232	232
Total commitments given	**-**	**-**	**-**	**-**	**18,667**	**18,667**
Retirement commitments (2)	**-**	**-**	**-**	**-**	**2,294**	**2,294**
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	-	-	-	-	10,485	10,435
Line of credit in dollars from BNP Paribas. Expires 15/01/2010	-	-	-	-	6,958	6,958
Total Commitments received	**-**	**-**	**-**	**-**	**21,961**	**21,961**
Reciprocal commitments	**-**	**-**	**-**	**-**	**None**	**None**

(1) Termination benefits

This expense is outsourced with 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 drop to €759.2 thousand for two years.The present value of the capital to be set aside amounted to €2,294 thousand (net of all payments already made), at 31 March 2009. The coverage of this scheme has been outsourced to an insurance company.

Other commitments :

The executive managers of Paris Orléans' investment team (the "Managers") are expected to contribute to the increase in value of the Group's investments. Accordingly, Paris Orléans has established a carried interest programme to allow the Managers to share in the growth of its private equity business, 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 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 sale 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 promise 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.

The main changes in off-balance sheet commitments compared with the previous fiscal year are :

- on the one hand for the given commitments, the cancellation of a €10,000 thousand guarantee given to Société Générale, which is related to the May 2008 disposal of 40% holding in Centrum NS Luxembourg by Manufaktura SAS subsidiary;
- on the other hand, for the received commitments, the decrease of undrawn banking credit lines, following the drawdown of a residual tranche of a €14,000 thousand loan.

CHANGES IN FINANCIAL COMMITMENTS DURING FINANCIAL YEAR 2008/2009

Commitments given	As at 31/03/2009	As at 31/03/2008
- Guarantees given and other commitments	18,435	28,435
- Investment commitments in various funds	232	1,707
TOTAL	**18,667**	**30,142**

Commitments received	As at 31/03/2009	As at 31/03/2008
- Undrawn BNP Paribas and Société Générale lines of credit	6,958	21,769
- Pledges of shares and equity warrants in our favour	10,435	10,435
- Counter-guarantees received	4,568	4,568
TOTAL	**21,961**	**36,772**

Paris Orléans confirms that it has not omitted any significant current or potential future off-balance sheet commitment as defined by the accounting standards in effect.

F. Analysis of subsidiaries and participating interests

In thousands of euro

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		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
				Gross	Net						
Detailed information:											
A. Subsidiaries (company holds at least 50% of capital)											
Paris Orléans Holding Bancaire POHB (Paris)	497,498	147,271	100.00	773,846	773,846	-	-	-	12,937	12,797	
K Développement (Paris)	99,000	17,917	100.00	108,448	108,448	-	-	-	40,572	-	
Francarep Inc (USA)**	10	18,600	100.00	11,182	11,182	-	-	-	23	-	€1 = USD1.3267
B - Participating interests (company holds 10% to 50% of capital											
Les Domaines Barons de Rothschild (Paris)* ** ****	15,714	33,585	24.14	17,285	17,285	-	-	86,085	14,686	545	
Alexanderplatz (Germany)	200	33,357	10.00	20	20	-	-	0	105	-	
Finatis (Paris) * ** ***	85	439	5.00	12	12	-	-	29,454	(104)	1	

** Consolidated figures*
*** Financial year ended 31 December 2008*
**** In € millions*
***** Reserves and net income (group share)*

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 auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the financial statements.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

STATUTORY AUDITORS' REPORT ON THE INDIVIDUAL FINANCIAL STATEMENTS

Year ended 31 March 2009

To the Shareholders,

In compliance with the assignment entrusted to us by your Annual General Meeting, we hereby report to you, for the year ended 31 March 2009, on:

- the audit of the accompanying individual financial statements of Paris Orléans S.A.;
- the justification of our assessments;
- the specific verifications and information required by French law.

These financial statements have been approved by the Executive Board. Our role is to express an opinion on these financial statements based on our audit.

1. Opinion on the financial statements

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures, on a test basis or by selection, to obtain audit evidence about the amounts and disclosures in the financial statements. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of accounting estimates made by management, as well as the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial statements give a true and fair view of the company's financial position and its assets and liabilities, as of 31 March 2009, and of the results of its operations for the year then ended in accordance with the accounting rules and principles applicable in France.

2. Justification of our assessments

The accounting estimates used in the preparation of the financial statements as of 31 March 2009 were made in a context of an extreme volatility of the financial markets and of a lack of visibility concerning economic and financial prospects (see paragraph "Highlights of the financial year" in the notes to the financial statements). Such is the context in which we made our own assessments that we bring to your attention in accordance with the requirements of article L. 823-9 of the French Commercial Code *(Code de commerce).*

<u>Accounting estimates</u>

As stated in paragraph "Accounting principles and valuation methods" of the notes to the financial statements, your company accounts for impairments, when necessary, in order to cover for the risk of a decrease in fair value of participating interests and portfolio holdings.

In assessing the significant accounting estimates applied by your company for the year ended 31 March 2009, and in the specific context of the current financial crisis, we have verified, on the basis of the information available and tests of detail on a sample, the appropriateness and the accurate application of these methods described in the notes to the financial statements.

However, we point out that these estimates are based on forecasts that are therefore uncertain; realized outcomes could differ significantly from these forecasts.

These assessments were made 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.

3. Specific verifications and information

We have also performed the specific verifications required by law.
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.

The Statutory Auditors

Paris La Défense, 31 July 2009	Paris, 31 July 2009
KPMG Audit A division of KPMG S.A.	Cailliau Dedouit & Associés
Fabrice Odent Partner	Jean-Jacques Dedouit

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STATUTORY AUDITORS' REPORT ON REGULATED AGREEMENTS AND COMMITMENTS

Year ended 31 March 2009

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 year ended 31 March 2009

In accordance with article L. 225-88 of the French Commercial Code *(Code de commerce)* we have been advised of agreements and commitments which have been previously authorised by your Supervisory Board.

We are not required to ascertain whether any other agreements or commitments exist but to inform you, on the basis of the information provided to us, of the terms and conditions of the agreements and commitments of which we were notified. It is not our role to determine whether they are beneficial or appropriate. It is your responsibility, under the terms of article R. 225-58 of the French Commercial Code, to evaluate the benefits arising from these agreements and commitments prior to their approval.

We performed the procedures we considered necessary in accordance with professional guidance issued by the national institute of auditors *(Compagnie Nationale des Commissaires aux Comptes),* relating to this engagement. Our work consisted in verifying that the information provided to us is in agreement with the underlying documentation from which it was extracted.

Purchase by Paris Orléans of voting rights certificates

Nature, purpose, terms and conditions of the agreement or of the commitment	Purchase by Paris Orléans of 181,490 voting rights certificates from Mr Philippe de NICOLAY for a total amount of €462,799.50, representing an individual price of €2.55, agreed by the Supervisory Board on the basis of a report provided by an external expert.
Person concerned	Mr Philippe de NICOLAY, member of the Supervisory Board.

Reorganisation of the legal structures allowing the investment team members to share the possible gains made by Paris Orléans on its capital investment activity

Nature, purpose, terms and conditions of the agreement or of the commitment	Legal structures were reorganised over the year in order to allow the investment team members to share the possible gains made by Paris Orléans on its capital investment activity. The practical details of these adjustments rely on three operations : • The contribution, by Paris Orléans and by the beneficiaries, of all their shares in PO Gestion and PO Gestion 2 to K Développement S.A.S. • The following contribution to Messine Managers Investissements S.A.S., a new entity bringing held by the beneficiaries and Paris Orléans, of all the shares issued by K Développement S.A.S. in relation with the first contribution. As a remuneration, MMI has to issue *ad hoc* shares with specific prerogatives so as to maintain the economic rights resulting from the investment contracts signed with PO Gestion and PO Gestion 2 companies. • The signature of an agreement by the partners of Messine Managers Investissements specifying the terms and conditions linked to the contribution of PO Gestion and PO Gestion 2. On 20 March 2009, Paris Orléans signed a contribution agreement with K Développement S.A.S. and Messine Managers Investissements S.A.S. As of 31 March 2009, these contribution operations and the signature of the partners' agreement were not performed yet. For this agreement, your company did not support any expense or income during the financial year.
Persons concerned	Mr Georges BABINET, member of the Executive Board and Managing Director, Mr Michele MEZZAROBBA, member of the Executive Board.

2. Continuing agreements and commitments which were entered into in prior years

Moreover, in accordance with the French Commercial Code, we have been informed of the following agreements and commitments, which were approved during previous years and which were applicable during the period:

Investment agreement with PO Gestion

Nature, purpose, terms and conditions of the agreement or of the commitment	Investment agreement with PO GESTION: association of the investment team members 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.

Investment agreement with PO Gestion 2

Nature, purpose, terms and conditions of the agreement or of the commitment	Investment agreement with PO GESTION 2: association of the investment team members 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.

Liquidity agreement with the company Rotshchild & Cie Banque

Nature, purpose, terms and conditions of the agreement or of the commitment	Liquidity agreement with the company Rothschild & Cie Banque. Pursuant to this agreement, your company recorded a €29,678.08 expense (VAT included).

Sub-renting to Rothschild & Compagnie of buildings

Nature, purpose, terms and conditions of the agreement or of the commitment	Sub-renting from Rothschild & Compagnie of the buildings located at 23 bis, avenue de Messine, Paris. Pursuant to this agreement, your company recorded a €504,487.99 rent expense (maintenance service charge and VAT included) during the financial year.

Assistance agreement with the company Béro

Nature, purpose, terms and conditions of the agreement or of the commitment	Assistance agreement between Paris Orléans and Béro. Pursuant to this agreement, your company recorded a €191,360 expense (VAT included) during the financial year.

Service agreement with Rothschild & Cie Banque

Nature, purpose, terms and conditions of the agreement or of the commitment	Service agreement between Paris Orléans and Rothschild & Cie Banque relating to IT services. Pursuant to this agreement, your company recorded a €35,484.42 expense (VAT included) during the financial year.

The Statutory Auditors

Paris La Défense, 31 July 2009	Paris, 31 July 2009
KPMG Audit A division of KPMG S.A.	Cailliau Dedouit & Associés
Fabrice Odent Partner	Jean-Jacques Dedouit

Combined Annual General Meeting of 29 September 2009

Agenda

1. Ordinary General Meeting

- Presentation of the report of the Executive Board;
- Auditors' reports on the company and consolidated financial statements for the financial year ended 31 March 2009;
- Auditors' special report on regulated agreements and commitments;
- Approval of the company financial statements and transactions for the financial year ended 31 March 2009;
- Appropriation of income for the year and distribution of a dividend;
- Option to choose payment of the dividend in the form of shares in the company;
- Approval of the consolidated financial statements for the financial year ended 31 March 2009;
- Approval of agreements referred to in Article L. 225-86 of the French Commercial Code;
- Renewal of the appointment of a non-voting member;
- Appointment of an alternate auditor;
- Authorisation of the company's share repurchase programme.

2. Extraordinary General Meeting

- Executive Board's report on the resolutions submitted to the Extraordinary General Meeting;
- Auditors' reports;
- Authorisation for the Executive Board to allocate bonus shares to employees and corporate officers of the company and of associated companies;
- Authorisation for the Executive Board to allocate share subscription and share purchase options to employees and corporate officers of the company and of associated companies;
- Powers to carry out all formalities.

Summary of ordinary resolutions

With regard to the resolutions submitted to the Ordinary General Meeting (resolutions 1 to 10), in the light of the Executive Board's management report, the Supervisory Board's report and the Statutory Auditors' general reports on the company and consolidated financial statements for the financial year ended 31 March 2009, and of the company and consolidated financial statements, we request that you approve the payment of a dividend of €0.35 per share, the agreements described in the Statutory Auditors' Special Report on the agreements referred to under Article L. 225-86 of the French Commercial Code, the renewal of a non-voting board member's appointment, the appointment of an alternate Statutory Auditor to replace an alternate Statutory Auditor who has resigned, authorise a share repurchase programme and set the amount of the directors' fees that can be allocated to the members of the Supervisory Board at €126,000 (compared with the present authorised amount of €102,000).

In the third resolution, you are requested to authorise the option of payment of the dividend in scrip form during the period from 6 October 2009 to 23 October 2009 inclusive. If this option has not been taken up during that period, the dividend will be paid solely in cash. The issue price of the new shares distributed in payment of the dividend shall be equal to 90% of the average price of the Paris Orléans share over the 20 stock-market trading days immediately preceding the General Meeting after deduction of the net amount of the dividend, rounded up to the next whole centime.

Executive Board's report on the extraordinary resolutions

With regard to the resolutions submitted to the Extraordinary General Meeting (resolutions 11 and 12), the Executive Board wishes to have the means, if required, to motivate employees and corporate officers of the company and of associated companies and involve them in the Group's performance. The allocation of bonus shares and/or share subscription options is one of the means that the company wishes to have the possibility of using, on a case by case basis, and within the limits established by the law, the company's Articles of Association and the eleventh and twelfth resolutions submitted to this General Meeting.

We inform you that all the necessary information relating to labour relations is provided in the Executive Board's management report.

Authorisation for the Executive Board to allocate bonus shares to employees and corporate officers of the company and of associated companies

Authorisation for the Executive Board to allocate, on one or more occasions, existing shares or new shares to be issued by the company as bonus shares.

The beneficiaries of such bonus shares may, subject to the provisions of Article L. 225-197-6 of the French Commercial Code, be the company's Chairman, the members of the Executive Board and/or other corporate officers within the Group, employees of the company and of directly or indirectly associated companies as defined in Article L. 225-197-2 of the French Commercial Code, or to some categories of the above.

The Executive Board will decide on the identity of the beneficiaries and the criteria and terms and conditions for the allocation of bonus shares, in particular the vesting and minimum holding periods and the number of shares per beneficiary.

The total number of bonus shares allocated under this authorisation may not exceed 5% of the company's share capital as on the date of the Executive Board's decision, not taking into account the additional shares to be issued or allocated to preserve the beneficiaries' rights in the event of transactions in the company's capital during the vesting period.

The allocation of bonus shares shall become definitive after a minimum vesting period of two years, the minimum holding period shall be for two years from the definitive allocation date, bearing in mind that the minimum holding period may be waived for bonus shares allocated with a minimum vesting period of four years, so that these shares become freely transferable as from the definitive allocation date.

This authorisation means that the shareholders shall automatically renounce, in favour of the beneficiaries of the bonus shares, their entitlement to the share of reserves, additional paid in capital and income that will, if necessary, be used to issue new shares.

This authorisation would be given for a period of thirty-eight (38) months from the date of this General Meeting, granting the Executive Board full powers, with the possibility of sub-delegating said powers to the Chairman or to another member of the Board, to carry out the bonus share allocation plan, in particular to determine the dates and terms and conditions of share allocations and, more generally, to do everything necessary and conclude any agreement required for carrying out the share allocation plans, to record the capital increase(s) resulting from use of this authorisation and to amend the company's Articles of Association accordingly.

Authorisation for the Executive Board to allocate share purchase and/or subscription options to employees and corporate officers of the company and of associated companies

The previous authorisation was granted by the Ordinary and Extraordinary General Meeting of 29 September 2006 for a period of thirty-eight (38) months and is due to expire shortly. This authorisation was not used by the Executive Board.

Under the new authorisation, the Executive Board would be able to grant employees or corporate officers, or to some categories of employees or corporate officers, of the company or of associated companies, options with a duration of ten (10) years to subscribe or purchase new or existing shares in the company.

The total number of share subscription or purchase options granted under this authorisation may not give the right to subscribe or purchase a number of shares representing more than 5% of the share capital as on the date of this General Meeting.

The share subscription or purchase options must be granted within a period of thirty-eight (38) months from the date of this General Meeting.

You will be requested to take note and decide, if appropriate, that this authorisation shall automatically entail the waiver, in favour of the beneficiaries of the share options, of the shareholders' preferential subscription rights to the shares issued as the result of exercise of these options.

You will also be request to grant the Executive Board full powers to implement this authorisation under the conditions established by the law and by the company's Articles of Association, in particular with regard to the conditions for the allocation of options, the list of beneficiaries, the subscription price and the exercise period. The Executive Board shall set the strike price, which may not be less than 80% of the average share price over the 20 stock-market trading days immediately preceding the share option allocation date.

We remind you, however, that in accordance with the company's Articles of Association, before using this authorisation the Executive Board must obtain the prior approval of the Supervisory Board.

Supervisory Board's report

To the shareholders,

We inform you that during the financial year ended 31 March 2009 the Supervisory Board fulfilled its role of management control of the company as provided for by the law and by the company's Articles of Association.

The activity of the Supervisory Board and of its Audit Committee during the financial year is described in the Chairman of the Supervisory Board's report on corporate governance and internal control, which is appended to this annual report.

In application of Article L. 225-68 of the French Commercial Code, we have no observations to make on the Executive Board's report or on the financial statements for the year under review and we invite the General Meeting to approve all the resolutions submitted to it by the Executive Board.

The Supervisory Board

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

STATUTORY AUDITORS' SPECIAL REPORT ON THE FREE GRANTING OF EXISTING SHARES OR SHARES TO BE ISSUED TO THE EMPLOYEES AND DIRECTORS

Joint Shareholders Meeting 29 September 2009 (11th resolution)

To the Shareholders,

In our capacity as Statutory Auditors of your company, and in compliance with Article L. 225-197-1 of the French Commercial Code *(Code de commerce)*, we hereby submit to you our report on the free granting of existing shares or shares to be issued to Paris Orléans' Chairman, to the Executive Board and/or to the directors from the same group as Paris Orléans, to the employees of Paris Orléans and/or of related companies within the meaning of Articles L. 225-180 and L. 225-197-2 of the French Commercial Code *(Code de commerce)*.

The Executive Board proposes that you allow him, for a period of 38 months, to grant for free existing shares or shares to be issued. It is the responsibility of the Executive Board to prepare a report on this operation he would like to perform. It is our responsibility to report to you on the information given in the report in respect of this operation.

We performed the procedures we considered necessary in accordance with professional guidance issued by the national institute of auditors *(Compagnie Nationale des Commissaires aux Comptes)*, relating to this engagement. Our work consisted in verifying that the proposed terms disclosed in the report of the Executive Board comply with the law.

We have no matters to report on the information disclosed in the report of the Executive Board regarding the proposed free granting of shares.

The Statutory Auditors

Paris La Défense, 31 July 2009	Paris, 31 July 2009
KPMG Audit A division of KPMG S.A	Cailliau Dedouit & Associés
Fabrice Odent Partner	Jean-Jacques Dedouit

STATUTORY AUDITORS' SPECIAL REPORT ON THE GRANTING OF WARRANTS AND STOCK OPTIONS TO EMPLOYEES AND DIRECTORS

Joint Shareholders Meeting 29 September 2009 (12th resolution)

To the Shareholders,

In our capacity as Statutory Auditors of your company, and in compliance with Article L. 225-177 and Article R. 225-144 of the French Commercial Code *(Code de commerce),* we hereby submit to you our report on the granting of warrants and stock options to the employees and directors of the company, or some of them, or related companies within the meaning of Article L. 225-180 of the French Commercial Code *(Code de commerce).*

It is the responsibility of the Executive Board to prepare a report on the reasons for the granting of options giving the right to purchase or subscribe for shares and on the proposed terms for determining the subscription price or purchase price. Our responsibility is to express an opinion on the proposed terms for determining the subscription price or purchase price.

We performed the procedures we considered necessary in accordance with professional guidance issued by the national institute of auditors *(Compagnie Nationale des Commissaires aux Comptes),* relating to this engagement. Our work consisted in verifying that the proposed terms for determining the subscription price or purchase price are disclosed in the report of the Executive Committee, comply with the law, provide adequate explanation to shareholders and are not manifestly inappropriate.

We have no matters to report on the proposed terms.

The Statutory Auditors

Paris La Défense, 31 July 2009

KPMG Audit
A division of KPMG S.A

Fabrice Odent
Partner

Paris, 31 July 2009

Cailliau Dedouit & Associés

Jean-Jacques Dedouit

Draft Resolutions

Remit of the Combined General Meeting

First resolution: Aproval of the annual financial statements for the fiscal year ended 31 March 2009

The General Meeting, after consulting the reports by the Executive Board, the Supervisory Board, the Statutory Auditors on the annual financial statements for the fiscal year ended 31 March 2009, approves the annual financial statements for the fiscal year ended 31 March 2009, as they are presented to it, as well as the transactions evidenced in these statements and summarised in these reports.

Second resolution: Appropriation of the income for the fiscal year and dividend distribution

The General Meeting, having consulted the reports by the Executive Board, the Supervisory Board and the Statutory Auditors, decides to appropriate the loss for the fiscal year, of an amount of €1,520,224.36 as follows:

Loss for the fiscal year of	€(1,520,224.36)
Increased by deferred income of	€211,003,275.89
i.e. a total of	**€209,483,051.53**
amount allocated to a unit dividend of €0.35 per share	€11,071,228.00
deferred income	€198,411,823.53

The company shall not receive a dividend in respect of any of its own shares that it holds on the payment date; the amount of the dividend corresponding to these shares shall be added automatically to retained earnings. The General Meeting fully empowers the Executive Board to revise the final amount of the actual distribution and the final amount of retained earnings.

The dividend distributed to natural persons 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 by law.

The dividend to be distributed shall be detached from the share on 6 October 2009 and shall be payable as from 3 November 2009.

In accordance with the provisions of Article 243 bis of the French Tax Code, the General Meeting hereby notes that the dividends distributed in respect of the last three fiscal years are as follows:

Fiscal year	**2007/2008 (1)**	2006/2007	2005/2006
Number of shares and investment certificates	31,632,080	2,516,900	2,516,900
Net dividend per share (in euro)	0.55 (2)	5.00 (2)	3.80 (2)
Total amount distributed (in euro)	17,397,644	12,584,500	9,564,220

(1) After the 10-for-1 stock split and the capital increase of January 2008.
(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: Option of receiving the dividend in shares

Pursuant to the provisions of Article L. 232-18 – L. 232-20 of the French Commercial Code (*Code de commerce*) and Article 30 of the bylaws, the General Meeting, having noted that the capital is fully paid up, decides that shareholders who so wish may choose to receive their full dividend entitlement either in cash or in the company's shares.

The price of any new shares issued in payment of the dividend shall be equivalent to 90% of the average price of the Paris Orléans share during the twenty stock market trading sessions preceding the day of the General Meeting, less the net amount of the dividend and rounded up to the next euro centime.

The option of receiving payment of the dividend in shares must be taken up between 6 October 2009 and 23 October 2009 inclusive via the intermediaries authorised to pay the dividend. If the option has not been taken up by this date the dividend shall be payable in cash only.

If the amount of the dividend payable under this option does not correspond to a whole number of shares, shareholders will receive the next lower whole number of shares plus the balance in cash.

Shares thus issued in payment of dividends shall rank pari passu with existing shares with effect from 1 April 2009.

The General Meeting fully empowers the Executive Board, with the option of delegating said powers in accordance with the terms and conditions of the law and the bylaws, to take the necessary measures to implement this decision, to carry out any necessary transactions linked or relating to the exercise of the option of receiving payment of the dividend in shares, record the number of shares issued and the resulting increase in the capital, amend the bylaws to reflect the changes in the number of shares and the amount of the share capital, and generally do whatever may be useful or necessary.

Fourth resolution: Approval of the consolidated financial statements for the fiscal year ended 31 March 2009

After hearing the Executive Board's report, the observations of the Supervisory Board and the Statutory Auditors' report on the financial statements for the year ended 31 March 2009, the General Meeting approves said statements as well as transactions evidenced in theses statements or summarised in these reports, which show consolidated net income of €76 million and consolidated net income attributable to equity holders of the parent €46.8 million.

Fifth Resolution: Statutory Auditor's special report on the agreements referred to in Articles L. 225-86 et seq. of the French Commercial Code and approval of two agreements

After hearing the Statutory Auditor's special report on the agreements referred to in Articles L. 225-85 et seq. of the French Commercial Code, the General Meeting approves the agreement concluded on 20 March 2009 with K Développement SAS with Messine Managers Investissements SAS relating to the legal structures for the Paris Orléans investment team's incentive plan for sharing in any capital gains realised in the private equity activity.

Sixth Resolution: Approval of an agreement referred to in Articles L. 225-86 et seq. of the French Commercial Code

After hearing the Statutory Auditor's special report on the agreements referred to in Articles L. 225-86 et seq. of the French Commercial Code, the General Meeting approves the agreement concluded on 27 March 2009 with Mr Philippe de Nicolay, a member of the Supervisory Board, relating to the sale to Paris Orléans of 181,490 voting right certificates.

Seventh Resolution: Renewal of an Observer's term of office

After hearing the Executive Board's report, the General Meeting reappoints Mr Michel Cicurel as an Observer with effect from 29 September 2008 for a term of three years from said date, i.e., until the close of the General Meeting of Shareholders that will be held in 2011 to approve the company's financial statements for the financial year ending 31 March 2011.

Eighth resolution: Appointment of an alternate auditor

The General Meeting, having heard the Executive Board's report, takes note of the resignation of Stéphane Lipski with effect from the end of this meeting and decides to appoint Didier Cardon – residing at 19, rue Clément Marot, 75008 Paris – as alternate auditor to the Statutory Auditor, Cailliau Dedouit et Associés, for the unexpired portion of his predecessor's term of office, i.e. until the end of the General Meeting called to examine the financial statements for the financial year ending 31 March 2011.

Ninth Resolution: Approval of a programme for the company to buy back its own shares

Pursuant to Articles L. 225-209 et seq. of the French Commercial Code, Title IV of Book II of the French Financial Market Authority's General Regulations, and the European Commission's Regulation no. 2273/2003 of 22 December 2003, after hearing the Executive Board's report, the General Meeting authorises the Executive Board to buy or to arrange the purchase of a number of shares in the company representing a maximum of 10% of the share capital on the date of such purchases. Note, however, that the maximum number of shares held directly or indirectly subsequent to such purchases shall not exceed 10% of the capital.

The maximum purchase price per share is set at €30. As a result, the maximum number of shares that can be purchased under this authorisation may not exceed €94,896,240 in value. However, in the event of a capital operation, in particular an incorporation of reserves, bonus share allocation, share split or share regrouping, the price indicated above may be adjusted.

These shares may be purchased, sold or transferred by any means, on one or more occasions, in particular in the market or over the counter, such as the purchase or sale of blocks of shares, public offerings, by using derivative financial instruments, warrants or transferable securities giving a right to the Company's shares, or by using option strategies under the terms and conditions stipulated by the market regulators and in compliance with the regulations.

Pursuant to the abovementioned texts and the market practices permitted by the French Financial Markets Authority, the Company may use this authorisation in connection with the following actions:

- supporting the market for the share by way of a liquidity contract that complies with a code of conduct recognised by the French Financial Markets Authority, concluded with an independent investment services provider, it being understood that the number of shares taken into account in calculating the 10% limit set out in Article L. 225-209 of the French Commercial Code shall correspond to the number of shares purchased, less the number of shares sold, throughout the term of this authorisation;
- cancellation pursuant to an authorisation granted to the Executive Board by the Extraordinary General Meeting;
- allocation of shares to the employees and corporate officers of the company and/or associated companies under the terms and conditions set forth in Articles L. 225-197-1 et seq. of the French Commercial Code;
- any other practice permitted or recognised by the law or by the French Financial Markets authority, or any other objective that may comply with current regulations.

This authorisation is given for a period of eighteen months starting from the date of this General Meeting.

Purchases, sales or transfers of the company's shares by the Executive Board may take place at any time in compliance with the legal and regulatory provisions, including during a public share purchase or exchange offering initiated by the company or involving the company's securities.

Pursuant to current regulations, the Executive Board must notify the General Meeting of any transactions concluded during the financial year, and the company must notify the French Financial Markets Authority of any purchases, sales or transfers concluded and generally fulfil any necessary formalities and disclosure requirements.

The General Meeting fully empowers the Executive Board, with the option of delegating said powers in the manner described in Article L. 225-209 of the French Commercial Code, to decide whether to implement this authorisation and to determine the terms and conditions thereof, and in particular to adjust the abovementioned purchase price in the case of operations that affect the company's capital, the share capital or the par value of the shares, place any stock market orders, conclude any agreements, make any declarations, complete any formalities and generally do what is necessary.

Tenth Resolution: Attendance fees

After hearing the Executive Board's report, the General Meeting decides to set the maximum amount of the attendance fees that can be allocated to the members of the Supervisory Board in respect of the previous financial year and in future financial years, until decided otherwise by the General Meeting, at €126,000 in total.

Within the remit of the Extraordinary General Meeting

Eleventh Resolution: Authorisation of the Executive Board to make bonus allocations of shares to the employees and corporate officers of the company and of associated companies

Deliberating under the conditions of quorum and majority required for Extraordinary General Meetings, and after hearing the Executive Board's report and the Statutory Auditor's special report, in accordance with Articles L. 225-197-1 and L. 225-197-2 et seq. of the French Commercial Code, the General Meeting:

- authorises the Executive Board to carry out, on one or more occasions, bonus allocations of new or existing shares in the company;
- decides that the beneficiaries of such allocations may, subject to the provisions of Article L. 225-197-6 of the French Commercial Code, be the Chairman of the company, members of the Executive Board and/or other corporate officers of companies belonging to the same group as the company, employees of the company or of companies associated directly or indirectly with the company under the terms and conditions of Article L. 225-197-2 of the French Commercial Code, or several of these categories;
- decides that the Executive Board shall decide who will be the beneficiaries of such allocations and shall determine the criteria and the terms and conditions of bonus share allocations, and in particular the length of the vesting and holding periods and the number of shares per beneficiary;
- decides that the number of bonus shares allocated hereunder may not represent more than 5% of the share capital on the day of the Executive Board's decision, not taking into account any additional shares to be issued or to be allocated to preserve the beneficiaries' rights in the event of operations affecting the company's capital during a vesting period;
- decides that the allocation of bonus shares to their beneficiaries shall become final at the end of a minimum vesting period of two years, that the beneficiaries shall be required to hold the shares for at least two years from the final allocation of the shares. Note that for shares allocated with a minimal vesting period of four years, the minimum period for holding the shares may be cancelled so that these shares will be freely transferable as soon as their allocation has become final;
- decides that if a beneficiary becomes incapacitated within the meaning of the second or the third category provided for in Article L. 341-4 of the French Social Security Code (*Code de la sécurité sociale*), the shares shall be allocated to the beneficiary before the end of the remaining vesting period. In such cases the shares shall be freely transferable with effect from their final allocation;
- authorises the Executive Board to adjust, where applicable, the number of bonus shares allocated in the event of any operations involving the company's capital so as to protect the beneficiaries' rights;

- notes that this decision automatically entails the waiver by the shareholders, in favour of the beneficiaries of said shares, of their entitlement to the share of the reserves, issue premiums or earnings that will, where applicable, be used for new share issues.

This authorisation is given for a period of thirty-eight months starting from the date of this General Meeting.

The General Meeting fully empowers the Executive Board, with the option of delegating such powers to its Chairman and/or one of its members under the terms and conditions of the law and the company's bylaws, to implement this delegation and in particular to set the dates and the terms and conditions of the allocations and to generally take all the necessary measures. The Executive Board shall conclude any agreements necessary for the successful completion of the planned allocations, note any resultant increase(s) in capital resulting from any allocation carried out in application hereof and amend the bylaws accordingly.

Twelfth Resolution: Authorisation of the Executive Board to grant share subscription or purchase options to the employees or corporate officers of the company and of associated companies

Deliberating under the conditions of quorum and majority required for Extraordinary General Meetings, after hearing the Executive Board's report and the Statutory Auditor's special report, in application of the provisions of Articles L. 225-177 et seq. of the French Commercial Code the General Meeting:

- decides to authorise the Executive Board to grant, on one or more occasions, to some or all of the employees or corporate officers of the company, or of its associated companies within the meaning of Article L. 225-180 of the French Commercial Code, options with a maturity of ten (10) years conferring the right to subscribe to new shares in the company or to buy existing shares in the company;
- decides that the total number of subscription or purchase options granted hereunder shall not grant the right to subscribe or purchase a number of shares representing more than 5% of the share capital on the date of this Meeting;
- decides that the share subscription and/or purchase options must be granted before the end of a period of thirty-eight months from the date of this Meeting;
- notes and decides, if necessary, that this authorisation entails the automatic waiver by the shareholders in favour of the beneficiaries of the subscription options, of their preferential right to subscribe to the shares issued when these options are exercised.

The General Meeting grants the Executive Board all powers to implement this delegation under the term and conditions set by the law and the company's bylaws, and in particular to:

- set the terms and conditions under which the options shall be granted, and to draw up the list or determine the categories of the beneficiaries of the options;
- set the subscription price for the shares and the purchase price for the shares on the day that the options are granted, it being specified that this price shall not be lower than the value resulting from the application of the current regulations. In application of the French Commercial Code and Articles 174-8 et seq. of the Order of 23 March 1967, the price of the options may be changed if the company carries out financial transactions necessitating an adjustment of the option price, with the number of shares under option also being adjusted to reflect the impact of any such transaction;
- set the exercise period(s) for the options thus granted;
- provide for the option of suspending temporarily the exercise of options for a period of up to three months in the event of financial transactions involving the exercise of a right attached to the shares;
- note, at its first meeting following the end of each financial year, the number and the value of any shares issued during the financial year as a result of the exercise of options;
- carry out or arrange to have carried out any actions and formalities required to finalise the increases in capital that may take place under the authorisation referred to herein, amend the bylaws accordingly and generally do whatever is necessary.

Thirteenth resolution: Powers for formalities

The General Meeting confers full powers on the Chairman of the Executive Board, or on one of his authorised representatives, and on the bearer of an original counterpart, a copy of or excerpt from these minutes, 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	Michele Mezzarobba
Chairman of the Executive Board	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 whichthey are exposed.

Paris, 31 July 2009

Sylvain Hefes	Michele Mezzarobba
Chairman of the Executive Board	Member of the Executive Board

Persons responsible for the audit of the financial statements

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75008 Paris

Statutory Auditor
KPMG Audit
1, cours Valmy
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Alternate Auditor
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