Financial report 2010

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Contents

Editorial

2010 marked an important year in the ongoing profitability and development of Newedge.

Our success was rooted in our ability to capitalize on our existing leadership position and our ability as a firm to adapt to changing global dynamics. The resilience of the established Newedge business model – highlighted by our independent structure and agency broker approach – and our 3,000 professionals continued to help us remain profitable in the midst of fluctuating markets, near-zero interest rate environments, and regulatory changes. At the same time, the evolution of our organizational structure and corporate governance further improved our operational efficiency and risk profile, as well as the value we provide to our clients.

Increased Profitability

- In 2010, Newedge generated net banking income of EUR 984 million, gross operating income of EUR 150 million, and net income of EUR 103 million.
- We continued to command a strong market share in listed derivatives, growing our volumes more rapidly than the market as a whole and posting 12.6% execution and 11.6% clearing market share on the world's leading listed derivatives exchanges. Additionally, Newedge Prime Brokerage received several global awards and the No. 1 ranking in European sole mandates for Macro, Fixed Income and Futures fund strategies.
- Given the challenging business environment, particularly with regard to interest rates, we achieved our profitability in part through better management of our costs, conducting a compensation reform, and an emphasis on client cross-selling.

Enhanced Governance and Business Model

- The Newedge Board of Directors announced a significant change in our corporate governance during 2010, establishing the Chairman of the Board function as a full-time, independent position and naming Duncan Goldie-Morrison to that role. Additionally, the Board established two Vice Chairman positions, with representation from both Société Générale and Crédit Agricole CIB.
- At the same time as the Chairmanship change, I was appointed CEO of Newedge Group from my previous role as Newedge's Global Head of Sales and Front Office.

From a company perspective, Newedge successfully transformed into a global Business Lines organization during 2010. The Business Lines have been established as: Financial Futures & Options (FF&O) and Equities Execution; Clearing Sales & Professional Trading Groups (PTG); Fixed Income, Currencies and Commodities (FICC); and Prime Brokerage. Each Business Line contributed at least 20% to the firm's net banking income in 2010.

Looking to the Future

Our priorities are two-fold:

- We will continue to strengthen Newedge's risk management framework. In 2011, we will complete our three-year investment plan in risk systems while continuing to prioritize our internal controls and the diffusion of our compliance culture. We believe our ability to operate in a consistent manner, safely and efficiently, across large-scale, sophisticated business flows will represent a sustainable competitive advantage for Newedge.
- We will enhance our client-centric approach, offering first-in-class service to both our traditional clients and new market participants. We will continue to invest in our high frequency trading and risk monitoring infrastructure. We are planning to expand our coverage of frontier markets, while closely watching regulatory developments that could represent opportunities in the OTC swaps activities. Additionally, we will continue hiring talented front office personnel, with an emphasis on the Americas region.

As with any firm, our success is in part driven by the overall global economic recovery as well as the evolution of regulatory mandates. We have built Newedge to achieve success despite complex environments such as those we face today. Our business model and teams give us an advantage that has helped us achieve ongoing profitability and strong client relationships. Our customers will also be at the center of Newedge as we take on the challenges of tomorrow.

In summary, I am pleased with our 2010 results given the headwinds we faced. I am also confident that we are well positioned and well prepared to create tangible value for our clients and shareholders in 2011 and beyond.

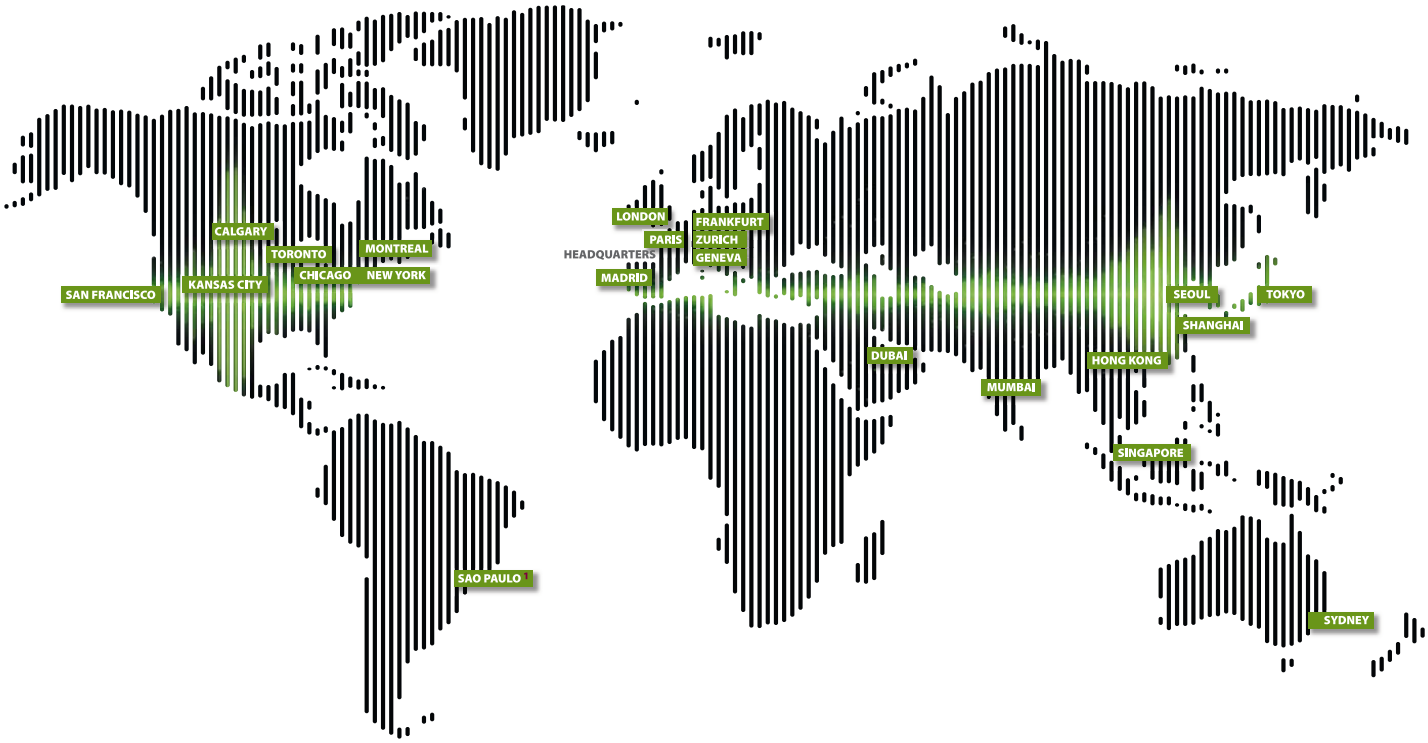
Nicolas Breteau
CEO Newedge Group

"Our success in 2010 was rooted in our ability to capitalize on our existing *leadership position* but also in our capacity to *adapt quickly* to changing global dynamics."

Nicolas Breteau
(CEO, Newedge Group)

Newedge at a glance

An Independent, Client-Focused Company at the Heart of Global Markets



The Newedge business model allows us to make our customers our No. 1 priority. Our strategic objective is to be the leading global agency broker and clearing firm across a broad range of listed and OTC derivatives, foreign exchange and securities. By leveraging our 20+ global locations, we can offer a broad range of products and services to professional clients including financial institutions, asset managers, hedge funds/CTAs, corporates and Professional Trading Groups (PTG).

In millions of euros

	2010	2009
Net banking income	984	937
Operating income	148	64*
Customer deposits (cash & securities)	**44,934**	**39,819**
Total assets	**62,518**	**48,617**
Shareholders' equity, Group share	1,256	1,166

* Including restructuring costs (€36 m).

3,000+ employees*

20+ locations

16 countries

* Includes both full-time employees and contractors.

1 Under Banco Calyon Brazil SA.

Key Developments

NEW MEMBERSHIPS IN 2010

SMX (SINGAPORE MERCANTILE EXCHANGE)*	DERIVATIVES
NODAL EXCHANGE LLC	DERIVATIVES
ERIS EXCHANGE	FUTURES TRADING PLATFORM
IDCG (INTERNATIONAL DERIVATIVES CLEARING GROUP)	IRS CLEARINGHOUSE

* February 2011

OTHER NEWEDGE DEVELOPMENTS

- First foreign broker to obtain Korean Full Futures License: Newedge Korea is now able to offer all products listed on the KRX to all clients and to offer offshore futures and options products to domestic clients – January 2010.
- Newedge clears first Interest Rate Swap transactions with IDCG's clearinghouse – September 2010.
- Newedge executes and clears USD2bn in Interest Rates Swaps Futures on Eris Exchange – September 2010.
- Newedge confirms its position as a market leader in becoming the sponsoring clearer to GH Financials Limited as the first remote trading member in Euroyen Futures on the Tokyo Financial Exchange Inc. – September 2010.
- Newedge Prime Brokerage launches UCITS III compliant servicing platform – October 2010.

Newedge executes an average of

6.9 m

contracts per day [1]

And clears an average of

6.4 m

contracts per day [1]

€45 bn

client assets on deposit globally

Approximately

€1 bn

net banking income

1 Based on 261 Average Trading Days.

Rankings and Awards

During 2010, Newedge execution and clearing volumes ranked at the top of many global listed derivatives exchanges including CME, EUREX, NYSE LIFFE, HKEX, OSE and SGX-DT.

NEWEDGE 2010 RANKINGS ON GLOBAL LISTED DERIVATIVES EXCHANGES

	EXCHANGE		SERVICE	RANKING
EUROPE	EUREX		Clearing	**2**[1]
	NYSE LIFFE	Euronext Paris	Execution	**1**
		Euronext London	Clearing Commodities	**1**
			Execution Commodities	**2**
			Execution Financials	**Top 5**
			Execution global	**7**
AMERICAS	CME Group	CME	Clearing / Execution	**1**
			Execution	**1**
		CBOT	Clearing / Execution	**1**
		COMEX	Clearing / Execution	**1**
		NYMEX	Clearing / Execution	**1**
	KCBT		Clearing	**Top 2**
	MX		Execution	**Top 3**[2]
APAC	HKEX		Execution	**1**
	SFE		Clearing / Execution	**Top 7 / 2**
	SGX-DT		Clearing / Execution	**1**
	OSE		Clearing / Execution	**1**
	TSE		Clearing / Execution	**1**
	TFX		Clearing / Execution	**1**

Source: Ranking: derivatives exchanges.

1 YTD November 2010.
2 YTD October 2010.

60+ derivatives memberships

Access to all major OTC trading platforms

85+ exchanges

AWARDS

- Newedge wins Best Prime Broker Capital Introduction award at the HFMWeek European Performance Awards 2010 – March 2010.
- Newedge Prime Brokerage excels in the 2010 Global Custodian survey, receiving an overall ranking of No. 7 in the global league tables as well as confirming a top tier position in Europe, placing 5th – June 2010.
- Newedge wins HFM Week US award for Best Multi Asset Prime Broker – October 2010.
- Newedge wins the New Europe Fast50.com award as one of the 50 fastest growing or leading companies in the Banking & Investment category – December 2010.
- CITIC Newedge Futures Co. Ltd., a joint venture between CITIC Group and Newedge Group, wins a total of six prizes issued by the Shanghai Futures Exchange for the year of 2010, including the "Excellent Member Nominee" award – January 2011.

LEADING US FCM BY CUSTOMER FUNDS – CFTC SEGREGATED FUNDS RANKINGS

Customer funds as of December 2010*

In millions of dollars

Futures Commission Merchant	Rank	Dec. 10	Market share	MoM%	YoY%
Newedge USA	**1**	**27,954**	**15%**	**2%**	**16%**
GOLDMAN SACHS & CO	2	26,489	14%	1%	13%
JP MORGAN FUTURES INC	3	17,876	10%	2%	14%
DEUTSCHE BANK SECURITIES INC	4	14,911	8%	11%	-22%
UBS SECURITIES LLC	5	14,854	8%	8%	2%
CITIGROUP GLOBAL MARKETS INC	6	11,713	6%	0%	-7%
MERRILL LYNCH PIERCE FENNER & SMITH	7	10,795	6%	-2%	29%
MF GLOBAL INC	8	8,984	5%	4%	17%
BARCLAYS CAPITAL INC	9	6,935	4%	9%	20%
CREDIT SUISSE SECURITIES (USA) LLC	10	6,554	4%	7%	35%
Top 10		**147,064**	**79%**	**4%**	**8%**
All members		**185,299**	**100%**	**2%**	**10%**

* Sum of segregated funds and funds of Newedge USA customers trading on listed derivatives markets outside the US.

Source: CFTC.

Clearing / Execution market share on leading listed derivatives exchanges that rose by

0.4 points to **12.1%**

Volumes executed: **1.812** bn contracts

Volumes cleared: **1.670** bn contracts

PRIME BROKERAGE RANKING BASED ON MANDATES IN EUROPE, EUROHEDGE

Newedge won top honors in the EuroHedge Service Provider Rankings for Prime Brokers. The annual survey recognizes the best prime brokerage offerings among the world's leading financial service companies and is widely considered as the industry standard.

No. 1 Ranking: Macro, Fixed Income & Futures - European Prime Brokerage Mandates 2010

Prime Broker	Sole Mandates	AUM in millions of dollars
Newedge	**67**	**25,432**
SEB	21	6,687
UBS	17	11,351
Goldman Sachs	16	15,205
Deutsche Bank	12	8,694

No. 2 Ranking: New Fund Launches - European Prime Brokerage Mandates 2010

Prime Broker	Sole Mandates	% Market Share
Morgan Stanley	29	31%
Newedge	**14**	**15%**
Goldman Sachs	11	12%
UBS	10	11%
Credit Suisse	8	9%

No. 3 Ranking: European Hedge Fund Prime Brokerage – All Mandates 2010

Prime Broker	Sole Mandates	Total Assets in millions of dollars
Goldman Sachs	122	52,107
Morgan Stanley	112	54,284
Newedge	**90**	**26,696**
UBS	67	44,019
SEB	65	19,488

Source: EuroHedge, European New Funds Launched.

Our values: Impartiality, Partnership, Inventiveness

IMPARTIALITY: for Newedge, impartiality means the freedom to put our clients' interests first. Our Group is independently run and regulated. As Newedge is separate from its parent banks' investment and banking activities, we can focus fully on our clients. We do not have a proprietary trading division, thus we are better positioned to put our customers' interests first. This operational independence results in a business model that minimizes conflict: a particular advantage to our customers. This unique foundation provides Newedge with an exceptional position of financial strength.

PARTNERSHIP: at Newedge we strive to build close relationships with our clients and earn their confidence as a trusted business partner. Our role as a leading intermediary enables us to continually be in touch with price makers and price takers. For customers, this means we can rapidly locate liquidity and sequence orders in ways that suit them. They can rely on our expertise and commitment. Our teams are highly responsive and committed to implementing a customer's vision quickly and efficiently, enabling them to stay focused on their core business.

INVENTIVENESS: to generate maximum value for our customers we maintain a commitment to constant innovation and excellence in everything we do. As our business ethos is the very opposite of a standardized approach, we constantly reappraise and re-evaluate our working methodologies.

BUSINESS STRUCTURE: our customer-focused operating model is designed to bring added value to our clients on every level. Our global reach and core Business Lines enable us to tap into business trends, following developments across the world, encompassing diverse geographic zones and regulations. Our business model is robust; our activity is diversified both in terms of geographic zone and asset classes – a factor which has helped us to gain market share.

Independence

Newedge is an independently managed joint venture of Crédit Agricole Corporate & Investment Bank and Société Générale. Our two shareholders have structured Newedge's governance in such a way as to ensure operational autonomy from them. The responsibility for the business strategy and daily management of Newedge rests with the Chief Executive Officer and the Newedge Executive Committee. This fits Newedge's principal objective, namely to be one of the world's premier agency brokers of financial services across a wide range of products.

Global Business Lines

Instituted in 2010, our global Business Lines structure creates genuine, valuable opportunities for our clients to cross-sell within our organization, which helps us maximize distribution of a range of diversified products. In turn, our teams gain increased client knowledge and can operate stronger management of financing costs to enhance risk / return profiles. This global structure works in conjunction with and complements Newedge's existing regional organization.

Thanks to our flexibility and independence, we can capitalize on the new regulatory environment and the shifting financial landscape, using these changing times as an opportunity to review and anticipate client needs. We can then implement the necessary measures to work more efficiently with exchanges, local regulators and investors around the globe.

GLOBAL BUSINESS LINES ORGANIZATION

Governance

The Newedge vision is to become a world-leading multi-asset brokerage in an intensely competitive and highly regulated marketplace – one in which transparency and impartiality are as important as speed and efficiency. It is imperative, therefore, that Newedge be an independent market player, one that:

- is distinct from parent banks
- has minimized conflicts of interest
- offers services directly to the markets

To achieve effective corporate governance, Newedge operates a transparent structure, with a view to ensuring autonomy across all stakeholders and operational functions.

CHIEF EXECUTIVE OFFICER ("CEO") AND EXECUTIVE COMMITTEE

Newedge Group CEO: Nicolas Breteau

The Newedge Executive Committee consists of 13 members who assist the CEO in the management of Newedge activities.

CHAIRMAN AND BOARD OF DIRECTORS – NEWEDGE GROUP SA

Following the shareholders meeting of July 26, 2010, the Board of Directors of Newedge Group SA is now comprised of 11 Directors consisting of one Director acting as independent Chairman and 10 Directors shared between both shareholders, plus one independent non-voting observer.

Board Members (composition as of May 25, 2011)

Director and Chairman: Duncan Goldie-Morrison

Directors for Société Générale:

- Jacques Ripoll (Vice Chairman)
- François Bloch
- Philippe Heim
- Christian Schricke
- Didier Valet

Directors for Crédit Agricole CIB:

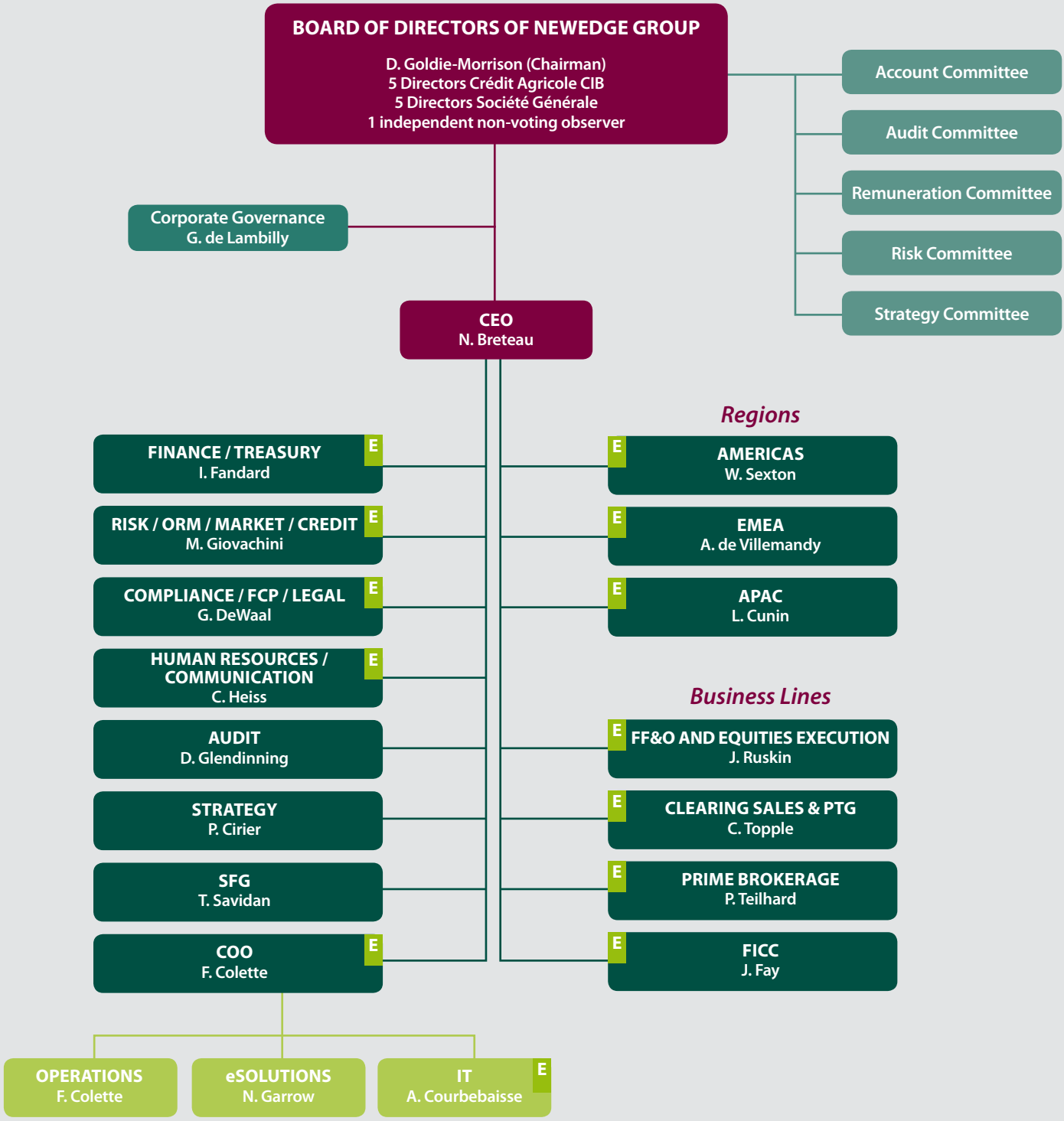
- Jean-Yves Hocher (Vice Chairman)
- Francis Canterini
- Paul de Leusse
- Marie-Laure Malo
- Daniel Puyo

and as observer, Jean-François Verny

Board Committees

Five committees to the Board have been established. These include the Account Committee, the Audit Committee, the Remuneration Committee, the Risk Committee and the Strategy Committee.

NEWEDGE GROUP*



E Member of Executive Committee

* As of June 1, 2011.

Risk Management

Newedge Group is regulated in France by its lead regulator, the *Autorité de Contrôle Prudentiel* (Prudential Control Authority) as well as by numerous regulators worldwide. The Group operates within a strong regulatory framework in which risk management is a key component.

Risk is an independent centralized organization, headed by a Group Chief Risk Officer (CRO).
Regionally, the three regional CROs directly report to Group CRO and locally to the head of the Region.
The Risk department is subdivided into four divisions: Counterparty Risk, Market Risk, Operational Risk and Risk Systems, Models and Data. These four divisions are present in the three regions and represent more than 150 staff within Newedge Group. This structure helps to ensure that market, country, credit and operational risks are efficiently measured, reported and monitored.

Internal Control Functions

Focus on compliance and risk management is integral to Newedge development, reputation and credibility. As a result, Newedge has developed an Internal Control function, which serves as a foundation for all Newedge development. This operates on two different levels, namely permanent and periodic control.

Permanent control functions rely on continued supervision and the intervention of specialized departments. Continual monitoring is the cornerstone of Newedge internal control and encompasses all controls performed on usual recurring tasks by the corresponding teams. The implementation of these supervisory procedures is evaluated on a variable frequency and measured against specific targets. The intervention of specialized departments (Finance, Risk, Compliance) is requested when verifying existing procedures and issuing new ones in order to constantly improve Newedge's internal control environment.

The Compliance function is responsible for helping to manage and control regulatory risks within Newedge worldwide in conjunction with other key control and risk functions, as well as front office supervisors. Compliance also principally manages relationships with exchanges and regulators and ensures the development and promotion of a strong compliance culture within the firm and enforcement of this.

The Financial Crime Prevention (FCP) team is an advisory and coordination function. FCP is responsible for helping to ensure that fraud is not committed against Newedge and that Newedge maintains and implements an effective anti-money laundering program, which includes promoting AML and anti-fraud awareness at Newedge through training, advice, policies and procedures.

Periodic control is carried out by the Internal Audit Department which reviews the consistency of any procedures implemented to ensure proper internal control of operations, risk management and compliance with the corporate ethical policy.

Internal Control Regional and Global Coordination

One Global and three Regional Internal Control Coordination Committees (ICCC) have been established. The Global ICCC includes Finance, Risk, Operations and the following permanent control functions: Compliance, Financial Crime Prevention, Legal, and Operational Risk, together with the periodic control function (Internal Audit) as defined under French regulation 97-02 CRBF on internal controls within regulated firms. The CEO chairs the Global ICCC. The Chairman of the Board attends the Global ICCC as an observer.

Among other duties, the Global ICCC shall:

- analyze current systems of controls and verify the effectiveness of corrective measures,
- act as the CEO interface with all departments and recommend appropriate measures and enforcement actions to the extent that non-conformity with internal policies and procedures is identified,
- propose preventive actions and develop ways (including training programs) to foster a compliance and internal control culture,
- review findings and recommendations of the Regional ICCCs, and
- report to the Audit Committee of the Board.

Social Responsibility

In addition to Newedge's commitment to providing an optimal service and maximum opportunities for our clients, we endeavor to do the same for the communities in our neighborhood and for people in need all over the world. The Group takes its social responsibility very seriously, offering support to a range of deserving causes.

"In 2010, Newedge increased both its capital ratio and *results*, supporting its non-conflicted business *model*."

Isabelle Fandard
(Group Chief Financial Officer, Newedge)

Management report

1 Newedge, the Critical Difference

- In an environment still conditioned by the economic crisis, Newedge confirmed its standing in 2010, maintaining revenue and consolidating market share.
- After a successful post-merger integration process, Newedge implemented an organization by Business Line to ensure a more customer-focused model. This move was accompanied by a concerted effort to enhance operational efficiency which resulted in a noticeable improvement of the Group's Cost/Income ratio.
- Net income increased in 2010 to EUR 103 million.
- The Group is also well capitalized. As of December 31, 2010 reporting date, its Basel II solvency ratio stood at 15.2%.

Markets and regulatory environment

Futures and options trading volumes on the leading derivatives markets increased by 16% from the previous year to a total of 7,182 million contracts, recovering to the levels recorded in 2008. Growth was particularly strong on commodities derivatives:

	2010	2009	Change %
Market volumes in millions of lots*	**7,182**	**6,188**	**16%**
Financials contracts	6,032	5,227	15%
Commodities contracts	1,149	961	20%

Source: Futures Industry Association.

* The market volumes stated here should be doubled to facilitate comparison with Newedge volumes, given that each contract includes buy and sell positions.

Net income increased in 2010 to EUR 103 million

Basel II solvency ratio stood at 15.2% as of December 31, 2010

Other defining features of the environment were that interest rates remained at historic lows and the bond market showed a noteworthy lack of volatility. Finally, the foreign exchange market remained extremely active in 2010, with average volumes of USD 4 trillion a day, according to the Bank of International Settlements.

At the same time, the drive to heighten security across the global banking system has already begun producing major regulatory changes. New capital adequacy and liquidity management requirements have been introduced, while over-the-counter trading is slated for incorporation into the infrastructure of regulated markets. In the United States, the financial industry is already adjusting to the new regulations established by the Dodd-Frank Wall Street Reform; in Europe, the hedge fund industry has also been affected by the trend toward greater regulation. The number of UCITS hedge funds rose from a negligible level in 2008 to more than 250 funds in 2010, with EUR 50 billion in assets under management at year-end.

Newedge: volumes up 21% and a market share of 12.1%

The volumes traded by Newedge grew stronger than trading on the market as a whole; they were up 21% compared with 2009, including a 19% increase in financial contracts and a 33% increase in commodity contracts. Newedge was particularly active on the CME Group markets (+39%) as well as on ICE (+32%).

This good performance enabled Newedge to increase its market share by half a point to 12.1% as of December 31, 2010. A major driver of that growth was execution, a business in which Newedge gained 1.4 points, boosting market share to 12.6%. At the same time, the Group's share of the clearing market stood at 11.6% even though a number of former Newedge institutional customers acquired clearing member status.

In 2010, Newedge also maintained its position as the #1 broker in the United States in terms of total customer deposits[1], and ranked among the top three on CME Group, Eurex and OSE.

	2010	2009	Change %
Newedge volumes in millions of equivalent units of lots	**3,482**	**2,886**	**21%**
Financials	2,715	2,307	18%
Execution	*1,390*	*1,078*	*29%*
Clearing	*1,325*	*1,229*	*8%*
Commodities	768	579	33%
Execution	*423*	*301*	*40%*
Clearing	*345*	*278*	*24%*
Newedge market share	**12.1%**	**11.7%**	**+0.4 points**
Financials	11.2%	11.0%	+0.2 points
Execution	*11.5%*	*10.3%*	*+1.2 points*
Clearing	*11.0%*	*11.8%*	*-0.8 points*
Commodities	16.7%	15.1%	+1.6 points
Execution	*18.4%*	*15.7%*	*+2.7 points*
Clearing	*15.0%*	*14.5%*	*+0.5 points*

Volumes up 21% and a market share of 12.1%

Newedge maintained its position as the #1 broker in the United States

1 Ranking based on CFTC data on Customers Funds (sum of segregated funds and funds of Newedge USA customers trading on listed derivatives markets outside of the USA).

2 Comments on the Consolidated Financial Statements

The 2010 financial data and the 2009 data presented here to facilitate comparison were prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union and effective at the reporting dates for those two years.

CONSOLIDATED INCOME STATEMENT

Summary income statement

In millions of euros (IFRS)

	2010	2009
Net banking income	984	937
Operating expenses	(834)	(872)
Gross operating income	**150**	**65**
Cost of risk	(2)	(1)
Operating income	**148**	**64**
Group share of net income (loss) of affiliates accounted for by the equity method	1	0
Income before tax	**149**	**64**
Income tax	(46)	(26)
Consolidated net income	**103**	**38**
Minority interests	0	1
Net income, Group share	**103**	**37**

Operating income totaled EUR 148 million in 2010.
In 2009, EUR 36 million in post-merger restructuring costs pushed operating expenses up. Restated to reflect this non-recurring item, *Operating income* reached EUR 100 million.
Moreover, after two years of back-office systems integration, Newedge initiated a review of all its balance sheet flows in 2010 as part of its drive to enhance internal controls. This made it possible to identify and rectify interface and accounting process errors responsible for suspense accounts totaling EUR 16 million in 2008 and EUR 9 million in 2009. As required by IAS 8, the comparative information for 2008 and 2009 was corrected accordingly.
In 2010, a EUR 18 million provision was recognized in *Net income from other activities* to cover all uncertainties related to ongoing reviews.

Net banking income

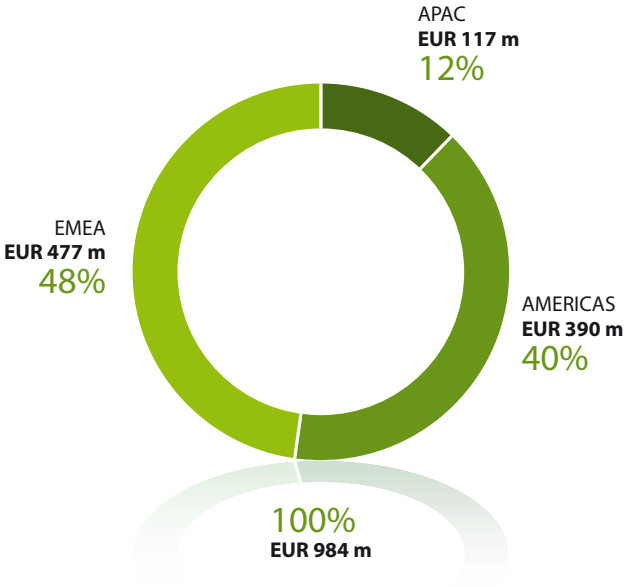
As of December 31, 2010, consolidated *Net banking income* was EUR 984 million, up 5% compared with 2009. That result breaks down as follows:

In millions of euros (IFRS)

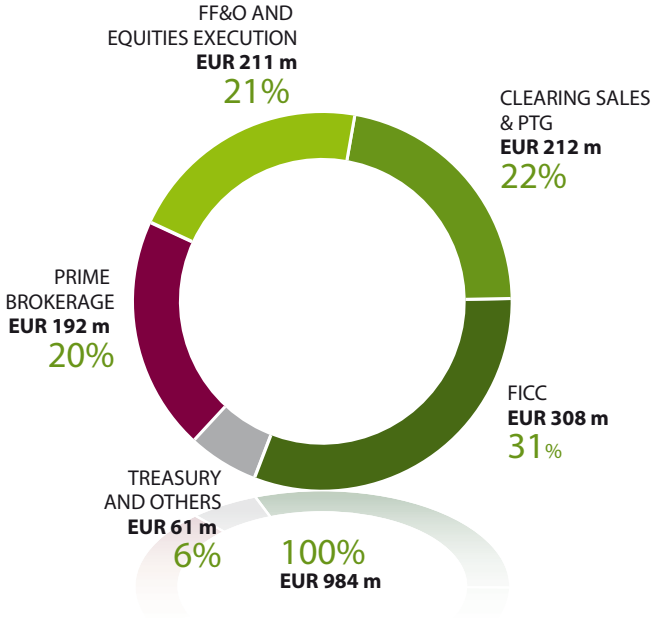
	2010	2009
Net banking income	**984**	**937**
Net commission and fee income*	662	587
Interest margin and net income on financial assets:	323	346
- Brokerage income	*262*	*247*
- Income on treasury investments	*61*	*99*
Net income on available-for-sale financial assets	(1)	4

* This amount includes in 2010 a EUR 18 million provision related to ongoing reviews on suspense accounts. In 2009, it includes EUR 15 million related to suspense accounts identified and corrected in 2010.

GEOGRAPHICAL BREAKDOWN OF 2010 REVENUES



BREAKDOWN OF 2010 REVENUES BY BUSINESS LINE



The geographical breakdown of *Net banking income* was 48% in Europe and Middle-East, 40% in the Americas, and 12% in the Asia-Pacific region, while the British pound showed an average appreciation of 4%[1] and the U.S. dollar of 5%[2] during the year. There was virtually no change in this breakdown compared with 2009.

- *Net commission and fee income* totaled EUR 662 million in 2010, up EUR 75 million, or 13% compared with 2009. This change was linked to increased trading volume in the derivatives markets.
- *Interest margin and Net income on financial assets* break down as follows:
  - EUR 262 million in brokerage service income, which includes mark-ups on over-the-counter brokerage service and interest margin on financing,
  - EUR 61 million in income from treasury investments, net of interest paid to clients, a figure down 38% from the previous year due to historically low interest rates.
- In 2009, Newedge recorded a net gain of EUR 4 million on the one-time disposal of available-for-sale securities held in the cash investment portfolio. In 2010, this line item shows a loss of EUR 1 million, reflecting the impairment of available-for-sale securities (memberships).

Net banking income was earned by the Group's main Business Lines:

- Clearing Sales & Professional Trading Groups (PTG)
- Financial Futures & Options (FF&O) and Equities Execution
- Fixed Income, Currencies and Commodities (FICC)
- Prime Brokerage
- Treasury and others

with the breakdown given above.

1 EUR 1.17 = GBP 1 in 2010 versus EUR 1.12 = GBP 1 in 2009.
2 EUR 0.75 = USD 1 in 2010 versus EUR 0.72 = USD 1 in 2009.

Total operating expenses

Total operating expenses were EUR 834 million in 2010, 4% lower than in the previous year. In 2009, this line item included EUR 36 million in restructuring costs related to the Newedge integration process. In 2010 this line item includes EUR 9 million due to projects that aim at reinforcing internal control and securing Group operations.

- *Personnel expenses* accounted for 67% of *Operating expenses* in 2010 and reached EUR 556 million, down 2% from 2009. In 2010, Newedge had an average headcount of 2,773 full-time equivalent employees.
- *Other administrative expenses* were EUR 242 million, down EUR 23 million from 2009.

The Group's Cost/Income ratio was 85%.

Operating income

Gross operating income was EUR 150 million, while *Operating income*, after accounting for the *Cost of risk*, stands at EUR 148 million.

Net income

Including the *Group's share of net income of affiliates accounted for by the equity method*, which was EUR 1 million, *Income before tax* totaled EUR 149 million.
Income tax in 2010 was EUR 46 million, representing an effective tax rate of 31%.
Consolidated net income in 2010 totaled EUR 103 million, versus 38 million in 2009.

CONSOLIDATED BALANCE SHEET

As of December 31, 2010, Newedge had a consolidated balance sheet totaling EUR 62.5 billion. This was EUR 13.9 billion higher than the prior-year figure, due to an increase in client deposits and repo brokerage business.

Consolidated liabilities

- Cash deposits from clients to meet margin requirements for trading on exchanges totaled EUR 21.1 billion, accounting for 34% of total liabilities.
  - Those margin deposits combined with other cash deposits not allocated to margin accounts brought the value of total cash deposits received from customers to EUR 39.1 billion as of December 31, 2010. The average at quarter-end close in 2010 was EUR 37.3 billion, in line with the prior-year quarterly averages.
  - Including deposits in securities, recognized off-balance sheet under the heading *Commitments–Securities received as collateral*, total margin deposits reached EUR 27.0 billion as of December 31, 2010. This was on par with the average amount at the close of each quarter during the year (EUR 28.0 billion), and 15% below the 2009 average.
- Amounts *Due to banks* and *Due to customers* were EUR 37.5 billion, a figure EUR 16.7 billion higher than in 2009.
  This change reflected the following:
  - A EUR 10.3 billion increase in demand deposits not allocated to margin accounts, which totaled EUR 18.0 billion at the end of 2010. This led to a corresponding increase in treasury investments on the asset side of the balance sheet;
  - A EUR 6.0 billion increase in repo brokerage transactions.

Amounts *Due to banks* and *Due to customers* rose significantly until October 2010, with repo brokerage business as a leading contributor. In 2010, this line item averaged EUR 40.0 billion, a figure double the average amount at the close of each quarter in 2009.

- *Other liabilities* totaled EUR 0.4 billion, showing no material change in relation to 2009.

Consolidated assets

As of December 31, 2010, consolidated assets were primarily made up of *Loans and receivables* (EUR 39.7 billion), financial assets in the trading portfolio (EUR 16.8 billion) and margin deposits (EUR 4.7 billion).

- Two thirds of all *Loans and receivables* (EUR 24.6 billion) involved banks, and the remaining third (EUR 15.1 billion) involved non-bank customers. This breakdown was the same as in the previous year, in line with the averages observed at the close of each quarter. As of December 31, 2010, *Loans and receivables* were up by 25% (EUR 7.8 billion) compared with 2009; occurring gradually over the year, this increase was primarily driven by the repo brokerage business.

  This change reflected the following:
  - A EUR 6.3 billion increase in repo brokerage business and securities lending,
  - A EUR 1.4 billion increase in margin financing and customer overdrafts.

  The amount of client deposits reinvested showed a EUR 2.1 billion increase, offset by a EUR 1.5 billion decrease in cash invested in reverse repurchase agreements.
- *Financial assets at fair value through profit and loss* increased by EUR 7.0 billion, chiefly reflecting the Company's greater treasury investments in fixed income securities, mainly government's bonds. This line item showed a steady increase over the entire year.
- *Margins and default funds paid on brokerage activities*, paid in cash to cover customers' transactions on listed markets, were the equivalent of one fifth of customer margin deposits throughout the year. This item combined with *Securities pledged as collateral*, an off-balance sheet item under the heading *Commitments given*, brought total margin deposits to cover customer transactions to EUR 17.3 billion, a figure EUR 1 billion lower than in the previous year.

3 Regulatory Capital

Calculated in accordance with Regulation 90-02 of the French *Comité de la Réglementation Bancaire et Financière* (Banking and Finance Regulation Board), Newedge Group's regulatory capital, excluding income for the current business year, was EUR 1,304 million as of December 31, 2010. The Group's solvency ratio stood at 15.2%, of which 11.8% on Tier 1.

In millions of euros

	12/31/10	12/31/09
Share capital	395	395
Consolidated reserves	509	505
Gains and losses recognized directly in equity	(57)	(67)
Income for the year [1]	0	0
Deeply subordinated notes	295	285
Shareholders' equity, Group share	**1,142**	**1,118**
Deductions [2]	(128)	(115)
Total Tier 1 capital	**1,014**	**1,003**
Qualifying subordinated debt	281	280
OCI reserves [3]	7	8
Less Group share in affiliates accounted for by the equity method	(7)	(5)
Total Tier 2 capital	**1,295**	**1,286**
Qualifying subordinated debt	9	0
Total regulatory capital	**1,304**	**1,286**
Risk-weighted assets	8,582	10,449
Basel II Tier 1 capital ratio	11.8%	9.6%
Basel II solvency ratio	15.2%	12.3%

Dividend distribution

At the Annual Meeting of Shareholders on May 25, 2011, the shareholders approved the distribution of dividends totaling EUR 84,985,442.88 equal to EUR 3.28 per share.

1 Income for the current business year is not included.
2 Goodwill and other intangible fixed assets.
3 45% of the gross amount of unrealized gains on stakes in clearing houses is included in the calculation of shareholders' equity.

4 Managing Financial Instruments Risk[1]

Organization

Newedge manages risk through a global, independent function covering Counterparty Risk, Market Risk and Operational Risk.
The structural interest rate risk, exchange rate risk and liquidity risk associated with financial instruments are also monitored by the Finance Department. The output of risk management work as of December 31, 2010 is summarized below.

Concentration risk

The various risk indicators in this report are consolidated and presented by type of customer. The main exposures are discussed at the Newroc monthly Risk Committee meetings, and then reported to Newedge corporate management and the Newedge Risk Executive Committee (see chart 1 "Credit risk exposure" on page 25).

Individual reports on the main types of Newedge customers are sent each week to corporate management and to the local risk teams, covering hedge funds, financial institutions and corporate customers. Daily reports are provided on financial institutions to enable the Treasury and Basel II staff to track these positions on a day-to-day basis (see chart 2 "Main types of customers" on page 25).

In addition, the monthly risk reviews performed at the Newroc monthly Risk Committee meetings now address concentration risk by Business Line as well, an issue dealt with in one of the programs carried out in 2010 (see chart 3 "Business Lines" on page 25).

The Newroc meetings likewise now examine exposure arising on margins and securities deposited with clearing houses.

It should be noted that counterparties in the financial institutions category account for the primary concentrations of risk. These counterparties often cover a high number of different entities from a single corporate group that do business with Newedge in several types of products. Many of them also have deposit lines or investment lines with Newedge.

Lastly, concentration risk by country is measured at the dedicated monthly meeting. If any country shows a particularly high concentration, the limit may be revised downward at a meeting (see chart 4 "Regions" on page 25).

Market risk

The overall stress test limit for all Newedge entities was USD 35 million as of December 31, 2010, as in 2009. That limit was not exceeded at any time in the course of 2010.

Structural interest rate risk, exchange rate risk and liquidity risk

Pending full deployment of internal tools and methodologies suited to monitoring liquidity risk under the advanced approach, Newedge Group measures liquidity risk in accordance with current regulations by applying the standard approach to Newedge Group S.A. standalone. This approach relies on standard liquidity ratio indicators and a 7-day cash forecast statement. At the same time, Newedge continues to perform a similar, corporate calculation to determine the liquidity ratio for the entire consolidated Group.
Newedge Group S.A. reports its liquidity risk in the format recommended by the French Prudential Control Authority and based on the assumptions presented beforehand to the regulator.
The regulatory changes for calculating the liquidity ratio offset each other by and large, with the result that they have no impact on the regulatory liquidity ratio of Newedge Group S.A.

1 The disclosures presented here are an integral part of the consolidated financial statements for the year ended December 31, 2010 and are therefore covered by the Statutory Auditors' Report on the consolidated financial statements, except for the disclosures on capital management and the Group's solvency ratio (section 5).

1. Credit risk exposure at December 31, 2010

In millions of dollars

	Gross exposure	Net exposure	Soft limits	Number of customers
Total direct risk	**10,024**	**10,024**	**23,198**	**110**
Debtor risk	*4,144*	*4,144*	*17,598*	*85*
Issuer risk	*5,012*	*5,012*	*5,600*	*25*
Financing risk	**2,502**	**667**	**3,865**	**228**
Replacement risk	**29,446**	**6,147**	**104,843**	**6,327**
on listed products	*26,526*	*3,492*	*94,836*	*5,413*
on OTC products	*2,463*	*2,649*	*8,749*	*768*
on cross-margined customers	*457*	*6*	*1,258*	*146*
Execution risk	**593**	**593**	**10,434**	**157**

2. Main types of customers

In millions of dollars

	Direct risk	Replacement risk	Total risk
Corporate customers	1,783	7,134	**8,917**
Financial institutions	9,169	10,391	**19,560**
Hedge funds, private investment vehicles and Professional Trading Groups	631	9,409	**10,040**
Regulated funds and asset managers	2	3,432	**3,434**

3. Business Lines

In millions of dollars

	Direct risk	Replacement risk	Total risk
Clearing Sales & Professional Trading Groups (PTG)	1,364	9,902	**11,266**
Financial Futures & Options (FF&O) and Equities Execution	15	1,128	**1,143**
Fixed Income, Currencies and Commodities (FICC)	1,581	9,940	**11,521**
Prime Brokerage	141	9,396	**9,537**
Treasury and others	8,484	0	**8,484**

4. Regions

In millions of dollars

	Direct risk	Replacement risk	Total risk
Asia	1,445	1,141	**2,586**
Middle East	29	892	**921**
Africa	1	27	**28**
Eastern Europe	3	70	**73**
Western Europe	6,642	12,968	**19,610**
North America	2,887	14,683	**17,570**
Latin America	224	462	**686**
Oceania	354	123	**477**

As of December 31, 2010, the Group's regulatory liquidity totaled EUR 2 billion, and its liquidity ratio stood at 151%.
As of December 31, 2010, the Group's overall sensitivity to interest rate risk was EUR 8 million, or 0.7% of consolidated shareholders' equity. That figure breaks down as follows:

Overall sensitivity

In millions of euros

	12/31/10	12/31/09
EUR	26	22
USD	(16)	(5)
OTHER	(2)	(2)
TOTAL	**8**	**15**

Structural exchange rate risk is chiefly due to the following:

- Foreign currency denominated capital contributions and equity investments financed through the purchase of foreign currencies,
- Retained earnings and current-year net income at foreign subsidiaries and branches.

The Group's policy is to immunize its solvency ratio against exchange rate fluctuations, mainly by using FX swaps.

Managing capital and compliance with capital requirements

In keeping with the principles set forth by France's *Autorité de Contrôle Prudentiel* (Prudential Control Authority), Newedge uses the Basel II Standardized Approach to measure *Credit and Market risk*, and the Basic Indicator Approach to measure *Operational risk*.
As of December 31, 2010, risk-weighted assets totaled EUR 8,582 million, broken down into 70% *Credit risk*, 6% *Market risk* and 24% *Operational risk*.

In millions of euros

	12/31/10	12/31/09
Credit risk	5,992	7,083
Market risk	560	1,273
Operational risk	2,030	2,093
Total risk-weighted assets	**8,582**	**10,449**
Regulatory capital	**1,304**	**1,286**
Basel II solvency ratio (%)	**15.2%**	**12.3%**

As of December 31, 2010, Newedge had a solvency ratio of 15.2% and a 11.8% core capital ratio.

5 Remuneration Policy

To keep pace with its global development, the Group makes every effort to attract, motivate and retain high quality staff by offering competitive pay packages consisting of a salary that reflects each individual's contribution to the Group's development, and employee benefits.
Monetary compensation includes a fixed salary which rewards the skills required for the position, and, where applicable, variable remuneration based on collective and individual performance and the achievements of results, but also the behavior adopted, in order to achieve the objectives set at the beginning of the year.
Remuneration policy governance is carried out by the Group Human Resources Department for the whole of Newedge, and includes an annual multi-stage policy review at function, Business Line, Group Human Resources Department and General Management levels. The review is then validated by the Boards of Directors, on the proposal of the Remuneration Committee.

"Our Business model aims at *mitigating our risks* and enforcing it through *advanced controls.*"

Mathieu Giovachini
(Group Risk Officer, Newedge)

Consolidated financial statements

Consolidated Balance Sheet

In millions of euros

ASSETS		12/31/10	12/31/09
Cash, due from central banks	///	2	9
Financial assets at fair value through profit and loss	Note 6	16,823	9,835
Available-for-sale financial assets	Note 7	46	56
Due from banks	Note 8	24,595	19,061
Due from customers	Note 9	15,142	12,839
Tax assets	Note 10	31	34
Margins and default funds paid on brokerage activities	Note 11	4,669	5,561
Other assets	Note 12	1,011	1,029
Investments in affiliates accounted for by the equity method	Note 13	7	5
Tangible and intangible fixed assets	Note 14	88	98
Goodwill	Note 15	104	90
TOTAL ASSETS		**62,518**	**48,617**

In millions of euros

LIABILITIES AND SHAREHOLDERS' EQUITY		12/31/10	12/31/09
Financial liabilities at fair value through profit and loss	Note 6	1,861	845
Hedging derivatives	///	67	0
Due to banks	Note 16	12,693	8,984
Due to customers	Note 17	24,803	11,791
Tax liabilities	Note 10	39	25
Margins received	Note 18	21,113	24,937
Other liabilities	Note 19	378	579
Provisions	Note 20	14	4
Investment subsidies	///	4	5
Subordinated debt	Note 21	290	280
Total liabilities		**61,262**	**47,450**
Shareholders' equity, Group share			
Share capital		*395*	*395*
Deeply subordinated notes		*295*	*285*
Consolidated reserves		*509*	*505*
Net income		*103*	*37*
Sub-total		**1,302**	**1,222**
Gains and losses recognized directly in equity	Note 22	*(46)*	*(56)*
Sub-total equity, Group share		**1,256**	**1,166**
Minority interests		0	1
Total shareholders' equity		**1,256**	**1,167**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**62,518**	**48,617**

Consolidated Income Statement

In millions of euros

		12/31/10	12/31/09
Interest and similar income	Note 24	286	335
Interest and similar expenses	Note 24	(163)	(223)
Dividend income	///	2	1
Fee and commission income	Note 25	1,528	1,478
Fee and commission expenses	Note 25	(858)	(893)
Net gains or losses on financial instruments	///	197	237
of which net gains or losses on financial instruments at fair value through profit or loss	Note 24	*198*	*233*
of which net gains or losses on available-for-sale financial assets	Note 26	*(1)*	*4*
Net income from other activities	///	(8)	2
Net banking income		**984**	**937**
Personnel expenses	Note 27	(556)	(569)
Other administrative expenses	///	(242)	(265)
Depreciation and amortization of tangible and intangible fixed assets	///	(36)	(39)
Total operating expenses		**(834)**	**(872)**
Gross operating income		**150**	**65**
Cost of risk	Note 28	(2)	(1)
Operating income		**148**	**64**
Group share of net income (loss) of affiliates accounted for by the equity method	Note 13	1	0
Income before tax		**149**	**64**
Income tax	Note 29	(46)	(26)
Consolidated net income		**103**	**38**
Minority interests	///	0	1
Net income, Group share		**103**	**37**
Earnings per share (in euros)	Note 30	**4.0**	**1.4**

Statement of Net Income and Gains and Losses recognized directly in Equity

In millions of euros

		12/31/10	12/31/09
Consolidated net income		**103**	**38**
Translation differences		83	(4)
Revaluation of available-for-sale financial assets		(1)	0
Deferred tax impact		1	(1)
Revaluation of net investments hedge derivatives		(73)	11
Total gains and losses recognized directly in equity	Note 22	**10**	**6**
Total net income and gains and losses recognized directly in equity		**113**	**44**
of which Group share		*113*	*43*
of which minority interests		*0*	*1*

Changes in Shareholders' Equity

In millions of euros

	Capital and other equity		Consolidated reserves, incl. net income for the year	Gains and losses recognized directly in equity				Shareholders' equity, Group share	Shareholders' equity, minority interests	Unrealized or deferred gains or losses – minority interests	Shareholders' equity – minority interests	Total consolidated shareholders' equity
	Share capital [1]	Deeply subordinated notes [2]		Translation reserves	Change in fair value of available-for-sale assets	Deferred tax impact	Change in fair value of hedging derivatives					
Shareholders' equity at December 31, 2008	**395**	**294**	**567**	**(65)**	**17**	**(5)**	**(9)**	**1,194**	**2**	**0**	**2**	**1,196**
Dividends paid			(61)					(61)	(2)		(2)	(63)
Sub-total – Changes linked to relations with shareholders			**(61)**					**(61)**	**(2)**		**(2)**	**(63)**
Change in value of financial instruments recognized in equity					6	(3)		3				3
Change in value of financial instruments recycled in 2009 profit and loss					(4)	2		(2)				(2)
Sub-total – Change in value of financial instruments					**2**	**(1)**		**1**				**1**
2009 net income			**37**					**37**	**1**		**1**	**38**
Translation differences		(9)		(4)	(2)		11	(4)				(4)
Change in equity of entities accounted for by the equity method (Quant House and Citic)			(1)					(1)				(1)
Other movements												
Sub-total – Other changes		**(9)**	**(1)**	**(4)**	**(2)**		**11**	**(5)**				**(5)**
Shareholders' equity at December 31, 2009	**395**	**285**	**542**	**(69)**	**17**	**(6)**	**2**	**1,166**	**1**	**0**	**1**	**1,167**
Dividends paid			(33)					(33)	(1)		(1)	(34)
Sub-total – Changes linked to relations with shareholders			**(33)**					**(33)**	**(1)**		**(1)**	**(34)**
Change in value of financial instruments recognized in equity					(3)	1		(2)				(2)
Change in value of financial instruments recycled in 2010 profit and loss												
Sub-total – Change in value of financial instruments					**(3)**	**1**		**(2)**				**(2)**
2010 net income			**103**					**103**				**103**
Translation differences		10		83	2		(73)	22				22
Change in equity of entities accounted for by the equity method (Quant House and Citic)												
Other movements												
Sub-total – Other changes		**10**		**83**	**2**		**(73)**	**22**				**22**
Shareholders' equity at December 31, 2010	**395**	**295**	**612**	**14**	**16**	**(5)**	**(71)**	**1,256**	**0**	**0**	**0**	**1,256**

1 At December 31, 2010, the share capital was composed of 25,910,196 shares with a par value of EUR 15.25.

2 The deeply subordinated notes issued by Newedge on December 23, 2008 in the amount of USD 410 million are recognized in equity because the indenture includes subordination clauses with regard to both interest payments and repayment of principal. The 8.6% interest expense on the notes is recognized in changes in shareholders' equity, net of tax.

Retrospective restatement of errors:

1. In accordance with IAS 21, a change in accounting policy was implemented in 2009:
   - Translation differences have been included in *Gains and losses recognized directly in equity*.
   - Unrealized gains or losses on hedging derivatives, previously part of *Translation reserves*, have been segregated and transferred to *Gains and losses recognized directly in equity – Change in fair value of hedging derivatives*.

   The relevant data for 2007 and 2008 have been restated accordingly. These restatements were incorrect, with an unintentional impact on 2008 *Consolidated reserves*. 2008 and 2009 financial statements have been restated in 2010 to correct this error for respectively 14 and 4 million euros.

2. Allocation of Altura 2009 net income:
   Altura shareholders' agreement of June 25, 2009, specifies that the 2010 appropriation of 2009 Altura net income is to be based on the percentage of ownership prior to the June 2009 capital increase. A part of Altura's net income in 2009, 1 million euros should have been allocated to minority interests. The 2009 financial statements have been restated to correct this error.

   These restatements have no impact on the total shareholders' equity.

Consolidated Cash Flow Statement

In millions of euros

	12/31/10	12/31/09
Consolidated net income (I)	**103**	**37**
Amortization and depreciation expense on tangible and intangible fixed assets	36	39
Net allocation to provisions	9	(1)
Group share of net income (loss) of affiliates accounted for by the equity method	1	0
Deferred taxes	0	4
Net gains or losses on disposal of long-term available-for-sale assets and subsidiaries	0	0
Other non-cash items	9	28
Non-cash items included in net income, and other adjustments (not including income on financial instruments measured at fair value through profit and loss) (II)	**55**	**70**
Restatement of net gain (loss) on financial instruments measured at fair value through profit and loss (III)	**(198)**	**(233)**
Interbank transactions	(2,156)	2,789
Customer transactions	10,709	(2,421)
Transactions related to other financial assets and liabilities	(8,748)	(831)
Transactions related to other non-financial assets and liabilities	(20)	(152)
Income tax paid	(28)	(50)
Net increase or decrease in cash related to operating assets and liabilities (IV)	**(243)**	**(665)**
NET CASH FLOW RELATED TO OPERATING ACTIVITIES (A) = (I) + (II) + (III) + (IV)	**(283)**	**(791)**
NET CASH FLOW RELATED TO INVESTMENT ACTIVITIES		
Net cash flow related to acquisitions and disposals of financial assets and long-term investments	0	(2)
Net cash flow related to acquisitions and disposals of tangible and intangible fixed assets	(19)	(28)
NET CASH FLOW RELATED TO INVESTMENT ACTIVITIES (B)	**(19)**	**(30)**
NET CASH FLOW RELATED TO FINANCING ACTIVITIES		
Cash flow from/to shareholders	(34)	(63)
Other net cash flow from financing activities	0	0
NET CASH FLOW RELATED TO FINANCING ACTIVITIES (C)	**(34)**	**(63)**
NET INFLOW (OUTFLOW) OF CASH AND CASH EQUIVALENTS (A) + (B) + (C)	**(336)**	**(884)**
CASH AND CASH EQUIVALENTS		
Cash and cash equivalents at the beginning of the year	**2,067**	**2,951**
Net balance of cash accounts and accounts with central banks	9	38
Net balance of accounts, demand deposits and loans with banks	2,058	2,913
Cash and cash equivalents at the end of the year	**1,731**	**2,067**
Net balance of cash accounts and accounts with central banks	2	9
Net balance of accounts, demand deposits and loans with banks	1,729	2,058
NET INFLOW (OUTFLOW) OF CASH AND CASH EQUIVALENTS	**(336)**	**(884)**

"Reputation is a *key asset* for the Company, and the bedrock for this is a strong *compliance culture* among all the Firm's employees."

Gary DeWaal
(General Counsel, Newedge)

Notes to the consolidated financial statements

NOTE 1

The Company

Creation of Newedge Group

Newedge was formed on January 1, 2008 by combining the brokerage activities of Calyon Financial, subsidiaries of Crédit Agricole CIB, and Fimat, a subsidiary of Société Générale.

Each of the two parent banks, Société Générale and Crédit Agricole CIB, has an equal share in Newedge Group S.A., the Group's holding company. Neither parent bank has exclusive control over Newedge Group S.A.

Newedge Group S.A. has banking status.

Newedge is managed under a contractual agreement between the two shareholders, which provides for the following:

- Governance rules for Newedge based on equal representation for both parties,
- Decision-making procedures requiring agreement between the two parties on key issues,
- Details on the future relationships between the two parent companies and Newedge,
- The obligation for both parties to maintain their equal shareholding in Newedge.

Financial statements presented

Newedge Group S.A. ("the Company") is incorporated and domiciled in France, with its head office at 52/60, Avenue des Champs Elysées, 75008 Paris.

Newedge's IFRS consolidated financial statements comprise the Company and its subsidiaries and jointly controlled entities as well as holdings in associated companies (together, "the Group").

The consolidated financial statements were approved by the Board of Directors on May 9, 2011.

Newedge is a world leader in the execution and clearing of listed derivatives. The Group also offers brokerage services for equities, forex products and other OTC-trade asset classes.

Newedge offers a full range of value-added services such as Prime Brokerage, asset financing, access to electronic trading and order routing platforms, cross margining, processing and centralized reporting for client portfolios.

NOTE 2

Basis of preparation

1. Statement of compliance

The Group's consolidated financial statements for the year ended December 31, 2010 have been prepared in accordance with European Regulation 1606/2002 of July 19, 2002 governing the application of international accounting standards in compliance with International Financial Reporting Standards (IFRS) as adopted by the European Union and in effect at the reporting date.
These regulations include IFRS 1 to 8 and IAS (International Accounting Standards) 1 to 41, as well as the interpretations of those standards adopted by the European Union as of December 31, 2010.

Retrospective restatement of errors

After two years of back-office systems integration, Newedge initiated a review of all its balance sheet flows in 2010 as part of its drive to enhance internal controls. This made it possible to identify and rectify interface and accounting process errors responsible for suspense accounts totaling EUR 16 million in 2008 and EUR 9 million in 2009. As required by IAS 8, the comparative information for 2008 and 2009 was corrected accordingly.

In 2010, a EUR 18 million provision was recognized in *Net income from other activities* to cover all uncertainties related to ongoing reviews.

Effect of restatement

In millions of euros

	2009	2008
Net income	(9)	
Fee and commissions income	*(15)*	
Net gains or losses on financial instruments at faire value through profit and loss	*3*	
Income tax	*3*	
Consolidated reserves		(16)
Sharesholders' equity	**(9)**	**(16)**

IFRS standards and IFRIC interpretations applied by Newedge from January 1, 2010

The May 2008 amendments to IFRS 5 as set out in Commission Regulation (EC) No. 70/2009 of January 23, 2009.
As part of its annual procedure for improving and clarifying IFRS, the IASB issued 35 minor amendments to 20 standards. Application of those amendments is mandatory for annual periods beginning on or after January 1, 2009, except for the amendments to IFRS 5, Non-current Assets Held for Sale and Discontinued Activities, which are to be applied for annual periods beginning on or after July 1, 2009.

IFRIC 12, Service Concession Agreements, as set out in Commission Regulation (EC) No. 254/2009 of March 25, 2009.
This interpretation sets forth the accounting treatment for service concession agreements.

IFRIC 16, Hedges of a Net Investment in a Foreign Operation, as set out in Commission Regulation (EC) No. 460/2009 of June 4, 2009.
This interpretation sets forth the accounting treatment for hedges of a net investment in a foreign operation.

IFRIC 15, Agreements for the Construction of Real Estate, as set out in Commission Regulation (EC) No. 636/2009 of July 22, 2009.
This interpretation sets forth the accounting treatment for revenue earned from the sale of real estate, residential real estate in particular.

Amendment to IAS 39, Eligible Hedged Items, as set out in Commission Regulation (EC) No. 839/2009 of September 15, 2009.
This amendment clarifies the application of IAS 39 hedge designation principles in two specific cases: circumstances in which inflation risk can be designated as a hedged risk and the inclusion of the time value of option contracts in the hedge relationship. This amendment is applied retrospectively.

Revision to IFRS 1, First-time Adoption of International Financial Reporting Standards, known as Restructured IFRS 1, as set out in Commission Regulation (EC) No. 1136/2009 of November 25, 2009.
This revision solely affects the structure of IFRS 1; the presentation of the standard has been reorganized and simplified, whereas its technical content is unchanged. This restructuring makes it easier to incorporate future changes in the standards.

IFRIC 17, Distributions of Non-cash Assets to Owners, as set out in Commission Regulation (EC) No. 1142/2009 of November 26, 2009.
This interpretation provides guidance on how to measure and account for distributions to company owners of assets other than cash as dividends.

IFRIC 18, Transfers of Assets from Customers, as set out in Commission Regulation (EC) No. 1164/2009 of November 27, 2009.
This interpretation deals with how an entity should account for a tangible fixed asset transferred to it by a customer. It specifies the terms and conditions for recognizing revenue earned from such an asset under a service agreement.

Improvement to IFRS – April 2009 – as set out in Commission Regulation (EC) No. 243/2010 of March 23, 2010.
As part of its annual procedure for improving and clarifying IFRS, the IASB issued 12 amendments to existing standards.

Amendments to IFRS 2, Group Cash-settled Share-based Payment Transactions, as set out in Commission Regulation (EC) No. 244/2010 of March 23, 2010.
The IASB has clarified how an individual subsidiary should treat certain intragroup cash-settled share-based payment transactions in its own financial statements. The subsidiary is required to account for the goods or services it receives, no matter which entity in the group settles the transaction and no matter whether the transaction is settled in shares or cash.

Amendments to IFRS 1, Additional Exemptions for First-time Adopters, as set out in Commission Regulation (EC) No. 550/2010 of June 23, 2010.
These amendments introduce additional exemptions to retrospective application of IFRS by first-time adopters to measuring assets in specific industries (oil and gas) and leases.

The main basis of measurement and presentation used in preparing these consolidated financial statements are set forth below. With the exception of the new standards and amendments described above, these accounting principles and methods have been consistently applied in 2009 and 2010.

Adoption of these standards, amendments and interpretations has had no material impact on the Group's financial performance or net financial situation.

2. Presentation currency

The consolidated financial statements are presented in millions of euros.

3. Critical accounting estimates

The preparation of these consolidated financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts.
Such estimates and assumptions affect the following in particular:

- The fair value on the balance sheet of financial instruments for which there are no quoted prices in active markets, classified as *Financial assets or liabilities at fair value through profit and loss* and *Available-for-sale financial assets* (Notes 6 and 7),
- The amount of impairment on financial assets, presented under *Available-for-sale financial assets* (Note 7), *Loans and receivables* (Notes 8, 9, 10 and 20), *Tangible and intangible fixed assets* (Note 14) and *Goodwill* (Note 15),
- *Provisions* recognized under liabilities (Note 20),
- The initial measurement of *Goodwill* (Note 15).

NOTE 3

Accounting principles and methods

1. Principles of consolidation

The consolidated financial statements incorporate the financial statements of Newedge Group S.A. and of its main French and foreign subsidiaries.
Because those entities have prepared their company financial statements in accordance with the generally accepted accounting principles in their home countries, the necessary restatements and reclassifications have been performed to make those financial statements consistent with the principles applied by the Group.

Methods of consolidation

Entities controlled by Newedge Group S.A. are fully consolidated.
Entities jointly controlled by Newedge Group S.A. and one or more other companies are accounted for using the proportionate consolidation method.
Entities over which Newedge Group S.A. has significant influence are accounted for using the equity method.
All significant intragroup accounts and transactions have been eliminated in the consolidated financial statements.

Translation of financial statements expressed in foreign currency

All balance sheet and off-balance sheet items denominated in foreign currency are translated into euros at closing exchange rates at the reporting date. All income statement items are translated into euros at the average rates for the period.
Gains and losses arising from the translation of shareholders' equity and income for the year are accounted for as translation reserves under the heading *Gains and losses recognized directly in equity.*
Gains and losses on net investment hedge in foreign subsidiaries and on translation of their net results as well as gains and losses on translation of capital contributions granted to foreign branches of Group banks are likewise presented under this same heading in consolidated shareholders' equity.

Acquisitions and goodwill

All assets, liabilities, off-balance sheet items and contingent liabilities of an acquired entity that are identifiable in accordance with IFRS 3 are individually measured at their fair value at the acquisition date, regardless of their purpose. The analyses and professional appraisals required for this initial valuation as well as any subsequent adjustments based on new information may be carried out within a period of twelve months from the acquisition date.
Goodwill represents the excess of the cost of the acquisition over the Group's share of the identifiable net assets of the acquired entity, and is recognized as an asset.
Subsequent to initial recognition, goodwill is measured at cost, denominated in the reporting currency of the acquired entity and translated into euros at the closing exchange rate for the period.
When the Group increases its interest in an entity that it already controls, any difference between the consideration paid and the carrying amount of the Group's additional share of the entity's identifiable net assets is recognized in *Consolidated reserves, Group share*. Similarly, since January 1, 2007, when the Group decreases its interest in an entity without loss of control, any difference between the consideration received and the carrying amount of the net identifiable assets sold to minority shareholders is taken directly to *Consolidated reserves, Group share.*

In accordance with IAS 36, Impairment of Assets, goodwill is tested for impairment annually, or more frequently if there is any indication of impairment. If there is such an indication, the recoverable amount of the asset is estimated.
Recoverable amounts are estimated at the same time every year. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use. Value in use is determined by calculating the pre-tax present value of the expected future cash flows from the asset that reflects the market's current assessment of the time value of money and the specific risks associated with that asset. For impairment testing purposes, assets are brought together in the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets (referred to as a cash-generating unit).

Segment reporting

The Group operates in a single business segment: brokerage on listed exchanges and over-the-counter markets.
The breakdown of revenue by Business Line is presented in the Group Management Report.
In addition, the geographical breakdown of *Net banking income* and balance sheet aggregates is shown in Note 32.

2. Accounting principles and IFRS valuation methods

Financial instruments

The Group measures most of the financial instruments it holds based on the purpose of the transaction. Under IFRS, financial instruments are classified into four categories:

a) Loans and receivables measured at amortized cost,
b) Financial assets and liabilities at fair value through profit and loss,
c) Available-for-sale financial assets,
d) Held-to-maturity investments (a category not used by Newedge).

a) Loans and receivables measured at amortized cost

This category comprises *Amounts due from and to banks and customers* as well as *Margins and guarantee funds paid on brokerage activities*.
Amounts due from and to banks and customers are classified according to initial term to maturity and type.
Accrued interest on loans and advances and on deposits is recorded under *Interest and similar income* and *Interest and similar expenses* in the income statement.
Loans and advances that are not held for trading are initially measured at fair value. They are subsequently measured at amortized cost using the effective interest rate, which is calculated by estimating future cash flows considering all contractual terms of the financial instrument.

Impairment of financial assets measured at amortized cost
If there is objective evidence of impairment of a financial asset measured at amortized cost, the Group recognizes an impairment charge equal to the probable loss discounted at the financial asset's original effective interest rate. Impairment losses and reversals, losses on uncollectible loans and advances, and amounts recovered on loans and advances previously written off are included in the *Cost of risk* line item in the income statement. In the case of impaired financial assets measured at amortized cost with maturities of less than one year, discounting had no material impact on the Group's financial statements as of December 31, 2010.

Impairment accounting policy
A financial receivable is considered impaired when fees and commissions or loan payments (principal and interest) are in arrears three months or over. Each case of arrears is assessed individually.
At the balance sheet date, impairment losses are recognized in the following manner:

- On fees and commissions, impairment is calculated individually, based on the associated risk. If, however, each receivable cannot be examined individually, owing for example to the large number of receivables, receivables are combined into homogeneous portfolios of financial assets based on comparable credit risk characteristics, geography and the like. The impairment loss on a homogeneous group of assets is determined on the basis of historical data on default rates and loss rates observed per homogeneous portfolio.
- On financing, impairment on the principal is calculated individually, based on the associated risk, whereas a 100% impairment loss is recognized on the interest.

A receivable considered uncollectible is written off and recorded under *Cost of risk*.

b) Financial assets and liabilities at fair value through profit and loss

This category covers assets and liabilities held for trading, including trading derivatives.
These instruments are measured at fair value, i.e. the amount for which an asset could be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction.
If possible, fair value is determined by reference to quoted prices in an active market. If no such prices are available at the balance sheet date, the Group uses alternative valuation techniques.

Trading assets and liabilities
Purchases and sales of non-derivative financial assets and liabilities at fair value through profit and loss are recognized in the balance sheet on the settlement date.
These financial assets and liabilities held for trading are measured at fair value, with any gains or losses recognized in profit and loss for the period. In addition to assets and liabilities held for trading, fair value accounting is also applied to specific financial instruments that the Group has designated at fair value upon initial recognition under the fair value option provided for in IAS 39. The Group's aim in applying the fair value option is to eliminate or significantly reduce discrepancies in how certain financial assets and liabilities are accounted for.

Trading derivatives
Derivative instruments are recognized on the trade date.
IAS 39 requires all derivatives to be measured at fair value in the balance sheet as financial assets or liabilities.
Derivatives are classified by default as instruments held for trading unless they qualify as hedging instruments.
Notional commitments on forward financial instruments are recorded in *Commitments on forward financial instruments* and represent the volume of outstanding transactions. They do not reflect the associated market risk or counterparty risk.
Market transactions include instruments traded on organized markets and similar exchanges and other instruments traded over-the-counter on less liquid markets. The resulting gains or losses, regardless of whether they are realized or unrealized, are directly recognized in profit and loss under *Net gains or losses on financial instruments at fair value through profit and loss*, and in the balance sheet under *Financial assets (or liabilities) at fair value through profit and loss*.

c) Available-for-sale financial assets
Purchases and sales of available-for-sale financial assets are recognized in the balance sheet on the settlement date.
These are non-derivative financial assets held for an indefinite period that the Group may sell at any time. They are measured at fair value in the balance sheet; income accrued or paid is recognized in profit and loss, whereas any gains or losses, excluding income, are reported on a separate line in shareholders' equity. The Group only records these gains or losses in the income statement in the event of derecognition or other-than-temporary impairment. Impairment losses on equity instruments cannot be reversed.

Impairment of equity instruments classified as available-for-sale
Impairment losses on available-for-sale equity instruments are recognized in profit and loss when there is objective evidence of other-than-temporary impairment.
Any decline in the fair value of an investment in a listed equity instrument below its acquisition cost that is significant (greater than one third) or prolonged is considered evidence of impairment that requires the Group to carry out a qualitative analysis. The amount of the impairment loss may be determined by reference to the instrument's quoted market price.

Derecognition of financial instruments
A financial asset (or group of financial assets) is partially or fully derecognized:
- When the contractual rights to the cash flows from the asset expire, and
- When substantially all the risks and rewards of owning the asset have been transferred.

In cases in which the Group has transferred the cash flows from a financial asset, but has neither transferred nor retained substantially all the risks and rewards of ownership and has not, in practice, retained control over the asset, the Group derecognizes the financial asset, and all the rights and obligations created or retained at the time of transfer are accounted for separately as assets or liabilities.
If the contractual rights to the cash flows of a financial asset are transferred, but only part of the risks and rewards as well as control over the asset are retained, the entity continues to recognize the financial asset to the extent to which it has a continuing involvement in the asset.
A financial liability is fully or partially derecognized when, and only when, the liability is extinguished.

Hedging derivatives
IAS 39 requires all derivatives to be measured at fair value in the balance sheet as financial assets or liabilities.
Derivatives are recognized on the trade date.
To designate a derivative as a hedging instrument, the Group documents the hedging relationship at the inception of the hedge. The derivative designated as a hedging instrument must be highly effective in offsetting changes in fair value or cash flows attributable to the hedged risk; moreover, the effectiveness of the hedge is assessed at the outset and throughout the reporting periods for which the hedge was designated.
Derivatives designated as hedging instruments are recorded in the balance sheet under *Hedging instruments*.
The Group hedges its net investments in foreign operations, as provided for in IAS 39, paragraph 102.
The gain or loss on a hedging instrument relating to the effective portion of the hedge of a net investment in a

foreign operation is recognized directly in equity under the heading *Unrealized or deferred gains or losses*, whereas the gain or loss relating to the ineffective portion of the hedge is recognized in profit and loss for the period. The cumulative gains or losses recorded in equity are recognized in the income statement on disposal of the investment.

Fixed assets

Fixed assets are carried at cost. Depreciation and amortization is generally computed using the straight-line method over the estimated useful life of each item:

- Buildings, fixtures and fittings: 10 to 20 years,
- Furniture and office equipment: 5 to 10 years,
- IT hardware, vehicles: 3 to 5 years,
- Software developed internally: 3 to 7 years,
- Software purchased: 1 to 3 years.

Shareholders' equity

Management of capital

The Group maintains sufficient equity to satisfy the regulatory capital requirements currently in force (see Note 5 on Risk management).

Deeply subordinated notes

On December 23, 2008 Société Générale and Crédit Agricole CIB subscribed for the perpetual deeply subordinated notes privately issued by the Group in the amount of USD 410 million. These notes are recognized in equity because the indenture includes subordination clauses with regard to both interest payments and repayment of principal. The related interest expense is shown in *Changes in shareholders' equity*, net of tax.

Subordinated debt

This item includes all dated and undated borrowings, whether represented by certificates or not, which are repayable only after all other creditors have been paid in case of liquidation of the borrower. The accrued interest payable on subordinated debt is recognized in profit and loss, with a corresponding entry in a separate balance sheet account called *Related payables*.

Post-employment and termination benefit obligations

The Group's obligations under post-employment and termination benefit plans are covered by assets or provisions. The bulk of those obligations relate to post-employment benefits accruing to active staff.

Provisions are recognized on the liability side of the balance sheet to cover all of these obligations, based on the demographic assumptions made by independent actuaries as to the rate of early retirement among employees and future salary levels, and their financial assumptions as to the discount and inflation rates.

Provisions

Provisions other than those pertaining to credit risk and employees benefits are defined as liabilities of uncertain timing or amount. They represent a present obligation of the Group arising from past events, the settlement of which is expected to result in an outflow of resources embodying economic benefits to other parties with no equivalent inflow of economic benefits expected in return.

In accordance with IAS 37, provisions are discounted to present value where the effect of the time value of money is material.

Deferred taxes

Deferred taxes are recognized as soon as a timing difference that would have an impact on future tax expense is identified between the carrying amount of an asset or liability in the balance sheet and its tax base. Deferred taxes are calculated using tax rates enacted or substantially enacted at the balance sheet date.

3. Presentation of the financial statements

Because the IASB Framework does not specify a standard format for financial statements, the summary format used by the Group is consistent with the format recommended by the *Conseil National de la Comptabilité* (French National Accounting Board) as adapted to the Group's activity.

4. Accounting standards and interpretations that the Group will apply in the future

A number of standards and interpretations issued by the IASB had not been adopted by the European Union as of December 31, 2010. Those standards and interpretations will not be legally binding until January 1, 2011 or until their adoption by the European Union. For that reason, the Group did not apply them in 2010.

Amendment to IAS 32, Classification of Rights Issues, as set out Commission Regulation (EC) No. 1293/2009 of December 23, 2009.

This amendment deals with how to account for rights issues (rights, options or warrants) that are denominated in a currency other than the functional currency of the issuer. Those rights were previously accounted for as derivatives. At the present time, subject to certain restrictions, they may be classified as equity, whatever the currency in which the exercise price is denominated.

Amendment to IFRS 1, Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters, as set out in Commission Regulation (EC) No. 574/2010 of June 30, 2010.

This amendment ensures that first-time adopters benefit from the same transition provisions that Improving

Disclosures about Financial Instruments (Amendments to IFRS 7) offers to current IFRS preparers.

Revision to IAS 24, Related Party Disclosures, as set out in Commission Regulation (EC) No. 632/2010 of July 19, 2010.
The revised version of IAS 24 simplifies the disclosure requirements for government-related entities and clarifies the definition of a related party.

Amendment to IFRIC 14, Prepayments of a Minimum Funding Requirement, as set out in Commission Regulation (EC) No. 633/2010 of July 19, 2010.
This amendment clarifies the limited circumstances when an entity that makes an early payment of contributions to reduce its future minimum funding requirements under a pension plan can account for the benefit of that early payment as a net asset.

IFRIC 19, Extinguishing Financial Liabilities with Equity Instruments, as set out in Commission Regulation (EC) No. 662/2010 of July 23, 2010.
This interpretation addresses the accounting by a debtor when the debtor issues equity instruments to a creditor to extinguish a liability to that creditor. Those equity instruments must be measured at fair value. Any difference between the carrying amount of the financial liability extinguished and the initial measurement amount of the equity instruments issued must be recognized by the debtor in profit and loss.

5. Accounting standards and interpretations not yet adopted by the European Union as of December 31, 2010

IFRS 9, Financial Instruments – Phase 1: Classification and Measurement.
This standard, which represents the first step in the project to overhaul IAS 39, introduces a new basis for classifying and measuring financial assets and liabilities.
In subsequent phases, IFRS 9 will be expanded to cover the accounting treatment for impairment of financial assets and hedge accounting.
Financial assets will be divided into three classifications (amortized cost, fair value through profit and loss and fair value through other comprehensive income), depending on the characteristics of the contractual cash flows and the entity's business model in relation to its financial instruments.
Debt instruments (loans, receivables and debt securities) will be measured at amortized cost, provided that the entity holds them to collect the contractual cash flows and that the debt instruments have the standard characteristics (the cash flows must solely be payments of principal and interest on the principal outstanding). All other debt instruments must be measured at fair value through profit and loss.
Equity instruments are measured at fair value through profit and loss, except for those equity instruments for which the entity has irrevocably elected to report value changes in other comprehensive income (on the condition that those instruments are not held for trading and therefore classified as financial assets at fair value through profit and loss), with no subsequent transfer to profit and loss.
Embedded derivatives will no longer be accounted for separately from their financial host assets, with the result that the entire hybrid asset must be measured at fair value through profit and loss.
The IAS 39 accounting model for classifying and measuring financial liabilities has been carried over with no changes in IFRS 9, except with regard to those financial liabilities that the entity elects to measure at fair value through profit and loss (the fair value option), in which case the amount of changes in fair value attributable to changes in the credit risk of the liability will be presented as gains or losses in other comprehensive income, with no subsequent transfer to profit and loss.
The IAS 39 approach to derecognition of financial assets and liabilities has been carried over with no changes in IFRS 9.

Improvement to IFRS – May 2010.
As part of its annual procedure for improving and clarifying IFRS, the IASB issued 6 amendments to existing standards.

Amendment to IFRS 7, Enhancing Disclosures about Transfers of Financial Assets.
This amendment enhances our understanding of transfers of financial assets (as through securitization), including effects induced by risks still borne by the entity transferring the assets. Additional disclosures are also required for transfers carried out close to the reporting date.

Amendments to IAS 12, Deferred Tax: Recovery of Underlying Assets.
The measurement of deferred tax assets and liabilities depends on the manner in which the entity expects to recover the carrying amount of the asset, whether by using it or by selling it. The amendments introduce the presumption that the carrying amount will be recovered entirely through sale, unless the entity clearly has the intention of recovering it in another manner. This presumption applies solely to tangible and intangible fixed assets measured using a fair value or revaluation model.

NOTE 4

Consolidation scope

As of December 31, 2010, Newedge Group was made up of fifteen fully consolidated subsidiaries, one entity accounted for under the proportionate consolidation method and two entities accounted for under the equity method.

Entities included in the consolidation scope

Société Générale and Crédit Agricole CIB each owns 50% of Newedge Group S.A.
Newedge Group S.A. has four branches: Newedge Group S.A. UK Branch, Newedge Group S.A. Frankfurt Branch, Newedge Group S.A. Hong Kong Branch, and Newedge Group S.A. Dubai Branch.
The entities included in the consolidated Group are listed in the table below:

Corporate name	Country	Method	12/31/10		12/31/09	
			% Control	% Interest	% Control	% Interest
Newedge USA LLC.	United States	Full	100	100	100	100
Newedge Alternative Strategies Inc.	United States	Full	100	100	100	100
Newedge Facilities Management, Inc.	United States	Full	100	100	100	100
Newedge Canada Inc.	Canada	Full	100	100	100	100
Newedge Representações Ltda	Brazil	Full	100	100	100	100
Cube Financial Holding Ltd.	United Kingdom	Full	100	100	100	100
Newedge Nominees (UK) Ltd.	United Kingdom	Full	100	100	100	100
Altura	Spain	Prop.	50	50	50	50
Quant House	France	Equity	25	25	25	25
Newedge Derivatives Hong Kong Ltd.	Hong Kong	Full	100	100	100	100
Newedge Financial Hong Kong Ltd.	Hong Kong	Full	100	100	100	100
along with its branches Newedge Seoul and Newedge Taiwan		Full				
Newedge Broker Hong Kong Ltd.	Hong Kong	Full	100	100	100	100
Newedge Broker Ltd.	Hong Kong	Full	100	100	100	100
Newedge Japan Inc.	Japan	Full	100	100	100	100
Newedge Australia Pty Ltd.	Australia	Full	100	100	100	100
Newedge Financial Singapore Pte Ltd.	Singapore	Full	100	100	100	100
Newedge Broker India Pte Ltd.	India	Full	100	100	100	100
Citic Calyon Financial Brokerage Corp., Ltd.	China	Equity	42	42	42	42

Newedge Group S.A. also has 3 representative offices:

Newedge Shanghai Representative Office
Newedge Group (Zurich Rep. Office)
Newedge Group (Geneva Rep. Office)

NOTE 5

Risk management

1. Governance

The Board of Directors

Since July 2010, the Board of Directors has had eleven members, including a Chairman and two Deputy Chairmen. Five committees support its work:

- The Account Committee,
- The Audit Committee,
- The Remuneration Committee,
- The Risk Committee,
- The Strategy Committee.

The Chairmen of the Audit and Risk Committees report to the Board of Directors on issues pertaining to internal controls within Newedge Group. The role of the committees includes research, analysis and laying the groundwork so that the Board can make informed decisions.

The Executive Committee

On July 7, 2010, the Board of Directors appointed a new Chief Executive Officer whose brief includes strengthening internal controls. The Executive Committee headed by the Chief Executive Officer has the necessary powers to make decisions on how the Company operates, particularly with respect to strengthening the internal control system.

2. The main risks

The main risks to which Newedge is exposed, both as a broker and in proprietary trading, are summarized below:

3. Risk measurement

The overhaul of the methodologies used to calculate risk (replacement risk in particular) was completed in 2010. As a result, risk is now calculated in a consistent, standardized manner across the various Newedge products, and the shocks used have been updated.

Counterparty risk (the risk of default by a Newedge counterparty) can be divided into several categories:

- *Replacement risk* is the risk that a counterparty will default and be unable to live up to its contractual obligations, thereby compelling Newedge to find another counterparty in the market. The extent of replacement risk depends on market movements; it is equal to the difference between the initial price and the replacement price whatever the counterparty was supposed to deliver. Newedge is exposed to replacement (or variation) risk on all of the listed and OTC products it trades in for customers. How that risk is measured depends on the kind of product involved:
  - On all listed products, the measurement is expressed as an initial margin requirement (IMR). Set on a contract-by-contract basis, this amount is provided by clearing houses for each customer. For the sake of consistency in reporting risk exposure, it is presented in the form of GVR (Gross Variation Risk),
  - On all other products, replacement risk is based on a 4-day 99% VaR, representing the maximum customer loss that can be expected for a 4-day horizon and for a 99% confidence interval. That VaR can be measured for a specific market activity (e.g. OTC contracts) or for a customer's entire portfolio (as with cross-margined customers).

Risk category	Type of risk	Newedge market activity involved
Counterparty risk	Replacement	All market activities carried out by Newedge for its customers (customers, liquidity providers)
	Default	
	Delivery	
	Deposit	Treasury/ALM/Business with customers (banks, outside brokers, clearing houses)
	Issuer	Treasury/ALM/Facilitation
Market and liquidity risk		Treasury/ALM
Operational risk		All market activities
Legal risk		All market activities
Regulatory risk		All market activities

- *Default risk* is the risk that a counterparty funded by Newedge will default and be unable to repay the principal and interest. The main products involved are Listed Futures and Options, along with buying and selling securities. Newedge provides certain customers with the following facilities:
  - Margin financing, either unsecured or secured (e.g. by a third-party guarantee),
  - Option value financing, with the value of the option as collateral,
  - Financing trades in stocks and bonds, with the value of the securities as collateral.

  Default risk is measured on a nominal basis.

- *Settlement/delivery risk* refers to the risk of delivering underlying assets (e.g. securities, foreign currency) before receiving payment for them or of paying the cash value of the underlying assets before they are delivered. Given the technical constraints involved, settlement and delivery may not occur concurrently on all contracts. However, the time lag tends to be quite short, usually about one day. Newedge has succeeded in reducing its exposure to delivery risk:
  - With counterparties engaged in forex transactions using the CLS system,
  - With counterparties executing trades through the Delivery Versus Payment process. The result is that the settlement/delivery risk on such trades is nil, since the securities cannot be delivered until the buyer has paid, and vice versa. The residual risk on such contracts is therefore limited to replacement risk in the event of counterparty default.

Exposure to delivery risk is measured on a nominal basis and covers contracts due to be delivered in the next three trading days.

- *Deposit risk* arises on deposits with financial institutions (banks, brokers, clearing houses), whether in the form of cash or securities (chiefly government paper). It pertains to customer margin call deposits as well as to treasury management and Asset Liability Management products. Deposit risk is measured on the nominal value of the deposits made.

- *Issuer risk* is the risk of default by an issuer of securities held by Newedge. It applies to treasury management and Asset Liability Management products (cash invested in certificate of deposits, money market funds, etc.). Issuer risk is measured on the nominal value of the transactions engaged in by Newedge.

Market risk and liquidity risk arise on both brokerage business and proprietary trading (treasury management and Asset Liability Management).

Operational risk refers to risks resulting from inadequate or failed internal processes, people and systems, or from external events (technology risk, legal risk, regulatory risk or reputational risk). It applies to all Company activities, including control functions. Operational risk involves the following:

- Errors and incidents, along with how they are managed (analysis and plans of action to prevent them from recurring),
- Formalized supervision and analysis of exceptions as well as Key Risk Indicators (KRIs),
- Managing technology risk,
- Validating new businesses and/or products,
- Business Continuity Planning,
- Knowledge management through internal procedures.

The following contribute to measurement of operational risk:

- Gross and net profit and loss attributable to any losses as well as KRIs,
- Ongoing monitoring and testing of KRIs,
- Questionnaires and internal compliance procedures,
- Backup plans put in place in every office,
- New products committees.

Legal and regulatory risk refers to risks related to the following:

- Inappropriate use of vital information,
- Insider trading,
- Conflicts of interest,
- The confidentiality required trading on behalf of customers,
- Regulatory reporting,
- Filings with local regulatory authorities.

4. Organization

Newedge manages risk through a global, independent function divided into four departments: Counterparty Risk, Operational Risk, Market Risk, and Risk Systems, Models and Data.
Regional Chief Risk Officers report to the Group CRO and to the Regional Chief Executive Officer on a dotted line basis.
The Newedge Risk Organization monitors counterparty, market and operational risk. As of December 31, 2010, the Organization comprised about 150 people carrying out the following functions:

- Credit, market, country and operational risk analysis,
- Risk control and monitoring, including portfolio analysis and simulations,
- Validation and implementation of methodologies and systems.

Risk Organization teams have a number of responsibilities:

- Following regulatory procedures and those applied by the two shareholders,
- Following the Group's risk measurement guidelines and ensuring that they are consistently applied across Newedge Group,
- Setting limits for all risks monitored and controlled,
- Monitoring, consolidating and controlling all exposures,
- Monitoring consolidated risk, establishing Newedge Group's overall risk profile and acting as a driving force, both on local issues and from a broader perspective,
- Providing permanent supervision and business continuity planning.

The structural interest rate risk, exchange rate risk and liquidity risk associated with financial instruments is also monitored by the Finance Department.

The risks confronting the Group are also presented in detail, initially to the Risk Committee of the Board of Directors, whose job includes determining whether risk is adequately hedged and how much residual risk is left, and subsequently at each Board meeting.

5. Counterparty risk

Credit application assessment and management

The process of assessing credit applications begins at the Business Line level. Each regional-level risk team is responsible for preparing the applications, weighing the pros and cons and making reasoned recommendations. The credit applications are then submitted for validation to the relevant Regional Credit Committee. Depending on the delegation process (depending on the granted amounts, the nature of the customer, underlying instruments and country risk, cf section 9) validated credit applications are transmitted to the Central Risk Department for a second-level review.

Credit applications are assessed in accordance with the powers delegated by the shareholders, which rely upon the credit rating of each counterparty and each type of risk.

Description of risk limits

Risk limits are set according to the market activity involved and calculated using internal tools. Counterparty risk on trading for customers is covered by the following:

- Limits expressed in terms of replacement risk (a measure of market risk on transactions in all listed and OTC products), debtor risk (on financing facilities and deposits), delivery risk (on forex transactions), execution risk (on purchases or sales of securities) and issuer risk (on cash invested in short-term paper),
- Individual limits set by counterparty and by market activity, with the option of setting broader limits, for example by groups of counterparties.

Risk measurement and monitoring at Newedge

Each regional staff includes a Risk Control Department in charge of monitoring risk on a daily basis, producing a variety of reports (e.g. daily, monthly) and analyzing complex portfolios. These departments check to ensure that all commitments comply with established limits, issue warnings if any limits are breached or sensitive situations arise, and produce risk reports for corporate management and the shareholders. They monitor limit breaches on a daily basis for all Newedge market activities.

Corporate management is regularly informed via:

- Daily reports by regional and corporate risk control teams,
- Weekly reports on risk concentration (e.g. by type of counterparty or Business Line),
- Monthly reports submitted at monthly Risk Committee meetings.

Compliance with new regulatory requirements on large exposures

Newedge Group has complied with the new regulatory requirements on supervision of large exposures, which came into force on December 31, 2010 (Regulation 93-05, as amended on August 25, 2010). The main change is the new 100% weighting of exposures to credit institutions, versus 0% previously.

Regarding its treasury investments at banks, Newedge has carried out a major shift toward government securities and cash deposited with its two shareholders, since the requirements for large exposures do not apply to them. Newedge has put guarantees in place with both shareholders to cover the breaches observed at the December 31, 2010 balance sheet date.

6. Market risk

As a broker, Newedge has limited exposure to market risk. Market risk limits are used chiefly to improve cash management within the Group and facilitate brokerage transactions.

Newedge Group monitors its own market risk primarily through stress testing, consistent with the market risk stress test methods used by Newedge's shareholders.

Newedge's market activities can be divided into four groups:

- Transformation (treasury) – replacing customer deposits to cover their positions on derivatives markets,
- Commodities – brokerage and inventory financing,
- Forex – exchange for physical and forex CTA allocation,
- Securities brokerage (cash business) – OTC brokerage, buying and selling securities, repos and cash & carry.

7. Structural interest rate risk and exchange rate risk

Management and monitoring

Newedge Group monitors structural financial risk, including interest rate risk and exchange rate risk, on a consolidated basis. This task is the responsibility of the Ratios and Regulatory Reporting Department within the Finance Division in Paris.

The results of this monitoring work are presented every quarter to Newedge Asset Liability Committee, in the presence of representatives from both shareholders.

Structural interest rate risk

Newedge set up reportings to capture the breakdown of the balance sheet and off-balance sheet by currency, maturity and type of interest rate. The Ratios and Regulatory Reporting Department consolidates data transmitted by local accounting teams. The resulting document allows determining the Group's exposure to structural interest rate and foreign exchange risk and also provides a clear view of the Group's risk sensitivity in each currency by assessing the impact on consolidated statements' net present value of a 1% change in interest rates.

The rates used to calculate sensitivity are the current interest rates in each currency at the reporting date. Calculations are carried out for the euro, the U.S. dollar, the Australian dollar, the British pound and the Japanese yen. Other currencies taken individually are less significant at a group level and therefore are grouped together and converted into euro.

Unless otherwise declared by the reporting entities, customer deposits are deemed to have a maturity of less than one month. Given that Newedge provides brokerage service, the deposit level varies on a daily basis, depending on the market positions taken by customers. Only specific transactions exceed the one-month horizon, most of them related to equity capital management and cash investment.

The sensitivity indicator used represents the change in the net present value of all outstanding fixed-rate assets and liabilities balances (all currencies combined) to a temporary parallel 1% shift in the yield curve.

Structural exchange rate risk

Structural exchange rate risk is chiefly due to the following:

- Foreign currency-denominated capital contributions and equity investments financed through the purchase of foreign currencies,
- Retained earnings and current-year net income at foreign subsidiaries and branches.

The Group's policy is to immunize its solvency ratio against exchange rate fluctuations, mainly by using FX swaps.

Assets and liabilities are broken down by currency in Note 23.5.

8. Liquidity risk

Liquidity management at Newedge

Newedge Group manages its liquidity risk on a consolidated basis through internal rules and governance. Risk governance is defined in the Company's general liquidity management policy and organized around several different bodies (Board of Directors, Account Committee, Risk Committee, Asset Liability Committee).

Liquidity management is centrally handled by the Treasury Department for all Newedge Group entities and Business Lines.

In addition, Newedge has implemented the regulatory reportings required under the new regulation set forth by the *Autorité de Contrôle Prudentiel* (French Prudential Control Authority) and based on the assumptions presented beforehand to the regulator. Liquidity risk is monitored monthly and transferred every quarter via EDI in the format required by the *Autorité de Contrôle Prudentiel* (French Prudential Control Authority).

Liquidity risk measurement and monitoring at Newedge

Due to its brokerage business, Newedge has a structurally liquid balance sheet that consists primarily of assets with less than one month to maturity, made up of customer deposits reinvested with clearing houses. These deposits are required daily as security by regulated markets. Newedge provides the markets with guarantees calculated on the basis of customer's net exposure, and invests any excess cash in the short-term, either with interbank coun-

terparties, with the Group's two shareholders whenever possible, or in a short-term securities portfolio that the Risk Department monitors for market risk. The bulk of the excess cash generated by the Group's brokerage business is made up of funds subject to segregation requirements. As a result, they are not available for the financing of other businesses within the Group.
Only specific transactions have a maturity of greater than one month, mainly those related to equity capital management.
The breakdown of the Group's assets and liabilities by term to maturity is shown in Note 23.4.

Description of funding sources

Most of the sources of funding available to Newedge come from committed and uncommitted facilities negotiated with its two shareholders. In the course of 2010, however, Newedge began turning to other banks in a move to diversify its sources of funding. In addition, Newedge has contracted subordinated and term loans from its shareholder banks to finance capital investments in its subsidiaries.

Disclosure on deposits and their diversification

Newedge is not a retail bank and therefore has no customer deposits other than those opened for the payment of margin calls. All other financing is in the form of Newedge Group shareholders' equity and financing on the interbank market.

9. Country risk

The Counterparty Risk Department is in charge of determining the methodology for measuring country risk. This includes:

- Producing country ratings,
- Establishing the list of at-risk countries and "unauthorized" countries,
- Setting the limits to be applied to high-risk countries,
- Monitoring exposure to country risk.

This information is presented each quarter at the quarterly Risk Committee meetings for validation by the Corporate Risk Manager and the Counterparty Risk Manager.

10. Operational risk

The Operational Risk Department is responsible for ensuring that the permanent control system works properly and for reporting and analyzing errors and incidents within the Group.
The department coordinates the Formalized Supervision process (implementation of critical controls by all departments) with a view to the following:

- Supporting the departments in implementing the process,
- Ensuring that operational users fully adopt the controls to be carried out (completion and quality of controls),
- Providing relevant feedback on outcomes (particularly by producing a dedicated quarterly report).

Furthermore, the department coordinates several key cross-functional processes:

- Coordinating the approval process for new products,
- Organizing and coordinating Business Continuity Planning for the Group,
- Supervising operational risk on Essential Services from outside providers,
- Supervising Technology Risk,
- Strengthening and disseminating best practices throughout the Group as well as supervision of Group policies and procedures.

As a derivatives broker, Newedge is chiefly exposed to order execution errors. To cover all risks arising on its market activities, Newedge Group has taken out insurance covering the principal risks from a variety of carriers.

11. Managing capital and compliance with capital requirements

As an independently supervised bank, Newedge does not use the advanced approaches provided for by the Basel II framework, and applied by its two shareholders, to determine its capital requirements.
Under the principles defined by the French Prudential Control Authority, Newedge applies the Basel II framework using the standardized approach to credit and market risk, and the basic approach to operational risk.
Basel II capital requirements are calculated by a dedicated team within the Corporate Finance Division, with sections in local finance departments.
The Basel II framework covers two areas at Newedge:

- The production of local data is managed with a view to collecting information for calculating risk-weighted assets,
- Data is consolidated to facilitate reporting to the regulatory authorities, the shareholders and Group management for internal steering purposes.

The possibility of implementing the advanced approach is under consideration.

NOTE 6

Financial assets and liabilities at fair value through profit and loss

In millions of euros

	12/31/10				12/31/09			
	Level 1 valuation *	Level 2 valuation *	Level 3 valuation *	TOTAL	Level 1 valuation *	Level 2 valuation *	Level 3 valuation *	TOTAL
Assets held for trading								
Treasury notes and similar securities	10,883			10,883	6,412			6,412
Bonds and other debt instruments		3,745		3,745		1,736		1,736
Shares and other equity instruments	458			458	890		14	904
Total trading assets	**11,341**	**3,745**	**0**	**15,086**	**7,302**	**1,736**	**14**	**9,052**
Incl. borrowed securities				*0*				*0*
Incl. lent securities	*289*			*289*				*0*
Derivatives held for trading – assets								
Interest rate derivatives	7	145		152	5	49		54
Foreign exchange derivatives		1,337		1,337		344		344
Equity and index derivatives		20		20		35		35
Commodity derivatives	81	112	3	196	67	254		321
Total trading derivatives – assets [1]	**88**	**1,614**	**3**	**1,705**	**72**	**682**	**0**	**754**
Total trading portfolio – assets	**11,429**	**5,359**	**3**	**16,791**	**7,374**	**2,418**	**14**	**9,806**
Financial assets measured at fair value using the fair value option								
Shares and other equity instruments		32		32	29			29
Total financial assets at fair value through profit and loss	**11,429**	**5,391**	**3**	**16,823**	**7,403**	**2,418**	**14**	**9,835**

The Group's cash investments represent EUR 14,587 million out of total for financial assets at fair value through profit and loss.

In millions of euros

	12/31/10				12/31/09			
	Level 1 valuation *	Level 2 valuation *	Level 3 valuation *	TOTAL	Level 1 valuation *	Level 2 valuation *	Level 3 valuation *	TOTAL
Liabilities held for trading								
Treasury notes and similar securities sold short	64			64	24			24
Bonds and other debt instruments sold short	1			1	1			1
Shares and other equity instruments sold short	125			125	129			129
Total trading liabilities	**190**	**0**	**0**	**190**	**154**	**0**	**0**	**154**
Derivatives held for trading – liabilities								
Interest rate derivatives		153		153		50		50
Foreign exchange derivatives	2	1,118		1,120		123		123
Equity and index derivatives		127		127		150		150
Commodity derivatives	63	189	19	271	17	296	55	368
Total trading derivatives – liabilities [2]	**65**	**1,587**	**19**	**1,671**	**17**	**619**	**55**	**691**
Total financial liabilities at fair value through profit and loss	**255**	**1,587**	**19**	**1,861**	**171**	**619**	**55**	**845**

1 Incl. EUR 308 million in conditional instruments in 2010 (vs. EUR 109 million in 2009).
2 Incl. EUR 308 million in conditional instruments in 2010 (vs. EUR 159 million in 2009).

* The following fair value hierarchy is used to categorize financial instruments:
Level 1 (L1): Inputs used are (non-adjusted) quoted prices in active markets for identical assets and liabilities.
Level 2 (L2): Inputs used are inputs other than quoted prices as in Level 1 that are observable either directly, by reference to prices for similar assets and liabilities quoted in active markets, or indirectly, by reference to inputs derived from quoted market prices.
Level 3 (L3): Valuation techniques based on non-observable inputs are used.

NOTE 7

Available-for-sale financial assets

In millions of euros

	12/31/09	Disposals/ redemptions	Gains or losses on changes in fair value	Translations differences	12/31/10
Bonds and other fixed income securities	20	(11)		2	11
Total available-for-sale financial assets – current assets	**20**	**(11)**	**0**	**2**	**11**
Shareholdings in clearing houses – Cost	24			1	25
Shareholdings in clearing houses – Revaluation and impairment	11		(4)	2	9
Other non-consolidated equity investments	1				1
Total available-for-sale financial assets – long-term investments	**36**	**0**	**(4)**	**3**	**35**
Total available-for-sale financial assets	**56**	**(11)**	**(4)**	**5**	**46**
Long-term equity investments					
Listed shares – revalued amounts	*28*				*28*
Unlisted shares – revalued amounts	*14*				*14*
Impairment	*(7)*				*(7)*

Where required by market regulations, Newedge Group has shareholdings in the clearing houses of the exchanges on which it carries out its brokerage activity. Each of these shareholdings represents less than 10% of the share capital of the particular clearing house.

A EUR 1.2 million impairment loss was recognized on the Group's shares in the Tokyo Grain Exchange.

At December 31, 2010, unrealized gains on available-for-sale financial assets totaled EUR 16 million.

In millions of euros

	12/31/10				12/31/09			
	Level 1 valuation *	Level 2 valuation *	Level 3 valuation *	TOTAL	Level 1 valuation *	Level 2 valuation *	Level 3 valuation *	TOTAL
Bonds and other fixed income securities	11			11	20			20
Total available-for-sale financial assets – current assets	**11**	**0**	**0**	**11**	**20**	**0**	**0**	**20**
Total available-for-sale financial assets – long-term investments	**22**	**8**	**5**	**35**	**24**	**7**	**5**	**36**
Losses				*0*	*(1)*			*(1)*
Impairment	*(6)*	*(1)*		*(7)*	*(5)*			*(5)*
Total available-for-sale financial assets	**33**	**8**	**5**	**46**	**44**	**7**	**5**	**56**

* *The following fair value hierarchy is used to categorize financial instruments:
Level 1 (L1): Inputs used are (non-adjusted) quoted prices in active markets for identical assets and liabilities.
Level 2 (L2): Inputs used are inputs other than quoted prices as in Level 1 that are observable either directly, by reference to prices for similar assets and liabilities quoted in active markets, or indirectly, by reference to inputs derived from quoted market prices.
Level 3 (L3): Valuation techniques based on non-observable inputs are used.

NOTE 8

Due from banks

In millions of euros

Due from banks	12/31/10	12/31/09
Demand and overnight	11,025	9,016
Current accounts	*3,832*	*4,349*
Overnight deposits and loans	*7,193*	*4,667*
Term	848	564
Term deposits and loans	*848*	*564*
Related receivables	10	10
Total deposits and loans – gross amount	**11,883**	**9,589**
Individually impaired loans and receivables	0	0
Total write-downs	**0**	**0**
Total deposits and loans – net amount	**11,883**	**9,589**
Securities purchased under resale agreements	12,712	9,471
Total due from banks	**24,595**	**19,061**
Of which doubtful bank loans and receivables	*0*	*0*

NOTE 9

Due from customers

In millions of euros

Due from customers	12/31/10	12/31/09
Customer loans	1,511	965
Current account receivables	3,708	3,581
Related receivables	0	0
Total deposits and loans – gross amount	**5,219**	**4,546**
Individually impaired loans and receivables	(9)	(10)
Total write-downs	**(9)**	**(10)**
Total deposits and loans – net amount	**5,210**	**4,536**
Securities purchased under resale agreements	9,932	8,303
Total due from customers	**15,142**	**12,839**
Of which doubtful customer loans and receivables	*9*	*10*

Breakdown by type of customer	12/31/10	12/31/09
Non-financial customers	18	7
Financial institutions	15,124	12,833
Total	**15,142**	**12,839**

NOTE 10

Tax assets and liabilities

In millions of euros

	12/31/10	12/31/09
Current tax assets	3	8
Deferred tax assets (on balance sheet items)	28	26
Total tax assets	**31**	**34**
Current tax liabilities	28	14
Deferred tax liabilities	11	11
- on balance sheet items	*6*	*5*
- on items credited or charged to shareholders' equity	*5*	*6*
Total tax liabilities	**39**	**25**

NOTE 11

Margins and default funds paid on brokerage activities

In millions of euros

	12/31/10	12/31/09
Margins and default funds deposited with clearing houses	4,273	5,343
Margins deposited with brokers	396	218
Total margins and default funds paid on brokerage activities	**4,669**	**5,561**

NOTE 12

Other assets

In millions of euros

	12/31/10	12/31/09
Accounts receivable on currency transactions	66	8
Settlement accounts on securities transactions	2	15
Prepaid expenses	35	37
Other receivables	923	983
Total other assets – gross amount	**1,026**	**1,043**
Impairment	(15)	(14)
Total other assets	**1,011**	**1,029**

The *Other receivables* line item includes EUR 740 million in cocoa stock (vs. EUR 804 million in 2009) held for brokerage purposes (carrying balance, covered by a short futures position).

NOTE 13

Investments in affiliates accounted for by the equity method

In millions of euros

	Carrying amount of investments	Total assets	Net banking income *	Net income	Group share of net income
Investments in affiliates accounted for by equity method at 12/31/10					
Quant House	1	11	8	(2)	0
Citic Calyon Financial Brokerage Corp., Ltd.	6	189	7	2	1
Net carrying amount of investments in affiliates accounted for by the equity method	**7**	**200**	**15**	**0**	**1**
Investments in affiliates accounted for by equity method at 12/31/09					
Quant House	1	10	5	(1)	0
Citic Calyon Financial Brokerage Corp., Ltd.	4	94	4	1	0
Net carrying amount of investments in affiliates accounted for by the equity method	**5**	**104**	**9**	**0**	**0**

* This amount represents the revenue recorded by Quant House as the entity does not use the chart of accounts for banks.

NOTE 14

Tangible and intangible fixed assets

In millions of euros

	Cost at 12/31/09	Acquisitions	Disposals	Discarded assets	Translation differences & account transfers	Gross value at 12/31/10	Accumulated D&A and impairment of assets at 12/31/09	Allocation to D&A, net of reversals in 2010	Discarded assets	Translation differences & account transfers	Accumulated D&A and impairment of assets at 12/31/10	Net book value at 12/31/10	Net book value at 12/31/09
Intangible fixed assets	**102**	**12**		**(10)**	**3**	**107**	**(77)**	**(11)**	**10**	**(5)**	**(83)**	**24**	**25**
Software, IT research costs	81	5		(10)	4	80	(61)	(11)	10	(3)	(65)	15	20
Assets generated internally	7				1	8	(7)			(1)	(8)	0	0
Assets under development	3	7				10						10	3
Other intangible assets	11				(2)	9	(9)			(1)	(10)	(1)	5
Tangible fixed assets	**187**	**7**		**(18)**	**16**	**192**	**(114)**	**(25)**	**18**	**(6)**	**(128)**	**64**	**73**
Assets under development	0					0							0
IT and telecom hardware	108	6		(14)	8	108	(80)	(17)	14	(4)	(87)	21	29
Fixtures and fittings	79	1		(4)	8	84	(35)	(8)	4	(2)	(41)	43	44
Total	**289**	**19**		**(28)**	**19**	**299**	**(191)**	**(36)**	**28**	**(11)**	**(211)**	**88**	**98**

In accordance with IAS 38, Newedge capitalizes IT project costs. Because the projects have not yet come on stream, the costs are recognized in the line item *Assets under development*.

NOTE 15

Goodwill

In millions of euros

	Newedge Canada	Cube Financial Holdings Ltd.	Newedge Japan	Newedge Broker India Pte Ltd.	Total
Gross value at 12/31/09	4	33	50	3	90
Acquisitions					0
Translation differences	1	1	11	1	14
Gross value at 12/31/10	**5**	**34**	**61**	**4**	**104**
Impairment at 12/31/09					0
Impairment losses					0
Impairment at 12/31/10					**0**
Net value at 12/31/09	4	33	50	3	90
Net value at 12/31/10	**5**	**34**	**61**	**4**	**104**

NOTE 16

Due to banks

In millions of euros

	12/31/10	12/31/09
Demand deposits and current accounts	2,256	2,292
Term deposits and borrowings	1,826	634
Related receivables	5	3
Total deposits and borrowings	**4,087**	**2,929**
Securities sold under repurchase agreements	8,606	6,055
Total due to banks	**12,693**	**8,984**

NOTE 17

Due to customers

In millions of euros

	12/31/10	12/31/09
Demand deposits	16,078	6,152
Corporate and small-business customers	*60*	*85*
Financial institutions	*16,018*	*6,067*
Related receivables	0	0
Total customer deposits	**16,078**	**6,152**
Securities sold under repurchase agreements	8,725	5,638
Total due to customers	**24,803**	**11,791**

NOTE 18

Margins received

In millions of euros

	12/31/10	12/31/09
Margin received from banks and financial institutions	13,407	13,059
Margin received from corporate and retail investors	7,706	11,878
Total margins received	**21,113**	**24,937**

NOTE 19

Other liabilities

In millions of euros

	12/31/10	12/31/09
Payables on currency transactions	0	60
Settlement accounts on securities transactions	26	87
Accrued social charges	12	13
Other payables	340	419
Total other liabilities	**378**	**579**

NOTE 20

Provisions and impairments

In millions of euros

	12/31/09	Allocations	Write-backs available	Net allocations	Write-backs used	Accounting transfers[1]	Currency and scope effects	12/31/10
Provisions for employee benefits	3	9	(1)	8		1		12
Provisions for other risks and expenses	1	1	0	1				2
Total provisions	**4**	**10**	**(1)**	**9**	**0**	**1**	**0**	**14**
Loans and receivables – banks	0							0
Loans and receivables – customers	10	1	(2)	(1)				9
Available-for-sale financial assets	5	2		2				7
Other receivables	14	6	(4)	2			(1)	15
Total asset impairment	**28**	**9**	**(6)**	**3**	**0**	**0**	**(1)**	**31**

1 The EUR 1 million account transfer reflects provisions for bonuses previously recognized as expenses.

At December 31, 2010, the breakdown of doubtful accounts not yet written down was as follows:

In millions of euros

	Deposits and loans to banks	Deposits and loans to customers	Other receivables
Arrears of less than 90 days			9
Arrears of between 90 and 179 days			9
Arrears of more than 180 days			20
Total	**0**	**0**	**38**

NOTE 21

Subordinated debt

In millions of euros

	12/31/10	12/31/09
Subordinated debt	289	279
Related payables	1	1
Total subordinated debt	**290**	**280**

NOTE 22

Gains and losses recognized directly in equity

In millions of euros

	12/31/10			Period			12/31/09		
	Gross value	Tax	Net of tax	Gross value	Tax	Net of tax	Gross value	Tax	Net of tax
Translation differences	14		14	82		82	(69)		(69)
Revaluation differences				*82*		*82*			
Recycled to P&L									
Revaluation of available-for-sale financial assets [1]	16	(5)	11	(1)	1		17	(6)	11
Revaluation differences				*(3)*	*1*	*(2)*			
Recycled to P&L									
Translation differences				*2*		*2*			
Revaluation of hedging derivatives	(71)		(71)	(73)		(73)	2		2
Revaluation differences									
Recycled to P&L									
Total gains and losses recognized directly in equity	**(41)**	**(5)**	**(46)**	**9**	**1**	**10**	**(50)**	**(6)**	**(56)**

1 The revaluation of available-for-sale financial assets totaled EUR 16 million, an amount that breaks down as follows:

In millions of euros	Unrealized gains	Unrealized losses	Net adjustment
Unrealized gains and losses on available-for-sale equity instruments	17	(1)	16
Unrealized gains and losses on available-for-sale debt instruments			
Total revaluation of available-for-sale financial assets recognized directly in equity	**17**	**(1)**	**16**

NOTE 23

Commitments

In millions of euros

	12/31/10	12/31/09
Guarantee commitments granted (Note 23.1)	9	10
Foreign currencies to be delivered (Note 23.5)	126,119	86,485
Securities to be delivered (Note 23.1)	3,523	3,537
Forward financial instrument commitments – trading (Note 23.3)	77,267	66,001
Forward financial instrument commitments – hedging (Note 23.3)	711	671
Securities pledged as collateral (Note 23.2)	12,595	12,837
Total commitments granted	**220,224**	**169,541**
Guarantee and loan commitments received (Note 23.1)	1,937	651
Foreign currencies to be received (Note 23.5)	126,353	85,653
Securities to be received (Note 23.1)	3,326	1,735
Forward financial instrument commitments – trading (Note 23.3)	78,355	66,880
Forward financial instrument commitments – hedging (Note 23.3)	709	667
Securities received as collateral (Note 23.2)	5,870	7,196
Total commitments received	**216,550**	**162,782**

NOTE 23-1

Commitments granted and received

In millions of euros

Commitments granted	12/31/10	12/31/09
Guarantee commitments to banks	8	10
Guarantee commitments to customers	1	0
Commitments on securities – securities to be delivered	3,523	3,537
Total commitments granted	**3,532**	**3,547**

Commitments received	12/31/10	12/31/09
Loan commitments received	0	14
Guarantee commitments received	1,937	637
Commitments on securities – securities to be received	3,326	1,735
Total commitments received	**5,263**	**2,386**

NOTE 23-2

Assets received and pledged as collateral

In millions of euros

	12/31/10	12/31/09
Margins received (Note 18)	21,113	24,934
Securities received as collateral	5,870	7,196
Assets received as collateral for transactions in financial instruments	**26,983**	**32,130**
Margins and default funds paid on brokerage activities (Note 11)	4,669	5,561
Securities pledged as collateral	12,595	12,837
Assets provided as collateral for transactions in financial instruments	**17,264**	**18,399**

NOTE 23-3

Commitments on forward financial instruments (notional amounts)

In millions of euros

Notional commitments – trading and hedging	12/31/10		12/31/09	
	Assets	Liabilities	Assets	Liabilities
Interest rate instruments	**19,510**	**19,536**	**7,266**	**7,238**
Firm instruments	17,828	17,854	7,266	7,238
Swaps	*17,791*	*17,791*	*6,638*	*6,638*
Futures			*150*	*122*
FRAs	*37*	*63*	*478*	*478*
Conditional instruments – Swaptions	1,682	1,682		
Foreign exchange instruments	**52,714**	**52,912**	**54,402**	**54,398**
Firm instruments	22,817	22,996	42,069	42,065
Futures	*22,817*	*22,996*	*14,606*	*14,562*
Swaps			*27,463*	*27,503*
Conditional instruments – OTC options	29,897	29,916	12,333	12,333
Equity and index instruments	**267**	**417**	**199**	**289**
Firm instruments	120	271	114	204
Forwards	*120*	*271*	*114*	*204*
Conditional instruments – OTC options	147	146	85	85
Commodity instruments	**4,776**	**5,490**	**4,134**	**4,955**
Firm instruments	4,775	5,488	4,128	4,949
Forwards	*2,219*	*2,789*	*2,817*	*2,550*
Futures	*2,556*	*2,699*	*1,311*	*2,399*
Conditional instruments	1	2	6	6
Exchange-traded options	*1*	*2*		*6*
OTC options			*6*	
Total commitments on forward financial instruments – trading	**77,267**	**78,355**	**66,001**	**66,880**
Fair value hedges				
Equity and index instruments – OTC options	1		5	
Net investment hedges				
Foreign exchange instruments – Swaps	710	709	666	667
Total commitments on forward financial instruments – hedging	**711**	**709**	**671**	**667**
Total commitments on forward financial instruments	**77,978**	**79,064**	**66,672**	**67,547**

NOTE 23-4

Breakdown of assets and liabilities by term to maturity

Maturities of financial assets and liabilities

In millions of euros

	12/31/10					
	Less than 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Unde-termined	TOTAL
Assets	**53,933**	**1,811**	**628**	**101**	**135**	**56,608**
Cash, due from central banks	2					2
Financial assets at fair value through profit and loss [1]	15,264	1,293	266			16,823
Available-for-sale financial assets			11		35	46
Due from banks	23,527	517	351	100	100	24,595
Due from customers	15,140	1		1		15,142
Liabilities	**39,244**	**180**	**45**	**245**	**0**	**39,714**
Financial liabilities at fair value through profit and loss [1]	1,861					1,861
Hedging derivatives	67					67
Due to banks	12,512	180	1			12,693
Due to customers	24,803					24,803
Subordinated debt	1		44	245		290

1 Includes derivatives – EUR 1,705 million in assets and EUR 1,671 million in liabilities.

Maturity of commitments on forward financial instruments

In millions of euros

	12/31/10			
	0 to 1 year	1 to 5 years	Unde-termined	TOTAL
Interest rate instruments	**174**	**16,049**	**3,287**	**19,510**
Firm instruments	174	15,080	2,574	17,828
Swaps	*137*	*15,080*	*2,574*	*17,791*
FRAs	*37*			*37*
Conditional instruments		969	713	1,682
Foreign exchange instruments	**52,065**	**649**	**0**	**52,714**
Firm instruments	22,817			22,817
Conditional instruments	29,248	649		29,897
Equity and index instruments	**267**	**0**	**0**	**267**
Firm instruments	120			120
Conditional instruments	147			147
Commodity instruments	**4,739**	**37**	**0**	**4,776**
Firm instruments	4,738	37		4,775
Conditional instruments	1			1

NOTE 23-5

Foreign exchange transactions

In millions of euros

	12/31/10				12/31/09			
	Assets	Liabilities	Currencies to be received	Currencies to be delivered	Assets	Liabilities	Currencies to be received	Currencies to be delivered
EUR	14,454	13,420	13,421	14,677	8,312	7,914	25,482	26,410
USD	39,730	37,836	58,019	60,018	33,356	34,158	5,601	5,713
GBP	3,155	2,299	7,344	8,443	903	835	22,014	21,003
JPY	1,533	1,519	10,773	10,172	1,160	927	2,442	1,438
Other currencies	3,646	7,444	36,796	32,809	4,886	4,783	30,114	31,921
TOTAL	**62,518**	**62,518**	**126,353**	**126,119**	**48,617**	**48,617**	**85,653**	**86,485**

NOTE 24

Net interest and net gains or losses on financial instruments at fair value through profit and loss

In millions of euros

	12/31/10	12/31/09
Transactions with banks	280	304
Transactions with customers	5	25
Transactions in available-for-sale financial instruments	1	0
Transactions in derivative instruments	0	6
Total interest income	**286**	**335**
Transactions with banks	(163)	(215)
Transactions with customers	0	0
Transactions in derivative instruments	0	(8)
Total interest expense	**(163)**	**(223)**
Total net interest income	**123**	**112**
Net gain or loss on non-derivative financial instruments held for trading	69	128
Net gain or loss on foreign exchange transactions	(7)	23
Net gain or loss on derivative financial instruments held for trading	136	82
Total net gains or losses on financial instruments at fair value	**198**	**233**
Total net interest and net gains or losses on financial instruments at fair value through profit and loss	**321**	**345**

Included in the 2010 *Net gains or losses on financial instruments at fair value through profit and loss* is a net gain of EUR 1.3 million on financial instruments measured using inputs other than market prices (Level 3) (cf. Note 6)..

NOTE 25

Fee and commission income and expenses

In millions of euros

	12/31/10	12/31/09
Transactions in derivative instruments and foreign exchange transactions	1,488	1,418
Other	40	60
Total fee and commission income	**1,528**	**1,478**
Transactions in derivative instruments and foreign exchange transactions	(833)	(853)
Other	(25)	(40)
Total fee and commission expenses	**(858)**	**(893)**
Total net fee and commission income	**670**	**585**

NOTE 26

Net gains or losses on available-for-sale financial assets

The net losses on available-for-sale financial assets recorded in 2010 chiefly reflect impairment of clearing house memberships (cf. Note 7).

NOTE 27

Personnel expenses

In millions of euros

Personnel expenses	12/31/10	12/31/09
Employee compensation [1]	(490)	(500)
Social Security charges and payroll taxes	(38)	(39)
Net retirement expenses – defined contribution plans	(6)	(10)
Net retirement expenses – defined benefit plans	(1)	0
Taxes and similar payments on compensation	(17)	(17)
Employee profit-sharing and incentives	(4)	(3)
Total personnel expenses	**(556)**	**(569)**

1 Includes fixed and variable compensation.

Average headcount	2010	2009
France	349	363
Outside France	2,424	2,600
Total average headcount	**2,773**	**2,963**

For the accounting treatment of remuneration schemes that follows the provisions of the Ministerial Order issued in France on November 3, 2009 and related to the remunerations of employees whose activities may have consequence on the risk exposure of banks and investment companies, two payment schemes are to be distinguished regarding variable remuneration that will be granted to financial markets professionals:

- A short-term part of these variable remunerations that will be paid in cash following the next 12 months. The related expense is fully recorded in the income statement at the end of the year.
- A deferred part that will be subject to service and performance conditions, paid over several years. The related expense is recorded in the income statement over the vesting period.

NOTE 28

Cost of risk

In millions of euros

Cost of risk	12/31/10	12/31/09
Net allocation to provisions for counterparty risk	0	(1)
Net allocation to provisions for other risks and expenses	(2)	0
Cost of risk	**(2)**	**(1)**

NOTE 29

Income tax

In millions of euros

	12/31/10	12/31/09
Current taxes	(46)	(22)
Deferred taxes	0	(4)
Total income tax	**(46)**	**(26)**

Effective tax rate for the Group	12/31/10	12/31/09
Income before tax	149	64
Normal French corporate tax rate	34.4%	34.4%
Tax rate differential on income taxed outside France	(2.7%)	(0.7%)
Permanent differences	(2.0%)	3.0%
Losses not recognized as tax assets	1.1%	3.8%
Effective tax rate for the Group	**30.8%**	**40.6%**

In 2010, Newedge Group income tax amounts to EUR 46 million, resulting effective tax rate is 30.8%.
In 2009, Group effective tax rate was 40.6%, mainly because of non activated deficits.

NOTE 30

Earnings per share

	12/31/10	12/31/09
Net income – Group share (in millions of euros)	103	37
Number of ordinary shares in issue	25,910,196	25,910,196
Earnings per share (in euros)	**4.0**	**1.4**

In 2010, a dividend of EUR 1.29 per share was paid in respect of 2009.

NOTE 31

Transactions with related parties

In accordance with IAS 24, the Group's related parties include Newedge key management personnel and the Group's parent banks, Société Générale and Crédit Agricole CIB.
The amounts reported below under the heading *Management compensation* are those effectively paid to key senior managers as remuneration and benefits.

In millions of euros

Management compensation	12/31/10	12/31/09
Short-term benefits	18	20
Long-term benefits	4	4
Termination benefits	0	2
Share-based payment benefits	0	0
Total management compensation	**22**	**26**

In millions of euros

Outstanding assets and income on transactions with related parties	12/31/10	12/31/09
Loans and advances	11,244	5,706
Current accounts, overnight deposits and loans	*6,564*	*4,756*
Term deposits and loans	*553*	*543*
Securities purchased under resale agreements	*4,122*	*402*
Related receivables	*5*	*5*
Forward financial instruments	25	8
Margins and default funds paid on brokerage activities	256	99
Total outstanding assets	**11,525**	**5,813**
Interest and similar income	33	43
Fees and commissions	110	65
Gains on forward financial instruments	6	7
Total income	**149**	**115**

In millions of euros

Outstanding liabilities and expenses on transactions with related parties	12/31/10	12/31/09
Demand deposits and current accounts	458	424
Term deposits and borrowings	1,693	581
Securities sold under repurchase agreements	146	0
Forward financial instruments	27	8
Margins received from customers	5,435	1,942
Subordinated debt	288	278
Total outstanding liabilities	**8,047**	**3,233**
Interest and similar expenses	(20)	(48)
Fees and commissions	(50)	(15)
Losses on forward financial instruments	0	(1)
Total expenses	**(70)**	**(64)**

In millions of euros

Commitments involving related parties	12/31/10	12/31/09
Guarantee commitments received	1,466	208
Commitments on forward financial instruments	3,236	5,178

Some Newedge customers have also received guarantees from the Group's shareholders.

NOTE 32

Geographical segment information

Geographical breakdown of net banking income

In millions of euros

	Europe & Middle East		Americas		APAC		TOTAL	
	12/31/10	12/31/09	12/31/10	12/31/09	12/31/10	12/31/09	12/31/10	12/31/09
Net interest and similar income	84	68	27	36	14	9	125	113
Net fees and commissions	330	276	244	212	96	97	670	585
Net gains or losses on financial instruments	77	85	117	153	3	(1)	197	237
Other income and expenses	(14)	3	2	(3)	4	2	(8)	2
Net banking income	**477**	**432**	**390**	**398**	**117**	**107**	**984**	**937**

Geographical breakdown of balance sheet aggregates

In millions of euros

	Europe & Middle East		Americas		APAC		TOTAL	
	12/31/10	12/31/09	12/31/10	12/31/09	12/31/10	12/31/09	12/31/10	12/31/09
Assets	25,615	17,585	34,210	28,539	2,693	2,493	62,518	48,617
Liabilities[1]	24,867	16,833	33,781	28,159	2,614	2,458	61,262	47,450

1 Liabilities correspond to total debt (i.e. excluding shareholders' equity).

NOTE 33

Post-closing events

Nil.

NOTE 34

Fees paid to statutory auditors

The statutory auditors' fees shown in the 2010 income statement break down as follows:

In millions of euros

	12/31/10
Fees related to statutory audit and certification of the individual company and consolidated financial statements	3
Fees for attending to other matters and services directly related to the auditors' mandate	1
Total	**4**

Includes EUR 1.5 million paid to Ernst & Young and EUR 1 million paid to PriceWaterhouseCoopers.

Statutory auditors' report on the consolidated financial statements

(Free translation of a French language original)

PricewaterhouseCoopers Audit
63, rue de Villiers
92208 Neuilly-sur-Seine Cedex
S.A. au capital de EUR 2.510.460

Commissaire aux Comptes
Membre de la compagnie
régionale de Versailles

ERNST & YOUNG Audit
Faubourg de l'Arche
11, allée de l'Arche
92037 Paris-La Défense Cedex
S.A.S. à capital variable

Commissaire aux Comptes
Membre de la compagnie
régionale de Versailles

Newedge Group

Year ended December 31, 2010

To the Shareholders,

In compliance with the assignment entrusted to us by your annual general meetings, we hereby report to you, for the year ended December 31, 2010, on:

- the audit of the accompanying consolidated financial statements of Newedge Group;
- the justification of our assessments;
- the specific verification required by law.

These consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these consolidated financial statements based on our audit.

I. Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as of December 31, 2010 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Without qualifying our opinion, we draw your attention to the matter set out in note 2 "Basis of preparation" to the consolidated financial statements regarding the accounting impact of the review of the balance sheet flows leading to a restatement of errors for years 2008 and 2009 and to a provision for uncertainties related to ongoing review.

II. Justification of our assessments

In accordance with the requirements of article L. 823-9 of the French commercial code (Code de commerce) relating to the justification of our assessments, we bring to your attention the following matters:

Financial statements presentation

Note 2 « Basis of preparation » explains the accounting impact of restatement of errors. As required by IAS 8, comparative data for 2008 and 2009 were corrected accordingly in 2010 financial statements. As part of our assessments of the accounting rules and principles applied by your Group, we verified the appropriateness of this restatement, its accounting recording and the related presentation in the financial statements.

Accounting estimates

As indicated in notes 2, 3, 6 and 7 of the financial statements, your Group makes some significant accounting estimates particularly for the fair value of financial instruments, measurement of goodwill, provisions and impairment. Furthermore, as mentioned in note 2 "Basis of preparation", your Group recognized a provision to cover all uncertainties related to ongoing works due to the review of balance sheet flows. Our works consisted in assessing applied data and hypothesis on which these estimates are based, checking calculations and verifying validation procedures of those estimates by management.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III. Specific verification

As required by law we have also verified, in accordance with professional standards applicable in France, the information presented in the Group's management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Neuilly-sur-Seine and Paris-La Défense, May 11, 2011
The Statutory Auditors
French original signed by

PricewaterhouseCoopers Audit
Pierre Clavié

ERNST & YOUNG Audit
Valérie Meeus Bernard Heller

Newedge Group

Year ended December 31, 2010

This is a free translation into English of the statutory auditors' report on the consolidated financial statements issued in French and it 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 audit opinion on the consolidated financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions or disclosures. This report also includes information relating to the specific verification of information given in the Group's management report. This report should be read in conjunction with and construed in accordance with French law and professional auditing standards applicable in France.

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The Creative Factory